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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Seventeenth Meeting
Montreal, 26-28 July 1995

SECRETARIAT ACTIVITIES

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1. This document reports on the activities undertaken by the Fund Secretariat since the Sixteenth Meeting of the Executive Committee during the period mid-March to mid-June 1995.

Documents received in the Fund Secretariat:

- Report from the Treasurer on 1994 Accounts; Contributions and Fund Disbursements; and Transfer of Promissory Notes (UNEP/OzL.Pro/ExCom/17/4).
- Progress report on bilateral cooperation (UNEP/OzL.Pro/ExCom/17/8).
- Strategy Paper for Small-Foam Producing Enterprises (UNEP/OzL.Pro/ExCom/17/55).
- Strategy Paper for Low-Halon Consuming Countries (UNEP/OzL.Pro/ExCom/17/56).
- Methodology for Treatment of Testing Equipment Requirements in the Domestic Refrigeration Sector (UNEP/OzL.Pro/ExCom/17/58).
- Technology Upgrades (UNEP/OzL.Pro/ExCom/17/59).
- Lessons Learned - Training Project in Ghana, submitted by UNEP-IE (UNEP/OzL.Pro/ExCom/17/Inf.3).
- Monitoring and Evaluation Guidelines for ODS Phaseout Investment Projects (Draft), submitted by the World Bank (UNEP/OzL.Pro/ExCom/17/Inf.4).

Implementing Agencies' Financial Reports (UNEP/OzL.Pro/ExCom/17/7).

Bilateral Cooperation (UNEP/OzL.Pro/ExCom/17/8).

- Australia.
- Canada.
- Denmark.
- France.
- United States of America.

Implementing Agencies' Progress Reports

- | | |
|--------------|-----------------------------|
| • UNDP | (UNEP/OzL.Pro/ExCom/17/10). |
| • UNEP | (UNEP/OzL.Pro/ExCom/17/11). |
| • UNIDO | (UNEP/OzL.Pro/ExCom/17/12). |
| • World Bank | (UNEP/OzL.Pro/ExCom/17/13). |

Implementing Agencies' Work Programme Amendments:

- UNDP (UNEP/OzL.Pro/ExCom/17/14).
- UNEP (UNEP/OzL.Pro/ExCom/17/15).
- UNIDO (UNEP/OzL.Pro/ExCom/17/16).
- World Bank (UNEP/OzL.Pro/ExCom/17/17).

Country Programmes:

- Congo (UNEP/OzL.Pro/ExCom/17/18).
- Dominican Republic (UNEP/OzL.Pro/ExCom/17/19).
- Lebanon (UNEP/OzL.Pro/ExCom/17/20).
- Malta (UNEP/OzL.Pro/ExCom/17/21).
- Peru (UNEP/OzL.Pro/ExCom/17/22).
- Romania (UNEP/OzL.Pro/ExCom/17/23).
- Saint Lucia (UNEP/OzL.Pro/ExCom/17/24).
- Togo (UNEP/OzL.Pro/ExCom/17/25).
- Venezuela (UNEP/OzL.Pro/ExCom/17/26).

Project proposals:

2. The Secretariat received some 200 investment project proposals. The Secretariat screened all project requests and agreed with the implementing agencies that 91 investment projects should be considered by the Committee at the Seventeenth Meeting. The proposals were evaluated according to established guidelines and criteria. The remainder, which contain policy or other issues, will be processed after the Seventeenth Meeting. Detailed discussions were also held with Governments which had submitted proposals for bilateral cooperation.

3. Noting the extremely short time available for project evaluation and the very large number of projects submitted, the Secretariat would like to record its thanks to Governments and Implementing Agencies for the cooperation extended in preparing proposals for consideration by the Executive Committee. The results of these activities are reflected in the Secretariat's comments and recommendations submitted to this meeting.

4. Project proposals were received from the Implementing Agencies in the following countries:

- Algeria (UNEP/OzL.Pro/ExCom/17/27).
- Argentina (UNEP/OzL.Pro/ExCom/17/28).
- Bangladesh (UNEP/OzL.Pro/ExCom/17/29).

