



United Nations
Environment
Programme



Distr.
LIMITED



UNEP/Ozl.Pro/ExCom/5/10
5 November 1991

ORIGINAL: ENGLISH

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

Fifth Meeting
Montreal, 18-22 November 1991

**EVALUATION OF THE IMPACT OF FUND ACTIVITIES
ON PHASE-OUT OF CFCs**

(Proposal from the Vice-Chairman)

DRAFT

EVALUATING THE IMPACT OF THE INTERIM MULTILATERAL FUND OF THE
MONTREAL PROTOCOL ON FACILITATING ARTICLE 5 DEVELOPING COUNTRIES
PHASE-OUT OF OZONE-DEPLETING SUBSTANCES

I. Introduction

In order to assess the effectiveness of the Interim Multilateral Fund of the Montreal Protocol, one needs to refer back to the original mandate of the Interim Multilateral Fund as defined by the Parties. By their decision at the Second Meeting of the Parties to the Montreal Protocol (London, June 1990 - Article 10), the Parties called for the establishment of a financial mechanism to:

- o meet the agreed incremental costs incurred by Article 5 parties;
- o finance clearinghouse functions (e.g., country studies, information dissemination, facilitate and monitor other multilateral, regional and bilateral cooperation); and
- o finance the administrative costs of the Interim Multilateral Fund (Fund).

A 14-member Executive Committee oversees and monitors implementation of the Fund (7 members from Article 5 parties and 7 from donor parties). The Executive Committee is charged with implementation of the Fund on behalf of the Parties, including developing the three-year plan and budget and project eligibility criteria, coordinating the implementing agencies (the World Bank, UNDP, and UNEP), reviewing country programs, and approving projects over \$500,000.

The Fund Secretariat assists the Executive Committee in the day-to-day discharge of its duties. The Chief Officer of the Fund Secretariat is the Executive Committee's senior officer and reports directly to the Executive Committee.

Three implementing agencies (the World Bank, UNEP and UNDP) were charged with carrying out the programs of the Article 5 developing countries. More specifically, the Bank's mandate is to finance the agreed incremental costs to Article 5 developing countries of phasing out of ozone-depleting substances (ODS). UNEP acts as Fund treasurer, provides political promotion, research, and data gathering, and assists in clearinghouse functions. UNDP provides technical assistance and performs pre-investment feasibility studies.

II. Assessment/Evaluation

In evaluating the operations of the Fund, its primary objective, that of assisting Article 5 Parties in meeting their control obligations, should be the focus of the review. Activities related to achieving that objective necessarily involve the Executive Committee (EC), the Fund's Secretariat, and each of the Implementing Agencies. Thus, any evaluation of the Fund must include not only a review of the Fund's overall effectiveness in reducing emissions of controlled substances by Article 5 Parties through the use of Fund resources, but also the role each of these organizations have played in advancing this goal.

A. OVERALL FUND OBJECTIVES

1. To what extent have projects been funded that have resulted in reduced emissions of controlled substances?

- How many projects have been funded? What is the breakdown by type of activity? (e.g., outreach, investment project, training, institutional strengthening)
- What have been their costs? their direct and indirect impact on reducing controlled substances? how long from project initiation to completion?
- What are the costs of reductions achieved compared to the overhead costs with achieving those reductions?

B. OPERATIONS OF FUND SECRETARIAT

- How effectively has the Secretariat coordinated efforts by the Implementing Agencies?
 - To what extent does overlap exist in efforts as reflected in work programmes?
 - To what extent have efficiencies of effort across implementing agencies been achieved?
 - What steps has the Secretariat taken to reduce overlap and achieve efficiencies?
- How effectively has the Secretariat been in meeting the needs of the Executive Committee?
 - Have papers been prepared and sent to EC members in advance of meetings?

- Have Implementation Guidelines been followed in the Fund's daily operations?
- Have Secretariat recommendations and technical/policy reviews been supported by EC? on country programmes? on projects above \$500,000? on Implementing Agency work programmes?
- Has the Secretariat's budget been properly prepared and implemented? Is the office functioning effectively? Have staffing efforts progressed?
- How effectively has the Secretariat moved to address and resolve operational issues as they arise? What issues have arisen? How have they been resolved?

