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

Third Meeting  
Montreal, 15-19 April 1991

**REPORT OF THE THIRD MEETING OF THE  
EXECUTIVE COMMITTEE OF THE INTERIM MULTILATERAL FUND  
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

**I. INTRODUCTION**

1. The third meeting of the Executive Committee for the Interim Multilateral Fund under the Montreal Protocol was held at Montreal from 15-19 April 1991. The meeting was convened in pursuance of decisions II/8 and II/8 A adopted at the Second Meeting of the Parties to the Montreal Protocol, held in London from 27-29 June 1990. (UNEP/OzL.Pro/2/3).

**II. ORGANIZATIONAL MATTERS**

**A. Opening of the Meeting**

2. The meeting was opened by Mr. I. Ristimäki (Finland), Chairman of the Executive Committee. After briefly reviewing activities that had taken place since the second meeting of the Executive Committee, he said that the major task facing the Committee would be to reach agreement on guidelines for implementation and project selection criteria. In addition, approval of work programmes constituted an important step forward. It was essential that the Executive Committee achieve concrete results for submission to the Third Executive of the Parties, to be held in June 1991. He was grateful to the Sub-Committee on Implementation Guidelines and Criteria for Project Selection for the excellent work it had carried out and he expressed his conviction that the Executive Committee would be able to reach agreement on the outstanding issues before it.

## B. Attendance

3. The meeting was attended by representatives of the following countries, selected and endorsed as members of the Executive Committee in accordance with decision II/8 adopted by the Parties at their Second Meeting:

- (a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Canada, Finland, Germany, Japan, Netherlands, Union of Soviet Socialist Republics and United States of America;
- (b) Parties operating under paragraph 1 of Article 5 of the Protocol: Brazil, Egypt, Ghana, Jordan, Malaysia, Mexico and Venezuela.

4. In accordance with the decision taken by the Executive Committee at its second meeting, representatives of the United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Industrial Development Organization (UNIDO) and the World Bank attended as observers.

5. Pursuant to the decision taken by the Executive Committee at its second meeting, a representative of the President of the Bureau of the Meeting of the Parties to the Montreal Protocol also attended.

6. Representatives of the Alliance for Responsible CFC Policy, Friends of the Earth, Greenpeace, Natural Resources Defense Council and WALHI (Indonesian Friends of the Earth) attended one session of the Committee.

## C. Appointment of the Secretary

7. Mr. O. El-Arini, Chief Officer of the Fund Secretariat for the Interim Multilateral Fund, served as Secretary ex officio.

## D. Adoption of the Agenda

8. The meeting adopted the following agenda:

- 1. Opening of the meeting.
- 2. Organizational matters:
  - (a) Adoption of the agenda;
  - (b) Adoption of the draft report of the second meeting of the Executive Committee.
- 3. Fund Secretariat; report on start-up activities.
- 4. Report on agreement between UNEP and the Government of Canada on a host country agreement.

5. Status of the Fund.
6. Revised budget for the Fund Secretariat for 1991.
7. Rules of Procedure for meetings of the Executive Committee.
8. Implementation guidelines and criteria for project selection: report by the Sub-Committee.
9. Agreements between the implementing agencies and the Executive Committee.
10. Initial work programmes and related budgets for 1991 proposed by the implementing agencies.
11. Invitation to other agencies (regional development banks and others) to co-operate with the Executive Committee.
12. Country programmes.
13. Three-year plan and budget for the Fund Secretariat.
14. Criteria for consideration of bilateral and regional contributions to the Fund.
15. Report by the Executive Committee to the Third Meeting of the Parties to the Montreal Protocol.
16. Date and venue of the fourth meeting of the Executive Committee.
17. Other matters.
18. Adoption of the report.
19. Closure of the meeting.

E. Adoption of the report of the  
second meeting of the Executive Committee

9. The draft report of the second meeting of the Executive Committee was adopted with a number of amendments which were incorporated in UNEP/OzL.Pro/ExCom/2/5/Rev.1 and its annexes.

### III. SUBSTANTIVE MATTERS

Agenda item 3: Fund Secretariat: report on start-up activities

10. Mr. El-Arini reported on the activities of the Fund Secretariat carried out since he had taken up his post as Chief Officer on 11 February 1991 (UNEP/OzL.Pro/ExCom/3/3). A number of members noted with concern the slow progress made in recruiting the core staff agreed upon by the Executive Committee and expressed the hope that recruitment of the full Secretariat would be completed as soon as possible.

11. The Executive Committee expressed concern that the local purchase and leasing of office equipment had been delayed due to the procedure of purchase orders being issued by UNEP Headquarters in Nairobi. The Assistant Executive Director of UNEP stated that he would make immediate arrangements to ensure that local purchase orders up to the sum of \$40,000 could be issued directly.

12. The Executive Committee expressed appreciation for the help received from Environment Canada and UNEP, in particular, the Secretariat for the Montreal Protocol. It stressed that the Fund Secretariat should be strong and independent and that it was the Committee's desire to help the Secretariat achieve this. Where necessary, the Secretariat would have to establish its own administrative capabilities and procedures so that its day-to-day functioning could be carried out autonomously.

13. One member presented scientific data that showed increased depletion of the ozone layer, thereby emphasizing the importance of making the Fund operational as rapidly as possible.

14. Another member had noted with concern the lack of knowledge about the Fund and its objectives. The Fund was an important example of global partnership and a document describing its activities should be formulated and distributed to participants in the forthcoming session of the Governing Council of UNEP and the third meeting of the Preparatory Committee of the United Nations Conference on Environment and Development (UNCED). One member proposed that the Chairman of the Executive Committee should attend meetings of the Preparatory Committee to explain the Fund's activities.

