



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/24/4
24 March 1998

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-fourth Meeting
Montreal, 25-27 March 1998

**REPORT OF THE FOURTH MEETING OF THE
SUB-COMMITTEE ON MONITORING, EVALUATION AND FINANCE**

Introduction

1. The Sub-Committee on Monitoring, Evaluation and Finance of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol met in Montreal on 23 and 24 March 1998.
2. The meeting was opened by the Chairman of the Sub-Committee, Mr. Charles Chipato (Zimbabwe), who welcomed the participants. The meeting was attended by the members of the Sub-Committee, the representatives of Belgium, Canada, Costa Rica, Japan, Jordan and Zimbabwe. Representatives of the implementing agencies, the Ozone Secretariat, and Friends of the Earth also attended as observers.

AGENDA ITEM 1: ADOPTION OF THE AGENDA

3. The Sub-Committee adopted the following agenda:
 1. Adoption of the agenda.
 2. Status report on the implementation of 1997 business plans.
 3. Consolidated 1998 business plan of the Multilateral Fund.
 4. 1998 business plans of UNDP, UNEP, UNIDO, and the World Bank.
 5. Project implementation delays.
 6. Non-investment project milestones.
 7. Format for project completion report (non-investment project) (revised draft).
 8. Status of preparation of investment project completion reports.
 9. Co-financing.
 10. Status of recruitment of Monitoring and Evaluation Officer.
 11. Other matters.
 12. Adoption of the report.
 13. Closure of meeting.

AGENDA ITEM 2: STATUS REPORT ON THE IMPLEMENTATION OF 1997 BUSINESS PLANS

4. The Secretariat presented the Status Report on the Implementation of 1997 Business Plans (UNEP/OzL.Pro/ExCom/24/5), which contained an initial assessment of the performance of the implementing agencies against their business plan targets. It was noted that a comprehensive assessment of the implementing agencies' performances against their 1997 business plans could not be made because actual data on 1997 performance would not be available until the agencies submitted their individual annual progress reports on 1 May 1998 pursuant to Decision 22/16 and because the evaluation of 1997 business plans was only scheduled for the second Meeting of the Executive Committee in 1998.

5. Attention was drawn to the difficulty of making a full evaluation on the basis of this preliminary assessment. However, bearing in mind the calendar of meetings adopted at the 23rd Meeting (Decision 23/56), the Sub-Committee noted that the full 1997 evaluation report would be available at the second Meeting in 1998. Incorporating any comments made at the second Meeting, it could also be used at the third Meeting when considering the 1999 business plans.

6. The Sub-Committee recommended that the Executive Committee should include the business planning process in the agenda of its 25th Meeting.

AGENDA ITEM 3: CONSOLIDATED 1998 BUSINESS PLAN OF THE MULTILATERAL FUND

AGENDA ITEM 4: 1998 BUSINESS PLANS OF UNDP, UNEP, UNIDO AND THE WORLD BANK

7. The Sub-Committee agreed that, as the consolidated 1998 business plan of the Multilateral Fund (UNEP/OzL.Pro/ExCom/24/6) was in fact a compilation of the 1998 business plans of UNDP (UNEP/OzL.Pro/ExCom/24/7), UNEP (UNEP/OzL.Pro/ExCom/24/8), UNIDO (UNEP/OzL.Pro/ExCom/24/9) and the World Bank ((UNEP/OzL.Pro/ExCom/24/10), it would consider agenda items 3 and 4 together.

8. Each implementing agency then introduced its 1998 business plan, following which a general discussion highlighted the following issues:

Priorities

9. The Sub-Committee, bearing in mind Executive Committee Decision 23/39, which requested the implementing agencies to be more specific on how projects would assist countries to meet the freeze, noted that the 1998 business plans did not give a comprehensive picture of how they helped Article 5 countries to meet the freeze and requested the implementing agencies

to provide more specific information. Concern was expressed that a number of ongoing projects would not be completed in time to contribute towards the 1999 freeze.

