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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-fifth Meeting
Montreal, 16-20 November 2015

MAIN PROCEDURES OF THE OPERATION OF THE EXECUTIVE COMMITTEE**Introduction**

1. At the 73rd meeting the Executive Committee agreed to continue convening two meetings per year from 2015 onwards with the possibility of holding an additional brief meeting, if required, between those meetings to consider project proposals. Some adjustments to the annual work cycle were made and the Executive Committee decided to review the two meetings per year schedule at the first Executive Committee meeting in 2016. Sub-paragraph (g) of decision 73/70 requested the Secretariat to prepare a document on the main procedures of the operation of the Executive Committee, including the roles of the Secretariat and the implementing agencies regarding their provision of advice to the Executive Committee and, where applicable, to beneficiary countries, in order to provide a basis for discussion of the roles and responsibilities of the Executive Committee, the Secretariat and implementing agencies of the Multilateral Fund, for presentation to the Executive Committee at its last meeting in 2015, with a view to improving understanding and initiating changes where necessary.

2. The present document reviews the established lines of communication between the key players¹ in the Multilateral Fund and their role in terms of the provision of advice to the Executive Committee and provides information on a number of other matters relating to the operation of the Executive Committee that were raised on other occasions. It does not repeat the detailed information on the operation of the Executive Committee contained in the Executive Committee Primer,² nor the procedures

¹ In preparing the present document, the Secretariat consulted with bilateral and implementing agencies at the inter-agency coordination meeting held from 31 August to 2 September 2015 and subsequently received written inputs on implementing agencies' operations, which are attached as Annex I.

² The Executive Committee Primer provides a guide to the workings of the Multilateral Fund and its Executive Committee and extensive information on how the Multilateral Fund operates from financial planning, project review and approval, and project monitoring to evaluation of completed projects. Appendixes include information on the standard agenda items, the terms of reference of the Executive Committee, the rules of procedure for meetings, and details of the logistics and practical arrangements for Executive Committee meeting participants and is available at <http://www.multilateralfund.org/MeetingsandDocuments/executive-committee-resources/default.aspx>.

for the submission of project proposals from bilateral and implementing agencies on behalf of Article 5 countries and decisions regarding the interactions between Article 5 countries and implementing agencies, which are described in detail in document UNEP/OzL.Pro/ExCom/68/47³.

3. In addition to the material submitted by implementing agencies, the document contains the following annexes as reference material for the Executive Committee: the terms of reference of the Executive Committee (Annex II), the terms of reference of the Fund Secretariat (Annex III), and the rules of procedure for meetings of the Executive Committee (Annex IV).

Communication of the outcome of Executive Committee meetings to Parties to the Montreal Protocol and beneficiary countries

4. The Executive Committee is mandated by the Parties to the Montreal Protocol to oversee the operation of the Multilateral Fund; in this regard it reports annually to the Meeting of the Parties (MOP) on the activities exercised under its mandate by means of a written report presented to the high segment of the meeting by the Chair of the Executive Committee⁴. Executive Committee decisions regarding the approval or non-approval of projects, tranche submission delays, and project cancellations, or other matters, are communicated to relevant beneficiary countries by means of an official letter from the Chief Officer of the Secretariat following each Executive Committee meeting.

Overview of the interactions of the Secretariat with implementing agencies and beneficiary countries in terms of its role and responsibilities

5. The Secretariat provides assistance to the Executive Committee in the framework of its specific responsibilities, which is principally in the form of the information, analysis and recommendations in pre-session documents, and clarifications and further information provided on request during the in-session of meetings. It also responds to direct queries from Executive Committee members on Multilateral Fund matters, briefs the Chair and Vice Chair on agenda items for forthcoming meetings, and provides information related to meeting logistics.

6. The Secretariat's responsibilities do not extend to the implementation of the Montreal Protocol, which is contracted out through specific agreements between the Executive Committee and implementing agencies. However, on some occasions the Secretariat corresponds and/or interacts directly with beneficiary countries, including for example: letters regarding Executive Committee decisions; the annual letter requesting submission of country programme implementation data; and, the annual letter on the assessment of the performance of implementing agencies. The Secretariat also has the opportunity to interact with national ozone officers at regional network meetings in order to explain decisions of the Executive Committee. Network meetings also provide an occasion for the Secretariat to hold discussions with implementing agencies, and in some cases with agencies and individual countries on specific issues.

³ Procedures currently in force for the submission of project proposals from bilateral and implementing agencies on behalf of governments of Article 5 countries (decision 67/17).

⁴ The report of the Executive Committee to the Meeting of the Parties is prepared by the Secretariat and submitted to the Ozone Secretariat following clearance by the Executive Committee.

Specific interactions between the Secretariat and implementing agencies in advance of Executive Committee meetings

Inter-agency coordination meeting

7. Communications between the Secretariat and bilateral and implementing agencies are at their most intense during the preparatory phase for an Executive Committee meeting. An Inter-agency coordination meeting is scheduled between 10 and 14 weeks before each Executive Committee meeting, primarily to address the Secretariat’s initial analysis of business plans, matters related to project proposals including issues identified from projects already submitted, progress reports and other matters. Reports of inter-agency coordination meetings are available to Executive Committee members on the in-session Executive Committee meeting websites.

Review of submissions by implementing agencies

8. Submissions received by the Secretariat include project proposals, agency work programmes, specific reports on projects, verification reports, financial reports, agencies’ business plans, and agency progress reports.

9. An overview of the project review process is set out in Table 1 below. The interactions at each step of the process take place mainly via exchanges of correspondence (email). Discussions through telephone are also likely, the outcome of which are subsequently confirmed through correspondence. The final outcome of interactions between the Secretariat and the bilateral and implementing agencies is reflected in the relevant pre-session documents for each meeting.

Table 1: Project review process

Process step	Note
1. Submission of project proposal to the Secretariat by the appropriate deadline.	Project proposals should be submitted eight, 12, or 14 weeks prior to Executive Committee meetings. Multi-year agreements including first tranches such as stage I and II of HPMPs should be submitted 14 weeks in advance. Projects or tranches valued at over US \$5 million should be submitted 12 weeks in advance. All other projects or tranches should be submitted eight weeks in advance.
2. Review by Secretariat	The Secretariat checks that submissions from the agencies have all the relevant documentation as required by the Executive Committee, including the Government endorsement letter. Proposals are reviewed based on the rules and policies governing the determination of incremental costs and other relevant decisions.
3. Secretariat’s comments sent to bilateral and implementing agency /Follow-up questions	The Secretariat provides its initial comments and requests a response within five working days. Responses to any follow-up questions are expected in a shorter time-frame which usually depends on the extent of follow-up questions required.
4. Agency consideration of comments, appropriate consultation with beneficiary country and dispatch of response to the Secretariat	Agencies must obtain the endorsement of countries before providing a response to the Secretariat on matters that involve change to projects.
5. Review of agency’s response to the Secretariat	The Secretariat reviews the responses to ascertain if they fully address the comments or raise additional issues. If all issues are addressed and no further policy issues are raised, no further comments are provided.

Process step	Note
6. Conclusion of negotiations	Steps 3, 4 and 5 may be an iterative process that must be completed in the limited timeframe for project review. No project proposals are submitted to the Executive Committee until agreement is reached between the implementing agency and the Secretariat on the cost of items of capital equipment and the operating costs required to implement the project. Where no agreement is achieved, the underlying basis of the disagreement is presented to the Executive Committee for consideration prior to consideration of the project (decision 20/15). Projects for which agreement cannot be reached on major technical eligibility issues 10 days (two calendar weeks) prior to the meeting are deferred (decision 25/15).
7. Pre-session documentation drafted taking into account the agency's comments.	The Secretariat does not include in meeting documentation, proposals for projects and activities that, by the submission deadline for each meeting, did not contain the information or components necessary for the submission to be considered as potentially approvable. A list of such proposals received but not included in meeting documentation, together with the reasons for non-inclusion, is provided to the Executive Committee (decision 50/14 (a) and (b)) in the document "Overview of issues identified during project review".

10. The Secretariat receives endorsement letters for each project proposal submitted or, in the case of institutional strengthening (IS) projects, a signed IS renewal form. For business plans, agencies are expected to have letters for all entries and are requested to provide such letters upon request by the Secretariat.

Interactions of implementing agencies with beneficiary countries

11. The bilateral and implementing agencies work directly with beneficiary countries under the overall guidance and review of the Executive Committee. Detailed information on agencies' procedures in the context of the operation of the Executive Committee, their interactions with beneficiary countries during the project cycle, and coordination with other implementing agencies as contained in Annex I of the present document.

12. Agencies confirmed that all information submitted to the Secretariat on behalf of beneficiary countries has been endorsed by the governments concerned in line with procedures currently in force⁵. All agencies stated that, in terms of the project cycle, consultations with beneficiary countries take place from the time of business planning, through the project preparation phase, during the review of submissions by the Secretariat, and when necessary at the time of consideration of the project proposal during the Executive Committee meeting. They also indicated that the Secretariat's comments on specific project proposals are considered in consultations with the national ozone officer concerned and the response to any changes to the project proposed by the Secretariat would depend on the decision of the beneficiary country concerned. Once a project is approved agencies have ongoing interactions with the beneficiary country, including in-country implementation support missions.

Coordination between the lead and cooperating implementing agencies

13. Multi-year agreements such as HPMPs are being implemented by two or more implementing agency in 93 of the 140 beneficiary countries with an approved HPMP. In accordance with decision

⁵ Document UNEP/OzL.Pro/ExCom/68/47 outlined the procedures currently in force for the proposal of activities in the bilateral and implementing agencies' business plans and the submission of project proposals on behalf of governments of Article 5 countries indicating all relevant decisions.

38/65⁶, paragraph 10 of the standard HPMP agreement includes a statement that the lead agency is responsible for ensuring co-ordinated planning, implementation and reporting of all activities including the coordination with cooperating agencies to ensure appropriate timing and sequence of activities throughout HPMP implementation. The lead implementing and the cooperating agency(ies) are required to have reached consensus on the arrangements regarding inter-agency planning, reporting and responsibilities under the HPMP agreement to facilitate a co-ordinated implementation of the plan, including regular co-ordination meetings. However, each agency must report separately on its components of all projects/tranches approved for that agency in its annual progress and financial reports, i.e., a cooperating agency's financial data and specific responsibilities for its components cannot be reported by the lead agency.