Agenda item 4: Report on agreement between UNEP and the Government of Canada on a host country agreement

15. The representative of UNEP reported that consultation with the Office of Legal Affairs of the United Nations on a headquarters agreement between the United Nations and the Government of Canada had been concluded and that a draft text was ready for detailed discussion with the Canadian authorities. Those negotiations should be concluded within one month.

Agenda item 5: Status of the Fund

16. In its consideration of this item the Executive Committee had before it document UNEP/OzL.Pro/ExCom/3/4, Status of the Fund. The up-dated document showed that contributions received during the first quarter, as at 31 March 1991, totalled US \$2,498,723.

17. The Chief Officer informed the Committee that a further \$5 million was expected soon as a contribution by the United States of America and that the contributions from the Netherlands and Canada would likewise be received shortly. One member of the Committee, while welcoming the news of payment, suggested that an appeal should be made to those countries which had not yet paid to do so as soon possible.

18. The representatives of several member countries explained the status of arrangements for making payment. The Chairman commented that, in the light of the information given, it appeared reasonable to assume that the total of contributions received would exceed \$10 million in the comparatively near future.

19. The representative of the Union of Soviet Socialist Republics recalled that the contribution of his country would be in kind. He distributed a document containing specific proposals with regard to technologies for production of some CFC alternatives and for halon recycling.

20. It was decided that in the documentation of the Executive Committee the title of the Fund should be that used in decision II/8 of the Second Meeting of the Parties, which established the Fund: the Interim Multilateral Fund for the Implementation of the Montreal Protocol (abbreviated title: Multilateral Fund).

Agenda item 6: Revised budget for the Fund Secretariat for 1991

21. The Executive Committee discussed in detail the revised budget for the Fund Secretariat for 1991 (UNEP/OzL.Pro/ExCom/3/5). It decided that the Fund budget should be in two separate parts: the administrative budget, consisting of the budget of the Fund Secretariat, and the budget for operational activities.

22. The Committee took note of the fact that the counterpart contribution by the Canadian Government had been shown as a total under the Equipment and Premises Component rather than as separate items for each budget line under which the host country was covering the additional costs involved in situating the office in Montreal rather than Nairobi.

23. With regard to the Project Personnel Component, the Committee agreed that the descriptions contained in brackets in respect of project personnel should be deleted. The Chief Officer was authorized to prepare, in consultation with the Chairman and Vice-Chairman, job descriptions for the project personnel not already the subject of vacancy notices. One month's salary for those staff was included in the budget so that they might start work before the end of 1991.

24. The Executive Committee agreed that the sum for consultancies should be increased to \$200,000. The Committee considered that a procedure should be elaborated rapidly to allow the Chief Officer to recruit consultants without referring back to UNEP headquarters.

25. For administrative support, it was decided to revise the number of work-months for the various posts and to revise the budget allocation accordingly. The Executive Committee accepted the following proposed estimates:-

<u>Budget line</u>	<u>W/M</u>
1301	6
1302	1
1303	9
1304	1
1305	1
1306	6
1307	1
1308	3
1309	6

26. The Committee stressed that it approved the allocation for subcomponent 1300 - Administrative support as an upper limit, in view of the considerable uncertainty in the current situation, and relied on the discretion of the Chief Officer to engage staff in accordance with the growth of the work load.

27. The Committee decided to transfer the items under component 20, Sub-Contracts, to the budget for operational activities, in accordance with paragraph 21 above.

28. The Committee noted that component 30 should be entitled "Meetings Component".

29. The Committee emphasized that the choice between rental and purchase of equipment should be left to the discretion of the Chief Officer.

30. The Executive Committee also discussed the extent to which the Chief Officer should be given flexibility to switch expenditure between budget lines in the light of circumstances and, if so, within what limits. It decided that he should have complete flexibility within each component (2-figure code) but not between components. If the Chief Officer faced a situation in which he considered it desirable to switch funds between components, he could do so up to a limit of 20 per cent of the component budget allocation, but for greater amounts he should seek the approval of the Executive Committee. In that way his flexibility would be combined with an appropriate measure of accountability.

31. The Executive Committee decided that the Chief Officer and the Fund Secretariat be given all the necessary means of performing their functions in the most independent, efficient and effective manner possible.

32. To accomplish that goal, the Executive Committee decided that UNEP transfer to the Fund Secretariat all funds approved in the Budget of the Fund Secretariat, with the exception of personnel costs (lines 1101 - 1109 and 1301 - 1309), in a single budget action on a quarterly basis; and that the administrative support charge in respect of the budget of the Fund Secretariat payable to UNEP should be limited to the above-stated personnel costs. UNEP

should also be reimbursed from the budget of the Fund Secretariat, for any justifiable support costs incurred in other operations covered by that budget, in accordance with decision II/8, paragraph 3(c) of the Second Meeting of the Parties. The view was expressed that there were no known rules that allowed one international secretariat to ask another for support costs for its personnel and that the matter should be considered at the Third Meeting of the Parties.

33. The Executive Committee took note of the statement by the Assistant Executive Director of UNEP that the administrative support charge would be calculated only on the expenses incurred in covering the back-up services of UNEP and that UNEP would recycle any amount remaining over the actual cost. The Committee also took note of the intention of UNEP to ask for the guidance of the United Nations Controller to charge less than the normal 13 per cent of the administrative services rendered.

34. The Executive Committee adopted the revised budget for the Fund Secretariat, attached as annex I to this report, for submission to the Third Meeting of the Parties.