Rate of disbursement and implementation

10. It was suggested that, in order to speed up the rate of disbursement and implementation, consideration should be given to providing incentives, perhaps by withholding part of the funds until a project was completed. The implementing agencies indicated, however, that the total amount of the funds was required in order to enter into commitment for implementing the projects and that a number of umbrella projects had tended to increase implementation time.

Allocations to countries and among sectors

11. In response to the concern that large countries with significant delays in implementation were receiving a disproportionate share of funds, it was pointed out that they were in fact the largest consumers of ODS and by targeting them the greatest impact on phase out of ODS could be made.

12. It was indicated that large amounts were still being allocated to the refrigeration and foams sectors, to which the implementing agencies responded that the proportions were decreasing due to the diminution in the number of large projects in the sectors and the increased emphasis on methyl bromide projects.

Cost-effectiveness threshold

13. It was noted that cost-effectiveness thresholds now tended to be higher than before because of an increasing number of projects for small enterprises.

Flexibility of business plans

14. In response to a suggestion that there should be more flexibility to allow for elimination of some planned activities and inclusion of others, the Chief Officer recalled that the Executive Committee had previously decided that agencies could include an amount for unforeseen activities (Decision 19/10). This was separate from the provision allowing establishment of a contingency list of projects.

15. With regard to the consolidated business plan, the Sub-Committee recommended that the Executive Committee:

- (a) adopt the target of phasing out, by the end of 1998, 28,541 ODP tonnes of consumption and 11,400 ODP tonnes of production from previous approvals, as indicated in table 4 of the consolidated business plan (in addition to the shortfall in phase-out from the 1997 business plans of 5,696 ODP tonnes of consumption);

- (b) adopt a target of 70 per cent for disbursement by the agencies for projects approved and funded up to the end of 1997.

16. Concerning the business plans of the implementing agencies, the Sub-Committee recommended that the Executive Committee approve the business plans of UNDP, UNIDO and the World Bank without approving the amounts of funding contained therein, subject to the following conditions:

- (a) the shortfall in phase-out from the 1997 business plans should be added to the implementing agencies' phase-out targets for 1998 from projects approved up to the end of 1997;
- (b) the disbursement target for each implementing agency for 1998 should be 70 per cent of the funds approved up to the end of 1997 for all funded projects;
- (c) countries that had experienced significant implementation delays should be informed that they could be eliminated from the business plans if they did not address the causes of delay;
- (d) the agencies should be given flexibility to reallocate their business plan activities within 15 per cent of the value of the plan;
- (e) the implementing agencies should include in their business plans the information they had been requested to provide in a standardized manner.

17. The Secretariat was requested to review the experience of agencies in meeting the disbursement target referred to in subparagraph 16(b) above and, in the light of this review, would propose alternative targets that would better assess the agencies' performances;

18. The Sub-Committee recommended that the Executive Committee should reconsider the implementing agencies' funding shares of the investment project allocation at its next meeting in light of the review of performance.

19. The Sub-Committee recommended that the Executive Committee:

- (a) approve the business plan of UNEP, in the light of the recommendations of the Sub-Committee on Project Review on UNEP's work programme;
- (b) urge UNEP to achieve the same performance level as the other implementing agencies and include in its reports a better description of performance against performance indicators.

AGENDA ITEM 5: PROJECT IMPLEMENTATION DELAYS

20. In response to a request by the Chairman, the implementing agencies highlighted the following reasons for delays:

- difficulties in enterprises, for example cases of bankruptcy or litigation related to enterprises;
- political and financial crises;
- delays in other related projects or in obtaining feedback;
- customs clearance;
- delays in obtaining information and counterpart contributions in terms of funding, as well as delays in completion of work by counterparts;
- delays in the bidding process; and
- taxation.

