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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sub-Committee on Monitoring, Evaluation and Finance
Sixth meeting
Cairo, 9-10 November 1998

REPORT OF THE SIXTH MEETING OF THE SUB-COMMITTEE ON MONITORING, EVALUATION AND FINANCE

Introduction

1. The Sub-Committee on Monitoring, Evaluation and Finance of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol met at Cairo on 9-11 November 1998.

2. The meeting was opened by the Chairman of the Sub-Committee, Mr. Charles Chipato (Zimbabwe), who welcomed the participants. The meeting was attended by the members of the Sub-Committee, the representatives of Belgium, Canada, Costa Rica, Japan, Jordan and Zimbabwe.

3. Representatives of Italy and Switzerland and of the implementing agencies also attended as observers.

AGENDA ITEM 1: ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

4. The Sub-Committee adopted the following agenda:

1. Adoption of the agenda and organization of work.
2. Project implementation delays.
3. Performance indicators for the evaluation of the business plans.
4. Summary table on the status of ODS phase-out in Article 5 countries.
5. Consolidated draft 1999 business plan of the Multilateral Fund.
6. Draft 1999 business plans of:
   (a) UNDP;
   (b) UNEP;
   (c) UNIDO;
   (d) World Bank.
7. Status of implementation of the monitoring and evaluation work programme.
8. Consolidated project completion reports.
9. Proposed budget of the Fund Secretariat for 1999.
10. Other matters.
11. Adoption of the report of the Sub-Committee.
12. Closure of the meeting.

AGENDA ITEM 2: PROJECT IMPLEMENTATION DELAYS

5. The Sub-Committee considered the report on project implementation delays (UNEP/OzL.Pro/ExCom/26/5), prepared by the Secretariat in response to decision 25/8 (c), which requested the Secretariat to provide, to its next meeting, a list of ongoing projects up to 1993 with suggestions for action, so as to permit the Executive Committee to determine whether or not they should be cancelled, and decision 25/10, which requested the Secretariat, in cooperation with the implementing agencies, to develop a procedure and criteria for cancellation of projects.

6. and criteria for cancellation of projects.

7. nd criteria for cancellation of projects.

8. Following a discussion, the Sub-Committee recommended that the Executive Committee decide to endorse two procedures for project cancellation:

(a) First, those projects can be cancelled through mutual agreement among the implementing agencies, the Government concerned and the beneficiary enterprise where applicable. Agencies should indicate their proposed cancellations to the Executive Committee through their annual progress reports and/or reports on projects with implementation delays, bearing in mind the definition of project implementation delays adopted at the twenty-second meeting (decision 22/61);

(b) Second, that projects with implementation delays identified by the Executive Committee at its second meeting in each year could be considered for cancellation if the following two criteria were met:

Criterion 1: If no progress is reported after a project has been classified in the latest progress report as having an implementation delay, the Secretariat on behalf of the Committee may, at the meeting following classification, issue a notice of possible cancellation of the project to the implementing agency concerned and the recipient country Government.

Criterion 2: If no progress is reported to two consecutive meetings of the Executive Committee for a project classified as having an implementation delay, the Committee may, considering the response to the notice of possible cancellation, decide on cancellation of the project on a case-by-case basis.

9. In addition, the issue of whether an enterprise or group of enterprises whose projects had been cancelled could reapply, in the future, for funding for another project was raised.

10. Concerns were raised by the implementing agencies with regard to the issue of customs clearance and unanticipated storage charges incurred in certain projects as a result of customs clearance problems. UNDP referred to new taxation and customs clearance problems in Egypt. The Sub-Committee accordingly recommended that the Executive Committee:

(a) Urge all recipient Governments operating under Article 5 to expedite customs clearance and to refrain from levying any taxes or duties, in accordance with the terms of their agreement with the implementing agencies relating to the levying of taxes and duties during project implementation on equipment and incremental costs;

(b) Require the implementing agencies to explain what steps had been taken to prevent the occurrence of any customs clearance problems in future project proposals;

