



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/61/49
10 June 2010



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-first Meeting
Montreal, 5-9 July 2010

**INSTITUTIONAL STRENGTHENING: OPTIONS FOR FUNDING AND FORMATS FOR
RENEWAL REQUESTS**

Introduction:

1. This paper has been prepared in response to decision 60/10 where the Executive Committee decided “to request the Secretariat to prepare a document on objectives, indicators and formats pertaining to requests for the renewal of institutional strengthening (IS) projects; and to consider the issue of the options for funding IS projects, for consideration at the 61st Meeting of the Executive Committee”. The basis for the information and analysis presented in this paper was document UNEP/OzL.Pro/ExCom/57/63 which was initially presented to the 57th Meeting and re-issued for further discussion at the 58th Meeting.

2. The Executive Committee approved funding for IS for the first time at the 7th Meeting in July 1992, and indicated that the main objective of IS was to provide necessary resources to enable eligible Article 5 countries to “strengthen a mechanism within the country to facilitate expeditious implementation of projects for speedy and effective phase-out of the controlled substances in the country, as well as ensuring effective liaison between the country on the one hand, and the Executive Committee, the Fund Secretariat and the implementing agencies on the other¹”. Since then, rules and policies governing the funding of IS projects have been developed and adopted by the Executive Committee.

3. At the 44th Meeting (December 2004), the Government of China submitted an informal paper on enhancing the national ozone unit (NOU) capacity building in Article 5 countries in the final stages of the compliance period², and suggested, *inter alia*, that issues related to capacity building (i.e., work of the NOU, management problems faced and ways to resolve them) be included in the agenda of the meetings of the Executive Committee. Subsequent to this paper, several documents on capacity building and IS support has been considered by the Executive Committee. A summary of these documents and decisions is presented in Annex I to the present report.

4. The present document has taken into account all previous documents considered by the Executive Committee since the 44th Meeting. This document reviews the challenges associated with the phase-out of HCFCs and the corresponding workload for Article 5 countries; describes a set of objectives of IS projects and a set of performance indicators for their review; and analyzes options for funding IS projects beyond 2011. Based on the experience so far gained, the document proposes a simplified format for IS renewal requests; and presents a set of conclusions and recommendations. It has the following main sections:

- (a) Background;
- (b) Challenges associated with HCFC phase-out and impact on future workload of countries;
- (c) Objectives, indicators, and formats for IS renewal requests;
- (d) Options for funding IS projects beyond 2011; and
- (e) Conclusions and recommendations.

¹ (UNEP/OzL.Pro/ExCom/7/30).

² Annex XX of document UNEP/OzL.Pro/ExCom/44/73.

A. Background

5. Since the first IS projects approved at the 7th Meeting, the Executive Committee has approved US \$76,956,609 plus agency support costs of US \$5,600,962 for IS projects in 144 Article 5 countries, as shown in Annex II to the present document. This amount represents less than 4 per cent of the total funds approved under the Multilateral Fund of US \$2.5 billion. The level of funding for IS projects has been augmented in two occasions: in December 2001 (35th Meeting), when the Committee agreed to increase this funding by 30 per cent for all Article 5 countries (decision 35/57), and in July 2004 (43rd Meeting) when the Committee agreed to minimum annual funding level of IS projects of US \$30,000 for low- and very-low-volume-consuming (LVCs, VLVCs) countries³, provided that the country concerned had legislation in place and had appointed a full time national ozone officer (decision 43/37).

6. At the 53rd Meeting, the Executive Committee noted that “the anticipated actions required by Article 5 countries to meet compliance obligations after 2010 provided an indication that funding support for institutional strengthening would likely be needed after 2010”. This was further reiterated at the 56th Meeting during the discussion of the evaluation of IS projects which contained detailed insights into the functioning of IS activities (Annex III contains the findings most relevant to funding levels for IS and the information on which they are based).

7. At the 57th meeting, Executive Committee was of the view that future IS would need to be considered as part of a package of funding that had to be agreed in the context of HCFC phase-out; and at that time, decided to continue IS funding up until the end of December 2010 (decision 57/36). At the 59th Meeting IS funding was extended up to the end of December 2011, and countries were also allowed to choose between submitting their IS renewals as a stand-alone project or as part of their HPMP (decision 59/47). At the 60th Meeting, the Committee decided to extend the dates of funding for those IS renewals submitted to the 59th Meeting up to the end of December 2011 (decision 60/10). In the discussion at the same meeting, the Committee indicated that a list of IS renewal requests approved at the 57th and 58th meetings be attached to the document to be prepared by the Secretariat for the 61st Meeting. This list is attached in Annex IV. It includes only those IS renewals approved at the 58th Meeting since no pro-rated calculations were done for countries that requested IS renewals to the 57th Meeting.

B. Challenges associated with HCFC phase-out and impact on future workload of countries

8. Several of the documents on capacity building that have been considered by the Executive Committee conclude that the IS support provided through the Multilateral Fund for the establishment and maintenance of NOUs has made a major contribution to the achievement of the Montreal Protocol compliance targets by Article 5 countries.

9. In the context of the discussion on options for assessing and defining eligible incremental costs for HCFC consumption and production phase-out activities held at the 53rd Meeting, the Executive Committee decided *inter alia*, that institutions and capacities in Article 5 countries developed through Fund assistance should be used to economize the phase-out of HCFCs, as appropriate; and that stable and sufficient assistance from the Fund would be provided to guarantee the sustainability of such institutions and capacities when deemed necessary for the phase-out of HCFCs (decision 53/37(e)(f)). At the same Meeting, the Committee also noted that the possible funding arrangements and levels for IS support beyond 2010 should be examined in light of decision XIX/6 on accelerated HCFC phase-out (decision 53/39 (a)).

³ Currently, 93 Article 5 countries receive support for an IS project at the level of US \$30,000 per year.