• Brazil	(UNEP/OzL.Pro/ExCom/17/30).
• Cameroon	(UNEP/OzL.Pro/ExCom/17/31).
• China	(UNEP/OzL.Pro/ExCom/17/32).
• Colombia	(UNEP/OzL.Pro/ExCom/17/33).
• India	(UNEP/OzL.Pro/ExCom/17/34).
• Indonesia	(UNEP/OzL.Pro/ExCom/17/35).
• Iran	(UNEP/OzL.Pro/ExCom/17/36).
• Jordan	(UNEP/OzL.Pro/ExCom/17/37).
• Lebanon	(UNEP/OzL.Pro/ExCom/17/38).
• Malaysia	(UNEP/OzL.Pro/ExCom/17/39).
• Mauritius	(UNEP/OzL.Pro/ExCom/17/40).
• Mexico	(UNEP/OzL.Pro/ExCom/17/41).
• Nigeria	(UNEP/OzL.Pro/ExCom/17/42).
• Pakistan	(UNEP/OzL.Pro/ExCom/17/43).
• Peru	(UNEP/OzL.Pro/ExCom/17/44).
• Philippines	(UNEP/OzL.Pro/ExCom/17/45).
• Sri Lanka	(UNEP/OzL.Pro/ExCom/17/46).
• Sudan	(UNEP/OzL.Pro/ExCom/17/47).
• Tanzania	(UNEP/OzL.Pro/ExCom/17/48).
• Thailand	(UNEP/OzL.Pro/ExCom/17/49).
• Venezuela	(UNEP/OzL.Pro/ExCom/17/50).
• Vietnam	(UNEP/OzL.Pro/ExCom/17/51).
• Zimbabwe	(UNEP/OzL.Pro/ExCom/17/52).

Expedited Process for Approval of Projects (EPAP)

5. At its Thirteenth Meeting, the Executive Committee adopted the expedited process for approval of projects under US \$500,000 (EPAP) as a procedure to be tested for a period of six months, after which it would be evaluated, and agreed that a sum of US \$4,000,000 should be earmarked for the six-month pilot phase (UNEP/OzL.Pro/ExCom/13/47, para. 68). At its Fourteenth Meeting (September 1994), the World Bank and the Government of India jointly presented a Letter of Implementation Strategy for Small Montreal Protocol Investment Operations through an Umbrella Agreement to provide a framework for a small projects approval procedure (SPAP).

6. The Fund Secretariat received 15 aerosol-sector and 15 foam-sector projects with a total budget of US \$4,866,200. The Secretariat reviewed the projects within the contexts of the EPAP and SPAP.

7. In accordance with the Committee's EPAP and SPAP policies for approving projects on a no-objection basis, the 15 foam sector projects' request, inclusive of the Secretariat's comments and recommendations, were sent by courier to members of the Executive Committee on 21 April 1995, requesting them to notify the Fund Secretariat of any objection to the proposed activities before 8 May 1995. Since no objections were received, the Fund Secretariat informed the Government of India and the World Bank that the 15 projects were approved, and also requested the Treasurer of the Multilateral Fund to transfer the amount of US \$3,294,200 to the World Bank.

8. With respect to the aerosol sector projects, the Fund Secretariat identified a number of issues relating to policy and consistency with existing guidelines. Consequently, in accordance with subparagraph (c) of the Committee decision on the expedited process for approval of projects under US \$500,000, these projects were not submitted for consideration under SPAP, and are being resubmitted to the Seventeenth Meeting of the Executive Committee.

Documents prepared by the Fund Secretariat for the Seventeenth Meeting of the Executive Committee:

- Secretariat Activities (UNEP/OzL.Pro/ExCom/17/2).
- Overview of Issues Identified during Project Review (UNEP/OzL.Pro/ExCom/17/3).
- Consolidated Progress Report (UNEP/OzL.Pro/ExCom/17/9).
- Guidelines on Project Monitoring and Evaluation (UNEP/OzL.Pro/ExCom/17/53).
- Draft Report from the Executive Committee to the Twelfth Meeting of the Open-Ended Working Group (UNEP/OzL.Pro/ExCom/17/54).

9. The Secretariat provided comments regarding bilateral assistance, work programme amendments, country programmes and project proposals to Article 5 countries, donor countries and Implementing Agencies, as appropriate.