#### Agenda item 7: Rules of Procedure for the meetings of the Executive Committee

35. In its consideration of this item the Executive Committee had before it document UNEP/OzL.Pro/ExCom/3/6, Draft Rules of Procedure of the Executive Committee and a paper submitted by the Chairman containing his observations on that document.

36. At the conclusion of its reading of the document, the Committee agreed to establish a small drafting group consisting of the representatives of Mexico, who would be the Chairman, Canada, Malaysia and the Netherlands.

37. The Chairman of the drafting group introduced a revised draft of the Rules (UNEP/OzL.Pro/ExCom/3/6/Rev.4).

38. The Executive Committee approved the revised draft on a provisional basis and referred it to the Third Meeting of the Parties for endorsement.

39. The Rules of Procedure for meetings of the Executive Committee are reproduced in annex 2 to the report.

#### Agenda item 8: Implementation Guidelines and Criteria for Project Selection: Report by the Sub-Committee

40. In its consideration of this item the Executive Committee had before it document UNEP/OzL.Pro/ExCom/3/7, the draft report of the Sub-Committee.

41. The Chairman of the Sub-Committee, the representative of Ghana, introduced the report. She explained that there were some issues which impinged on the mandate of the Sub-Committee but had only been identified: those issues were shown in the appendices to the report.

42. It was generally agreed by the Executive Committee that the report contained the fruits of valuable work on concepts and provided a solid basis for further work. IT should be regarded as a living document which would be modified and extended as the experience grew.
43. The Sub-Committee was requested to revise its report in the light of the discussion that had taken place in the Committee, bearing in mind the need to follow closely the wording used in decisions of the Second Meeting of the Parties. The Committee considered that the appendices II and III thereto should not be included and that the elements contained therein should become items in the agendas of future Executive Committee meetings.
44. The Chairman of the Sub-Committee subsequently introduced the revised version of its report (UNEP/OzL.Pro/ExCom/3/7/Rev.1).
45. It was agreed by the Executive Committee that regional and national agencies were in principle not excluded from being considered as implementing agencies provided that they were invited to co-operate with the Committee and were considered by it to have appropriate expertise.
46. The guidelines and criteria prepared by the Sub-Committee, as amended by the Executive Committee, were approved on the understanding that the document would be subject to further development after one year in the light of the growing experience of all concerned. The guidelines and criteria, as approved, are attached as annex 3 to the report.

Agenda item 9: Agreements between the implementing agencies and the Executive Committee

47. In its consideration of this item the Executive Committee had before it the following documents:
- Draft Agreement between UNDP and the Executive Committee  
(UNEP/OzL.Pro/ExCom/3/11);
- Draft Agreement between UNEP and the Executive Committee  
(UNEP/OzL.Pro/ExCom/3/12);
- Draft Agreement between World Bank and Executive Committee  
(UNEP/OzL.Pro/ExCom/3/13).
48. The representatives of the three implementing agencies briefly introduced their respective agreements.



49. The Executive Committee observed that the various elements of the agreements were differently presented in the three documents, which complicated the task of reviewing them. It was also the case that some passages, not necessarily the same ones, needed redrafting. A uniform format for the agreements with the Committee was desirable and it was agreed that the Chief Officer should negotiate with the implementing agencies to bring that about. In that connexion the Committee authorized the Chief Officer to obtain legal expertise to assist him, if needed, and requested him to submit a more uniform format for the agreements, for consideration at its fourth meeting in June 1991. A small open-ended group under the chairmanship of the Netherlands was set up in order to establish the main principles to be followed in drafting that form of agreement. The group identified the elements common to the three agreements that would serve as a guideline in preparing a reviewed form of agreement.

50. The Executive Committee thanked the group for its speedy work and took note of the analysis which it had made.

51. the representative of Japan circulated a paper on a UNEP Centre of Global Environment Technology to be established in his country, that could deal with the field to which the Montreal Protocol applied.

Agenda item 10: Proposed initial work programmes and related budgets for 1991 of the implementing agencies

52. In its consideration of this item the Executive Committee had before it the following documents:

Draft Work Programme of the United Nations Development Programme  
(UNEP/OzL.Pro/ExCom/3/8);

UNEP's Initial Work Programme for 1991 (UNEP/OzL.Pro/ExCom/3/9/Rev.1);

Work Programme of the World Bank (UNEP/OzL.Pro/ExCom/3/10 and Rev.1).

53. The representatives of the three implementing agencies briefly introduced their respective documents and the representative of UNDP circulated notes on development of the UNDP work programme.

54. In their general comment on the three work programmes the members of the Committee commented on the lack of detail in those submitted by UNDP and UNEP. They also expressed the view that the work programmes contained too many studies.

55. The representatives of the implementing agencies conceded that, owing to time constraints, their individual work programmes were not adequately co-ordinated and assured the Committee of their intention to remedy the situation.

56. The Executive Committee recommended that the implementing agencies should make themselves available to Parties operating under paragraph 1 of Article 5 during the Third Meeting of the Parties in order to discuss directly any proposals those countries might have.

57. In the course of discussion on UNEP's Initial Work Programme for 1991, the representative of UNEP said that the services of the Industry and Environment Office of the Programme in Paris would be increasingly used.

58. In reply to a question, the representative of UNEP confirmed that programme support costs were included in the cost figures shown in UNEP's work programme.

59. In view of observations made by several members of the Committee regarding discrepancies in the estimated cost of the use of consultants, it was agreed that the Chief Officer should request information from the implementing agencies on the basis they had used in calculating the cost level of consultants, seminars, training courses and other standard items of expenditure.

60. In the ensuing discussion, members of the Committee drew attention to examples of the lack of co-ordination, of duplication and of the use of language which did not closely follow that adopted in the Protocol. The representatives of the implementing agencies either clarified in cases of misunderstanding or agreed to correct errors, as the case might be.