21. The Sub-Committee then reviewed possible solutions, including the following: ensuring that the best possible guarantees concerning taxation and solvency were given when a project was prepared; imposing a deadline on countries to resolve the problem, after which no more projects for that country would be approved; if money had been tied up in projects for a lengthy period of time - perhaps two years after project approval - the project should be cancelled and the money returned to the Fund; half of the 13 per cent support costs could be paid up front and the remaining 6.5 per cent handed over upon completion; and no projects should be approved in countries that refused to waive taxes. The Sub-Committee decided to discuss these possible solutions at its next meeting.

22. The Sub-Committee noted that not all delays were imputable to countries and expressed the view that bankruptcy constituted a case of *force majeure*. It further noted that lists of projects experiencing delays, together with the reasons therefor, would be contained in the implementing agencies' reports to be submitted to the 25th Meeting of the Executive Committee.

23. The Sub-Committee recommended that the Executive Committee:

- (a) agree that, as projects suffering from serious delays were relatively few, they could be highlighted on a case-by-case basis at each meeting, when any appropriate guidance could be provided to the implementing agencies;
- (b) urge the implementing agencies to make greater efforts to overcome existing delays and to take appropriate measure to avoid such delays in the future;

- (c) request the Secretariat to analyse specific types of delay, such as bankruptcy, with the implementing agencies and present a paper on the subject to its next meeting.

AGENDA ITEM 6: NON-INVESTMENT PROJECT MILESTONES

24. The Secretariat presented the proposals for non-investment project milestones (UNEP/OzL.Pro/ExCom/24/12), recalling that the milestones for investment projects had been approved at the 23rd Meeting of the Executive Committee (Decision 23/7). These proposed milestones, which had been prepared in consultation with UNEP, would assist in tracking the progress of non-investment projects.

25. The Sub-Committee recommended that the Executive Committee adopt the proposed milestones for non-investment projects for inclusion in future project proposals as presented in Annex I.

AGENDA ITEM 7: FORMAT FOR PROJECT COMPLETION REPORT (NON-INVESTMENT PROJECT)

26. The Secretariat presented the revised draft of the format for project completion report (non-investment projects) (UNEP/OzL.Pro/ExCom/24/13), which had been prepared in response to Decision 23/9 of the Executive Committee. As called for by that Decision, the Secretariat had worked with the implementing agencies in preparing the draft. Although the Decision had also called on members of the Executive Committee to provide input, none had been received.

27. Following an agreed amendment to Section 5, the Sub-Committee recommended that the Executive Committee:

- (a) approve the Format for Project Completion Report (Non-investment Projects), as presented in Annex II;
- (b) agree that a project completion report should be submitted six (6) months after the completion of the project; and
- (c) agree that the time schedule specified in Decision 23/8(k) for submitting completion reports for investment projects should also apply to non-investment projects.

AGENDA ITEM 8: STATUS OF PREPARATION OF INVESTMENT PROJECT COMPLETION REPORTS

28. The Secretariat presented the report on the status of preparation of investment project completion reports (UNEP/OzL.Pro/ExCom/24/14).

29. The report indicated that so far only six completion reports had been received from UNIDO, but UNDP and the World Bank informed the meeting that their reports were being completed and would be presented by the deadline of eight weeks before the 25th Meeting of the Executive Committee.

30. The Sub-Committee noted the emphasis laid by one participant on making it clear to the implementing agencies that a project could not be considered as having been completed until equipment had been destroyed.

31. The Sub-Committee recommended that the Executive Committee note the status report and request the implementing agencies to accelerate the preparation of investment project completion reports.

AGENDA ITEM 9: CO-FINANCING

32. The Secretariat presented document UNEP/OzL.Pro/ExCom/24/15, prepared in response to Decision 23/41 of the Executive Committee, which requested the Secretariat to explore modalities for co-financing with the implementing agencies .

33. The Sub-Committee noted that the concept of co-financing was interpreted differently by each implementing agency and that it would be necessary to reconsider the issue at its next meeting.

AGENDA ITEM 10: STATUS OF RECRUITMENT OF MONITORING AND EVALUATION OFFICER.