Other documents prepared by the Fund Secretariat:

- Update of the Inventory of Approved Projects as at March 1995.
- Update of Policies, Procedures Guidelines and Criteria as at March 1995.

10. The Executive Committee at its Sixteenth Meeting, reviewed a draft discussion paper on Sequential Funding, as a modified management system of the Multilateral Fund, prepared by the Fund. The draft paper concluded that the proposed sequential funding mechanism could help to rationalise the paradoxical situation of running a shortfall in project approvals and building up idle cash on the implementation side. However, under the current Terms of Reference of the Fund, a sequential funding mechanism could only commit to partial project funding, and thus, would have to be modified by the Parties to enable funding according to a project disbursement schedule along with a commitment to full funding without cash.

11. The Committee, after discussing the matter, decided that the proposed sequential funding should be studied further, with a view to modifying the terms of reference subsequently if appropriate. The Secretariat after further studying the paper, arrived at the same conclusions as in the first draft, namely that the Terms of Reference of the Multilateral Fund must be modified in order to implement the proposed mechanism. The Chairman of the Sub-Committee on Financial Matters was consulted in this matter, and agreed that a second draft paper should not be submitted at this stage.

Meetings:

- Informal consultations on the Montreal Protocol, Cairns, Australia, 30 March-4 April 1995.
- Conference of the Parties of the Framework Convention on Climate Changes, Berlin, Germany, 5-7 April 1995.
- Regional workshop for the implementation of the Montreal Protocol in the Gulf Cooperation Council (GCC) countries, Manama, Bahrain, 10-12 April 1995.
- Meeting of the World Bank Advisory Group on Monitoring and Evaluation, Washington 10 April 1995.
- Seventh Meeting of the OORG, Washington, D.C., 11 April 1995.
- Fourth Meeting of the GEF Council, Washington 3-5 May 1995.
- Eleventh Meeting of the Open-Ended Working Group, Nairobi, Kenya, 8-12 May 1995.
- Eighteenth UNEP Governing Council meeting, Nairobi, Kenya, 15-19 May 1995.
- Workshop for officers dealing with issues related to the ODS in Africa, Nairobi, Kenya, 15-18 May 1995.
- Regional workshop on aerosol conversion for the Southeast Asia and the Pacific Region, Jakarta, Indonesia, 29 May-2 June 1995.
- Workshop discussing the China sectoral strategies for the phase out of ozone depleting substances, Xian and Beijing, China, 12-16 June 1995.
- Meeting of consultants working on Multilateral Fund activities, Paris, France, 5-7 July 1995.
- Fifth Meeting of the GEF Council, Washington, D.C., 18-21 July 1995.

12. The Secretariat made preparations for the following meeting:

- Meeting between the Fund Secretariat and Implementing Agencies, Montreal, 18 March 1995. The Fund Secretariat convened a meeting with the Implementing Agencies to discuss the implications on the operations of the Implementing Agencies of the decisions of the Sixteenth Meeting and the sectoral ODS phase out strategies prepared by the Government of China. The agencies were requested to re-examine the current portfolio of projects in their pipelines in the light of the cost-effectiveness thresholds, other criteria decided at the meeting and the level of funding estimated to be available.

Parties operating under Article 5 paragraph 1:

13. The Secretariat notified Article 5 countries of projects and other relevant activities, approved at the Sixteenth Meeting of the Executive Committee.

Parties not operating under Article 5 paragraph 1:

14. Decisions taken by the Executive Committee at its Sixteenth Meeting regarding requests for bilateral contributions submitted by the Governments of France and Canada were communicated to the governments concerned.

Preparation for the Seventeenth Meeting of the Executive Committee:

15. The Secretariat has arranged for the Meeting of the Sub-Committee on Project Review and for the Seventeenth Meeting of the Executive Committee, including translation of documentation, hiring of conference staff (interpreters, translators, etc.), and provision of logistics. Letters of invitation and meeting documentation have been dispatched to members of the Executive Committee, the President of the Bureau, the Implementing Agencies, and to NGOs.

Other matters

16. The computer equipment in the Fund Secretariat was upgraded to handle the increasingly large demands of information processing and updating. An upgrade of the electronic mail system, including improved arrangements for connection to the Internet, is in progress.