14. All agencies confirmed that bilateral and implementing agencies routinely correspond and cooperate to coordinate HPMP activities as per the established procedures. In addition lead and cooperating implementing agencies may undertake joint missions to beneficiary countries, and participate in national HPMP coordination meetings or national stakeholder's consultation organized by specific countries. All implementing agencies indicated the importance of regional networks meetings as a platform to coordinate their Multilateral Fund activities. Other meetings that are attended by all agencies such as the Open-ended Working Group (OEWG), Meetings of the Parties, and inter-agency coordination meetings are also opportunities for agencies to coordinate and resolve possible overlaps in activities, for example.

Assessment of implementing agencies

15. Article 5 countries have a formal opportunity each year to raise any concerns with the Executive Committee regarding the organization and cooperation aspects of their interactions with implementing agencies through the qualitative assessment of the performance of implementing agencies carried out as part of the evaluation of the previous year's business plan. NOOs are requested to provide a confidential assessment report for each implementing agency working in their country, specifying a rating for three main qualitative performance indicators: organization and cooperation; technical assistance/training; and impact⁷. The Fund Secretariat compiles the results of the individual reports and presents anecdotal information to the Executive Committee while maintaining the confidentiality of the country that provided the information. In cases where an NOU gives an agency a less than satisfactory or unsatisfactory rating against one of the performance indicators, the Executive Committee would request the agency(ies) concerned to undertake open and constructive discussions with the NOU to resolve any problems and to report back to the Executive Committee on the outcome

Monitoring and evaluation

16. Since 1997, the Fund Secretariat has included a monitoring and evaluation function, established expressly by the Executive Committee. The Senior Monitoring and Evaluation Officer interacts directly with beneficiary countries during evaluation missions. Bilateral and implementing agencies provide support by informing governments/national ozone officers of the planned evaluation, assisting to develop the programme for field missions, and providing comments on draft desk studies and evaluations. On some occasions staff of implementing agencies may take part in evaluation missions.

⁶ Guidelines for the preparation, implementation and management of performance-based sector and national ODS phase-out plans.

⁷ The assessment includes several questions pertaining to each of the three indicators in order to enable the determination an overall assessment for each main indicator. NOUs have to specify a rating of 1 to 4 for the indicators with the best being 4 (highly satisfactory), 3 (satisfactory), 2 (less satisfactory), and 1 (unsatisfactory) and/or provide a narrative response to the question a place to put that optional information.

Specific issues raised by Executive Committee members or the Secretariat regarding the operation of the Executive Committee

17. During its review of the main procedures of the Executive Committee, the Secretariat noted that, in addition to the discussions at the 73rd meeting, matters relating to the operation of the Executive Committee have been raised on other occasions including: the legal relationship among the Executive Committee, the implementing agencies and recipient countries⁸; the rule prohibiting Committee members from taking the floor in connection with a project in which they had a direct interest; and prior approval of the countries concerned regarding data entered into the multi-year agreement database report⁹.

18. Members of the Executive Committee are prohibited from taking the floor in connection with projects in which they had a direct interest. This practice emanates from the Evaluation of the Financial Mechanism of the Montreal Protocol in 1995¹⁰ which observed that the Executive Committee had experienced difficulty in reaching consensus, especially when a member country of the Executive Committee has a direct interest in the outcome of the debate. Following consideration of the evaluation, the 7th Meeting of the Parties requested the Executive Committee to consider 21 actions to improve the financial mechanism for the implementation of the Montreal Protocol¹¹. Action 3 of the aforementioned actions states: “The Committee members should normally refrain from speaking on projects in which they have a direct interest. However, this should not apply to projects which present policy issues, on which the Chair may invite all members to speak, in order to expedite consideration of such projects. It should be evident from records of Meetings of the Executive Committee that all projects are given equal treatment by the Committee”. Action 3 was accepted and implemented by the Executive Committee as reflected in the Reports of the Executive Committee to the Meetings of the Parties¹² and the report of the Thirteenth Meeting of the Open-Ended Working Group of the Parties to the Montreal Protocol¹³.

19. During the project review phase preceding the Executive Committee meeting, in the interest of neutrality, the Secretariat only communicates with the implementing agencies and not directly with the countries submitting the funding request. The review process provides the opportunity for a country, through the relevant implementing agency, to respond to any queries and issues on its project proposal well in advance of the Executive Committee meeting at which it will be considered, and in a number of

⁸ It was stressed that the Executive Committee, the implementing agencies and recipient countries were all equal partners in any agreement signed between the Executive Committee and an Article 5 country and all had to work together to ensure that Article 5 countries were able to meet their obligations under the Montreal Protocol. It was important to ensure that any subsequent decisions by the Executive Committee were in line with the agreement signed and it was emphasized that an MYA could only be amended by mutual agreement between the Executive Committee and the Article 5 country in question (paragraph 212, document UNEP/OzL.Pro/ExCom/72/47).

⁹ The Executive Committee requested the Senior Monitoring and Evaluation Officer, in consultation with the bilateral and implementing agencies, to make a recommendation to the Executive Committee, for consideration at its 75th meeting on options to enable the countries concerned to confirm the data being entered in the MYA database by the bilateral and implementing agencies (decision 74/6(b)(ii)). This issue is addressed in paragraph 10 of document UNEP/OzL.Pro/ExCom/75/8.

¹⁰ COWI consult, 1995, Study on the Financial Mechanism of the Montreal Protocol, UNEP. March 1995.

¹¹ Decision VII/22 on the Review of the Financial Mechanism requested the Executive Committee to consider innovative mobilization of existing and additional resources in support of Protocol objectives and any further action by the end of 1996 and to report thereon to the Eighth Meeting of the Parties; and that the actions set out in Annex V to the report of the Seventh Meeting of the Parties should be taken to improve the functioning of the Financial Mechanism (UNEP/OzL.Pro.7/12).

¹² UNEP/OzL.Pro/9/9, UNEP/OzL.Pro/10/6, UNEP/OzL.Pro.11/7, UNEP/OzL.Pro/12/7 & Corrs. 1 and 2, UNEP/OzL.Pro.13/7, UNEP/OzL.Pro.14/6, UNEP/OzL.Pro.15/8, and UNEP/OzL.Pro.16/10

¹³ UNEP/OzL.Pro/WG. 1/13/4, 21 July 1996.

cases the Secretariat has exercised flexibility on deadlines in consideration of countries' specific circumstances. In the case that the Executive Committee should require further information from a country in order to consider approving the project, sufficient time is allowed during the in-session of the meeting for the agency concerned to contact the country, whether it is present at the meeting or not, to discuss the matter further. The procedural equity provides time for countries not represented at the Executive Committee meeting to respond to the matter up until almost the closure of the meeting.

Discussion and conclusions

20. Effective communication between the Secretariat and implementing agencies, and institutions in beneficiary countries is a prerequisite for the submission of accurate and timely information to Executive Committee. The interactions between the Secretariat and the bilateral and implementing agencies are open and provide a clear record of the interactions and the outcome of negotiations.

21. The majority of queries and issues on any project proposal are resolved in advance of Executive Committee meetings through the communications between the Secretariat and the implementing agencies, and between the implementing agencies and beneficiary countries. If there is an issue which requires consultation between the implementing agency(ies) and the country concerned at the time of the meeting, the Executive Committee provides time for such consultations to take place, whether the country is in attendance or not.

22. The Secretariat will incorporate the information regarding the provision of advice to the Executive Committee contained in the presented document, and a profile of each implementing agencies in the next revision of the Executive Committee Primer.

Recommendation

23. The Executive Committee may wish to consider noting the analysis of the main procedures of the operation of the Executive Committee prepared pursuant to decision 73/70(g) contained in document UNEP/OzL.Pro/ExCom/75/83.

Annex I

INFORMATION SUBMITTED BY IMPLEMENTING AGENCIES ON THEIR PROJECT CYCLE AND INTERACTIONS WITH SECRETARIAT, OTHER IMPLEMENTING AGENCIES AND ARTICLE 5 COUNTRIES

UNDP

1. UNDP provides support to developing countries to implement the Montreal Protocol through a dedicated Montreal Protocol Unit (MPU) which is located within its Sustainable Development Cluster, Bureau for Policy and Programme Support. MPU is the focal point for UNDP's Montreal Protocol worldwide programme, and responsible for programme and financial oversight and reporting to the Executive Committee (ExCom) of the Multilateral Fund for the Implementation of the Montreal Protocol (MLF).
2. The Unit is headed by the Director at D-1 level. Technical backstopping for projects is provided by its staff based in three regional centres (3 staff members in Bangkok, 2 in Istanbul and 4 in Panama) as well as 6 staff in headquarters in New York.
3. MPU recruits experts on 'as needed' basis to meet the needs of programmes and projects for a specialized experience. The recruitment of experts follows UNDP's elaborate rules and procedures. Simple scheme of the procurement process is explained below. MPU staff develops detailed Terms of Reference. Available consultancies are announced using UNDP jobs and procurement sites as a minimum (UNDP also tries to reach qualified experts using other channels). Then a panel established to review the information submitted by applicants, following which the recommendation is made for the selection. Depending on the size of contracts it may go through UNDP's Contracts, Asset and Procurement Committee's review before being finally approved.
4. The Unit is responsible for programme development and technical project monitoring and reporting to ExCom. Most of UNDP projects funded by MLF are implemented utilizing the National Implementation Modality (NIM). The rationale for NIM stems from the fact that UNDP provides support through programmes and projects that are intended to strengthen national capacities and expand the options and opportunities available to partners and beneficiaries in programme countries.
5. As implementing partners, government institutions are responsible for the implementation of a development cooperation project pursuant to UNDP Regulations and Rules. The implementing partner is accountable to UNDP for the resources entrusted to it, just as UNDP is accountable to the Government to ensure that its support is in line with national priorities.
6. Under some specific circumstances, UNDP can utilize other implementation modalities such as UN Agency implementation, NGO implementation, and direct implementation by UNDP.
7. UNDP Country Offices are vehicles to ensure the projects are implemented using NIM since they have functioning processes adapted to circumstances of the country.

