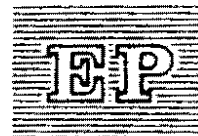




United Nations Environment Programme



Distr.
LIMITED

UNEP/OzL.Pro/ExCom/3/16
15 April 1991

ORIGINAL: ENGLISH

Executive Committee for the
Multilateral Fund under the
Montreal Protocol

Third Meeting
Montreal, 15-19 April 1991

DRAFT SUMMARY OF REPORT OF FIRST AND
SECOND EXECUTIVE COMMITTEE MEETING
AND THE SUB-COMMITTEE MEETING

SUMMARY OF DECISIONS TAKEN AT THE FIRST MEETING OF THE EXECUTIVE COMMITTEE

I.1 Rules of procedures

1. The rules of Procedures for Meetings of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (UNEP/OzL.Pro.1/5, Annex I) should apply mutatis mutandis to the first meetings of the Executive Committee with the provision that observers would only be invited upon request by the Executive Committee.
2. Draft rules of procedure taking into account the specificities of the Executive Committee should be formulated by the Fund Secretariat for consideration and adoption by the Executive Committee.

I.2 Multilateral Fund

1. To request the Executive Director of UNEP to secure the approval of the Secretary-General of the United Nations to establish the Interim Multilateral Ozone Fund in accordance with financial rules and regulations of the United Nations and to its administration by the Executive Director of UNEP.
2. The account established with UNEP would receive contributions to the Interim Multilateral Ozone Fund and would make transfers from it according to directions provided by the Executive Committee.
3. No additional charge required by UNEP for operating as "treasurer" of the Fund and all associated costs would be covered by its overhead charge assessed against the funds it receives in its role as one of the Implementing Agencies.
4. To adopt a draft letter calling for contributions to the Fund by the Parties to the Montreal Protocol (Annex II) and request the Executive Director of UNEP to send them at an early date.
5. To postpone until its next meeting the discussion on:
 - a) three-year plan and budget of the Fund;
 - b) criteria for project eligibility and guidelines for the implementation of activities supported by the Fund;
 - c) criteria for consideration of bilateral and regional contributions to the Multilateral Fund;

I.3 Fund Secretariat

1. The Fund Secretariat, co-located with UNEP, shall have Montreal as its venue.
2. The Government of Canada to cover any additional costs of locating and operating the Secretariat in Canada relative to costs associated with UNEP Headquarters. The coverage of these costs shall be included in the host country agreement to be concluded between Canada and UNEP and adjusted on an annual basis.

3. To request the Secretariat of the Vienna Convention and its Montreal Protocol to continue providing secretarial services to the Multilateral Fund. All expenses related to these services will, at a later stage, be charged to the Multilateral Fund.
4. The decisions made apply to the Interim Multilateral Ozone Fund only and decisions on the permanent Multilateral Ozone Fund will be made after a review of the interim arrangements.
5. The location of the Fund Secretariat outside Nairobi should not be taken as a precedent for the establishment of possible future secretariats, e.g. for climate or biological diversity, to be at another venue than Nairobi.
6. To postpone until its next meeting discussion on:
 - rolling budgets of the Fund Secretariat;
 - budget of the Fund Secretariat for 1991;
 - other matters related to the Secretariat.

I.4 Recruitment of Chief Officer

1. To approve a job description for the position of Chief Officer of the Secretariat.
2. The position should be advertised in an expeditious manner using UNEP personnel procedures.
3. A recruitment committee headed by Mexico (Vice-Chair) and composed of the representatives of Germany, Ghana and the USSR should review all applications, interview leading candidates and make a recommendation to the next meeting of the Executive Committee.

I.5 Implementing Agencies

1. To request the implementing agencies, UNEP, UNDP and the World Bank to co-operate with and assist the Parties within their respective areas of expertise in the context of country programmes developed to facilitate compliance with the Protocol.
2. To invite the Implementing Agencies to develop an inter-agency agreement and specific agreements with the Executive Committee acting on behalf of the Parties (proposed structure Annex IV).
3. To welcome the draft inter-agency agreement (Annex V) presented to the meeting by UNEP, UNDP and the World Bank and invite these agencies to sign such an agreement taking into account the discussion during this meeting.
4. To invite the heads of the three agencies to develop and propose specific agreements with the Executive Committee for its consideration at its next meeting.
5. To postpone to its next meeting discussion on:

- criteria for reporting by the Implementing Agencies;
- support costs of the Implementing Agencies.

I.6 Other Agencies

1. To adopt a draft letter (Annex III) inviting the regional banks and UNIDO to co-operate with the Executive Committee.
2. To return to the question of inviting other agencies at its next meeting.

I.7 Draft Documents for Next Meeting

1. One member of the Executive Committee offered to prepare in consultation with all the other members documentation which would assist the Executive Committee in its consideration of the specific draft agreements to be submitted by the three Implementing Agencies.
2. To welcome the proposal of one of its members to prepare in consultation with all the other members draft criteria for project eligibility and guidelines for the implementation of activities supported by the Fund for consideration at its next meeting.
3. To present the draft report of the first meeting for adoption at the next meeting. All decisions, however, were adopted and will not be reconsidered at the next meeting.