(c) Consider payment of storage costs in excess of the project budget for the projects in Brazil, Kenya and Nigeria to be implemented by UNIDO, but not approve any further project funding for those countries if any other customs clearance issues were raised, until assurances had been provided by the Government that the problems has been resolved and that any associated cost had been covered by the beneficiary or the Government;

(d) Urge implementing agencies to take appropriate measures to avoid other cases of excessive storage charges that cause implementation delays and to report back on any such cases to the Sub-Committee at its first meeting in 1999;

(e) Urge UNDP to work with the Government of Egypt to resolve the taxation and customs clearance issue and not approve any further funding for Egypt until the problem was resolved;

(f) Highlight the issue of taxation and customs clearance in its report with a view to drawing the attention of the Meeting of the Parties to the problem.

AGENDA ITEM 3: PERFORMANCE INDICATORS FOR THE EVALUATION OF THE BUSINESS PLANS

11. The Sub-Committee reviewed the set of revised indicators for the evaluation of business plans (UNEP/Ozl.Pro/ExCom/26/6), prepared in response to decision 25/5.

12. For investment projects, the Sub-Committee recommended that the Executive Committee maintain two sets of indicators, as follows:

(a) The first to track various aspects of the work of agencies, including the previous indicators and a new indicator covering the net emission/reduction of ODP resulting from implementation delays/early completion (expressed in ODP tonnes)

(b) The second set to be weighted indicators, to guide the allocation of agencies' shares. The indicators will be weighted as follows:

Investment project performance indicators	**Weighting**
ODS phased out	40
Disbursement	30
Satisfactory project completion reports received	20
Distribution of projects among countries in business plans	10
TOTAL	100

13. For non-investment projects, the Sub-Committee recommended that the Executive Committee maintain two sets of indicators, as follows:

(a) The first set to track the results associated with non-investment projects for all implementing agencies. The first set will consist of four weighted indicators as follows:

Non-investment project performance indicators	**Weighting**
Number of projects completed	50
Disbursement	30
Speed of first disbursement	10
Speed of completion	10
TOTAL	100

(b) The second set would be non-weighted, as follows:

(i) Appropriate and timely policies initiated by countries either as a result of networking, training, information exchange, country programme development and/or institutional strengthening;

(ii) Reduction in ODS consumption over and above that effected by investment projects;

The Sub-Committee also recommended that the Executive Committee request UNEP, in view of its specific mandate, to continue the monitoring of its activities according to the set of nine indicators set out in its business plan.

AGENDA ITEM 4: SUMMARY TABLE ON THE STATUS OF ODS PHASE-OUT IN ARTICLE 5 COUNTRIES

14. The Sub-Committee considered the summary table of data on ODS phase-out (UNEP/OzL.Pro/ExCom/26/7), prepared in response to decision 25/12.

15. A concern was expressed about the slow implementation of institutional strengthening projects, in particular with regard to data reporting, and various options were suggested for assisting countries found to be unresponsive in that area.

16. The Sub-Committee recommended that the Executive Committee:

(a) Request the Secretariat to update the summary status report and submit it to the second meeting each year;

(b) Also request the Secretariat to ensure that data in its documents were consistent and to take steps to validate and update the data;

(c) Further request the Secretariat to ensure that the column on consumption included the baseline for each group of substances for which the Multilateral Fund had approved projects and provide information on the sectoral distribution and, if available, on the distribution between the manufacturing and servicing sectors.

AGENDA ITEM 5: CONSOLIDATED DRAFT 1999 BUSINESS PLAN
and
AGENDA ITEM 6: DRAFT 1999 BUSINESS PLANS OF THE IMPLEMENTING AGENCIES

17. The Secretariat introduced a consolidation of the business plans submitted by the implementing agencies (UNEP/OzL.Pro/ExCom/26/8 and Corr.1). The representatives of UNDP, UNEP, UNIDO and the World Bank introduced the draft 1999 business plans of their agencies (UNEP/OzL.Pro/ExCom/26/9, UNEP/OzL.Pro/ExCom/26/10, UNEP/OzL.Pro/ExCom/26/11 and UNEP/OzL.Pro/ExCom/26/12 respectively).

