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PROCEDURAL MODIFICATION TO ASSIST POLICY COMMUNICATIONS

This document has been developed by the implementing agencies in accordance with the decision of the ad hoc working group on Project Preparation and Evaluation, which met at Montreal on 27 January 1995.

EXECUTIVE SUMMARY

1. In the first Ad Hoc Working Group meeting on Project Preparation and Evaluation of 1995, the Chairman of the Executive Committee requested information regarding how the agencies communicate policy changes from the various ExCom meetings, and asked for input on how the process can be improved to assure that communications go to the field in a timely, user friendly manner, and with appropriate accuracy and uniformity between agencies.
2. A paper was prepared using inputs from the agencies in an iterative manner to develop recommendations that would modify existing processes, rather than develop entirely new procedures. It is the intent of this paper to initiate discussion on the proposed modifications and the expected impact so that the members of the Executive Committee can make an informed decision regarding these modifications. The recommendations are shown below.
3. At the end of a subcommittee summary, include a short section aimed at identifying policy issues which surfaced, and the operational implications if there is a need for elaboration. It is felt that generally, the identified policy issue and decision will normally be clear. In most cases, however, the communications process could still be facilitated by an explanation or a statement describing the operational implications (Some examples are shown in the paper.)
4. Once a policy issue from the subcommittee has been addressed and approved by the Executive Committee, then the operational implications (if any) identified in the subcommittee report should also be reflected in the final report. After the meeting, as an ongoing activity, when a need or an issue arises relating to the new policy, and an agency needs clarification, then the agency should work with the Secretariat to clarify.
5. After each meeting, the Policies, Procedures, Guidelines & Criteria of the Multilateral Fund would be updated and provided to the agencies, which would transmit to the field offices, and to project managers in the field. When the Guidelines are updated, an addendum should be placed at the front of the Guidelines document which simply highlights the recently adopted changes. If the existing "paper deployment system" were to be retained, then an issuance of a complete document should be considered after each meeting of the Parties, with only updates issued after each ExCom meeting. A less costly and more rapid deployment could be accomplished by providing the complete guidelines on a diskette to the Agencies, who can deploy in correct format through their E-mail systems to the field offices. UNDP has volunteered the use of their field offices, who could print and send the guideline book to the respective local Government Agency. UNEP's OZONACTION Information Clearinghouse, and the use of their regional networks, could also assure improved coverage.
6. In response to the opportunity for improved communication mentioned in paragraph 8 above, the agencies and Secretariat should work together to develop a process that allows the key agreements reached verbally to be documented and shared more widely.

PROCEDURAL MODIFICATION TO ASSIST POLICY COMMUNICATIONS

INTRODUCTION

1. In the first Ad Hoc Working Group meeting on Project Preparation and Evaluation of 1995, the Chairman of the Executive Committee requested information regarding how the agencies communicate policy changes as they are developed in the various ExCom meetings, and asked for input on how the process can be upgraded to assure that the communications go out to the field in a timely, user friendly manner, and with appropriate accuracy and uniformity between agencies.
2. The objective of the ensuing analysis was to modify existing processes, rather than develop entirely new procedures. It is the intent of this paper to initiate discussion on the proposed modifications and the expected impact so that the members of the Executive Committee can make an informed decision regarding these modifications.

BACKGROUND

3. After each project subcommittee meeting, there is a summary report distributed at the Executive Committee meeting for discussion, which shows the projects approved, or approved with modifications, or not approved. Normally there are supporting paragraphs indicating the essential elements of the discussions which led to the decisions at the Subcommittee meeting.
4. Sometimes, during the discussion of the report and its final acceptance, there are policy issues and policy interpretations which surface, and which are later reported in the summary of the Executive Committee Meeting.