10. In light of decision XIX/6, the Executive Committee has already adopted guidelines for the preparation and funding of HCFC phase-out management plans (HPMPs) (decisions 54/39 and 56/16), and has established criteria for funding HCFC phase-out in the consumption sector (decision 60/44). Key factors relevant to the activities of an NOU arising from these decisions are:

- (a) Completing the preparation of the full HPMP⁴, which includes a national survey of HCFC consumption and production where applicable, and determination of starting points for aggregate reductions in HCFC consumption, noting that HCFC baseline for compliance will only be known in 2011;
- (b) Further developing and enforcing relevant ODS legislation and/or regulations, in addition to the review of licensing and quota systems, to support reductions in levels of HCFC consumption and production where applicable;
- (c) Developing and implementing policies to support the selection of alternative technologies taking into consideration enterprises and national requirements and potential impacts to the environment including climate, noting that there are still a limited number of alternative technologies available for some applications;
- (d) Investigating financial incentives and opportunities for co-financing to, *inter alia*, bring additional climate benefits to HCFC phase-out;
- (e) Coordinating with all industry associations to contribute to the HCFC phase-out; and
- (f) Commencing implementation of stage 1 of an HPMP, to address up to the 2013 and 2015 control measures (and up to the 2020 control measures for those LVC countries that so decide), including performance targets considering that HCFC consumption in several Article 5 countries is rapidly increasing, HCFC prices continue to be low as compared to other alternative chemicals, and that there is an increasing use of HCFC-blends which were previously not available (or identified).

11. Although the existing institutional capacities, some of which were established during the phase-out of ODS excluding HCFCs, would be used during the HCFC phase-out process, other national institutions already in place might need to be strengthened to accomplish further benefits of the HCFC phase-out, such as energy efficiency, sound management of spent ODS, and reduction in CO₂ emissions into the atmosphere.

12. The above activities provide a strong basis for continuing to maintain funding support for IS projects at least during the implementation of the stage 1 (up to 2015) and stage 2 (up to 2020) of the HPMPs.

C. Objectives, indicators, and formats for IS renewal requests

Objectives and indicators

13. One of the main issues raised during the evaluation of IS projects presented at the 56th Meeting related to the IS terminal reports and extension requests was the difficulty of establishing the relationship between objectives and actual accomplishments of each IS project. The frequent lack of measurable performance indicators made monitoring and accounting of results difficult. The report suggested that

⁴ The Executive Committee has already approved funding for the preparation of HPMPs (including investment activities as part of the HPMP) for 143 Article 5 countries.

more concrete and quantitative planning of results would assist the country in determining their performance. This would allow for a more realistic assessment of achievements made under IS.

14. Following a review of the common objectives and indicators provided by the countries in their reports of IS implementation and requests for renewal, the following could be considered as standard objectives and indicators representative of how a country's IS performance could be measured by:

Objective	Indicator
(a) Ratification of amendments to the Montreal Protocol	All amendments to date are ratified
(b) Adoption and enforcement of ODS legislation and regulations for control and monitoring of ODS consumption (and production where applicable)	ODS regulation in place and fully enforced including a licensing system, quotas, etc
(c) Supervision of the timely implementation and completion of phase out projects and reduction in ODS consumption (and production where applicable)	<ul style="list-style-type: none"> - Number of ODS phase-out projects with implementation delays - Country is in compliance with Montreal Protocol targets
(d) Efficient and timely data reporting	All required Article 7 and country programme data submitted
(e) Integration of ozone protection issues into national plans	NOU headed by official of responsible department/ministry and funded by Government
(f) Effective awareness raising for stakeholders and the general public	<ul style="list-style-type: none"> - Ozone Day celebrations - Other awareness activities

15. These standard objectives common to all IS projects could be used to define activities that would meet these indicators. These would then allow the countries with the assistance of the implementing agencies responsible for the IS to provide a more qualitative evaluation of the IS project. These proposed objectives and indicators should be common to all countries, and are included in the revised format for IS terminal reports and renewal requests.

Revised formats for IS terminal reports and renewal requests

16. The formats for IS terminal reporting and IS renewal requests have remained the same since their approval at the 32nd Meeting of the Executive Committee. This document proposes in Annex V a revised format for terminal reports and extension requests for discussion and consideration. This revised format takes into account the objectives and indicators described in paragraph 15 above. It also reflects the feedback received from countries and implementing agencies during the IS evaluation, on the cumbersome and time consuming requirements for IS reports and renewals, and proposes a simpler format for more efficient reporting.

D. Options for funding IS renewals beyond 2011

17. Support for institutional capacity to further the objectives of the Montreal Protocol has been provided through the Multilateral Fund at a global, regional and national level. At the global level, UNEP has been providing clearing-house and information exchange functions specifically to aid the building of capacities in Article 5 countries since 1991. UNEP's capacity development role expanded steadily and was formalised as the Compliance Assistance Programme (CAP) at the 35th Meeting in March 2002.

18. At the country level, support for the development and, in part, ongoing maintenance of ozone protection related institutional capacity in Article 5 countries has been provided by the Fund through the IS and, to a lesser extent, through programme management units (PMUs) established and funded under the national phase-out management plans (NPPs), refrigerant management plans (RMP) and terminal phase-out management plans (TPMPs), as well as directly through the funding of IS projects. In an NPP/TPMP, ten to twenty percent of the total funding requested may be allocated to the establishment of the PMU. The responsibilities of PMUs typically include: well detailed project management functions, liaison with national stakeholders, management of development of legislation and monitoring of phase-out in close cooperation with the NOU. These and other similar activities funded through the PMU would, in the absence of such funding, normally fall solely to the NOU. Such activities could therefore be considered as an addition to the overall level of institutional support. However, unlike IS funding, this allocation is not fixed for the PMU as the country has the flexibility to re-allocate these funds to substantive activities if required.

Possible funding options for renewal of institutional strengthening projects beyond 2011

19. The previous documents prepared on IS and capacity building discussed the following funding options for renewal of IS projects: maintaining the current funding levels, a net funding increase, a net funding decrease, and re-balancing funding between the IS project and other IS support, specifically the PMU. The documents concluded to maintain the current funding levels of IS projects, considering that the HCFC freeze will effectively enter into force on 1 January 2013 followed by a 10 per cent reduction by 2015, thus, major activities to control HCFCs will need to be initiated without any delay and, in general, will be the responsibility of the NOU. Furthermore, experience with the CFC phase-out indicates that some of the most challenging activities associated with servicing compliance at the country level take place in the years immediately prior to the commencement of the first control measure for the substances concerned.