I.8 Next meeting

To hold its second meeting in Montreal from 17 to 19 December 1990.

SUMMARY OF DECISIONS TAKEN AT THE SECOND MEETING OF THE EXECUTIVE COMMITTEE

II.1 Observer Status

The following provisions would apply regarding participation by observers:

- (a) Implementing Agencies are invited to participate as observer in the Committee's meetings.
- (b) The President of the Bureau of the Meeting of the Parties to the Protocol or his representative shall be invited for the purpose of co-ordination.
- (c) States not members of the Executive Committee, as well as any body or agency, whether national or international, governmental or non-governmental, qualified in fields relating to the protection of the ozone layer, may be invited for a specific reason and purpose on a case-by-case basis, upon request by the Executive Committee, to attend its meetings as an observer.
- (d) The Executive Committee may arrange, as appropriate, and in connection with its meetings, for a special opportunity to be given to NGOs to address the Committee, and the Committee would, when appropriate, give a briefing after its meetings to the press and NGOs.

II.2 Rules and Procedures

Provisional Rules which take into account the specificities of the Executive Committee, should be formulated by the Secretariat for consideration and adoption by the Third Meeting of the Executive Committee and be submitted to the next annual Meeting of the Parties for endorsement. This procedure shall also be followed when such rules of procedure are amended.

II.3 Participations

In connection with the participation of Implementing Agencies in meetings of the Executive Committee, the Executive Director of UNEP emphasized that, apart from UNEP's attendance at these meetings as observers in the capacity of an Implementing Agency, the Executive Director of UNEP, being the head of the agency designated by the Parties as Secretariat of the Vienna Convention and the Montreal Protocol, attends these meetings in accordance with Rule 27 of the Rules of Procedure for meetings of the Parties.

II.4 Finance & Budget

- 1. Contribution to the Interim Multilateral Ozone Fund, not immediately required to be invested under the authority of the Executive Committee and interest so earned to be credited to the Fund.
- 2. Germany's future contributions to the Fund to be based on the scale of assessment for Germany decided at the forty-fifth Session of the UN General Assembly and the matter to be taken up at the next Meeting of the Parties.

3. To review the structure of the Fund Secretariat contained in the Provisional Budget for the Multilateral Fund Secretariat (Annex V, UNEP/OzL/2/3).
4. To block expenditures under budget lines 1202, 1203 (Consultants), 1320 (Regional Workshops), 3201 (Training courses) and 3301 (Workshops), in the provisional budget, Annex V of the Report of the Second Meeting of the Parties (UNEP/OzL/Pro 2/3), and accordingly reduced pro rata the programme support costs. All these items come under the topics that UNEP is requested to assist in and hence will be presented to the Executive Committee within UNEP's proposed Programme Budget.
5. Authorized the incurring of expenditures, subject to receipt of sufficient contributions, under budget lines 4201 (furniture) for US \$ 320,000; 4301 (Rent of Offices) for US \$ 272,110. Authorized UNEP to sign the lease for the proposed accommodation for five years and purchase furniture.
6. Requested the Chief Officer to prepare a revised budget and present it to the next meeting of the Executive Committee.
7. The three-year plan and budget for the Fund to be considered at the Third Meeting of the Executive Committee.
8. The entitlement of countries to receive technical co-operation and support in developing country programmes, to be subject to timely requests and approval of funding by the Executive Committee.
9. Advance US \$ 500,000 to each of the Implementing Agencies to enable them initiate their work, provided funds are available in the Fund in addition to those needed for the establishment of the Secretariat.
10. The criteria for consideration for bilateral and regional contributions to the Multilateral Fund, to be taken up at the Third Meeting of the Executive Committee.

II.5 Implementing Agencies

1. The Executive Committee took note of, and welcomed the Procedural Arrangements among the International Bank for Reconstruction and Development ("World Bank"), the United Nations Environment Programme ("UNEP") and the United Nations Development Programme ("UNDP").
2. Heads of three Implementing Agencies invited by the Committee to develop further their proposals for specific agreements with the Executive Committee, for considerations, by the Executive Committee at its third meeting.
3. Three Implementing Agencies were invited to consult with the Chief Officer and submit their initial work programme for 1991 and related budgets for further consideration by the Executive Committee at its Third Meeting, based on contributions received into the Fund Account.

II.6 Other Agencies

The Secretariat was requested to follow-up on the invitation letters sent to five regional development banks and UNIDO, requesting their co-operation and assistance to the Executive Committee.