Interactions with Governments of Article 5 countries

8. Relevant MPU staff in regional centres (Bangkok, Istanbul, Panama) is in continuous contact with national ozone officers or units (NOO or NOU) of countries where MPU has ongoing programmes and projects. These interactions are done by email and phone. Face-to-face meetings are organized when necessary and at UNEP's regional network, OEWG and MOP meetings. Interactions are also supported by UNDP country offices when required especially if they are related to administrative and logistical aspects of projects implementation.

9. Official government letters can be sent by respective governments and received by UNDP whenever there is an issue Government wants to raise using official communication channels. Having said so, most issues are typically resolved informally via email or phone.

10. With regards to business planning, based on priorities identified in Country Programme, the National Ozone Focal Points in Governments send a letter of interest to MPU to work with the UNDP team. The UNDP Country Office is involved in this process at times. Once the MPU unit receives this endorsement from the government, the Headquarters team develops the Business Plan based on a compliance model.

11. Official government letters endorsing project proposals to be submitted to MLF are usually received after the proposal is developed (in most cases with participation of Government representatives) satisfactorily addressing all comments/concerns of Governments and prior to the submission of the proposal to MLF.

12. Operating philosophy: MPU assists countries only on their specific request and focuses on developing local human resources and institutional capacities and uses local talent wherever possible. This is why NIM modality is used almost everywhere.

Project development and implementation

13. The description of minimum requirements for project development and cycle of UNDP projects follows. Please note that depending on the context of the project or a country there could be modifications added.

- Requests for assistance for project development and implementation can come from an Article 5 country to UNDP (either to a Country Office, Regional Centre, or to Headquarters).
- Then the assigned staff member of MPU at one of regional centres (Bangkok, Istanbul, or Panama) holds consultations, engages required experts/consultants, and assists the Government to develop a proposal which meets MLF requirements and national needs. MPU staff member oversees the process ensuring that the National Ozone Unit is kept fully abreast of the development of the proposal.
- Once consultations ascertain that the proposal meets all requirements (both of the Montreal Protocol and country), the proposal is forwarded to the relevant Ministry (usually the Ministry of Environment) for formal review and endorsement for submission to MLF. Once the endorsement is received, the proposal is submitted to the MLF Secretariat for review, feedback, and dispatch to the Executive Committee.
- With regard to implementation modalities, as already mentioned, the NIM modality is used almost everywhere. In some cases, Governments implement themselves, following their own rules and regulations, but complying with UNDP rules as well. In other cases, Governments can request UNDP country offices to play a bigger role in procurement, recruitment, contracting, etc. Finally, especially in larger countries, implementation takes place with a more significant role of either the Government or the recipient enterprises through, respectively, letters of agreements (LOA) or memoranda of agreement (MOA).

Specific interactions with Governments

Comments on project proposals from the Secretariat

14. Once comments [on a project proposal] from the MLF Secretariat are received, an MPU staff member ensures that they are considered in consultations with experts and the national ozone unit. In case of substantial changes to the agreement proposed by the MLF Secretariat, then the government's position is specifically sought and the further action depends on NOUs decision.

Issues raised on project proposals during Executive Committee

15. In cases when additional substantial issues are raised during the ExCom meeting which may lead to significant alteration of the proposal, UNDP endeavours to contact relevant NOO, explain the issues, provide background, outline potential solutions, and seeks the decision. However, these can be quite challenging due to the time difference between the ExCom meeting place and a country, availability of reliable communication channels, etc.

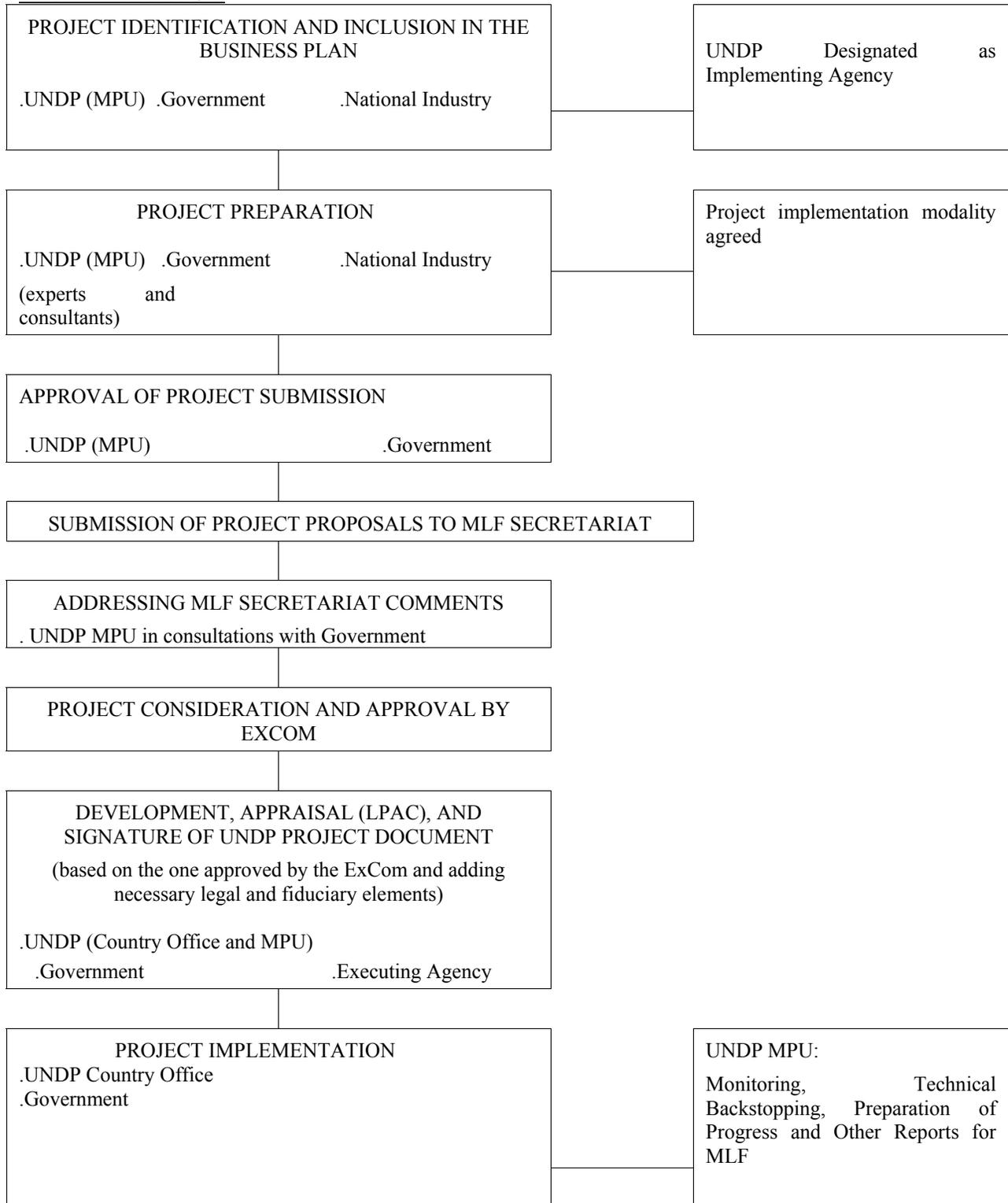
Interactions with Governments following the approval of a project

16. After the approval of the funding by the ExCom, MPU informs relevant governments and UNDP country offices. The country office develops a project document in UNDP format which, in addition to the proposal approved by ExCom, includes items like management arrangements, legal context, etc. UNDP project document serves as a mechanism which assures that MPU can exercise its fiduciary role vis-à-vis MLF funding.

17. The draft UNDP project document undergoes special appraisal during a meeting (Local Project Appraisal Committee, LPAC) with participation of Government representatives (not limited to NOU and usually at a higher level), interested stakeholders, UNDP country office, etc. Once the members of the appraisal meeting are satisfied with the project document, Director of MPU delegates the authority to sign the project document to UNDP Resident Representative in the country. Then the project document is signed at least by UNDP Resident Representative and a responsible person at a relevant Ministry (usually Minister or Deputy Minister). In some countries, also a representative of the Cabinet of Ministers approves and signs the project document.

Figure 1: UNDP's simplified project cycle

SUMMARY OF UNDP PROCEDURES FOR MLF-funded PROJECT DEVELOPMENT AND IMPLEMENTATION



Coordination with other bilateral and implementing agencies

18. In case when UNDP is a lead agency, it organizes the process of developing project proposals ensuring that each participating agency has opportunity to contribute. Sometimes, it takes a form of a joint meeting of Implementing Agencies and the Government to discuss and agree the planning process, drafts, etc.

19. In case when UNDP is a cooperating agency, it follows the process of coordination established by the Lead Agency. In case the lead agency doesn't organize formal interaction with the Government, UNDP does it for the component under its responsibility.

Evaluation

20. Based on the information and request from the Senior Monitoring and Evaluation officer (SMEO), UNDP provides necessary support to the evaluation including, but not limited, to informing government counterparts of the planned evaluation, supporting to develop an agenda of a field, visit, providing the expert information, etc.

UNEP

UNEP PROCEDURES AND PROJECT CYCLE UNDER THE MULTILATERAL FUND (12 OCTOBER)

1. This paper is provided in response to the Multilateral Fund Secretariat's request following the Inter-Agency Coordination Meeting (31 August-2 September 2015), concerning UNEP's procedures in the context of the operation of the Executive Committee.

MONTREAL PROTOCOL UNIT'S LOCATION WITHIN AGENCY

2. UNEP's role as an Implementing Agency of the Multilateral Fund for the Implementation of the Montreal Protocol is fulfilled by the OzonAction Branch, located within the Division of Technology, Industry and Economics (DTIE). The Branch is the focal point for UNEP's worldwide Montreal Protocol programme, and is responsible for programme implementation and monitoring, financial oversight, and reporting to the Fund's Executive Committee.