20. In considering the other options for the funding levels of IS, it was noted:

- (a) A net increase in IS project funding may not be fully consistent with the increased level of effective IS support to be provided when HPMPs are approved and PMUs are funded. Most of the capabilities required to control the consumption of ODS have already been established and future institutional activities will be directed to reinforcing the effectiveness of existing monitoring and control mechanisms and extending them to HCFCs.
- (b) A net decrease in IS project funding may not be fully consistent with the information available regarding the possible increase in the complexity of activities associated with HCFC phase-out as previously described. For the LVC countries currently receiving US \$30,000 per year under their IS projects in line with decision 43/37, it would seem appropriate that any proposals to reduce support for an IS project should not applied to them;

- (c) The re-balancing option would imply that “core” institutional activities common to all ODS such as data reporting, import controls and effective monitoring would over time become absorbed by the relevant government authorities and would require less, and eventually nil, IS support. Under this scenario, IS funding would be moved to the PMU for the HPMP. IS support, being part of a project, would come to an end concurrently with the completion of the project, in this case, the HPMP. Furthermore, unlike IS funding, the level of funding of PMUs is not fixed as the country has the flexibility to re-allocate these funds to other activities that they deemed necessary to meet the compliance targets. Many Article 5 countries phased out CFCs prior to the adoption of the accelerated HCFC control measures, yet the need for IS support became much more urgent due to the future challenges envisaged.

21. In this case, the issue of possible adverse effects of inflation on IS funding, which has been presented in previous documents on IS and capacity building support has to be noted. The final report on the evaluation of IS projects indicated that, at the time data was gathered, in some of the countries the US dollar had fallen by 30 to 40 per cent against local currencies, which produced significant problems. In addition, several countries reported high inflation rates for the prices of local salaries, materials and services.

22. It is also to be noted that there are currently two different modalities for IS implementation approved by the Executive Committee. One provides for the approval of the IS as part of the HPMP, with no PMU funds, and the other with funds for a PMU included in the HPMP funding and the IS continuing as a stand alone project, as defined in decisions 59/17 and 59/47(b).

E. Conclusions

23. The document provides an indication of the various modalities through which the Multilateral Fund supports capacity building. These can be categorised broadly as global and regional initiatives, supported principally through UNEP’s CAP, and country-level initiatives funded through stand alone IS projects, solely for capacity building, and the institutional components of RMPs, NPPs, TPMPs and most recently the preparatory funding for HPMPs. The conclusions in this paper are directed to the level of funding for capacity building at the country level.

24. The present document also provides a revised format for reporting IS progress and requesting IS renewals. The proposed formats summarize the current reporting requirements into a simplified manner and identify common objectives for each IS project that countries need to meet. It draws the following key conclusions:

- (a) Support for IS projects in Article 5 countries to maintain compliance with the Montreal Protocol is important;
- (b) The workload of the NOU funded under the IS has changed due to new control measures of the Montreal Protocol;
- (c) IS projects should continue to be funded for regular periods at the current funding levels to ensure continuity and effective compliance with the Montreal Protocol, and Article 5 countries may choose to submit IS as stand alone projects or as part of the HPMP in line with decisions 59/17 and 59/47(b); and
- (d) Reporting on IS progress and requests for renewals should be simplified for efficiency.

Recommendations

25. The Executive Committee might wish to:

- (a) Take note of the document Institutional strengthening: Options for funding and formats for renewal requests as contained in document UNEP/OzL.Pro/ExCom/61/49;
- (b) Consider maintaining funding for overall institutional strengthening (IS) support at current levels, and agree to renew IS projects for the full 2-year period from the 61st Meeting taking into account decisions 59/17 and 59/47(b) which allows Article 5 Parties to submit their IS projects as stand alone projects or within their HCFC phase-out management plans;
- (c) Consider to approve the revised format for IS renewals with the identified objectives and indicators, attached in Annex V to document UNEP/OzL.Pro/Ex/Com/61/49 and request the implementing and bilateral agencies to use these formats for requests for renewal of IS projects submitted to the 62nd Meeting onwards.

Annex I

EXECUTIVE COMMITTEE DECISIONS PERTAINING TO INSTITUTIONAL STRENGTHENING

44th Meeting (UNEP/OzL.Pro/ExCom/44/73, December 2004)

Decision 44/64

1. At the 44th Meeting, the Government of China submitted an informal paper on enhancing the national ozone unit (NOU) capacity building in Article 5 countries in the final stages of the compliance period (Annex XX of document UNEP/OzL.Pro/ExCom/44/73). The paper suggested, *inter alia*, that the Fund should increase input in non investment activities and capacity building of Article 5 countries in the final stage of compliance period, especially in striking the illegal trade, policy formulation and enforcement, substitution technology promotion, and information management; to include in the Committee's agenda NOUs capacity building (i.e., work of the NOU, management problems faced and ways to resolve them); and strengthening UNEP's networks, especially its South-South cooperation activities for improving NOUs capacity.

2. The Executive Committee decided that some representatives would work on the issue intersessionally and submit a revised paper to the 45th Meeting.

45th Meeting (UNEP/OzL.Pro/ExCom/45/55, April 2005)

Decision 45/55

3. In response to decision 44/64, the Government of China submitted a supplementary paper expanding on the proposal for enhancing Article 5 countries' NOU capacity-building in the final stages of the Protocol compliance period (UNEP/OzL.Pro/ExCom/45/47). With regard to institutional capacity, the paper suggested that the Committee should review upcoming compliance requirements, orientation and tasks and the adaptability of existing working procedures and operational mechanisms. Issues such as NOU capacity-building and status of work should be on the agenda of each meeting of the Executive Committee. Article 5 countries should be supported and facilitated as they further strengthen their policies and laws and regulations for compliance, so as to strengthen the capacity of their governments on compliance monitoring and management.

4. The Executive Committee requested the Secretariat to expand on the paper from China and to present to the 47th Meeting the preliminary results of an analysis of possible further action and policies required to assist compliance with the phase-out requirements for all the ODS covered by the Montreal Protocol, including the review of IS projects envisaged under decision 35/57.