61. The representative of the World Bank, introducing the work programme, clarified the position with regard to the eligibility of countries to benefit from the Interim Multilateral Fund under the Montreal Protocol and from the Global Environment Facility of the World Bank. In terms of governance, the Bank kept the use of the two instruments completely separate; nevertheless the same organizational unit dealt with both instruments.

62. The World Bank confirmed that resources channelled to the Bank through the Interim Multilateral Fund were independent of any other Bank funds allocated for the protection of the ozone layer; and that they would be used only for the purpose of enabling countries operating under paragraph 1 of Article 5 of the Montreal Protocol to comply with their obligations under that legal instrument in accordance with the overall guidance and supervision of the Executive Committee.

63. Some members of the Committee pointed out that some developing countries could provide suitable personnel for projects implemented either in their own country or in other developing countries.

64. The Executive Committee took note of the work programmes submitted to the Executive Committee by the three implementing agencies.

65. The Executive Committee called upon the implementing agencies to continue to develop the work programmes on the basis of requested by the Parties and in accordance with the guidelines set out by the Committee.

66. The Executive Committee requested the implementing agencies, together with the Fund Secretariat, to develop the work programmes further into an integrated work programme, taking into account the discussions thereon in the Committee, and to submit the integrated work at its fourth meeting. In further developing the work programmes, the following guidelines should be followed:

(a) The language and terminology used should be in accordance with the Montreal Protocol;

(b) The eligibility of countries should be verified;

(c) There should be effective, results-oriented co-ordination among the operational units of all the implementing agencies. Such co-ordination would recognize that those countries operating under paragraph 1 of Article 5 might select services from the most appropriate agency, as provided for in Appendix IV of the Report of the Second Meeting of the Parties (UNEP/OzL.Pro.2/3).

67. The Executive Committee agreed that projects which already met the project selection criteria should be considered for funding without delay.

68. Implementing agencies were requested to indicate the services available and the persons responsible for the relevant activities in their respective agencies.

69. On the basis of statements by the implementing agencies, the Executive Committee decided to allocate until further review at the fourth meeting additional amounts of \$1 million to the World Bank and \$250,000 to UNDP, provided that those amounts were available in the Fund. The Committee emphasized that those sums should be used for effective operational purposes and not for administrative and support activities; and that no further amounts could be allocated until the necessary conditions were fulfilled.

Agenda item 11: Invitation to other agencies (regional development banks and others) to co-operate with the Executive Committee

70. The Executive Committee took note of the correspondence exchanged with other agencies and requested the Chief Officer to pursue the matter along the lines laid down by the Committee.

Agenda item 12: Country programmes

71. The Executive Committee took note of the proposals received from Egypt and Thailand. It requested the Fund Secretariat, in submitting documents for its fourth meeting, to prepare for each country programme a cover sheet summarizing the key elements of the proposal; its links to the Montreal Protocol; the amount requested; and a recommendation on the project by the Secretariat or by one of the implementing agencies. The Committee decided that members should transmit to the Fund Secretariat within two weeks from the end of the current meeting their views on the form in which future proposals on funding should be submitted to the Executive Committee.

Agenda item 13: Three-year plan and budget for the Fund Secretariat

72. In its consideration of this item the Executive Committee had before it two documents: Three-Year Plan and Budget for the Fund Secretariat (UNEP/OzL.Pro/ExCom/3/15) and Three-Year Budget for the Fund Operation (1991-1993) (UNEP/OzL.Pro/ExCom/3/17).

73. Introducing the former document, the Chief Officer stated that the totals shown for each year should be increased by the administrative support charges, for which he gave the estimates.

74. One member of the Committee supported the presentation of budgets for the Fund Secretariat and for Fund Operations separately but preferred their inclusion in a single basic document. He also requested that the Fund Secretariat presentation should clearly indicate the Canadian counterpart contribution.

75. Another member of the Committee requested that an addendum should be made available at their fourth meeting in June 1991 to show certain costs such as external auditing of the accounts, for which no estimate had yet been provided.

76. The Committee agreed that budgets for the second and third years ahead could not be formulated with precision at the present juncture and declared its intention to request the Chief Officer to present revise budgets for every year at the meeting of the Committee immediately preceding each calendar year.

77. The Chairman noted that the Parties to the Protocol had at their second meeting requested the Executive Committee to prepare financial regulations. The decision by the Executive Committee to nominate UNEP to perform the functions of Treasury of the Fund meant that the financial rules and regulations of the United Nations would be followed. It was decided that UNEP be requested to send copies of the relevant United Nations documents to the Fund Secretariat for distribution to the members of the Committee.

78. The Executive Committee then reviewed the budget proposals in detail according to components and budget lines. The three-year budget for the Fund Secretariat as amended in the light of the discussion and approved by the Executive Committee is shown in annex 4 to the report.

79. The Executive Committee recognized that the budget for Fund operations was necessarily purely indicative at the present stage. It requested the Chief Officer to prepare a revised version for consideration at its next meeting with a view to submission to the Parties to the Protocol.

80. In order to expedite its consideration of budgets in the future, the Executive Committee established an open ended Budget and Finance Sub-Committee, whose Chairman would be the Vice-Chairman of their own Committee, and that the presence of a representative of UNEP as the Treasurer of the Fund should be requested at meetings of the Executive Committee when budgets were to be discussed.

81. The Budget and Finance Sub-Committee was requested to draft a revised version of the document on Fund operations to embody the suggestions made in the discussion. The representative of Finland agreed to act as Secretary of the Sub-Committee at the current meeting.

