

ANNEX IV

RECOMMENDED GUIDELINES FOR PROJECT REVIEWS

The main objectives of the review of a project submitted for consideration of the Executive Committee are: to determine its eligibility for funding under the rules of the Multilateral Fund; to ensure that the technology chosen is proven, viable, transferable, cost effective for the proposed use and will not have an unacceptable adverse environmental impact; to identify eligible incremental costs; and to identify any policy issues that had not been encountered before and could require a decision by the Executive Committee or possibly the Meeting of the Parties. To ensure that these objectives are adequately addressed, the following guidelines should be followed.

1. Technical reviewers should:

- (a) address the viability of the proposed technology, as well as the comparative cost effectiveness of the option selected; and,
- (b) scrutinize lists of equipment and all cost items delineated in project proposals to ensure that the proposed equipment is essential to the conversion and the related costs are reasonable given the same level and kind of service proposed.

2. Implementing agencies should:

- (a) only choose for technical reviews internationally recognized experts in the technology, outside of the agency, who have technical experience in developing countries in the field of their expertise, but who did not participate in the development of the proposal, nor did they or their employer have a financial stake in the project;
- (b) familiarize technical reviewers with the Indicative List of Categories of Incremental Costs, the guidelines, criteria, and procedures of the Executive Committee and relevant policy and project decisions of the Parties and the Executive Committee by providing information concerning all relevant decisions of the Parties and the Executive Committee on the approval of projects and the determination of eligible incremental costs;
- (c) justify costs that exceed the indicative cost levels developed in the indicative list of standard equipment and expected costs mentioned below;
- (d) have those involved in project preparation ensure that sufficient information is provided for the technical reviewer to address all of the questions and issues in standard format for technical reviews proposed in the Appendix;
- (e) use the standard format for technical reviews attached to this document as the Appendix; and
- (f) ensure that projects submitted to the Executive Committee for review shall take into consideration the comments of the technical reviewer or provide justification for not doing this.

3. Implementing agencies, in cooperation with the Fund Secretariat, should:
 - (a) hold seminars for all consultants, employees, technical reviewers, and others who might participate in the development, evaluation or review of project proposals;
 - (b) develop an indicative list of standard equipment and expected costs for use by consultants and technical reviewers in project preparation and review; and,
 - (c) develop a negative indicative list of equipment and other costs that should not be funded which will also assist in project preparation and review.
4. The Fund Secretariat should continue to fulfil its role in the project review process as defined in previous Executive Committee decisions.

APPENDIX

FORMAT FOR TECHNICAL REVIEWS

NOTE: Implementing agencies are requested to complete the relevant sections in this format, and to provide sufficient information for the reviewer to address all of the questions and issues in this format.

1. **Country of origin:**
2. **Project title:**
3. **Sector/sub-sector:**
4. **Relationship to country programme**
Does the project document indicate if the project:
 - (a) is included in or consistent with the country's action plan?
 - (b) constitutes an important part of an articulated sectoral/sub-sectoral strategy?
5. **Technology**
 - (a) assess the environmental soundness and safety of selected technology to other alternatives?
 - (b) is the technology transitional? Are there non-transitional options which might have been more cost effective taking into account total costs to and duration of phase-out?
 - (c) feasibility of transfer to the country concerned:
 - (i) does the proposed technology transfer agreement (if any) take into account appropriate requirements?
 - (ii) is there a licensing agreement and do costs appear reasonable given international norms?
 - (iii) were other technologies considered? Do you agree with the determination made in this case?
 - (iv) is the proposed technology the most cost effective technology available for this conversion? If not, were there adequate reasons that more cost effective technologies could not be deployed in this case?
6. **Environmental impact**
 - (a) impact of ODP and GWP of the substitute;
 - (b) appropriateness of proposed measures and related cost estimates to minimize health and safety and other environmental impact.

7. Project costs

- (a) are all cost components identified in the project essential for the conversion?
Assess the necessity of proposed equipment to facilitate existing level of service.
- (b) should any of the cost components have been expected to be present in the facility prior to conversion?
- (c) cost of equipment:
 - (i) is the baseline cost of existing equipment addressed in a manner that is consistent with your experience?
 - (ii) do you agree with the finding regarding whether some/all baseline equipment should/should not be replaced?
 - (iii) do you believe requests for any additional equipment essential for the conversion?
 - (iv) can all/part of baseline equipment be modified to perform functions needed in the conversion, and could such modification costs lead to lower project costs?
 - (v) is the fate of scrapped equipment addressed in a manner which ensures it will not be redeployed?
 - (vi) is the calculation of salvage value of scrapped equipment, if any, reasonable?
 - (vii) will the new equipment/modification of existing equipment result in an increase in existing capacity?
- (d) appropriateness of proposed training and related costs, if any.
- (e) operating costs:
 - (i) are the components and magnitude of operating costs appropriate given your experience with other implemented projects (e.g. cost of substitutes, energy, labour, etc.)?
 - (ii) are any operating savings, including energy saving and expected savings through reductions in defects included in the project?
 - (iii) do you believe this finding and/or the calculated level of savings reasonable given your knowledge of results achieved in similar projects?

8. Implementation timeframe

Do you believe that the proposed implementation timeframe is feasible?

9. Recommendations

- (a) approval categories:
 - approval as proposed;
 - approval after modification (with a proposal for modifications);
 - permission to proceed;
 - rejection and justification;
- (b) other comments.