47th Meeting (UNEP/OzL.Pro/ExCom/47/61, November 2005)

Decision 47/49

5. At the 47th Meeting, the Committee considered document UNEP/OzL.Pro/ExCom/47/53 on the preliminary results of an analysis of possible further action and policies required to assist compliance with all ODS phase-out requirements, including the review of IS projects envisaged under decision 35/57. The issues presented in the document fell into three categories, namely, the adequacy of current IS and capacity-building activities to support phase-out and compliance with the Protocol control measures up to and including 2010; the potential need for institutional support to Article 5 countries after 2010; and an initial assessment of the opportunities for more efficient and effective administration of IS project renewals. The paper provided some conclusions, including the suggestion that the institutional support

measures already in place constituted an appropriate response to meeting the needs of Article 5 countries in regard to their compliance obligations under the Protocol up to and including 1 January 2010.

6. Following a discussion, the Executive Committee decided:
- (a) To note that in the compliance period specific measures had been taken to provide additional, and guaranteed institutional support and to re-focus the work of the Executive Committee on facilitating compliance;
 - (b) To agree that the measures already taken constituted an appropriate response to meeting the needs of Article 5 countries in regard to their compliance obligations under the Montreal Protocol up to and including 1 January 2010;
 - (c) To note that the anticipated actions required by Article 5 countries to meet compliance obligations after 2010 provided an indication that funding support for institutional strengthening might need to be continued after 2010;
 - (d) That possible funding arrangements and levels for institutional strengthening support beyond 2010 should be examined at the end of 2007;
 - (e) To explore the extent, nature and eligibility of any additional measures that might be considered for funding by the Executive Committee to address surveys, institutional measures and/or other preparatory activities for HCFC phase-out in the light of the results of the China policy study and the surveys carried out by UNDP;
 - (f) To acknowledge that institutional strengthening support might need to be revised in accordance with the Executive Committee's guidelines when a country formally revised its baseline with the Parties to the Protocol; and
 - (g) To request the Secretariat, in consultation with the implementing agencies, to prepare for the 49th Meeting a paper examining the relative merits of replacing the current requirements for submission of requests for renewal of an institutional strengthening project with a simplified arrangement that would make use of the report on progress on implementation of country programmes, which is now provided annually by all Article 5 countries receiving support from the Multilateral Fund, together with an annual cycle of funding renewals, but with no change to the annual levels of funding provided.

49th Meeting (UNEP/OzL.Pro/ExCom/49/43, July 2006)

Decision 49/32

7. At the 49th Meeting, the Committee considered document UNEP/OzL.Pro/ExCom/49/38 on the relative merits of replacing the current requirements for submissions of requests for renewal of an IS project with a simplified arrangement. The document concluded that some of the key features of the current arrangements, especially those associated with financial management and accountability, might need to be retained. If those features were to remain, the existing system would need to be maintained. The Secretariat, however, would continue to look closely at the renewal process for IS projects and might be in a position to propose some detailed improvements as part of the next review, which was due at the end of 2007. In the document before the Committee, the Secretariat was also proposing fine-tuning the existing arrangements for conveying the views of the Executive Committee to governments of countries whose institutional strengthening projects had been renewed.

8. Following a discussion, the Executive Committee decided:
- (a) To maintain for the time being the current arrangements for submission and consideration of requests for renewal of institutional strengthening projects;
 - (b) To request the Secretariat to continue to examine opportunities to fine-tune the institutional strengthening renewal process and to address any additional findings in the context of the review of institutional strengthening funding post-2010, to be presented to the Executive Committee at the end of 2007 in accordance with decision 47/49; and
 - (c) To request the Secretariat to draft remarks to be addressed to the governments of those countries for which there were issues that might require urgent attention in order to maintain progress with phase-out and/or compliance or, alternatively, commenting favourably on exceptional successes or specific phase-out achievements.

53rd Meeting (UNEP/OzL.Pro/ExCom/53/67, December 2007)

Decision 53/39:

9. At the 53rd Meeting, the Executive Committee considered document UNEP/OzL.Pro/ExCom/53/61 on options for possible funding arrangements and levels for institutional strengthening support beyond 2010, and on opportunities to fine-tune the institutional strengthening renewal process (follow-up to decisions 47/49 and 49/32). It provided a brief review of the current funding arrangements for IS projects, explored opportunities for streamlining IS renewal requests and proposed possible future levels of funding to support IS projects. It concluded that support from the Multilateral Fund for IS projects should be maintained at levels similar to current ones because the remaining activities in NOUs needed to support phase-out objectives after 2010 would be similar to those required to meet CFC phase-out goals.

10. Following the discussion, the Executive Committee decided:
- (a) To note that the anticipated actions required by Article 5 countries to meet compliance obligations after 2010 provided an indication that funding support for institutional strengthening would likely be needed after 2010 and that possible funding arrangements and levels for institutional strengthening support beyond 2010 should be examined taking into account paragraph (b) below, especially in light of decision XIX/6 of the Nineteenth Meeting of the Parties, which imposed new obligations with respect to an accelerated HCFC phase-out;
 - (b) To request the Secretariat to review possible funding arrangements and levels for capacity building, to explore the extent, nature and eligibility of any additional measures that might be considered for funding by the Executive Committee to address activities for HCFC phase-out consistent with guidelines pertaining to institutional strengthening activities to be agreed by the Executive Committee and to report to the Executive Committee by the first Meeting of 2009.

56th Meeting (UNEP/OzL.Pro/ExCom/56/64, November 2008)

Decision 56/6:

11. The Executive Committee, at its 56th Meeting, considered the final report on the evaluation of institutional strengthening projects in document UNEP/OzL.Pro/ExCom/56/8, explained that the evaluation was part of the 2008 monitoring and evaluation work programme approved by the Executive Committee at its 53rd Meeting (decision 53/7). The desk study on the evaluation of institutional strengthening projects that had been presented to the 54th Meeting of the Executive Committee

(UNEP/OzL.Pro/ExCom/54/13) had identified important issues for more detailed investigation during the results of which were summarized in this report.