C. OPERATIONS OF EXECUTIVE COMMITTEE

- How effectively has the EC moved to implement the mandate by the Parties? Do any conflicts exist between its actions and that mandate?
- How quickly has the EC moved to resolve issues as they occur?
- How effective has the EC been in directing activities of the Secretariat and the Implementing Agencies? In monitoring their activities after the fact?
- How effective has the EC been in communicating its operations to Article 5 Parties? to all Parties?

The World Bank

The World Bank, with its experience in managing external financing for investments in developing countries, was designated by the Parties as best suited to prepare and appraise investment projects which meet the incremental costs of activities enabling Article 5 developing countries to comply with the Montreal Protocol. Based on this role, one needs to examine how the Bank has administered the Fund through its country operations departments. An assessment of the Bank's operational procedures would include the following:

- o review of the Bank's project cycle
 - describe steps in project cycle
 - determine how many projects have completed each step
 - assess how long each project has taken to review
 - define what barriers exist in project approval
 - determine what steps could be taken to improve process
- o coordination among country operations departments
 - describe coordination among country operations departments
 - describe coordination among country operations departments and Fund/GEF coordinator
 - evaluate what barriers exist in effective coordination
 - assess what steps could be taken to improve coordination
- o development of country programs
 - describe current development of country programs: timeframe, costs, and other parameters
 - discuss how many country programs have been developed
 - review what barriers exist to country program development

- describe what steps could be taken to improve process
- o coordination with Executive Committee and other implementing agencies
 - describe existing coordination with Executive Committee and other implementing agencies.
 - evaluate how coordination could be improved

UNEP

The Parties to the Montreal Protocol designated UNEP with three functions: Fund treasurer; political promotion, research, and data gathering; and assistance in clearinghouse functions. UNEP's effectiveness in assisting Article 5 developing countries should be gauged within the context of these functions:

- o Fund treasurer
 - evaluate UNEP's procedures for accepting donor contributions, disbursing funds to the Fund Secretariat and the implementing agencies, and submitting investment plans for Executive Committee approval for contributions held in reserve
 - determine how procedures could be improved
- o political promotion, research, and data gathering
 - determine scope of efforts to encourage other Parties to accede to Protocol
 - assess status, content, number, availability, and usefulness of technical brochures and guidelines on ODS end-use sectors
 - assess overall contribution to efforts to reduce use of controlled substances
- o assistance in developing clearinghouse functions
 - review functions of Industry and Environment (IEO) office in Paris
 - assess existing databases (ie. International Cleaner Production Information Clearinghouse - ICPIC) and strategies for linking with OZONET and EPA's Pollution Prevention Information

Clearinghouse (ie. content, cost, availability to developing countries)

- review three regional training workshops (ie. content, cost, usefulness to developing countries) and determine their outputs
- o development of country programs for six low-volume ODS-consuming countries
 - determine status of country programs
 - assess usefulness of country programs in assisting countries reduce use of controlled substances
 - review barriers to developing country programs
- o coordination with Executive Committee and other implementing agencies
 - assess existing coordination with Executive Committee and other implementing agencies
 - determine means to improve coordination

UNDP

UNDP participation in the Interim Multilateral Fund involves the provision of technical assistance. This includes the following: assistance in preparation and implementation of the country programs and specific projects, conducting feasibility and pre-investment studies, and coordinating communication and outreach efforts with the participating governments and outside organizations. In assessing UNDP's efforts in 1991, one should focus on the following areas:

- o development of country programs/specific projects
 - determine technical assistance/training activities funded (ie. scope, cost, timeframe, other parameters)
 - review number of people trained and what cost
 - assess actual reductions in use of controlled substances
- o conducting pre-investment and feasibility studies
 - review status of pre-investment and feasibility studies

- determine success of studies in laying groundwork for investment proposals with World Bank
- o coordinating communication and outreach efforts with participating governments and outside organizations
 - assess current status of communication and outreach efforts (ie. scope of efforts at in-country missions, New York office)
 - determine means to improve efforts with developing country counterparts and others
- o coordination with Executive Committee and other implementing agencies
 - review existing coordination with Executive Committee and other implementing agencies
 - assess means to strengthen coordination with Executive Committee and other implementing agencies