34. The Secretariat presented a status report on recruitment of the Monitoring and Evaluation Officer (UNEP/OzL.Pro/ExCom/24/16), updating it by advising that the post had been classified by United Nations Headquarters in New York. UNEP was processing the vacancy announcement, which would be open for a period of some twelve weeks, following which the Secretariat would evaluate the candidates and draw up a short list on the basis of which a final decision would be taken. As it was nonetheless imperative that implementation of the approved work programme of monitoring and evaluation should begin as soon as possible, the Secretariat proposed that a consultant should be retained in the interim period pending the recruitment of the officer.

35. The Sub-Committee recommended that the Executive Committee:

- (a) note the status report ;
- (b) request the Secretariat to keep it informed of developments; and
- (c) agree that a consultant should be employed until the Monitoring and Evaluation Officer could take up the post.

AGENDA ITEM 11: OTHER MATTERS

36. It was noted that UNIDO would discuss with the Secretariat their method of calculating ODS phase out target to ensure that it was the same as that used by other implementing agencies.

AGENDA ITEM 12: ADOPTION OF THE REPORT

37. The Sub-Committee adopted the present report on the basis of the draft report contained in UNEP/OzL.Pro/ExCom/SCMEF/4/L.1.

AGENDA ITEM 13: CLOSURE OF THE MEETING

38. The Chairman declared the meeting closed at 5.10 p.m. on Tuesday, 24 March 1998.

NON-INVESTMENT PROJECT MILESTONES

Legal Arrangements

- Grant agreement submitted to beneficiary
- Grant agreement signature
- Bids requested
- Contracts awarded

Initial stages of project implementation begins

- Preliminary meetings envisaged under the project (excluding meetings where meeting is the principal activity)
- Initial mission to beneficiary country (as applicable)
- Start-up of project activities at country level as stated by Article 5 Party concerned

Intermediate goals achieved

- Data collection completed (as applicable)
- Intermediate outputs completed (printed material, draft regulations or laws, if not the principal activity)
- Equipment delivered (as applicable)

Project completion and follow-up

- Principal activity completed (workshop/training/document if principal activity) by implementing agency
- Government/Executive Committee approval of output (country programmes, strategies, proposed legislation or regulations)
- Submission of completion report

FORMAT FOR PROJECT COMPLETION REPORT (NON-INVESTMENT PROJECTS)

SECTION 1: PROJECT DATA

- 1.1 Country/Region/Global:
- 1.2 Project number: *(as per inventory)*
- 1.3 Project title:
- 1.4 Date of approval of the project.:
- 1.5 Type of Activity: ([] Country Programme, [] Institutional Strengthening ,
[] Training , [] Networking , [] Information exchange, [] Workshop).
- 1.6 Implementing agency:
- 1.7 Local executing agency/
Financial intermediary:
- 1.8 National coordinating agency:
- 1.9 Scheduled date of completion:
- 1.10 Actual date of completion:
- 1.11 Date of project completion report:
- 1.12 Completion report done by:
(Implementing Agency/National Agency)

SECTION 2: EXECUTIVE SUMMARY

ITEM	PLAN/APPROVED	ACTUAL	COMMENT
Achievement of project objective (use quantifiable indicators to the extent possible)			
Budget and expenditure (US\$)			
Project implementation (in months)			
Project duration			
Start-up of project activities at country level as stated by Article 5 Party concerned			
Grant agreement submitted to beneficiary			
Grant agreement signature			
Bids requested			
Contracts awarded			
Equipment delivered			
Principle activity completed (e.g. workshop, training etc.)			
Submission of completion report			

Overall Assessment of the Project: *A brief description of no more than 200 words of the degree the project achieved its objective(s), the manner and the extent the outputs of the projects were being used, major problems encountered and lessons learnt.*

SECTION 3: BUDGET AND EXPENDITURES

Information in this section pertain to status reports on project expenditures at the time of preparing the project completion report with the understanding that a full financial completion report will be prepared as a supplement once the accounts of the project are closed.