12. The Executive Committee decided:

- (a) To take note of the final report on the evaluation of institutional strengthening projects as presented in document UNEP/OzL.Pro/ExCom/56/8;
- (b) To request:
 - (i) The Fund Secretariat to take into account the findings of the evaluation in its review of the funding for institutional strengthening pursuant to Executive Committee decision 53/39;
 - (ii) The implementing agencies to review procedures for fund disbursement and reporting and administrative requirements with a view to minimizing project implementation delays for institutional strengthening projects while ensuring that accountability for institutional strengthening funds disbursed was maintained;
 - (iii) The Fund Secretariat, implementing agencies and the bilateral agencies, in consultation with Article 5 countries, to agree on a set of objectives, expected results and indicators, which would be incorporated into future institutional strengthening extension requests;
 - (iv) The implementing agencies to monitor implementation of institutional strengthening projects and to submit any requests for renewal up to six months in advance of expiry of the existing project in line with Executive Committee decision 19/29;
 - (v) The Fund Secretariat to review the formats for terminal reports and extension requests for institutional strengthening projects with the aim of rationalizing reporting and project review;
 - (vi) UNEP, through the Compliance Assistance Programme (CAP), to allocate time during network meetings to discuss institutional strengthening reporting and the importance of requesting renewals on time; and
 - (vii) UNEP to develop a training module on policy and technical issues related to the reduction of HCFCs, with technical inputs from the other implementing agencies, for briefings of national ozone units during network meetings.

57th Meeting (UNEP/OzL.Pro/ExCom/57/69, May 2009)

Decision 57/36

13. At its 57th Meeting, the Executive Committee considered document UNEP/OzL.Pro/ExCom/57/63 which provided a review of the current funding arrangements for institutional strengthening (IS). At this meeting, the Executive Committee noted that IS was a policy issue that was intertwined with other policy matters, for example HCFC phase-out and funding, and referred the issue to the informal group set up to discuss HCFC policy issues. Taking into account the informal group's discussions, the Executive Committee was of the view that future IS funding would need to be considered as part of a package of funding that had to be agreed in the context of HCFC phase-out.

14. Following the discussion, the Executive Committee decided:
- (a) To take note of the Secretariat's paper (document UNEP/OzL.Pro/ExCom/57/63) on review of the current funding arrangements for institutional strengthening (IS);
 - (b) To continue to fund requests for the renewal of IS projects up to the end of December 2010 at current levels pending final resolution of the matter by the Executive Committee at its 58th Meeting; and
 - (c) To request the Secretariat to continue its work on objectives, indicators and formats so that the results could be applied to requests for renewal of IS projects submitted by the countries from the beginning of 2010 onwards.

58th Meeting (UNEP/OzL.Pro/ExCom/58/53, July 2009)

Decision 58/16

15. At its 58th Meeting, the Executive Committee considered document UNEP/OzL.Pro/ExCom/58/18 where the issue of the levels of funding for institutional strengthening projects beyond 2010 was discussed. The Secretariat recalled that, since the adoption of decision 47/49, the Executive Committee had considered several policy papers on the issue of IS. The Secretariat noted that the implementing agencies had submitted a number of requests for the renewal of funding for IS projects beyond 2010 and, as a result, the Secretariat had been unable to recommend those projects for blanket approval.

16. Following the discussion, the Executive Committee decided to approve institutional strengthening renewals up to 31 December 2010.

59th Meeting (UNEP/OzL.Pro/ExCom/59/59, December 2009)

Decision 59/17

17. At the 57th Meeting, in discussing the policy issues that arose from project review, the Executive Committee noted that the first HPMP submitted to the Meeting, included funding in principle for IS to be approved as part of different tranches, subject to the conditions of a performance-based agreement. The Executive Committee was asked to consider whether to accept, where requested, the inclusion of funding for IS within the HPMP. The representative of the Secretariat recalled paragraph 3 of decision XXI/29 of the Twenty-First Meeting of the Parties.

18. The Executive Committee decided that Article 5 Parties had the flexibility to submit requests for institutional strengthening funding either as part of their HCFC phase-out management plans or separately, as they so chose.

Decision 59/47

19. The Executive Committee also considered document UNEP/OzL.Pro/ExCom/59/53, which referred to document UNEP/OzL.Pro/ExCom/58/48, "Institutional strengthening: options for funding after 2010 (follow-up to decision 53/39 and decision 57/36(b))". This document was a reissue of the previous policy document issued at the 57th and 58th Meeting, with very minor updates.

20. The Executive Committee decided:

- (a) To extend financial support for institutional strengthening (IS) funding for Article 5 Parties beyond 2010 up to December 2011; and

- (b) To allow Article 5 Parties to submit their IS projects as stand-alone projects or within their HCFC phase-out management plans.

60th Meeting (UNEP/OzL.Pro/ExCom60/54, April 2010)

Decision 60/10

21. At the 60th Meeting, the Executive Committee considered the policy issue raised on the funding of IS renewals in document UNEP/OzL.Pro/ExCom/60/15, Overview of issues considered during project review. The Committee was invited to consider extending the period of renewal of IS projects for those approved at the 57th, 58th and 59th Meetings in line with decision 59/47, and to requests for funding on top of current funding practices to account for additional responsibilities that the NOU expects to have when considering climate and ozone benefits.

22. Following the discussion, the Executive Committee decided:

- (a) To extend the date for funding of institutional strengthening (IS) projects approved at the 59th Meeting of the Executive Committee not exceeding two years up to December 2011 in line with decision 59/47;
- (b) To request the Secretariat to prepare a document on objectives, indicators and formats pertaining to requests for the renewal of IS projects for consideration by the Executive Committee at its 61st Meeting; and
- (c) To consider the issue of the options for funding IS projects further at the 61st Meeting of the Executive Committee.