STATUS

5. When the report of the Executive Committee is finalized, it generally includes only a summary of the policy issues addressed in the meeting, and those that were changed.
6. The Implementing Agencies transfer the information to the field through various means. The Agencies' M.P. staff and senior experts, and consultants are usually the first channel utilized. Secondly, all have some local intermediaries in country which need to be informed so that the current actions reflect the latest thinking of the Executive Committee. Finally the local country Ozone Units must be included in the communications. Some of the communications are clear, but there are occasions in which clarifying questions are asked and each agency responds based on its understanding of the issue and the question, including its context. It was concluded that the potential for variability in explanation/understanding does exist, and that there is opportunity for reducing that variability.

7. Similarly, when new personnel in countries and agencies, and new consultants are in the learning mode, they need to review Guidelines and many Executive Committee meeting reports, as well as certain papers, in order to become fully informed on the current guidelines for implementing the Montreal Protocol actions under the Executive Committee.
8. Also, during discussions between the Secretariat and the Implementing Agencies, there are often verbal agreements reached which can implicitly affect other project proposals.
9. At the Ad Hoc Working Group meeting on Project Preparation, it was felt that the process of communication could be improved if the policy issues/interpretations were identified and a short statement of the implications followed. Further discussions later, between agencies, led to the conclusion that these short statements would practically be limited to operational implications, because the opportunity for full implications analysis on every issue would be unavailable during the agenda-full Executive Committee meetings.

RECOMMENDATIONS

10. At the end of a subcommittee summary, include a short section aimed at identifying policy issues which surfaced, and the operational implications if there is a need for elaboration. It is felt that generally, the identified policy issue and decision will normally be clear. In most cases, however, the communications process could still be facilitated by an explanation or a statement describing the operational implications (Some examples are shown in Annex A). A sample proposed subcommittee report statement is shown in tabular format in Annex B.
11. Once a policy issue from the subcommittee has been addressed and approved by the Executive Committee, then the operational implications (if any) identified in the subcommittee report should also be reflected in the final report. After the meeting, as an ongoing activity, when a need or an issue arises relating to the new policy, and an agency needs clarification, then the agency should work with the Secretariat to clarify.
12. After each meeting, the Policies, Procedures, Guidelines & Criteria of the Multilateral Fund would be updated and provided to the agencies, which would then transmit this to the field offices and project managers in the field. When the Guidelines are updated, an addendum should be placed at the front of the Guidelines document which simply highlights the recently adopted changes. If the existing "paper deployment system" were to be retained, then an issuance of a complete document should be considered after each meeting of the Parties, with only updates issued after each ExCom meeting. This would save paper and mailing expense. A less costly and more rapid deployment could be accomplished, however, by providing the complete guidelines to the Agencies on computer disk. The Agencies can deploy in correct format through their E-mail systems to the field offices. UNDP has volunteered the use of their field offices, who

could print and then copy the guideline book for the respective local Government Agency. Inclusion in OZONACTION Information Clearinghouse would also assure improved coverage of the communications. UNEP's Regional Networks may be another forum for discussion and clarification.

13. In response to the opportunity for improved communication mentioned in paragraph 8 above, the agencies and Secretariat should work together to develop a process that allows the key agreements reached verbally to be documented and shared more widely.

ANNEX A

SOME POLICY GUIDELINE EXAMPLES WHERE STATEMENTS OF OPERATIONAL IMPLICATIONS COULD BE HELPFUL

- 1 The paragraphs below describe two policies relating to export. In this example, some explanations regarding operational implications could be helpful in assisting the agencies to implement the policy on exports, while being consistent with the export statement under the incremental costs policy. For example, does the decision from the Meeting of the Parties refer to all projects, or only to projects involving Production of ODS (Is the comma significant?)