82. The Executive Committee took note of the revised version (UNEP/OzL.Pro/ExCom/3/17/Rev.1), attached as annex 5, and decided to review the budget at its fourth meeting in the light of recommendations by the Budget and Finance Sub-Committee.

#### Agenda item 14: Criteria for consideration of bilateral and regional contributions to the Fund

83. The Executive Committee requested the Fund Secretariat to prepare for consideration at its fifth meeting a paper covering the question of criteria and procedures for bilateral and regional contributions.

#### Agenda item 15: Executive Committee report to the Third Meeting of the Parties

84. The Executive Committee decided that its report to the Third Meeting of the Parties should be composed of a summary prepared by the Fund Secretariat on the basis of the reports of its first three meetings, which would be annexed to the summary. The document would be considered by the Committee at its fourth meeting, before transmission to the Third Meeting of the Parties.

### IV. DATE AND VENUE OF THE FOURTH MEETING OF THE EXECUTIVE COMMITTEE

85. The Executive Committee decided to hold its fourth meeting in Nairobi on 17 and 18 June 1991 immediately before the Third Meeting of the Parties. One member, however, expressed a preference for the dates of 13 and 14 June in Nairobi.

## V. OTHER MATTERS

86. In accordance with the decision of the Executive Committee at its second meeting to extend an invitation to non-governmental organizations (NGOs) to address the Committee, representatives of the Alliance for Responsible CFC Policy, Friends of the Earth, Greenpeace, Natural Resources Defense Council, and WALHI (Indonesian Friends of the Earth) made statements. All the representatives expressed the view that observer status would allow NGOs to make a more meaningful contribution to the Committee's work. Independently of the issue of observer status, it would be desirable to establish a dialogue between the Committee and NGOs and they would welcome the opportunity to provide input for the Fund's programmes. NGOs could play an important role in promoting public awareness and education and their ability to identify potential problems at an early stage could assist the Committee's work.

87. The Chairman, on behalf of the Executive Committee, thanked the representatives of the NGOs for their contributions and assured them that the Committee would give close consideration to the question of granting observer status.

## VI. ADOPTION OF THE REPORT

88. The Executive Committee decided to complete the review of its draft report at its fourth meeting.

## VII. CLOSURE OF THE MEETING

89. Following the customary exchange of courtesies, the Chairman declared the meeting closed on Friday, 19 April 1991.

Annex IREVISED BUDGET FOR THE SECRETARIAT FOR 1991

(United States dollars)

			Work- Months	Multilateral Fund	Counterpart contribution	Total budget
10	PERSONNEL COMPONENT					
1100	Personnel	(Title & Grade)				
1101	Chief, Fund Secretariat	(D-2)	10.5	101 000	-	101 000
1102	Deputy Chief	(P-5)	6	60 000	-	60 000
1103	Deputy Chief	(P-5)	1	12 000	-	10 000
1104	Programme Officer	(P-3)	1	10 000	-	10 000
1105	Programme Officer	(P-3)	6	40 000	-	40 000
1106	Programme Officer	(P-3)	1	10 000	-	10 000
1107	Programme Officer	(P-3)	1	10 000	-	10 000
1108	Information Officer	(P-3)	1	10 000	-	10 000
1109	Administrative Officer	(P-4)	6	48 000	-	48 000
1199	Total			301 000	-	301 000
1200	Consultants					
	1201	Consultancies and other related studies		200,000	-	200 000
1299	Total			200,000	-	200 000
1300	Administrative Support (Title & Grade)					
1301	Administrative Assistant	G-9	6	19 000	-	19 000
1302	Library Assistant	G-9	1	3 000	-	3 000
1303	Senior Secretary (Chief Officer)	G-7	9	24 000	-	24 000
1304	Senior Secretary (Deputy)	G-7	6	16 000	-	16 000
1305	Secretary (Deputy)	G-6	1	2 400	-	2 400
1306	Secretary (for 3 P-3s)	G-6	6	16 000	-	16 000
1307	Secretary (for P-3/P-4)	G-6	1	2 400	-	2 400
1308	Secretary (for P-3/Consultants)	G-6	3	7 200	-	7 200
1309	Clerk/Messenger/Receptionist	G-4	6	12 000	-	12 000

		Work- Months	Multilateral Fund	Counterpart contribution	Total budget
1321	Conference servicing costs (CSC):		50 000	-	50 000
	Third Executive Committee Meeting				
1322	CSC - Fourth Meeting of Executive Committee		35 000	-	35 000
1323	CSC - Fifth Meeting of Executive Committee		50 000	-	50 000
1324	CSC - 2 meetings of sub-committees		10 000	-	10 000
			247 000	-	247 000
1399	Total				
1600	Travel on official business				
1601	Travel & subsistence (Secretariat staff)		62 500	-	62 500
1699	Total		62 500	-	62 500
1999	Component total, Personnel		810 500	-	810 500
30	MEETINGS COMPONENT				
			73 500		73 500
3300	Meetings, conferences etc.				
3301	Participants travel and subsistence (PTS): Third Meeting of Executive Committee (7x3x\$ 3,500)		73 500	-	73 500
			91 875		91 875
3302	PTS: Fourth Meeting of Executive Committee (7x3x\$ 3,500)		21 000	-	21 000
3303	PTS: Fifth Meeting of Executive Committee (7x3x\$ 4,350)		31 250	-	31 250
3304	PTS: two meetings of sub-committees (3x2x\$ 3,500)			-	
3305	Travel and subsistence of Chairman and Vice-Chairman			-	
3399	Total		291 125	-	291 125
3999	Component total, Meetings		291 125	-	291 125