Annex II

**FINANCIAL STATUS OF INSTITUTIONAL STRENGTHENING PROJECTS
(April 2010)**

Country	Project Cost (US \$)	Support Cost (US \$)	Total Costs (US \$)	Date of Phase I Approval	Most Recent Approved Phase	Date of Latest Phase Approved
Afghanistan	441,237	0	441,237	Jul-04	IV	Jul-09
Albania	369,600	5,460	375,060	Dec-01	III	Apr-08
Algeria	1,158,809	50,311	1,209,120	Nov-93	V	Apr-09
Angola	347,700	45,202	392,902	Nov-02	II	Nov-06
Antigua and Barbuda	127,187	4,680	131,867	Nov-98	III	Dec-04
Argentina	1,844,794	188,445	2,033,239	Jul-94	VI	Nov-09
Armenia	120,000	9,000	129,000	Apr-09	I	
Bahamas	153,333	6,500	159,833	May-96	III	Nov-06
Bahrain	339,700	14,300	354,000	Oct-96	VI	Apr-10
Bangladesh	606,313	64,608	670,921	Sep-94	V	Nov-07
Barbados	341,390	29,244	370,634	Dec-94	III	Jul-05
Belize	395,300	11,505	406,805	Nov-99	V	Nov-09
Benin	279,999	15,167	295,166	Nov-95	VI	Nov-08
Bhutan	222,500	0	222,500	Jul-04	III	Jul-09
Bolivia	548,942	27,604	576,546	Nov-95	VII	Nov-09
Bosnia and Herzegovina	200,042	20,741	220,783	Mar-99	II	Jul-04
Botswana	246,546	11,726	258,272	Jul-94	III	Nov-07
Brazil	1,875,743	192,551	2,068,294	Jun-93	VI	Apr-10
Brunei Darussalam	150,000	10,400	160,400	Nov-98	II	Jul-04
Burkina Faso	540,240	32,578	572,818	Nov-93	VIII	Nov-08
Burundi	303,200	8,580	311,780	Nov-98	V	Apr-09
Cambodia	416,362	0	416,362	Mar-02	V	Jul-09
Cameroon	933,128	48,750	981,878	Nov-93	VII	Nov-09
Cape Verde	195,000	0	195,000	Mar-02	III	Apr-09
Central African Republic	235,520	9,880	245,400	Nov-95	V	Apr-09
Chad	240,000	7,800	247,800	Jul-98	IV	Nov-08
Chile	1,357,607	140,839	1,498,446	Jun-92	VIII	Apr-09
China	2,909,996	313,949	3,223,945	Feb-92	VIII	Nov-08
Colombia	1,729,357	185,659	1,915,016	Mar-94	VII	Jul-09
Comoros	250,426	6,023	256,449	Nov-97	VI	Apr-09
Congo	339,401	13,633	353,034	Jul-95	VI	Apr-09
Congo, DR	274,295	12,585	286,880	Mar-99	V	Jul-09
Cook Islands	77,500	0	77,500	Dec-04	II	Nov-09
Costa Rica	1,089,871	110,945	1,200,816	Oct-92	VIII	Nov-09
Cote D'Ivoire	416,990	26,560	443,550	Jul-94	IV	Nov-07
Croatia	519,221	21,866	541,087	Oct-96	VI	Nov-08
Cuba	997,591	96,892	1,094,483	Jun-93	VII	Nov-09
Djibouti	228,000	0	228,000	Jul-02	III	Apr-09
Dominica	176,000	3,900	179,900	Nov-98	IV	Nov-08
Dominican Republic	660,998	33,540	694,538	Jul-95	V	Nov-08
Ecuador	798,374	39,169	837,543	Mar-93	V	Nov-09
Egypt	1,465,657	152,791	1,618,448	Jun-93	VII	Nov-08
El Salvador	289,480	14,495	303,975	May-97	V	Nov-08
Equatorial Guinea	120,000	0	120,000	Jul-06	I	Apr-09
Eritrea	80,000	0	80,000	Nov-05	I	Apr-08
Ethiopia	273,232	13,104	286,336	Oct-96	V	Nov-09
Fiji	346,820	14,277	361,097	Mar-94	VI	Nov-08

Country	Project Cost (US \$)	Support Cost (US \$)	Total Costs (US \$)	Date of Phase I Approval	Most Recent Approved Phase	Date of Latest Phase Approved
Gabon	295,520	9,880	305,400	May-97	VI	Nov-08
Gambia	226,744	9,126	235,870	May-96	V	Apr-08
Georgia	359,368	24,271	383,639	Nov-97	VI	Apr-09
Ghana	1,051,743	113,792	1,165,535	Oct-92	VIII	Nov-08
Grenada	160,500	3,900	164,400	Mar-00	III	Apr-10
Guatemala	647,200	59,800	707,000	Jun-93	VI	Nov-07
Guinea	279,999	15,167	295,166	Nov-95	VI	Nov-08
Guinea-Bissau	150,000	0	150,000	Apr-03	II	Nov-06
Guyana	224,733	14,092	238,825	Nov-97	IV	Nov-09
Haiti	350,001	0	350,001	Nov-02	III	Nov-09
Honduras	347,199	14,300	361,499	Oct-96	VI	Apr-09
India	2,732,271	275,810	3,008,081	Oct-92	VIII	Apr-10
Indonesia	1,816,710	176,498	1,993,208	Jun-93	VII	Nov-09
Iran	1,158,305	122,031	1,280,336	Oct-92	VII	Nov-08
Iraq	300,000	0	300,000	Apr-08	I	Apr-09
Jamaica	331,200	20,020	351,220	Oct-96	VI	Jul-08
Jordan	1,062,485	85,637	1,148,122	Jun-92	VIII	Jul-09
Kenya	970,293	84,113	1,054,406	Mar-93	VII	Jul-09
Kiribati	120,666	0	120,666	Mar-02	III	Nov-09
Korea, DPR	614,704	30,888	645,592	Feb-97	V	Nov-07
Kuwait	437,480	0	437,480	Jul-02	IV	Nov-09
Kyrgyzstan	481,140	0	481,140	Jul-02	IV	Jul-08
Lao, PDR	243,200	8,580	251,780	Jul-01	IV	Nov-08
Lebanon	917,618	93,701	1,011,319	May-96	VI	Nov-08
Lesotho	136,000	6,500	142,500	Oct-96	IV	Nov-07
Liberia	298,246	0	298,246	Dec-03	III	Apr-09
Libya	293,065	30,615	323,680	Dec-00	II	Nov-09
Macedonia, FYR	753,841	76,135	829,976	Oct-96	VI	Apr-09
Madagascar	252,100	9,100	261,200	Nov-99	IV	Nov-09
Malawi	446,582	23,355	469,937	Mar-94	VII	Nov-09
Malaysia	1,876,666	205,536	2,082,202	Mar-93	VIII	Jul-09
Maldives	257,003	5,363	262,366	Mar-94	V	Nov-08
Mali	298,698	15,167	313,865	Mar-98	V	Nov-08
Marshall Islands	153,178	0	153,178	Mar-02	IV	Nov-09
Mauritania	205,553	3,367	208,920	Sep-94	V	Apr-09
Mauritius	170,000	6,500	176,500	Jun-93	III	Nov-07
Mexico	1,941,397	169,463	2,110,860	Jun-92	IX	Jul-09
Micronesia	75,333	0	75,333	Mar-02	II	Jul-09
Moldova, Rep	357,336	10,400	367,736	Jul-98	V	Apr-08
Mongolia	342,898	8,580	351,478	Jul-99	VI	Apr-10
Montenegro	90,000	6,750	96,750	Mar-07	I	Jul-08
Morocco	646,000	23,270	669,270	May-96	IV	Nov-09
Mozambique	334,080	12,012	346,092	Dec-94	IV	Apr-09
Myanmar	106,000	9,880	115,880	Nov-99	II	Jul-09
Namibia	336,472	13,382	349,854	Nov-95	VI	Nov-09
Nauru	97,500	0	97,500	Dec-04	III	Apr-10
Nepal	295,733	8,060	303,793	Nov-98	V	Nov-08
Nicaragua	287,200	14,300	301,500	May-97	V	Nov-09
Niger	434,109	22,724	456,833	Dec-94	VII	Nov-09
Nigeria	1,279,149	123,389	1,402,538	Mar-93	V	Apr-08
Niue	150,000	0	150,000	Dec-04	III	Nov-09
Oman	215,861	20,534	236,395	Dec-00	III	Nov-08
Pakistan	1,098,447	105,898	1,204,345	Sep-94	V	Apr-09