AGENCY'S MODE OF OPERATION MANAGEMENT AND STAFFING

3. Since 1991, UNEP as an Implementing Agency of the Multilateral Fund has been strengthening the capacity of governments — particularly National Ozone Units (NOUs) — and industry in Article 5 countries to elaborate and enforce the policies required to implement the Protocol and make informed decisions about alternative technologies and meet and sustain compliance obligations. This is done through:

- Compliance Assistance Programme (CAP) services. The CAP provides country-specific special compliance services, operates 10 Regional Networks of Ozone Officers, facilitates South-South cooperation, assists with regional awareness activities, and provides a global Information Clearinghouse¹⁴ that serves NOUs through information, communication, education, electronic knowledge management and capacity building activities.
- Project implementation. In addition to the above services, CAP is also responsible for developing and delivering the Multilateral Fund projects approved for UNEP as per its Business Plan. These mainly comprise Institutional Strengthening projects (105) and HCFC Phase out Management Plans (HPMPs). UNEP provides support as the Lead Agency in 71 HPMPs and as the Cooperating Agency in 30 countries, hence UNEP assists 101 Article 5 countries in total with their HPMPs. CAP also implements certain Multilateral Fund projects on behalf of bilateral partners, and performs the project development, monitoring and reporting duties required of all Implementing Agencies.

4. CAP provides global managements services to ensure that NOUs are given adequate advisory services, capacity building and technical assistance to implement activities approved by the Executive Committee of the Multilateral Fund. Support is provided to countries in managing the HCFC phase out, developing and proposing project submissions to the Executive Committee, measuring the impact of HCFC phase out, analysing the HCFC baseline data and ODP, and specific assistance with analysing country compliance data and obligations under the Protocol. CAP also supports all countries with verification reporting and data audits. At the same time, the global management services ensure that the Executive Committee receives timely, accurate, relevant and high-quality information about the implementation of actions on the ground with reflecting changes in countries' demand and priorities.

¹⁴ Article 10, para 3(b) of the Montreal Protocol.

5. UNEP strategically reoriented its approaches and delivery mechanisms in 2002 by creating the CAP to help Article 5 countries better cope with demands of the Protocol's compliance period. Under the CAP, the majority of the staff are located in UNEP's Regional Offices, where they closely interact with countries on a day-to-day basis to help them achieve and sustain compliance with Montreal Protocol obligations. This regional delivery mechanism is a distinct feature of the OzonAction. The Head of Branch (D-1 level) leads OzonAction, with the support of the Network and Policy Manager, both based in Paris. CAP staff are based in 5 locations: Latin America — Panama (two networks); Africa — Nairobi (two networks); West Asia — Bahrain (one network); Asia Pacific — Bangkok (three networks) and the OzonAction Branch at DTIE — Paris (one network and Paris staff).

6. The regional CAP staff are in regular contact with the NOUs in their region, including those countries for which UNEP is responsible for implementing projects as well as those countries to which UNEP only provides CAP services (CAP works with all 147 Article 5 countries). These interactions are done through a combination of email, Skype, telephone, and face-to-face meetings. The latter are done during country missions related to CAP services and/or project implementation/monitoring, the meetings of UNEP's Regional Network of Ozone Officers, and international Montreal Protocol meetings such as the OEWG, MOP and Executive Committee.

HOW EXPERTS/CONSULTS ARE RECRUITED

7. OzonAction recruits experts on an as-needed basis for projects and activities for which specialized expertise or additional support is required to supplement CAP staff. Following the development and approval of the detailed Terms of Reference, the experts are recruited according to UNEP's financial and administrative rules and procedures. For contracts with a duration of 6 months or longer, this includes global advertisement on the UN Inspira system. To apply for a consultancy position, candidates must register on the same system. Once the recruitment process is completed, the consultant is offered a contract known as a Special Service Agreement (SSA).

BUSINESS PLANNING

Business planning

8. The focus and orientation of UNEP's business planning continues is defined by the evolving needs of Article 5 countries as they progress in their implementation of the Montreal Protocol, and as they meet and sustain compliance with specific obligations. UNEP uses the following methodology when developing its annual rolling 3-year Business Plan:

- During the first half of the year, UNEP consults with Ozone Officers in Article 5 countries on their countries' business planning needs, through dialogues during meetings of Regional Networks of Ozone Officers, as well as via direct contact with Ozone Officers.
- UNEP reviews and draws experiences gained from implementation of its previous Business Plan, taking into account new trends and emerging developments.
- UNEP considers the programmatic direction and activities included in its approved CAP Work Programme and Budget (see next section).
- UNEP used the Multilateral Fund's consolidated Business Plan endorsed by the Executive Committee as a guidance document for resource planning for the triennium and identification of countries requiring assistance.
- UNEP follows the guidance provided by the Multilateral Fund Secretariat including but not limited to that received during the year's Inter-Agency Coordination Meetings.
- UNEP consults with the other Implementing Agencies and bilateral agencies to increase

- collaborative and mutually-supportive initiatives and to avoid duplication of effort.
- UNEP considers various Executive Committee decisions as guidance for the Business Plan.

CAP planning

9. The CAP established in 2002 reflected the needs of Article 5 countries at that time to support those countries during the initial compliance period of the Montreal Protocol. In 2009, the Executive Committee approved a re-alignment of CAP to respond to Article 5 country needs in the current and changing landscape of the Montreal Protocol. From that time forward, UNEP's strategy for CAP has been based around a series of overarching objectives (formerly "tracks") for its client Article 5 countries. UNEP has adjusted these objectives over time to reflect the current situation and needs of the countries.

10. UNEP develops its annual CAP Work Programme and Budget based on the current and anticipated needs of Article 5 countries in the context of the current and upcoming compliance commitments under the Montreal Protocol as assessed by the CAP teams, drawn from various sources including *inter alia* direct feedback collected during meetings of the Regional Networks of Ozone Officers and through consultations with NOUs, bilateral Implementing Agencies and through the Business Planning process, and the advice received during the Compliance Advisory Group meeting. It also reflects compliance-related decisions taken through the Meeting of the Parties (MOP), the Open-ended Working Group (OEWG), the Implementation Committee meeting, and the Executive Committee meetings. It also considers the Multilateral's latest Status Reports and Compliance.

PROJECT CYCLE

11. The typical project cycle for UNEP is as follows:

- An Ozone Officer contacts one of the regional CAP staff and proposes an idea for a new project. In some cases, CAP staff may suggest a project idea based on a country's needs that it identifies, for the consideration of the Ozone Officer.
- The CAP staff advises whether or not it is an eligible project that meets Executive Committee policies and procedures.
- If so, the idea is proposed as part of the UNEP's annual Business Plan.
- After the Business Plan is endorsed by the Executive Committee, and at the appropriate time before the anticipated project submission date, the CAP staff interacts with the Ozone Officer to jointly develop a project proposal according the standard format agreed by the Executive Committee.
- Once drafted, it is reviewed by the regional CAP team for quality, completeness and conformity to Executive Committee guidelines.
- The Ozone Officer and the regional CAP staff then revise the project proposal as required. Once it is deemed to be of sufficient quality, it is sent to CAP Paris for review.
- CAP Paris reviews the document for quality, completeness and conformity to Executive Committee guidelines, and provides the feedback to the regional CAP staff.
- The Ozone Officer and the regional CAP staff then revise the project proposal as required.
- Once it is deemed to be of sufficient quality, and the Ozone Officer provides the regional CAP staff with an official government endorsement letter, the regional CAP staff sends both documents to CAP Paris for final review.
- CAP Paris reviews the revised document and once it is considered complete, it submits the project and endorsement letter to the Multilateral Fund Secretariat for review, copying the regional CAP staff involved in the project development.
- The regional CAP staff separately informs the Ozone Officer that the project has been submitted to the Multilateral Fund Secretariat by UNEP on behalf of its Government.

PROJECT REVIEW BY THE SECRETARIAT

12. The standard project review process for UNEP is as follows:

- The Multilateral Fund Secretariat sends its initial comments by email to UNEP Paris and copied to the regional CAP staff indicated on the project submission email.
- The regional CAP staff contact the Ozone Officer and together formulate the response to the comments and/or revised project proposal within the allotted 5 working days.
- Once completed, and following the Ozone Officer's agreement, the regional CAP staff sends the draft response and/or revised project proposal to UNEP Paris, which reviews it for quality, completeness and conformity to Executive Committee guidelines.¹⁵
- CAP Paris reviews the draft response and/or revised project proposal and once it is considered complete, CAP Paris submits the response to the Multilateral Fund Secretariat, copying the regional CAP staff involved in the project development.
- The regional CAP staff separately informs the Ozone Officer that the response and/or revised project proposal has been submitted to the Multilateral Fund Secretariat by UNEP on behalf of the Government.

INTERACTIONS WITH THE GOVERNMENT

13. In cases in which the Executive Committee during one of its meetings has significant technical, administrative or financial question about a project proposal submitted by UNEP, UNEP's delegation contacts the relevant regional CAP staff by telephone, email or Skype. That staff in turn contacts the Ozone Officer to obtain the reply during the meeting itself, which the UNEP delegation then conveys to the Executive Committee for its consideration.

PROCESS FOLLOWING PROJECT APPROVAL

14. Within two weeks after each Executive Committee meeting, UNEP sends an official letter to the respective Article 5 country, addressed to the appropriate high level official in the government and copied to the Ozone Officer, informing them that the project was approved for UNEP implementation, the amount of funding, and any condition made by the Executive Committee.

15. For the subsequent project implementation with Article 5 countries, UNEP principally uses three types of legal agreements:

- Project Cooperation Agreement (PCA), used when UNEP assigns implementation of a set of activities to a partner within a mutually-agreed collaborative project, and transfers more than US\$ 200,000.
- Small Scale Funding Agreement (SSFA), used when UNEP assigns implementation of project activities to a partner within a mutually-agreed collaborative project, and transfers over US\$ 30,000 at once or cumulatively UNEP-wide to the same partner, up to US\$ 200,000.
- De Minimis Funding Agreement (DMFA), used when UNEP assigns implementation of project activities to a partner within a mutually-agreed collaborative project, and transfers up to US\$ 30,000 to the same partner.¹⁶

¹⁵ Due to time constraints, the regional CAP staff may interact directly with the Multilateral Fund Secretariat on the above matters, but always consulting and copying CAP Paris.