40	EQUIPMENT AND PREMISES COMPONENT			
4100	Expendable equipment (items under \$500)		10 000	10 000
4101	Office stationery supplies			
			10,000	10 000
4199	Total			
			-	
4200	Non-expendable equipment			319 810
4201	Furniture		41 300	1 000
4202	Typewriters (2)		1 000	10 000
4203	Others		10,000	
				-
				330 810
4299	Total		52 300	
				278 510
4300	Premises			235 385
4301	Rent of offices		61 338	
4399	Total			174 047
				235 385
4999	Component total, Equipment and Premises		123 638	576 195
				452 557
50	MISCELLANEOUS COMPONENT			
5100	Operation and maintenance of equipment			
5101	Maintenance of equipment		2 000	2 000
5102	Maintenance of offices		5 000	5 000
5103	Rental of computer equipment		18 000	18 000
5104	Rental of photocopier(s)		6 000	6 000
5105	Rental of telecommunication equipment		21 000	21 000
5199	Total		52 000	52 000

5200		Reporting costs	30 000	-	30 000
	5201	Reporting (document production costs)			
5299		Total	30 000	-	30 000
5300		Sundry	35 000	-	35 000
	5301	Communications	10 000	-	10 000
	5302	Freight charges (shipment of documents)	5 000	-	5 000
	5303	Others		-	
5399		Total	50 000		50 000
5400		Hospitality			
	5401	Official Hospitality	10 000	-	10 000
5499		Total	10 000	-	10 000
5999		Component total, Miscellaneous	142 000	-	142 000
99		Total excluding administrative support	1 367 263	452 557	1 819 820
		Administrative support charges	52 390	-	52 390
		Grand Total	1 419 653	452 557	1 872 210

## Annex II

### RULES OF PROCEDURE FOR MEETINGS OF THE EXECUTIVE COMMITTEE FOR THE INTERIM 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 II 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.

### 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 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, upon the request of the Executive Committee, notify any body or agency, whether national or international, governmental or non-governmental, qualified in the field related to the work of the Executive Committee, of any meeting so that it may be represented by an observer.
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.

Annex III

IMPLEMENTATION GUIDELINES  
AND CRITERIA FOR PROJECT SELECTION

CONTENTS

Section I	ROLES AND RESPONSIBILITIES OF EXECUTIVE COMMITTEE AND IMPLEMENTING AGENCIES
Section II	FRAMEWORK FOR ACTIVITIES SUPPORTED BY THE FUND
Section III	PROJECT ELIGIBILITY CRITERIA
Section IV	GUIDELINES FOR SETTING PRIORITIES
Section V	GRANTS, LOANS, AND IN-KIND SUPPORT
Section VI	REQUIREMENTS FOR REPORTING TO THE EXECUTIVE COMMITTEE
	APPENDIX

## SECTION I

### I. ROLES AND RESPONSIBILITIES OF EXECUTIVE COMMITTEE AND IMPLEMENTING AGENCIES

This section describes roles and responsibilities of the Executive Committee and Fund Secretariat, the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), the World Bank, and other agencies depending on their respective area of expertise, based on the Terms of Reference adopted at the Second Meeting of the Parties in June 1990, and the report of the Executive Committee at its first meeting in September 1990 in Montreal. The assignment of responsibilities builds on the strengths of each institution and endeavours to avoid duplication of efforts.

#### I.1 THE EXECUTIVE COMMITTEE

By decision II/8 of the Second Meeting of the Parties to the Montreal Protocol, the Parties established on Interim Multilateral Fund and Executive Committee.

The Executive Committee shall:

- (a) develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements, including the disbursement of resources;
- (b) develop the three-year plan and budget for the Multilateral Fund, including allocation of Multilateral Fund resources among the agencies identified in paragraph 6 of decision II/8;
- (c) supervise and guide the administration of the Multilateral Fund;
- (d) develop the criteria for project eligibility and guidelines for the implementation of activities supported by the Multilateral Fund.
- (e) review regularly the performance reports on the implementation of activities supported by the Multilateral Fund;
- (f) monitor and evaluate expenditure incurred under the Multilateral Fund;
- (g) 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) 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) assess annually whether the contributions through bilateral co-operation, 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) report annually to the meeting of the parties on the activities exercised under the functions outlined above, and to make recommendations as appropriate;

(k) 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) perform such other functions as may be assigned to it by the Meeting of the Parties.

## I.2 THE FUND SECRETARIAT

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, cooperating 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 to the Protocol the proposed budget estimates at least 60 days before the date fixed for the opening of the regular meeting of the Parties at which they are to be considered;
- e - monitor and evaluate expenditures incurred under the Fund for review by the Executive Committee;
- f - assess and, where appropriate, offer recommendations to the Executive Committee regarding country programmes and work programmes developed by implementing agencies;
- g - complete reports for the Executive Committee on project proposals where the agreed incremental costs exceed \$500,000;

- h - prepare reports for the Executive Committee on disagreements for requests for funding where the agreed incremental costs are less than \$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 Executive 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 Multilateral Fund;
- k - prepare performance reports on the implementation of activities under the Fund for review by the Executive Committee;
- l - serve as liaison between the Executive Committee and interested governments and cooperating 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 Executive Committee;
- p - at the end of each calendar year, the Chief Officer of the Fund Secretariat shall submit to the Parties accounts for the year. The Chief Officer shall also, as soon as practicable, submit the audited accounts for each period so as to coincide with the accounting procedures of the implementing agencies;
- q - make arrangements for meetings of the Executive 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 - generally perform all other functions that the Executive Committee may require.