Country	Project Cost (US \$)	Support Cost (US \$)	Total Costs (US \$)	Date of Phase I Approval	Most Recent Approved Phase	Date of Latest Phase Approved
Palau	135,333	0	135,333	Mar-02	III	Nov-09
Panama	586,500	37,375	623,875	Jun-93	IV	Dec-04
Papua New Guinea	180,778	23,501	204,279	May-96	IV	Apr-08
Paraguay	227,960	14,365	242,325	Feb-97	IV	Nov-07
Peru	390,210	33,371	423,581	Jul-95	III	Jul-02
Philippines	1,231,356	94,303	1,325,659	Mar-93	VII	Apr-10
Qatar	240,956	21,589	262,545	Mar-99	III	Nov-09
Romania	234,077	22,383	256,460	Jul-95	II	Apr-05
Rwanda	206,600	0	206,600	Mar-02	III	Apr-09
Saint Kitts and Nevis	163,000	3,900	166,900	Feb-97	IV	Nov-09
Saint Lucia	242,980	7,927	250,907	Feb-97	VI	Jul-08
Saint Vincent and the Grenadines	173,430	3,939	177,369	Jul-98	IV	Jul-09
Samoa	211,000	3,900	214,900	May-97	V	Jul-09
Sao Tome and Principe	130,666	0	130,666	Nov-02	II	Nov-06
Saudi Arabia	300,000	0	300,000	Nov-07	I	
Senegal	1,169,501	53,170	1,222,671	Nov-93	VIII	Nov-09
Serbia	414,100	39,385	453,485	Jul-98	III	Nov-09
Seychelles	173,167	6,912	180,079	Jul-94	IV	Nov-07
Sierra Leone	294,490	0	294,490	Mar-02	III	Apr-08
Solomon Islands	117,083	0	117,083	Mar-02	III	Nov-09
Somalia	112,000	0	112,000	Mar-02	I	Nov-09
Sri Lanka	897,130	94,508	991,638	Mar-94	VII	Jul-08
Sudan	647,955	51,051	699,006	Mar-94	V	Jul-09
Suriname	256,666	0	256,666	Dec-03	III	Nov-09
Swaziland	245,664	8,752	254,416	Dec-94	IV	Nov-09
Syria	768,480	80,241	848,720	Jun-93	IV	Jul-09
Tanzania	243,200	8,580	251,780	Oct-96	IV	Apr-09
Thailand	1,966,671	184,167	2,150,838	Mar-93	VI	Jul-09
Timor Leste	40,000	0	40,000	Nov-08	I	
Togo	312,666	9,100	321,766	Nov-97	V	Nov-08
Tonga	116,266	0	116,266	Mar-02	III	Nov-09
Trinidad and Tobago	341,977	34,557	376,534	Oct-96	VI	Nov-09
Tunisia	1,209,219	79,561	1,288,780	Oct-92	V	Jul-08
Turkey	894,601	57,882	952,483	Oct-92	IV	Jul-09
Turkmenistan	222,693	1,125	223,818	Jul-05	II	Apr-08
Tuvalu	55,083	0	55,083	Mar-02	II	Nov-08
Uganda	64,515	8,387	72,902	Jul-94	I	
Uruguay	1,153,785	125,111	1,278,896	Jun-93	VIII	Nov-08
Vanuatu	59,500	0	59,500	Mar-02	II	Nov-09
Venezuela	2,238,731	243,931	2,482,662	Mar-93	IX	Nov-08
Vietnam	796,204	41,642	837,846	Jul-95	VII	Apr-09
Yemen	851,608	30,940	882,548	Jul-98	VI	Nov-09
Zambia	257,040	16,380	273,420	Mar-93	IV	Apr-09
Zimbabwe	843,841	51,885	895,726	Jul-94	VI	Nov-09
Grand Total	76,959,609	5,600,962	82,560,571			

Annex III

Summary of findings from the report on the evaluation of IS project presented to the 56th Meeting (UNEP/OzL.Pro /ExCom/56/8) related to funding levels of IS

1. In relation to funding levels for IS, the findings of the IS evaluation report included, *inter alia*, that:
 - There is sufficient evidence that achievement of the ODS phase-out as scheduled could not have been attained without the IS projects;
 - The variations between countries in terms of NOU staffing, institutional position and use of the IS budget for staff salaries, consultants, and activities are large; they reflect the situation and requirements in each country and the specific project modalities established in negotiations between the government authorities and the implementing agency;
 - In very few cases not all IS funding was needed; while in many countries, NOUs claimed that IS funding was not enough to take care of particular aspects like the travel required in a large country. It was also frequently said that the real purchasing power of IS funding had declined in recent years due to inflation in the country and exchange rate variations.
2. The above findings confirm anecdotal information that it is difficult to quantify the level of the contribution to compliance made by IS projects while leaving no doubt that the projects and the funding through which they were realised have played an important role in meeting and sustaining the compliance targets of the Montreal Protocol.
3. In regard to the level of funding available for each country, the IS evaluation report considered this in relation to the initial guidance provided by the Executive Committee at its 7th Meeting. The analysis presented in the report offered a funding range that extended from US \$170,000 for LVC countries to US \$400,000 for high-volume-consuming countries for a three-year period on a case-by-case basis, with the initial focus being the baseline consumption of the country.
4. The evaluation report indicates that case-by-case basis for determination of IS funding adopted by the Executive Committee, together with variations in both funding levels and implementation modalities between countries show that it is not a practical option to attempt to either analyse or to establish IS funding levels ‘from the bottom up’ by adding together standardised cost elements. The adequacy of current funding levels ranges from more than enough in some situations; to others where NOUs believe current levels are less than sufficient.
5. In reviewing the data for these submission delays it is noted that 130 out of the total 143 countries who have received IS funding have experienced some form of delay in IS renewals. The report also clearly states that the reasons for the lag in IS renewals in most of these countries are either administrative (i.e. delays in transfer of approved funds by the implementing agencies, delays in financial reporting from the country to the implementing agency or from the implementing agency to the Secretariat), or political instability in a recipient country. In reality, many of these countries, while meeting compliance with the Montreal Protocol targets still face difficulties in implementation of their projects and therefore continue to need support for the NOU.

