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

Seventh Meeting
Montreal, 23-26 June 1992

Addendum

WORLD BANK PROGRESS REPORT

COMMENTS ON THE WORLD BANK PROGRESS REPORT (22 MAY 1992)

Expediting Project Implementation

1. Of the several investment projects approved a year ago, none have been implemented. The Progress Report makes the claim that the number of Executive Committee meetings causes delays in project implementation:

> "delays would be avoided in project implementation caused solely by approving sub-projects at EC meetings 3-4 times per year." (Progress Report, Page 2, A.1.c.)

2. This is inaccurate. The delay in implementation occurs after the Executive Committee has approved the project, when project implementation is the responsibility of the Bank, not before.

Lines of Grants

3. We note the following concerns:

   (a) there is insufficient information for an assessment of incremental costs;

   (b) neither proposed Bank or existing Executive Committee guidelines or procedures are followed;

   (c) funds allocated in the context of the Work Programme for "Project Preparation" should be utilized to provide complete documentation to facilitate The Executive Committee's approval process; and

   (d) comments from an OORG member were not submitted for several sub-projects.

Coordination

4. Coordination can still be improved as evidenced in the three following examples: (1) Since the Fund Secretariat was asked to prepare documents on "issues for discussion in the Executive Committee and transmission to the Open-Ended Working Group of the Parties..." [1] and institutional strengthening[2], the Bank should have cooperated in the preparation of these

[1] Draft Report of the Sixth Meeting of the Executive Committee of the Interim Multilateral Fund for the Implementation of the Montreal Protocol, Montreal, 27-28 February 1992, UNEP/OzL.Pro/ExCom/6/L.1, page 9, paragraph 56.

[2] Op. cit., page 6, paragraph 35.

documents. (2) Although the Bank was requested to coordinate their OORG programme with other implementing agencies, the other implementing agencies were not even invited to attend the first meeting of OORG. (3) The Bank now intends to prepare a Country Programme for Guatemala when UNEP was assigned this task at the last Executive Committee Meeting. Close coordination is necessary to assure that issues of concern to all implementing agencies are shared. Progress reports in the future should include a section that addresses coordination activities to highlight the importance of this activity in the implementation of Fund activities.

New Project Submission Procedures

5. A streamlining of the project proposal process could be advantageous since there should be more time available to the Executive Committee members for review of project proposals in advance of Executive Committee meetings. The Bank submitted seven project proposals to the Fund Secretariat less than one month in advance of the scheduled Executive Committee meeting. Most of the projects did not have sufficient information as required under Executive Committee guidelines and procedures. The initial submissions were subsequently modified which further complicated an expeditious review. As The Fund Secretariat is required to prepare reports on these proposals for Committee members in advance of the meeting, very little time was available for its review and interaction with the World Bank.

Undertaking Unapproved Activities

6. In reviewing the Progress Report, The Bank has undertaken new activities that have not been approved in the 1992 work programme. Although these activities may have merit, Executive Committee approval is necessary where relevant. The unapproved activities cited include:

- a mission to Guatemala to prepare a country programme; and

- new initiatives in India, a non-Party.

Changes in Approved Investment Projects

7. Although the tables identifying every investment project are helpful, they do not explain why a change was necessary. The rationale for changes in approved investment projects should be explained and an indication of the beneficiary country's approval of the changes should be provided. For example, China has expressed concern regarding the Bank's judgement on the HCFC-22 project.

Budgetary Items

8. In that same table, the cost of the Work Program Budget for Country Programmes and Project Preparation appropriately decreases from $3,305,622 to $3,135,622 (by $170,000 from Iranian activities) but the "Administration, Legal and Financial Costs", the overhead costs, did not change accordingly.

9. Why was the demonstration project planned for Egypt between April and June 1992 eliminated from Table 3, "CY92 Planned Approvals/Commitments"?

10. Since the Government of Nigeria has requested direct resposnibility for its Country Programme preparation, does this entail a downscaling of the costs?

Sectoral Approach

11. A sector-by-sector review of activities would be helpful for the Executive Committee to assess progress on a sectoral basis and to make sure that each sector is proceeding at the appropriate pace. For example, there is no mention of the sectoral approach for projects planned in the Southeast Asia Region.

Financial Report

13. Paragraphs 12 and 19 of the Agreement between the Bank and the Executive Committee call for a detailed annual financial statement "of previously approved work programmes and activities related to CPs (Country Programmes) and projects ...." As the World Bank representative said during the January implementing agency co-ordination meeting concerning the additional costs for 1991 budgeted country programmes, the financial statement will contain sufficient detail for determining the actual cost of the preparation of any country programme. The quote from paragraph 19 indicates that this detail should also apply to the other activities of the Bank's work programme. Table 1 of the Progress Report is not of sufficient detail for the Executive Committee to assess these expenditures.