18. During discussion of this item, concern was raised regarding the 15 per cent included by the agencies for overprogramming. The Sub-Committee agreed to review the issue at a future meeting.

19. Following an exchange of views on the allocation for the production sector, the Sub-Committee agreed to consider how the funding for the production sector should be considered in agency shares, commencing with the 2000 business plan and the resulting need to reallocate the investment project shares accordingly.

20. The Sub-Committee took note of the consolidated draft 1999 business plan.

21. The Sub-Committee recommended to the Executive Committee that it request the implementing agencies to finalize their 1999 business plans, considering the following considerations:

(a) The total amount not allocated in the consolidated draft 1999 business plans should remain unallocated but be assigned to the production sector as a priority;

(b) No agency should be allowed to submit projects in excess of its allocation;

(c) The allocation for methyl bromide in the business plans should be considered adequate, but this did not prejudge any decision on the level of funding for the two large-scale investment projects in Brazil and Argentina;

(d) In view of the large number of projects that could conceivably raise policy issues, the Committee should accelerate the resolution of the relevant policy issues and guidelines still pending;

(e) The Secretariat should be requested to determine the level of ODS phase-out targets for each year for future business plans based on progress reports and the implementing agencies should be asked to explain any deviation from that level;

(f) UNEP should adjust its business plan:

(i) To reduce the number of regional halon banking management plans to one pilot programme;

(ii) To rationalize the number of methyl bromide activities and to provide more information on the delivery mechanism, outputs and content of such activities.

22. The Sub-Committee also recommended to the Executive Committee that it urge the implementing agencies to take on board the specific comments made by the members of the Sub-Committee in relation to their business plans in the revision of those plans to be submitted for final approval by the Executive Committee at its first meeting in 1999.

AGENDA ITEM 7: STATUS OF IMPLEMENTATION OF THE MONITORING AND EVALUATION WORK PROGRAMME

23. The Secretariat introduced the report on the status of implementation of the monitoring and evaluation work programme (UNEP/OzL.Pro/ExCom/26/13). The Sub-Committee recommended that the Executive Committee take note of the report and that a monitoring and evaluation work programme should be prepared for submission to the Executive Committee at its first meeting in 1999.

AGENDA ITEM 8: CONSOLIDATED PROJECT COMPLETION REPORTS

24. The Secretariat introduced the report on consolidated project completion reports (UNEP/OzL.Pro/ExCom/26/14 and Corr.1). The Sub-Committee recommended that the Executive Committee take note of the report, on the understanding that it was an initial report, to be updated, in a periodic report series and that, in the preparation of subsequent consolidated reports, the new Senior Evaluation Officer should ensure better consultation with the parties concerned, with a view to resolving any issues outstanding from the review of the project completion reports.

AGENDA ITEM 9: PROPOSED BUDGET OF THE FUND SECRETARIAT FOR 1999

25. At the request of one representative, the Secretariat clarified certain points on the revised budget proposal in UNEP/OzL.Pro/ExCom/26/15. The Sub-Committee noted that the estimates were based on actual costs rather than United Nations standard costs, in particular for staff requirements, and recommended that the Executive Committee approve the proposed budget.

AGENDA ITEM 10: OTHER MATTERS

26. There was no discussion under this agenda item.

AGENDA ITEM 11: ADOPTION OF THE REPORT OF THE SUB-COMMITTEE

27. The Sub-Committee adopted the present report on the basis of the draft report contained in UNEP/OzL.Pro/ExCom/26/SCMEF/L.1. and Add.1.

AGENDA ITEM 12: CLOSURE OF THE MEETING

28. The Chairman declared the meeting closed at 6 p.m. on Tuesday, 10 November 1998.