### I.3 THE IMPLEMENTING AGENCIES

Under decision II/8 of the Second Meeting of the Parties to the Montreal Protocol, the Executive Committee shall discharge its tasks and responsibilities specified in its terms of reference as agreed by the Parties, with the cooperation and assistance of the Internal Bank for Reconstruction and Development (World Bank), the United Nations Environment Programme, the United Nations Development Programme, or other appropriate agencies depending on their respective area of expertise.

#### I.3.1 UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP)

As the Fund's "treasurer", UNEP will be responsible for receiving and administering contributions, and disbursing funds to the Fund Secretariat and the implementing agencies based on the directive of the Executive Committee. Following consultation with U.N. officials, UNEP shall submit investment plans related to contributions held in reserve for the Executive Committee's approval.

According to decision I of the Executive Committee of the Multilateral Fund at its First Meeting, UNEP agreed that no additional charge would be required for operating as "treasurer" of the Fund, and that all associated costs would be covered by its overhead charges assessed against the funds it receives in its role as one of the implementing agencies.

UNEP shall co-operate and assist in the political promotion of the objectives of the Protocol, as well as in research, data gathering and the clearing-house functions.

Clearing-house functions include:

- a - assisting Parties, operating under paragraph 1 of Article 5, through country-specific studies and other technical cooperation, to identify their needs;
- b - facilitating technical cooperation to meet identified needs;
- c - distributing information, to hold workshops and training sessions, and other related activities for the benefit of Parties that are developing countries; and finally,

d - facilitating and monitoring other multilateral, regional, and bilateral cooperation available of Parties that are developing countries.

### I.3.2 UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

The United Nations Development Programme (UNDP) shall cooperate and assist in feasibility and pre-investment studies and in other technical assistance measures.

### I.3.3 WORLD BANK

The World Bank shall cooperate and assist in administering and managing the programme to finance the agreed incremental costs of activities enabling countries operating under paragraph 1 of Article 5 to comply with the control measures of the Montreal Protocol. The President of the World Bank shall be the Administrator of this programme, which shall operate under the authority of the Executive Committee.

### I.3.4 Other Agencies

Other agencies shall be invited by the Executive Committee to cooperate with and assist it in carrying out its functions.

## SECTION II

### II. FRAMEWORK FOR ACTIVITIES SUPPORTED BY THE FUND

#### II.1 COUNTRY PROGRAMMES

1. The Executive Committee shall invite each Party operating under paragraph 1 of Article 5 and wishing to receive support from the Multilateral Fund to develop a country programme<sup>1</sup> and projects in accordance with paragraph 10(g) of the Terms of Reference of the Executive Committee.
2. The country programme is expected to contain inter alia:
  - (a) a review of recent production, imports, applications and use of controlled substances by the main producers, users, and consumers. Where information is available it would be useful to indicate links to multinational producers or users.
  - (b) a description of the institutional framework governing controlled substances - (Government agencies, collaborating NGO's, consumer groups, industry associations);
  - (c) a description of policy framework, regulatory and incentive systems;
  - (d) a description of government and industry activities in response to the Protocol;
  - (e) a statement of strategy for implementation of the Protocol, indicating the respective roles of Government, supporting multilateral and bilateral agencies;
  - (f) an action plan encompassing investment and technical assistance projects, pre-investment studies, and any additional policy analysis required;
  - (g) a timetable for each activity, and for action plan review;
  - (h) a budget and financing programme for the above activities.

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<sup>1</sup> A number of countries have already initiated or completed national or country studies which contain some of the elements of a country programme. Updated country studies containing the elements listed in paragraph 2a-h shall constitute a country programme.

3. In developing its country programme and/or individual projects, a Party may request technical assistance, other services and support from the implementing agencies within their respective areas of expertise and within the context of work programmes approved by the Executive Committee.
4. A Party operating under paragraph 1 of Article 5 shall submit its country programme to the Executive Committee for its consideration and approval in accordance with paragraph 10(g) of Appendix II of Annex IV to the Report of the Second Meeting of the Parties.
5. A country programme approved by the Executive Committee shall serve as a basis for project preparation and further co-operation between the Party and the implementing agencies. However, individual projects prepared prior to the completion of a country programme shall also qualify for funding of consistent with project eligibility criteria (see section III) approved by the Executive Committee.

## II.2 WORK PROGRAMMES

1. The Executive Committee shall invite implementing agencies and other appropriate agencies depending on their expertise, to develop work programmes in cooperation with recipient countries in order to receive support from the Multilateral Fund.
2. Work programmes should specify:
  - (a) types of activities and projects on which agreement has been reached between the implementing agency and the concerned Party;
  - (b) types of activities and projects which must be sufficiently defined to allow the executive Committee to review and monitor these activities;
  - (c) means of coordinating with other implementing agencies;
  - (d) time frame for action;
  - (e) expected outcomes; and
  - (f) estimated budget by major categories and fiscal quarters.
3. The Executive Committee shall approve work programmes based on project eligibility criteria, on an annual basis and review progress under these programmes semi-annually.
4. The implementation of any aspect of the Work Programme shall be subject to the availability of funds. In the event of a shortage of available funds the Executive Committee shall provide guidance to the implementing agencies concerning priorities for implementation (see section IV).

5. Each implementing agency is responsible for implementation and supervision of projects within its work programme. The agency shall report to the Executive Committee annually on the progress of the work programmes.

### II.3 PROJECT APPROVALS

1. Project proposals where the agreed incremental costs exceed \$500,000 shall be considered and approved by the Executive Committee.
2. Project proposals where the agreed incremental costs are less than \$500,000 shall be approved by the implementing agencies within the context of an approved work programme and after confirmation by the Fund Secretariat on the availability of funds and contributions in-kind.
3. Project proposals not developed in cooperation with implementing agencies shall be submitted to the Secretariat for transmittal to the appropriate implementing agencies for inclusion in their next work programme.