II.7 Fund Secretariat Staff

1. Dr. Omar El-Arini was nominated by the Executive Committee for appointment by the Executive Director of UNEP as Chief Officer of the Interim Multilateral Ozone Fund.
2. Recruit minimum staff for proper functioning of the Secretariat, in accordance with UNEP Procedures.
3. Chief Officer authorized to take measures for early recruitment of some key staff members, in consultation with the Chairman and the Vice-Chairman.

II.8 Sub-Committee of the Executive Committee

A Sub-Committee was established to prepare, prior to the Third Meeting of the Executive Committee:

- (a) proposals for detailed project implementation guidelines and criteria for project selection;
- (b) procedures for consideration and approval of project proposals with a total budget up to US \$ 500,000, taking into account the documents referred to at paragraph 28 of the Report of the Second Meeting of the Executive Committee;
- (c) elaborate the draft elements for guidelines for the implementation of activities supported by the Multilateral Fund contained in Annex of the Report of the Second Meeting of the Executive Committee and submit these to the Executive Committee at its Third Meeting.

Implementing Agencies to attend to the Sub-Committee.

II.9 Legal Status of Fund Secretariat

Noted with appreciation the interim agreement between the United Nations and Canada concerning the legal status of funds of the Secretariat for Multilateral Fund and recommended that negotiations between the UN and the Government of Canada be continued to work out detailed legal arrangements covering various aspects of the venue of the Fund Secretariat in Canada.

SUMMARY OF THE DRAFT REPORT OF THE
FIRST MEETING OF THE SUB-COMMITTEE OF
THE EXECUTIVE COMMITTEE
OF THE MULTILATERAL FUND
UNDER THE MONTREAL PROTOCOL

Section I. Roles and responsibility of key institutions.

The description of the responsibilities of the five bodies involved in the management and the functioning of the Multilateral Fund is largely based on the terms of reference adopted by the Second Meeting of the Parties to the Montreal Protocol.

The Executive Committee manages the Fund and exercises final authority for implementation of the fund. It has to prepare and approve work plans and budget, and enter into agreements with Implementing Agencies.

The Secretariat assists the Executive Committee by performing daily operations necessary to the proper functioning of the fund. Main functions include liaise with Implementing Agencies, control and monitor their activities, control funds expenditures, assess projects proposals, country programmes, other multilateral and bilateral contributions, prepare budgets activity and reports.

The Implementing Agencies assist the Executive Committee on behalf of the Parties. UNEP is responsible for receiving contributions and disbursing funds to the Fund Secretariat and the Implementing Agencies, promoting the Protocol and assisting in clearing house functions (technical co-operation, training, information).

UNDP's participation involves technical assistance including feasibility studies, country programmes, in-country training or management.

The World Bank administers the financing of agreed incremental costs of activities and projects approved in the country plans or by the Executive Committee.

Section II. Framework for activities supported by the Fund.

Country Programmes:

Updated national studies and/or individual projects will have to be presented to the Executive Committee by each Party wishing to receive support from the Multilateral Fund. They should contain data on production, imports and use of controlled substances, the institutional and policy framework, the implementation strategy of the protocol, an action plan with a timetable and a budget for each activity.

Work Programmes:

Have to be developed by Implementing Agencies in cooperation with recipient countries and approved by the Executive Committee on an annual basis. Detailed information on the type of activities and projects, the time frame, costs and outcomes has to be provided. The implementation of the work programme is subject to the availability of funds. Progress report has to be provided to the Executive Committee annually by each Implementing Agency. Project proposals with incremental costs exceeding \$500,000 will be approved by the Executive Committee; those of less than \$500,000 by the Implementing Agencies within the context of an

approved work programme in consultation with the Secretariat. Other project proposals will have to be submitted to the Secretariat for further inclusion in a work plan by the appropriate Implementing Agencies.

Section III. Project eligibility criteria.

The proposed interim criteria include:

- provision of assistance to paragraph 1, Article 5 Parties to facilitate compliance with the Protocol control measures;
- capital investment for agreed incremental costs contained in the Protocol;
- other projects involving technical clearing house functions;
- projects have to be approved by requesting Party and be cost-effective as well as environmentally sound.

Section IV. Guidelines for setting priorities.

Priority should be given to projects that will have:

- a broad geographic distribution;
- the most cost-effective and efficient potential for reduction in the emission of controlled substances;
- ease of replication and technology transfer.

Section V. Use of grants and loans.

Assistance for all technical and pre-investment activities shall be provided in the form of grants. Concessional loans should however be provided to investment projects that will become profitable in one or two years. The Executive Committee makes final decision on the terms of assistance.

Section VI. Requirements for reporting by the Implementing Agencies to the Executive Committee.

The Executive Committee is required to develop reporting criteria that will be followed by the Implementing Agencies in their regular reportings to the Executive Committee.

In addition, the Executive Committee is to meet at least twice a year and to report annually to the meeting of the Parties.

The process for reporting by the Fund Secretariat and each Implementing Agency is described.

Appendices II and III respectively outline recommendations to the Executive Committee to present to the Parties for consideration, and issues that will need further discussions by the Executive Committee.