¹⁶ According to UNEP headquarters, consolidations of these three types of legal instruments is planned in 2015.

16. Under some specific circumstances, UNEP can also use other implementation modalities such as UN to UN Agency Agreements, NGO implementation, purchase orders, and direct implementation by UNEP.

17. The process for development and agreement of legal agreements is as follows:

- The regional CAP staff drafts the legal agreement based on the project approved by the Executive Committee and proposes it to the Ozone Officer.
- The Ozone Officer and the regional CAP staff revise the legal agreement as required. Once it is deemed to be of sufficient quality, it is sent to CAP Paris for review.
- CAP Paris reviews the draft legal agreement for quality, completeness and conformity to both Executive Committee guidelines and UNEP financial rules and procedures, and provides the feedback to the regional CAP staff.
- The Ozone Officer and the regional CAP staff then revise the legal agreement as required.
- Once it is deemed to be of sufficient quality, the regional CAP staff sends the revised legal agreement to CAP Paris for final review and clearance by the Head of OzonAction.
- CAP Paris reviews the revised document and once it is considered complete, it submits the legal agreement to DTIE management for signature.
- Once it is signed, CAP Paris sends two original hardcopies to the regional CAP staff.
- The regional CAP staff then send the document to the Government for signature.
- Once an original hard copy is returned to UNEP with both signatures, the project implementation begins (usually involving a first disbursement upon signature).

18. Under PCAs, SSFAs and DMFAs, the implementing partners are responsible for the implementation of the project pursuant to UNEP's financial regulations and rules, and is accountable to UNEP for the resources entrusted to it. In cases where the country requests that UNEP implement a portion of an approved project (i.e. direct implementation), the amount of funds retained by UNEP and the activities to be undertaken with the approval of the Government is described in the legal agreement. In some cases where the establishment dedicated government bank accounts is impractical or inefficient for a country, UNEP may disburse funds to government partners via UNDP Country Offices as stipulated under the legal instruments signed between UNEP and the Government.

19. In addition to the project development and submission process, the regional CAP staff regularly interact with Ozone Officers with regard to project monitoring, financial and substantive reporting and project completion.

20. As of January 2014 UNEP has adopted the International Public Sector Accounting Standards (IPSAS) and from June 2015, it has implemented Umoja, the new Enterprise Resource Planning (ERP) system to manage Procurement, Finance, Supply Chain, Logistics and Human Resources.

COORDINATION WITH OTHER AGENCIES

21. Multi-agency coordination related to HPMP implementation occurs on two levels: between the implementing agencies, and between the NOU/Government and the implementing agencies. In the first case, implementing agencies routinely work together and coordinate HPMP preparation or HPMP tranche implementation. Multi-agency coordination may also take place by bringing together implementing agencies and the NOU/Government. The requirements for this level of coordination increases due to the complexity of the HCFC phase out, and is usually organised by the concerned Government.

22. In projects where UNEP is the Lead Agency of the HPMP, it organizes the process of developing project proposals ensuring that each participating agency has the opportunity to contribute. Sometimes this takes the form of joint meetings of the Implementing Agencies and the Government to discuss and agree to the planning process, review drafts, etc. The national stakeholder's consultation meetings under the HPMPs are also used as a platform for interaction between the implementing agencies and the NOU/Government. In projects where UNEP is the Cooperating Agency, it follows the process of coordination established by the Lead Agency. In case the Lead Agency doesn't organize formal interaction with the Government, UNEP does so for the component under its responsibility.

23. Moreover, as UNEP operates 10 Regional Networks of Ozone Officers, it should be highlighted that the networking is also used as the platform by all partner implementing agencies, bilateral partners as well as the Multilateral Fund Secretariat and Ozone Secretariat to assist Article 5 countries in implementation of the Montreal Protocol objectives, including coordination activities related to project proposals and implementation. UNEP also regularly organises training for new Ozone Officers with the main objective to strengthen the capacity of NOUs and to provide them with key information, techniques, products and tools enabling them to keep the country in compliance with its obligations under the Montreal Protocol. This activity is also usually done in cooperation with other implementing agencies.

EVALUATION

24. Based on the information and request from the Senior Monitoring and Evaluation officer (SMEO), UNEP provides requested support before, during and after evaluations including, but not limited, to informing Ozone Officers of the planned evaluation, supporting arrangements field visits and providing inputs to drafts.

UNIDO

IA unit's location in UNIDO

25. UNIDO's Montreal Protocol team is responsible for providing assistance to developing countries and countries with economy in transition in the planning, development and implementation of national phase-out plans and sector phase-out plans, in order to ensure compliance with the Montreal Protocol, to support governments in their related functions, and to create or promote appropriate sustainable industrial technologies to be utilized within these plans. Implementation of the Programme financed by the Multilateral Fund is the responsibility of the Environment Branch at the Programme Development and Technical Cooperation Division. There are two units, Montreal Protocol Unit (MPU) and Emerging Compliance Regimes (ECR) Unit under the Environment Branch, which are dedicated to implement ODS phase-out programmes.

Agency's mode of operation Management and staffing

26. The Environment Branch is headed by the Director at the D1 level. Both MPU and ECR Units are headed by a Unit Chief, each at the P-5 level. Technical backstopping for projects is provided by 7 project managers from MPU and 3 project managers at ECR located at UNIDO's headquarters in Vienna. The Units are also assisted by 52 UNIDO field offices in the implementation and coordination of projects in the field.

Recruitment of experts/consults

27. The Environment Branch recruits experts to meet additional needs of the programme and projects. The recruitment of project personnel follows UNIDO's Framework for the Recruitment and Administration of Personnel under Individual Service Agreements. First, MPU staff develops a detailed Terms of Reference. Based on the criteria defined in the Terms of Reference, the project manager can staff a suitable candidate from UNIDO's Resource Pool. If no suitable candidate is available in the Resource Pool, the project manager can search in the Talent Pool and shortlist at least 3 suitable candidates for the assignment, for which a panel is established to review the information submitted by applicants and make a recommendation for selection. If no suitable candidates can be found in the Talent Pool, then a vacancy announcement is posted on UNIDO's website. Once the candidate is selected, Human Resources Management (HRM) recommends or reviews the level and fee for consultants being recruited.

Business planning

28. UNIDO MPU's Business Plan is prepared based on the previous rolling business plan, taking into consideration the approvals and experience of previous years, the requests received from Article 5 Countries, priorities established and the relevant decisions taken by the Executive Committee.

29. The Business Plan is:

- (a) based on the level of replenishment decided by the Parties;
- (b) based on the intersectorial priorities and strategies contained in the Country Programmes;
- (c) consistent with the agreed commitments of the Country under the Montreal Protocol;
- (d) used as a basis for projecting beyond the period of the current replenishment;

- (e) contains approved multi-year projects and all new activities.

Project cycle, preparation of project documents, clearance by the Government, submission to the Fund Secretariat.

30. UNIDO project cycle for MLF funded projects follows the below structure:

- Country request through an official letter from the Government to UNIDO for inclusion in the business plan;
- Business Plan submission, discussions; The Executive Committee notes the consolidated business plan for the Multilateral Fund;
- Draft Business Plan is presented to UNIDO's top management (Executive Board);
- Responsible staff is appointed by the Branch Director, request for funding for project preparation, discussion with the Country, discussion with MLF Secretariat (eligibility of approach, costs) and Excom approval;
- Submission of project proposals, discussion with the Country, discussion with MLF Secretariat (eligibility of approach, costs) and Excom approval;
- Project implementation takes place in close cooperation with the NOU and other national stakeholders, if any; and with the cooperating implementing agency/ies, if any. When necessary/required national/international consultant(s) involved.
- Projects are being implemented in line with UNIDO's rules and regulations. Projects are requested to be registered in UNIDO's ERP system, including the Portfolio and Project Management and the Finance modules. According to requirements, all projects are integrated in a logical framework with relevant outcomes, outputs, activities and indicators.
- Most projects are implemented directly by UNIDO without any financial intermediaries or executing agencies, including direct procurement of equipment and services.
- In certain cases, implementation takes place with a more significant role of the Government through an agreement, which also respects UNIDO's rules and regulations.

Project review by the Secretariat: interactions with the Secretariat and Government following receipt of comments from the Secretariat

31. Following the receipt of comments from the Secretariat, UNIDO sends them without delay to the country and the relevant implementing agencies' attention. UNIDO evaluates the observations and drafts the recommended responses and consolidates the inputs and gets clearance on the final response from the country in question. In case it is necessary, technical expert is contacted to finalize the submission. The modified project proposal, as agreed by the country is re-submitted to the Secretariat.

Consideration of projects by the Executive Committee: Interactions with the government that take place the time of the Executive Committee meeting

32. UNIDO participates in the Executive Committee Meetings as an observer; however, its role in providing assistance and recommendations to the countries upon request before and after the sessions is important. In the event that substantial issues are raised by the Executive Committee regarding a project proposal presented by UNIDO on behalf of a government at the Executive Committee meeting, which had not been discussed between the government concerned and UNIDO before the meeting, UNIDO tries to contact the government concerned to explain the requested/proposed changes and to seek the government's agreement to such changes.

Process following project approval– grant agreements, financial monitoring etc.

33. The first milestones after the project approval are the following:

- Project approval documents issued;
- UNIDO arranges the grants allocation in cooperation with UNIDO Finance. Grants are allocated to the projects on output level according to the logical framework structure of UNIDO ERP's Portfolio and Project Management module;
- Work Plan agreed with the NOU.

Coordination with other agencies

34. UNIDO's MP team successfully cooperates with all the Implementing Agencies of the Multilateral Fund.

35. As a lead agency, UNIDO manages the process of project design, coordination with relevant parties, submission of proposal, implementation, monitoring and reporting. The cooperating agency/ies is/are involved and are kept informed throughout the process of project development, submission and negotiation. If required/necessary, missions to the project site are arranged with the involvement of the cooperating implementing agency/ies.