Incremental Costs

Requests for financing incremental costs of a project shall take into account the following general principles:

- (a) the most cost-effective and efficient option should be chosen, taking into account the national industrial strategy of the recipient Party. It should be considered carefully to what extent the infrastructure at present used for production of the controlled substances could be put to alternative uses, thus resulting in decreased capital abandonment, and how to avoid deindustrialization and loss of export revenues;
- (b) consideration of project proposals for funding should involve the careful scrutiny of cost items listed in an effort to ensure that there is no double-counting;

(UNEP/OzL.Pro/2/3 Appendix I of Decision II/8 (para. 1)).

(UNEP/OzL.Pro/4/15 Decision IV/18 (section I.6)).

(Supporting document: UNEP/OzL.Pro/2/3 Annex IV, Appendix I).

(UNEP/OzL.Pro/4/15 Annex VIII).

Export to non-Article 5 countries

The Executive Committee endorsed the following guidelines to apply them in projects which benefit enterprises that export part of their production to non-Article 5 countries:

- 1. where exports to non-Article 5 countries correspond to or are less than 10 per cent of total production, the total incremental costs shall be covered;
- 2. where exports to non-Article 5 countries exceed 10 per cent of production but do not exceed 70 per cent, there shall be a reduction equivalent to the percentage of total production represented by such exports less 10 per cent;

3. where exports to non-Article 5 countries exceed 70 per cent of production, the project shall not be eligible;
4. the average over the three years prior to submission of the project shall be used to determine production and exports to non-Article 5 countries; and
5. projects where the exports to non-Article 5 countries are in the form of agricultural or fisheries products shall be eligible for total incremental costs.

(UNEP/OzL.Pro/ExCom/15/45 (paras. 146, 147)).

- 2 When viewing the examples below in the light of the recommendations in this paper, one can see that, at several previous Executive Committee meetings, a description of some of the operational implications of priority setting would be helpful in assisting the agencies' project preparation activity planning under today's funding conditions.

Setting priorities

The Executive Committee, at its Third Meeting, adopted the following guidelines for setting priorities:

- (a) projects with potential for the most cost-effective and efficient reduction in the emission of controlled substances;
- (b) projects involving broad geographic balance;
- (c) projects with ease of replication and technology transfer to other Article 5 Parties; and
- (d) projects with the highest potential reduction of controlled substances in the shortest period of time in terms of global impact.

(UNEP/OzL.Pro/ExCom/3/18/Rev.1 Annex III (section IV)).

The Executive Committee requested Article 5 Parties when submitting project proposals prior to approval of their country programmes, to submit proposals for priority projects consistent with the country's emerging strategy for phasing out ozone depleting substances.

(UNEP/OzL.Pro/ExCom/10/40 (para. 135)).

The Executive Committee, at its Thirteenth Meeting, agreed that projects which will result in the elimination of the maximum amount of ODS should be given priority. It also recognized the significant problems facing the small and medium-scale sector in several countries, and recommended that the implementing agencies give special attention to the

development of efficient and feasible strategies to address their specific situation.

(UNEP/OzL.Pro/ExCom/13/47 (para. 167)).

Project proposals where the agreed incremental costs exceed US \$500,000 shall be considered and approved by the Executive Committee.

Project proposals where the agreed incremental costs are less than US \$500,000 shall be approved by the implementing agencies within the context of an approved work programme and after confirmation by the Fund Secretariat on the availability of funds and contributions in-kind.

(UNEP/OzL.Pro/ExCom/3/18/Rev.1 Annex III (sections II.3.1, II.3.2)).

(UNEP/OzL.Pro/ExCom/4/3/Rev.2 (para. 59)).

ANNEX B

Statement of policy issues and Implications (where needed)

GENERAL POLICY ISSUES

Nature of Issue	Decision	Implications
Loss of profits as incremental cost	Loss of profit is not an eligible operational incremental cost	Projects ready for submittal should have calculation of grant amount re-calculated if loss of profit is an element of the calculation. New projects should exclude these elements.
Project Eligibility	Solvents cost effectiveness limit set at \$100,000/tonne.	Above this threshold, ODS substitution projects would not be approved