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**FINAL REPORT ON THE 1999 EVALUATION OF INSTITUTIONAL
STRENGTHENING PROJECTS AND DRAFT FOLLOW-UP ACTION PLAN**

Introduction

1. In the following, final conclusions and recommendations resulting from the evaluations of Institutional Strengthening projects are presented by the Senior Monitoring & Evaluation Officer. In elaborating this final report and draft follow-up action plan, the written comments received by the Implementing Agencies and National Ozone Units on the draft evaluation reports as well as the results of discussions in the Secretariat and in the workshop held in Montreal on 8 and 9 February 2000, with the Implementing Agencies and Evaluation Consultants were taken into account (see also the report on this workshop presented as document 30/9).

2. Three Evaluation Teams had visited 17 countries in Africa, Latin America and the Caribbean, and Asia. Details of the sample of Institutional Strengthening Projects visited are contained in the report entitled *Implementation of the 1999 Work Programme for Monitoring and Evaluation* presented to the 29th Meeting of the Executive Committee (see UNEP/OzL.Pro/ExCom/29/5 pp. 7-9). Although the sample visited represents less than 20% of the total number of Institutional Strengthening Projects, and although the visits in the countries were limited to two-three days in most cases, the Teams' Reports show remarkable similarities in terms of findings and recommendations (compare the Preliminary Summary presented to the 29th Meeting of the Executive Committee in document 29/5, Addendum 1, pp. 1-13).

3. The Regional Synthesis papers and the project case studies prepared by the Consultants are available on request and will be placed also on a new section "Monitoring and Evaluation" in the web site of the Multilateral Fund Secretariat (<http://www.unmfs.org>).

I Project Preparation, Planning and Linkages to Country Programmes (CP)

4. Country Programmes (CP) and project documents for Institutional Strengthening projects are closely linked. Country Programmes have been usually adopted prior to the approval of Institutional Strengthening projects. While in many countries, the Institutional Strengthening projects are in their second or third phase, the CPs have not been updated. Updated country programmes, if requested by the country concerned, could help to provide a strategic orientation to the national efforts for ODS phase out and to redefine the role of institutional strengthening projects in view of new tasks related to a compliance perspective.

5. A number of other issues were raised by the Evaluation Missions concerning clarity of the project documents, detailed versus flexible planning and participatory planning approaches.

Action Proposed for the NOUs, Implementing Agencies and the Executive Committee:

6. *To review and possibly update the Country Programmes with a perspective of turning them into living working documents, assisting in directing and organizing phase out, and showing the remaining work to be done in order to enable compliance with the Montreal Protocol. In countries where a refrigerant management plan has been prepared (for 75 mainly low-volume consuming countries), it should be taken into account in defining the tasks of the NOU. Annual ozone work plans integrated into the programmes of the Ministry or institution where the NOU is located could contribute to accountability and to a solid process of internalization.*

Actions Proposed for the NOUs, Implementing Agencies and Multilateral Fund Secretariat:

7. *In preparing the extension requests for IS projects and any request for updating the Country Programme, the NOUs should carefully assess the results of the previous IS project and CP involving national stakeholders, the responsible Implementing Agency and other Implementing Agencies operating in the country in a low-cost and independent evaluation and planning exercise.*

8. *While preparing the project, the Implementing Agency should take the specific conditions of each country into account with regard to defining the action plan in a more structured or more flexible way, and should foresee in any case the possibility of budget revisions (changes between budget lines) if needed in order to enable the NOU to react to unforeseen developments.*

II Influence of the NOUs and Legal Framework Supporting ODS Phase Out

9. The Missions found that most NOUs are located in the Ministries of Environment, that means they have been mainstreamed into the decision-making process, albeit generally on a relatively low hierarchical level with limited access to the top decision makers, except for the larger countries, i.e. China, India, Malaysia and Egypt, and also some smaller countries like Chile, Mauritius, Ghana and Tunisia. For many small countries, particularly in Africa, it was found that the ozone depletion issue does not appear high on the environmental policy agenda which gives preference to more visible and urgent issues such as waste management, air pollution and water pollution. The Mission to Latin America found that in the final analysis, the legal framework established in the country was more important for the efficiency of the NOU than its place in the hierarchy. On the other hand, the Asia Team underlined the importance of ensuring that the NOU, in particular the head of office, has sufficient access to decision-makers.

10. In terms of assisting the Governments with the articulation of ODS phase-out policies, legislation and regulation, the results achieved vary from country to country. In countries where the legal framework is clear, transparent and encompassing, the Ozone Units had a very positive impact on the phase out. While NOUs are often involved in the preparation of laws and regulations, in the majority of the countries, they do not directly participate in the enforcement of such legal provisions. However, enforcement becomes increasingly important with the emphasis shifting towards small- and medium-sized enterprises that are the remaining target groups for conversion projects in most sectors. Import licensing has strengthened NOUs, e.g. in Ghana, Mexico and Costa Rica, and is urgently proposed by the NOU in Vietnam.