36. As a cooperating agency, UNIDO participates in the project design, implementation, monitoring and reporting while primarily focusing on the project components that are under her responsibility.

37. In both cases, UNIDO aims to keep close relationship with the Countries' National Ozone Unit: the implementation process of the relevant project components/activities is regularly followed up by UNIDO's project managers and national/international consultants. This ensures that effective actions are taken on critical issues such as resolving bottlenecks. UNIDO keeps in contact with the Countries primarily in writing via email and on the phone. On the occasion of events and missions to the Country, meetings are arranged.

38. UNIDO tries to attend all Regional Network Meetings and respective workshops, which are opportunities to coordinate with implementing agencies and Countries.

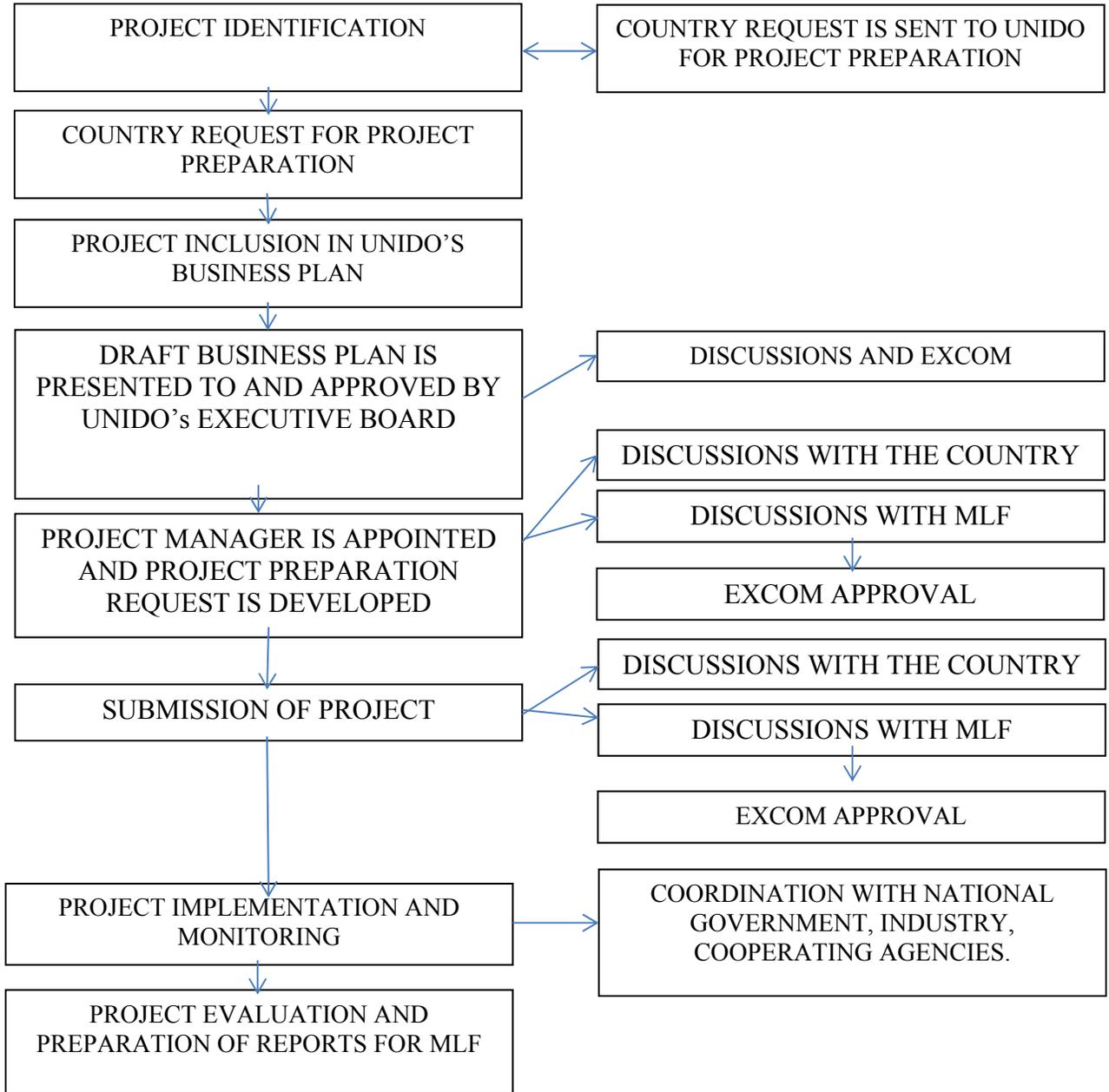
UNIDO interaction with Article 5 countries and the Secretariat during an MLF funded evaluation

39. Based on requests from the SMEO on upcoming MLF funded evaluations, UNIDO provides necessary support and information to the evaluation. This entails informing Article 5 government counterparts of the planned evaluation and requesting additional inputs, providing technical explanations and data, as well as reviewing and commenting on draft evaluation reports or desk studies. In addition, when possible, UNIDO sends staff or consultant to participate in evaluation field missions.

Diagram of UNIDO project cycle

UNIDO INTERNAL PROCEDURES

STAKEHOLDERS' PARTICIPATION



World Bank

Overview

1. In its capacity as one of four Implementing Agencies of the Multilateral Fund for the Implementation of the Montreal Protocol, the World Bank Group (WBG) channels grant funding to partner countries for investment operations as well as technical assistance and institutional strengthening. It administers and manages Montreal Protocol (MP) Operations through the Ozone Trust Fund (OTF).
2. World Bank MP Operations comprises a central coordination unit that is responsible for business planning, program management and promotion, portfolio monitoring, and progress and financial reporting to the MLF Executive Committee, and, project teams that prepare, administer and oversee MP projects. The coordination unit also provides technical backstopping to MP project teams mapped to the Bank's Global Practices and/or the Bank country offices known as Country Management Units (CMUs). The MP coordination team is made up of 6-8 staff and is headed by the Program Manager. Project teams consist of 4 to 12 staff, depending on the size and demands of the project. All teams must have financial management and procurement specialists.
3. The coordination unit manages the Ozone Operations Resource Group (OORG), a group of internationally recognized experts who provide as-needed technical support to MP Operations, including project review. In addition to the OORG, project teams will often engage the assistance of local and international consultants to provide targeted support to their projects and/or retain a staff member from the coordination unit who is familiar with MLF policies and procedures. Recruitment of short-term consultants follows established Bank policy and procedures on the selection and use of consultants for operations.
4. In World Bank projects, the country recipient is fully responsible for project implementation in accordance with Bank policies and procedures. In some cases, a national financial intermediary satisfactory to the country and the Bank will be used. Funding is provided to the country through a designated project account to implement project components as captured in the project grant agreement (GA). In Bank project legal agreements, the country is normally represented by ministries of finance, however the entity tasked in carrying out an MP project, usually the ministry of environment is also officially designated in the GA. Detailed procedures for country subproject implementation, monitoring and reporting, financial management, procurement and environmental management are included in a project operation manual.

Business Planning

5. The MP coordination team initiates annual business planning with a request to project teams to list ideas for new projects and activities that have stemmed from country dialogue at the project level. If a country is interested in working with the Bank, it may also reach out to the Bank country office (CMU). In addition, through engagement in international and regional MP meetings, the MP coordination team will at times receive requests directly from countries that it in turn are vetted with project teams and the relevant CMUs. Finally, the coordination unit works with management in operations to strategically assess business opportunities in the context of the World Bank's larger development assistance program. Once countries have confirmed their interest for the proposed work in an endorsement letter to the Bank, the coordination unit assembles the business plan in accordance with MLF Executive Committee and Secretariat guidance.

MP Project Cycle at the World Bank

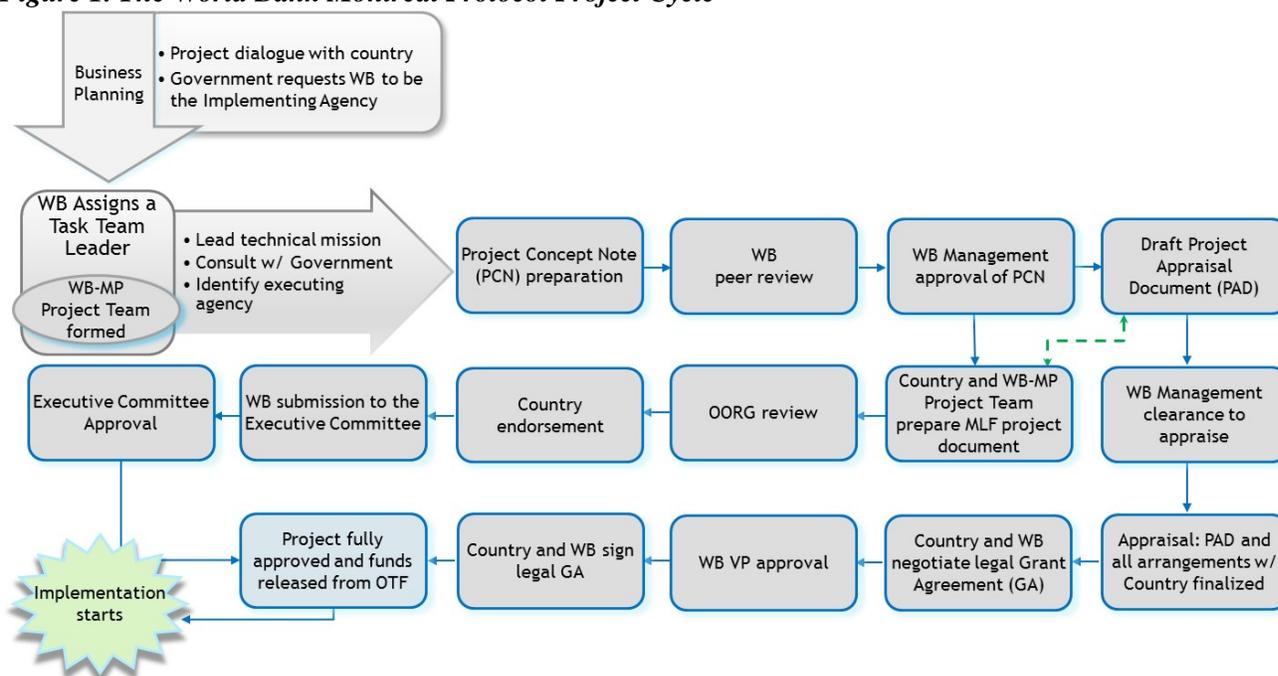
6. The project cycle for new MP engagement with a country generally follows that of World Bank Investment Project Financing. In order to operate within the Multilateral Fund's business model, special Bank operational policy and business procedures were introduced in the early 1990s for MP projects. The main feature of the policy was the umbrella project modality that allowed for more frequent MLF subproject approvals to be absorbed in an already existing Bank MP umbrella project. With the advent of HCFC Phase-out Management Plans under the MLF, Bank MP projects are usually equivalent to the terms agreed in principle in multi-year agreements (MYAs). The Bank's MP project cycle is summarized as follows:

- (a) A Task Team Leader (TTL) is assigned by management at project inception. To initiate formal project discussions, the TTL leads a technical mission to consult with the government on the project and the necessary measures which must be taken to ensure its preparation, approval and eventual implementation. In the context of most Bank projects, this includes identification of the executing agency to handle subproject appraisal and disbursement of funds for project execution. Working with the country early in the process on implementation arrangements and to determine the terms of procurement, disbursement and subproject eligibility criteria are critical to ensuring timely implementation of MP Bank projects.
- (b) Following the initial mission, a project concept note (PCN) is drafted and presented at a meeting for peer review, and to World Bank management for decision to proceed with project preparation. The PCN includes the development objective and main project components, and preliminary information on expected results, risks and environmental and social safeguard issues. The PCN will draw from any project preparation work started in the context of a new MLF project.
- (c) Once management has provided the TTL and project team the green light to proceed with preparation, a draft project appraisal document (PAD) is developed. This document is the primary vehicle that the Bank later uses to obtain internal approval of a project. It is prepared in parallel to the MLF project document done separately by the country and the Bank project team in accordance with Executive Committee decision and guidance, and the country's needs and priorities. Consequently, the PAD combines components required under the MLF in addition to components required by the Bank. Along with the PAD, other required documents are prepared by the Bank and the country (such as environment safeguard documents project operation manual, procurement plan, and consultant terms of references) for purposes of appraisal.
- (d) After the MLF project document is reviewed by relevant OORG experts and finalized, the country will obtain internal clearance to endorse project submission by the Bank to the Fund Secretariat for Executive Committee approval. The Bank can proceed with the last steps of the Bank project preparation cycle, the appraisal stage, when the Executive Committee has approved the main MLF project document, usually an MYA, upon which the PAD is largely based. The Executive Committee decision approving funding for the project might include some changes and/or one or more conditions which would then be integrated into a revised MLF project document. This entails onsite, MP project appraisal where all financial, implementation, monitoring and reporting arrangements are finalized with the country. Depending on the project design and needs, some steps for contracting work can begin as long as agreed procedures are followed. In some cases, the PAD will comprise several MLF projects that have been or will be approved by the Committee (for

example an MYA and an institutional strengthening project).

- (e) Following appraisal, the PAD, the GA, and other documentation form the negotiation package and the country is invited to negotiate the legal agreement with the Bank. Once negotiation is completed, final documents are submitted to the Regional Vice President for approval. Many governments undertake steps to confirm the legal agreement at this stage which can take several months. GA signing by the Bank and the country ensues. Funds for the Executive Committee approved project(s) can then be released from the OTF for disbursement once the signed GA is declared effective. The country implementation unit processes the necessary transactional paperwork to call for disbursement of funds.

Figure 1. The World Bank Montreal Protocol Project Cycle¹⁷



Summary of Government Interactions during the MLF Project Cycle

7. In general terms, all project related interactions with the country are handled by Bank operational teams who already have an established communication line through ongoing programs and projects and by the country office (CMU), the first line of communication on strategic Bank-country cooperation. In MP Operations, there is added interaction with the country by the MP coordination unit at MP-related meetings.

8. Country-Bank dialogue is done in person (MP meetings and implementation support missions), through email and phone as required. Official letters to the country are sent by the Bank Country Director, for example on mission announcement or findings, or on GA issues (closing, amendment, etc.).

¹⁷ The schematic illustrates the World Bank’s overall MP umbrella project cycle to house MLF projects; and the MLF project cycle where a project goes to ExCom for approval. A new project is required rarely since once an umbrella project/grant agreement with a country is in place, MLF grants can flow freely and only depend on the ExCom/MLF project cycle. For example, the World Bank and China only have one umbrella project/GA to cover the entire HCFC phase-out management plan and the polyurethane foam sector plan.

The Bank CMU is additionally involved with the country on logistical arrangements for missions, technical visits, workshops and video conferencing. All units of the Bank accept official government letters.

MLF Project Submission

9. MLF projects are prepared in close collaboration with the country focal point, usually the NOU. As projects are developed and finalized, the country focal point ensures that they are vetted with relevant Government agencies, beneficiaries and other stakeholders. An official government letter of endorsement will be sent to the World Bank subsequent to acceptance of the project proposal by country proponents.

MLF Project Review

10. Comments received from the MLF Secretariat are immediately sent to the responsible World Bank project team that works directly with the country for response. The MP coordination unit leads and manages the response process. In-house technical and policy experts are consulted as needed to complete the responses and support the country and Bank's positioning in relation to the Secretariat's proposed changes, if any. The final responses are shared with the country prior to submission to the Secretariat.

Issues raised on project proposals during the Executive Committee Meeting

11. As the advocate for the country's project proposal, the Bank may directly address issues raised by the Executive Committee and provide clarifications. However, in cases where substantial technical, design or funding changes are proposed, or a new policy commitment is requested of the government, the Bank will consult with the country prior to any agreement. This may involve project deferral if sufficient time is not available.

Project Implementation

12. The Bank duly informs the government of a new project approval, and if an MP Project agreement is already in place, the funds can be channeled to the special account, in accordance with agreed disbursement arrangements in project GAs and against withdrawal applications submitted by the country to the Bank.

13. The Bank project team normally conducts two in-country implementation support missions a year which includes enterprise site visits and technical progress monitoring discussions to help adapt and advance work as needed. Project monitoring is ongoing against agreed indicators and a results framework. Semi-annual status reports reflecting discussions during these meetings are provided to Bank management. The country is also responsible for semi-annual progress reports to the Bank, interim financial reports and an annual financial audit of the designated account. At the MLF project level, both the country and the Bank work together to ensure timely submission of reporting documents to the Executive Committee.

Project Evaluation

14. Upon request of the Senior Monitoring and Evaluation Officer of the Fund Secretariat, the Bank is prepared to serve as a conduit of information and to facilitate MLF project site visits in support to the country. The Bank coordination unit collects, compiles and provides comments on desk and site evaluations. Country beneficiaries, the country executing agency, Bank project teams and the Bank

coordination unit all work together to complete project completion reports. The Bank's overall project cycle also places emphasis on implementation completion and results reporting at the level of the grant agreement with the government. The Bank takes the lead on the report which benefits from a country completion report. Independent evaluation is conducted on all Bank implementation completion reports, including those of MP projects.

Coordination with other Bilateral and Implementing Agencies

15. The Bank follows the procedures that have evolved between the Fund Secretariat and the implementing and bilateral agencies surrounding oversight and coordination of multi-year agreements whether it is a Lead or Cooperating Agency. The Bank strives in all cases to ensure that the interests of the country are fully represented and communicated to the Secretariat directly or through the Lead Agency, and that the process rests on the principles of transparency and accountability. The Bank will consult and communicate directly with the government on sectors and activities for which it is responsible.

Annex II

Terms of reference of the Executive Committee as modified by decisions IX/16, XVI/38 and XIX/11 of the Parties to the Montreal Protocol

1. The Executive Committee of the Parties is established to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements, including the disbursement of resources, for the purpose of achieving the objectives of the Multilateral Fund under the Financial Mechanism.
2. The Executive Committee shall consist of seven Parties from the group of Parties operating under paragraph 1 of Article 5 of the Protocol and seven Parties from the group of Parties not so operating. Each group shall select its Executive Committee members. Seven seats allocated to the group of Parties operating under paragraph 1 of Article 5 shall be allocated as follows: two seats to Parties of the African region, two seats to Parties of the region of Asia and the Pacific, two seats to Parties of the region of Latin America and the Caribbean, and one rotating seat among the regions referred, including the region of Eastern Europe and Central Asia. The members of the Executive Committee shall be endorsed by the Meeting of the Parties.
- 2 bis. The members of the Executive Committee whose selection was endorsed by the Eighth Meeting of the Parties shall remain in office until 31 December 1997. Thereafter, the term of office of the members of the Committee shall be the calendar year commencing on 1 January of the calendar year after the date of their endorsement by the Meeting of the Parties.
3. The Chairman and Vice-Chairman shall be selected from the fourteen Executive Committee members. The office of Chairman is subject to rotation, on an annual basis, between the Parties operating under paragraph 1 of Article 5 and the Parties not so operating. The group of Parties entitled to the chairmanship shall select the Chairman from among their members of the Executive Committee. The Vice-Chairman shall be selected by the other group from within their number.
4. Decisions by the Executive Committee shall be taken by consensus whenever possible. If all efforts at consensus have been exhausted and no agreement reached, decisions shall be taken by a two-thirds majority of the Parties present and voting, representing a majority of the Parties operating under paragraph 1 of Article 5 and a majority of the Parties not so operating present and voting.
5. The meetings of the Executive Committee shall be conducted in those official languages of the United Nations required by members of the Executive Committee. Nevertheless, the Executive Committee may agree to conduct its business in one of the United Nations official languages.
6. Costs of Executive Committee meetings, including travel and subsistence of Committee participants from Parties operating under paragraph 1 of Article 5, shall be disbursed from the Multilateral Fund as necessary.
7. The Executive Committee shall ensure that the expertise required to perform its functions is available to it.
8. The Executive Committee shall have the flexibility to hold two or three meetings annually, if it so decides, and shall report at each Meeting of the Parties on any decision taken there. The Executive Committee should consider meeting, when appropriate, in conjunction with other Montreal Protocol meetings.
9. The Executive Committee shall adopt other rules of procedure on a provisional basis and in accordance with paragraphs 1 to 8 of the present terms of reference. Such provisional rules of procedure

shall 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.