(A) INSTITUTIONAL STRENGTHENING**3.1 Summary**

ITEM	BUDGET (PLAN) (US \$)	EXPENDITURE (TO-DATE) (US\$)	DIFFERENCE/ COMMENT (US\$)
Capital costs			
Operating cost			
Contingency cost			
Total			

3.2 Budget and Expenditure on Capital Cost

ITEM*	BUDGET	EXPENDITURE	DIFFERENCE	REASON
Total				

* List of equipment approved in the project document (additional equipment should be so indicated).

3.3 Budget and Expenditure on Operating Cost

YEAR	ITEM*	APPROVED			EXPENDITURE		
		Unit Cost	No. of Employees **	Total	Unit Cost	No. of Employees* **	Total
	(e.g. Salaries)						
	(e.g.: Communications)						
	Total						

* List of incremental operating cost items in the project document

** No. of employees on which the calculation of operating cost is based

*** No. of employees employed at the time of project completion

3.4 Budget and Expenditure on Contingency Cost

CONTINGENCY FUNDS	ITEM(s)	EXPENDITURE
	Total Approved Difference	

(B) **TRAINING AND WORKSHOP**3.1 Budget and Expenditure

ITEM*	BUDGET	EXPENDITURE	DIFFERENCE	REASON
Total				

* List all the cost items as approved in the project document

3.2 Budget and Expenditure on Contingency Cost

CONTINGENCY FUNDS	ITEM(s)	EXPENDITURE
	Total Approved Difference	

(C) **COUNTRY PROGRAMME, INFORMATION EXCHANGE AND NETWORKING**3.1 Budget and Expenditure

ITEM*	APPROVED	EXPENDITURE	DIFFERENCE	REASON
Total				

* List all the cost items as approved in the project document

SECTION 4: IMPLEMENTATION EFFICIENCY

ITEM	YES	NO	DELAY/COMMENT
<u>4.1 Project Schedule</u>			
Project duration			
Start-up of project activities at country level as stated by Article 5 Party concerned			
Grant agreement submitted to beneficiary			
Grant agreement signature			
Bids requested			
Contracts awarded			
Equipment delivered			
Principle activity completed (e.g. workshop, training etc.)			
Submission of completion report			
<u>4.2 Equipment(where applicable)</u>			
Quantity as Planned			
Quality as Specified			
Delays			
<u>4.3 Training</u>			
Quantity as Planned			
Quality as Specified			
Delays			

4.4 Please describe any major problems encountered in project implementation and what was the major cause of delay.

SECTION 5: OUTPUTS AND IMPACT

Outputs*	Achieved As Planned		Impact Assessment				Indicators**
	Yes	No	Highly	Satisfacto	Unsatisfacto	Unacceptabl	

			Satisfactory	ry	ry	e	
1							
2.							

* List the outputs one by one as they are described in the project document.

** Indicators should be identified to validate the rating given to the impact assessment of the outputs. The indicators should be chosen to show the extent the outputs have been used by their end-users. For illustration two examples are given in the following table:

Type of Project	Outputs	Impact assessment	Indicators
Country programme formulation	A well designed country programme	Satisfactory	Frequency of the country programme used as reference. Accuracy of the data in the country programme.
Institutional strengthening	A well functioning ozone office	Satisfactory	Timely and accurate data reported to Ozone Secretariat

SECTION 6: OVERALL ASSESSMENT OF PROJECT

Using three indicators, namely achievement of project impact cost and speed of completion (plan v. actual), please give an overall assessment of the project in the scale below.

- [] Highly satisfactory, more than planned
- [] Satisfactory, as planned
- [] Satisfactory, though not as planned
- [] Unsatisfactory, less than planned
- [] Unacceptable

Comments from Government:

SECTION 7: LESSONS LEARNT

Please state any lessons that can be drawn from this project that will benefit future projects.