Annex IV

**IS projects approved at the 58th Meeting for funding up to December 2010
(Decision 58/16)***

Country	Amount approved (US \$)	Agency	Period
Afghanistan**	81,250	UNEP	December 2009 – December 2010
Bhutan**	32,500	UNEP	December 2009 – December 2010
Cambodia**	61,028	UNEP	December 2009 – December 2010
Colombia**	160,764	UNDP	November 2009 – December 2010
Congo DR	48,405	UNEP	July 2009 – December 2010
Jordan	110,500	World Bank	July 2009 – December 2010
Kenya	107,431	UNEP	August 2009 – December 2010
Malaysia**	139,750	UNDP	January 2010 – December 2010
Mexico	185,250	UNIDO	July 2009 – December 2010
Micronesia**	30,000	UNEP	January 2010 – December 2010
Myanmar	30,000	UNEP	January 2010 – December 2010
Samoa**	35,000	UNEP	November 2009 – December 2010
Saint Vincent and the Grenadines	40,000	UNEP	September 2009 – December 2010
Sudan	109,395	UNEP	July 2009 – December 2010
Syria	152,867	UNIDO	July 2009 – December 2010
Thailand	260,001	World Bank	July 2009 – December 2010
Turkey	209,625	UNIDO	July 2009 – December 2010

***None of the IS renewal requests submitted to the 57th Meeting were pro-rated.**

****IS request submitted for consideration at the 61st Meeting**

Annex V

Draft revised format for IS terminal reports and IS renewal requests

**Terminal Report and Request for extension of IS Funding
20xx to 20xx**

1-12 and 15 to be completed by the country concerned prior to transmission to the implementing agency for comments in 14

1. Country:
2. National implementing agency / ozone unit:
3. Implementing Agency: _____
4. Institutional strengthening project phases (approved):

Phase	Duration (dd/mm/yy)	MLF Funding (Approved)	MLF Funding (Disbursed)

5. a) Reporting period (mm/yy to mm/yy): _____
b) Requested (phase funding (US \$), and period): _____

6. Data reporting:

Reporting requirement	Reported		Year reported	Year submitted
	YES	NO		
Article 7				
CP implementation				

7. Describe the role and position of the NOU within the national administration, the way its work is supervised and its access to senior decision-makers (this may include cooperation with steering committees, advisory groups or inter-ministerial bodies)

8. Indicate the total number staff in the NOU:
- How many are paid under the IS? _____ Full time _____ Half time _____
 - How many are paid by the Government? _____ Full time _____ Half time _____

9. Is the unit fully staffed?
- YES NO

If no, explain _____

10. Please provide details on the status of the implementation of the activities approved from the previous IS phase and planned activities for the requested phase. Please add specific indicators if necessary.

Objectives (please add as necessary)	Activities in current phase	Achievement in current phase (specify phase/mm/yy)	Planned activities in next phase (specify phase/mm/yy)	Expected result for next phase
Objective 1: Adoption/implementation of ODS legislation and regulation to control and monitor ODS consumption				
Introduction of licensing and quota system for HCFCs				
Enforcement of control measures to sustain CFC phase out				
Monitoring illegal ODS trade (all ODS)				
Ratification of Amendments to the Montreal Protocol				
Objective 2: Efficient and timely data collection and reporting				
Monitoring customs import/export				
A7 data reporting				
CP data reporting				
Objective 3: Consultations and coordination with other national agencies/stakeholders				
Steering Committee				
Industry associations				

Objectives (please add as necessary)	Activities in current phase	Achievement in current phase (specify phase/mm/yy)	Planned activities in next phase (specify phase/mm/yy)	Expected result for next phase
Objective 4: Supervision of timely implementation of phase-out activities and reduction in ODS consumption				
TPMP implementation				
HPMP preparation/implementation				
Project 1				
Project 2				
Objective 5: Awareness raising and information exchange				
Information dissemination to key stakeholders				
International Ozone Day				
Objective 6: Regional cooperation and participation to Montreal Protocol meetings				
Regional network participation				
OEWG/MOP				

11. Financial report

Item of expenditure	Budget for current phase (US \$)	Disbursement (for current phase) (US \$)		Estimated budget (for requested phase) (US \$)	Government funding (in kind contribution) (US \$)	
		Actual	Obligated		Current Phase	Requested phase
Staff (including consultants)						
Equipment						
Operational cost (i.e. meetings, consultations, etc)						
Public awareness						
Other						
TOTAL						

12. Please evaluate the IS performance in meeting the following indicators:

Indicator	Evaluation			Comments
	Very good	Satisfactory	Poor	
1. Effectiveness of import control measures				
2. Integration of ozone protection issues into national plans				
3. Completion of phase-out projects				
4. Efficient data reporting				

13. Government endorsement:

Action Plan authorized by <i>(name)</i> :	
Signature of authorising authority	<i>(to be signed on hard copy)</i>
Title:	
Supervising Organization/Agency/Ministry:	
Date:	

14. Submission of Action Plan:

Name of Implementing Agency:	
Name of Project Officer:	
Signature of project officer	
Date:	
Comments of the Implementing agency	

15. Executive Summary. Please provide summaries for the information required below in no more than one paragraph each. These paragraphs will be used in documents for the Executive Committee Meeting.

- a) Terminal Report
- b) Plan of action