10. The functions of the Executive Committee shall include:

- (a) To develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements, including the disbursement of resources;
- (b) To develop the plan and budget for the Multilateral Fund, including allocation of Multilateral Fund resources among the agencies identified in paragraph 5 of Article 10 of the Amended Protocol;
- (c) To supervise and guide the administration of the Multilateral Fund;
- (d) To develop the criteria for project eligibility and guidelines for the implementation of activities supported by the Multilateral Fund;
- (e) To review regularly the performance reports on the implementation of activities supported by the Multilateral Fund;
- (f) To monitor and evaluate expenditure incurred under the Multilateral Fund;
- (g) To consider and, where appropriate, approve country programmes for compliance with the Protocol and, in the context of those country programmes, assess and where applicable approve all project proposals or groups of project proposals where the agreed incremental costs exceed \$500,000;
- (h) To review any disagreement by a Party operating under paragraph 1 of Article 5 with any decision taken with regard to a request for financing by that Party of a project or projects where the agreed incremental costs are less than \$500,000;
- (i) To assess annually whether the contributions through bilateral cooperation, including particular regional cases, comply with the criteria set out by the Parties for consideration as part of the contributions to the Multilateral Fund;
- (j) To report annually to the meeting of the Parties on the activities exercised under the functions outlined above, and to make recommendations as appropriate;
- (k) To nominate, for appointment by the Executive Director of UNEP, the Chief Officer of the Fund Secretariat, who shall work under the Executive Committee and report to it; and
- (l) To perform such other functions as may be assigned to it by the Meeting of the Parties.

Annex III

Terms of reference of the Fund Secretariat (UNEP/OzL.Pro/ExCom/3/18/Rev.1, Annex III, section I.2)

The Fund Secretariat operating under the Chief Officer shall assist the Executive Committee in the discharge of its functions.

The Fund Secretariat shall:

- (a) respond to enquiries about the Fund and be the liaison with Parties, Implementing Agencies and other bilateral and multilateral institutions;
- (b) develop the three-year plan and budget for the Fund;
- (c) develop a system for disbursement of funds to the Implementing Agencies;
- (d) dispatch to all Parties the proposed budget estimates at least 60 days before the date fixed for the opening of the meeting of the Parties at which they are to be considered;
- (e) monitor and evaluate expenditures incurred under the Fund for review by the Committee;
- (f) assess and, where appropriate, offer recommendations to the Committee regarding country programmes and work programmes developed by Implementing Agencies;
- (g) complete reports for the Committee on project proposals where the agreed incremental costs exceed US \$500,000;
- (h) prepare reports for the Committee on disagreements for requests for funding where the agreed incremental costs are less than US \$500,000;
- (i) maintain and circulate periodically a current inventory of projects to avoid duplication of effort between the Implementing Agencies and other institutions;
- (j) prepare the Committee's annual assessment of whether bilateral contributions comply with criteria set out by the Parties for consideration as part of the contributions to the Fund;
- (k) prepare performance reports on the implementation of activities under the Fund for review by the Committee;
- (l) serve as liaison between the Committee, interested governments and Implementing Agencies as necessary to the day-to-day functioning of the Fund;
- (m) monitor the activities of the Implementing Agencies based on their oral and written reports;
- (n) encourage the Parties to make prompt payment of their contributions towards the Fund;
- (o) provide other administrative and support functions for the Committee;
- (p) at the end of each calendar year, the Chief Officer shall submit to the Parties accounts for the year, and shall also (as soon as practicable) submit the audited accounts for each period so as to coincide with the accounting procedure of the Implementing Agencies;
- (q) make arrangement for meetings of the Committee including the issue of invitations, preparation of documents, and reports of meetings;
- (r) arrange for necessary interpretation at meetings;
- (s) receive, and arrange for translation, reproduction, and distribution of the documents of meetings;
- (t) publish and circulate the official documents of meetings;
- (u) make and arrange for keeping of sound recordings of meetings;
- (v) arrange for the custody and preservation of the documents of the meeting in the archives of the international organization designated as secretariat of the Vienna Convention; and
- (w) perform other functions that the Committee may require.

Annex IV

Rules of procedure for Meetings of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

APPLICABILITY

Unless otherwise provided for by the Montreal Protocol or by the decision of the Parties, or excluded by the Rules of Procedure hereunder, the Rules of Procedures for meetings of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer shall apply *mutatis mutandis* to the proceedings of any meeting of the Executive Committee.

Rule 1

These Rules of procedure shall apply to any meeting of the Executive Committee for the Interim Multilateral Fund under the Protocol on Substances that Deplete the Ozone Layer convened in accordance with Article 11 of the Protocol.

DEFINITIONS

Rule 2

For the purposes of these rules:

1. "Executive Committee" means the Executive Committee for the Interim Multilateral Fund as established by decision II/8 at the Second Meeting of the Parties to the Montreal Protocol.
2. "Committee members" means Parties selected as members of the Executive Committee for the Interim Multilateral Fund.
3. "Meeting" means any meeting of the Executive Committee for the Interim Multilateral Fund.
4. "Chairman" means the Committee member selected Chairman of the Executive Committee.
5. "Secretariat" means the Multilateral Fund Secretariat.
6. "Fund" means the Interim Multilateral Fund.

PLACE OF MEETINGS

Rule 3

The meetings of the Executive Committee shall take place at the seat of the Fund Secretariat, unless other appropriate arrangements are made by the Fund Secretariat in consultation with the Executive Committee.

DATES OF MEETINGS

Rule 4

1. Meetings of the Executive Committee shall be held at least twice every year.
2. At each meeting, the Executive Committee shall fix the opening date and duration of the next meeting.

"The Executive Committee shall have the flexibility to hold two or three meetings annually, if it so decides, and shall report at each Meeting of the Parties on any decision taken there. The Executive Committee should consider meeting, when appropriate, in conjunction with other Montreal Protocol meetings." (Paragraph 8 of the "Terms of reference of the Executive Committee" as modified by the Meeting of the Parties in its decision XIX/11).

Rule 5

The Secretariat shall notify all Committee members of the dates and venue of meetings at least six weeks

before the meeting.

OBSERVERS

Rule 6

1. The Secretariat shall notify the President of the Bureau and the implementing agencies *inter alia* UNEP, UNDP, UNIDO and the World Bank of any meeting of the Executive Committee so that they may participate as observers.
2. Such observers may, upon invitation of the Chairman, participate without the right to vote in the proceedings of any meeting.

Rule 7

1. The Secretariat shall notify any body or agency, whether national or international, governmental or nongovernmental, qualified in the field related to the work of the Executive Committee, that has informed the Secretariat of its wishes to be represented, of any meeting so that it may be represented by an observer subject to the condition that their admission to the meeting is not objected to by at least one third of the Parties present at the meeting. However, the Executive Committee may determine that any portion of its meetings involving sensitive matters may be closed to observers. Nongovernmental observers should include observers from developing and developed countries and their total number should be limited as far as possible.
2. Such observers may, upon invitation of the Chairman and if there is no objection from the Committee members present, participate without the right to vote in the proceedings of any meeting in matters of direct concern to the body or agency which they represent.

AGENDA

Rule 8

In agreement with the Chairman and the Vice Chairman, the Secretariat shall prepare the provisional agenda for each meeting.

Rule 9

The Secretariat shall report to the meeting on the administrative and financial implications of all substantive agenda items submitted to the meeting, before they are considered by it. Unless the meeting decides otherwise, no such item shall be considered until at least twenty-four hours after the meeting has received the Secretariat's report on the administrative and financial implications.

Rule 10

Any item of the agenda of any meeting, consideration of which has not been completed at the meeting, shall be included automatically in the agenda of the next meeting, unless otherwise decided by the Executive Committee.

REPRESENTATION AND CREDENTIALS

Rule 11

The Executive Committee shall consist of seven Parties from the group of Parties operating under paragraph 1 of Article 5 of the Protocol and seven Parties from the group of Parties not so operating. Each group shall select its Executive Committee members. The members of the Executive Committee shall be formally endorsed by the Meeting of the Parties.

Rule 12

Each Committee member shall be represented by an accredited representative who may be accompanied by

such alternate representatives and advisers as may be required.

OFFICERS

Rule 13

If the Chairman is temporarily unable to fulfil the obligation of the office, the Vice Chairman shall in the interim assume all the obligations and authorities of the Chairman.

Rule 14

If the Chairman or Vice Chairman is unable to complete the term of office the Committee members representing the group which selected that officer shall select a replacement to complete the term of office.

Rule 15

1. The Secretariat shall:

- (a) Make the necessary arrangements for the meetings of the Executive Committee, including the issue of invitations and preparation of documents and reports of the meeting;
- (b) Arrange for the custody and preservation of the documents of the meeting in the archives of the international organization designated as secretariat of the Convention; and
- (c) Generally perform all other functions that the Executive Committee may require.

Rule 16

The Chief Officer of the Secretariat shall be the Secretary of any meeting of the Executive Committee.

VOTING

Rule 17

Decisions of the Executive Committee shall be taken by consensus whenever possible. If all efforts at consensus have been exhausted and no agreement reached, decisions shall be taken by a two thirds majority of the Parties present and voting, representing a majority of the Parties operating under paragraph 1 of Article 5 and a majority of the Parties not so operating present and voting.

LANGUAGES

Rule 18

The meeting of the Executive Committee shall be conducted in those official languages of the United Nations required by members of the Executive Committee. Nevertheless the Executive Committee may agree to conduct its business in one of the United Nations official languages.

AMENDMENTS TO RULES OF PROCEDURE

Rule 19

These rules of procedure may be amended according to Rule 17 above and formally endorsed by the Meeting of the Parties to the Montreal Protocol.

OVERRIDING AUTHORITY OF THE PROTOCOL

Rule 20

In the event of any conflict between any provision of these rules and any provision of the Protocol, the Protocol shall prevail.