Actions Proposed to Governments of Article 5 Countries/NOUs:

11. *To ensure that NOUs have an adequate and well-defined place in the national administration and access to decision-makers, including enforcement agencies, in order to be able to fulfill their role as defined in the Action Plans of the IS projects.*

12. *To expedite the establishment and enforcement of import licensing systems for ODS and ODS-based equipment, and to develop closer links between NOUs and enforcement agencies, particularly at provincial and local levels.*

III Organization, Funding and Sustainability of National Ozone Units

13. Ozone Officers and other professional staff are in most cases government employees with their salaries topped up by the project in various forms. In some other countries they are hired directly by the Implementing Agencies on temporary contracts. The fluctuation of professional staff varies likewise between countries and on the one hand seems to depend mainly on political changes within their respective ministry, and on the other hand on employment stability and financial conditions offered to the Ozone Officers. As time was short and the evaluation not only focused on this aspect, the Missions found that there was not enough time to look into all aspects of this particular problem.

14. The Evaluation Missions found that after an initial phase where also some office equipment was financed by the MF, the budgets for the extension phases contained 70% or more for financing the current cost of Ozone Unit staff. In other words, the funding from the Multilateral Fund was focused more on institutional maintenance than capacity building, except in some cases like Mauritius and the Bahamas where the Government pays the salaries of Ozone Officers. Sustainability in the sense of durability of project results after terminating external funding seems to be doubtful as long as only a few countries are taking over an increased share of financial responsibility and providing a perspective of fully continuing the work even if funds from the Multilateral Fund should cease to come forth.

Actions Proposed to Governments of Article 5 Countries:

15. To find ways and means to absorb slowly but surely part of the running costs of Ozone Units.

16. In order to reduce the turnover of Ozone Officers, to find ways and means to integrate them generally into the civil service cadre which would foster long-term sustainability.

17. To increase, if necessary, the number of longer term staff of NOUs in those cases where required for ensuring tasks resulting from conversion of SMEs and servicing sector, legislation, training and monitoring, while the funds provided by the Multilateral Fund focus on supporting concrete activities and the recruitment of national and international experts as pertinent.

IV National Ozone Units and Industry

18. All teams reported that the NOUs had developed a positive relation with the industries concerned, helping the Implementing Agencies in identifying the enterprises through public awareness campaigns. This holds true particularly for large-scale enterprises. Ozone Units were in several cases also instrumental in arranging agreements between different producers to phase out simultaneously (Mexico), and it was partly done in close cooperation with the National Industry Associations, as in the case of Colombia. For SME and the service sector, the relations are less developed, and some reservations against government intervention exists. These sectors are difficult to reach because they are heterogeneous, spread out, unorganized and not easy to reach through the public media.

Actions Proposed for NOUs and Article 5 Country Governments:

19. *To further develop cooperation with non-governmental organizations and to develop closer links between NOUs and SMEs as well as the service sector through industrial associations.*
20. *To establish national inventories listing all SME producing or servicing CFC-based equipment.*
21. *To remove disincentives like import taxes on ODS-free equipment and work out proposals for more effective fiscal incentives, drawing lessons from successful tax exemption schemes practiced in China or Ghana, for example.*

V National Ozone Units and Implementing Agencies

22. The African Mission observed that UNEP has a relatively low presence in the countries (Field Offices, missions) and monitors project implementation mostly through UNEP/DTIE in Paris. The NOUs do not always provide the required reporting on time and in good quality. On the other side, given the small size of the projects, field visits for project supervision would not be justified, and the Regional Network Meetings provide some opportunities for direct contact and exchanges. Other Implementing Agencies with either field offices or more frequent field visits showed less difficulties regarding project supervision of IS project implementation.

23. The procedures of the Implementing Agencies with regard to the implementation of investment projects vary between the agencies and the involvement of the Ozone Units differs from one country to the next.

24. Some NOUs wish to participate in the choice of consultants fielded by the Implementing Agencies and want to be more involved in their selection and monitoring their activities and results.

Actions Proposed to the Implementing Agencies:

25. *To provide NOUs regularly with information on the results of investment projects and to assist NOUs in improving their capacity to monitor and evaluate implemented activities and programmes.*
26. *To fully inform NOUs on the purpose, time, terms of reference of consultants' missions and their expertise (CVs) before they are mounted by the Implementing Agencies.*
27. *To communicate as much as possible in the respective UN language with all regions, e.g. in French with francophone NOUs.*
28. *UNEP and UNIDO to review whether quarterly progress reporting can be extended to six-month intervals.*
29. *To review whether the support cost for small IS projects are sufficient.*

VI National Ozone Units and Regional Networks

30. All NOUs agreed about the usefulness of the Regional Network Meetings, but said also they have not fully exploited their potential and could be made more effective.

Actions Proposed for Network Managers of UNEP, Regional Network Coordinators and NOUs:

31. *To carefully prepare the agenda for each meeting avoiding repetitive routines and devote sufficient time to new issues resulting from Meetings of the Parties and the Executive Committee. To keep the NOU informed on a continuous basis (not only during Network Meetings) on the implications of the Executive Committee decisions to their action plans.*

32. *To organize more systematically a transfer of knowledge from the more experienced ODS Officers to the more recently recruited officers or the less advanced countries.*

33. *To use the Network Meetings to discuss in more detail project implementation issues, for example, disbursement matters between NOUs and the IA. Emphasis should be given to concrete problem solving and training. Bilateral issues should be dealt with at side meetings.*

34. *To exchange information about successful practices, and to organize cooperation within the region.*

35. *The Secretariat and Implementing Agencies to be consulted on agendas for the main Network Meetings.*