## SECTION III

### III. PROJECT ELIGIBILITY CRITERIA

This section proposes interim project eligibility criteria based on decision II/8 and Annex I of the Second Meeting of the Parties. These criteria will be clarified in the process of preparing country studies and in project-specific review and approval between the Parties and implementing agencies. This is therefore intended to be a flexible document and shall be reviewed after one year experience following its adoption.

#### III.1 CRITERIA

- (1) Financial and technical assistance from the Multilateral Fund shall be available only to Parties operating under Article 5, paragraph 1 of the Montreal Protocol and in compliance with the requirements of the Protocol. Such assistance shall be available only to facilitate compliance with the control measures set out in Articles 2A to D of the Protocol (decision II/8, paragraph 1) and to finance the incremental costs incurred in meeting these requirements.
- (2) All projects<sup>2</sup> must receive approval of the requesting Party's government.
- (3) Financial assistance for capital investment projects shall be available for categories of agreed incremental costs identified in decision II/8. Appendix I of Annex 4 of the Report of the Second Meeting of the Parties<sup>3</sup> (Attached as Appendix I of this report). Assistance for other categories of agreed incremental costs associated with capital investment projects requires approval of the Executive Committee.
- (4) Projects other than capital investment projects shall also qualify for assistance under the Fund (e.g. technical assistance and clearing house functions).

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<sup>2</sup> The term "projects" is used to describe any activity qualifying for assistance under the Fund. A project could include, inter alia, training, technical assistance, pre-investment studies, country programme preparation, technology development or capital investments to modify or establish a manufacturing facility.

<sup>3</sup> Further refinement over time will be needed to implement the terms of reference adopted in London defining incremental costs.



(5) Financial and technical assistance shall be available for projects that are cost-effective and based on environmentally sound alternative technologies or substitutes to the substances restricted by the Protocol, taking into account the national industrial strategy of the recipient Party (decision II/8, Appendix I, paragraph 1a of Annex 4 of the Report of the Second Meeting of the Parties).

## SECTION IV

### IV. GUIDELINES FOR SETTING PRIORITIES

1. Projects with potential for the most cost-effective and efficient reduction in the emission of controlled substances.
2. Projects involving broad geographic balance.
3. Projects with ease of replication and technology transfer to other Parties operating under Article 5, paragraph 1.
4. Projects with the highest potential reduction of controlled substances in the shortest period of time in terms of global impact.

## SECTION V

### V. GRANTS, LOANS, AND IN-KIND SUPPORT

1. All technical assistance and pre-investment activities shall be provided in the form of grants or, in certain circumstances, in-kind support.
2. At the request of Article 5, paragraph 1 countries, in-kind support can be provided in the form of expert personnel, technology, technical documentation and training.
3. Assistance for investment projects shall generally be provided in the form of grants. However, where the investment project has a short payback period (i.e. 1-2 years), financing may take the form of highly concessional loans. If an implementing agency believes that a highly concessional loan is appropriate for a particular project, it shall recommend this action at the next meeting of the Executive Committee. The Executive Committee shall make the final decision on the terms of assistance.

## SECTION VI

### VI. REQUIREMENTS FOR REPORTING TO THE EXECUTIVE COMMITTEE

This section outlines the criteria for reporting by the implementing agencies to the Executive Committee based on the Terms of Reference of the Executive Committee and of the Multilateral Fund, Appendices II and IV of Annex 4 of the Report, respectively, to decision II/8.

#### VI.1 REPORT BY THE SECRETARIAT

The Chief Officer of the Secretariat shall submit to the Executive Committee semi-annual reports covering budget and financial issues. The Chief Officer shall also report when necessary, on the Secretariat activities during the reporting period, including those requiring action by the Executive Committee:

- a - revision of current years budget for the Secretariat;
- b - proposals for subsequent year's budget for the Secretariat;
- c - report on contributions, fund disbursements and investments;
- d - report on contributions through bilateral and regional cooperation;
- e - annual assessment of bilateral cooperation;
- f - operational policies and guidelines of the Fund;
- g - three-year plan and budget for the Fund; and
- h - performance reports and assessments of implementing agencies and their activities.

A summary of these shall be submitted to the meeting of the Parties.

#### VI.2 REPORTING BY THE IMPLEMENTING AGENCIES

The implementing agencies shall submit to the Executive Committee through the Secretariat:

- a - annual reports on implementation activities of prior approved work programmes and activities related to country programmes;
- b - semi-annual progress reports;
- c - reports on disagreements by requesting countries which require Executive Committee review;

- d - revision of the current year's budget where necessary and the following year's budget and workplan; and
- e - report on interagency work programme and coordination of activities.

#### VI.2.1 Reporting by UNDP

- a - report on status of UNDP activities related to country programmes including the activities of field offices.
- b - periodic progress reports on projects;
- c - annual report on income and expenditures for the previous years and ;
- d - final report after completion and/or termination of each project.

#### VI.2.2 Reporting by UNEP

- a - reporting on training, country studies, political promotion and communication efforts and clearing house activities; and
- b - annual audited reports on the income and expenditures of the Multilateral Fund.

#### VI.2.3 Reporting by the World Bank

- a - report on activities related to country programmes and on project proposals or groups of project proposals including those which require Executive Committee approval; and
- b - final report on operations financed by the Fund.

#### VI.2.4 Other Implementing Agencies (e.g. Regional Banks)

Other implementing agencies who undertake projects financed from the Fund shall be required to report as appropriate based on the nature of these activities.

Appendix I<sup>4</sup>

INDICATIVE LIST OF CATEGORIES OF INCREMENTAL COSTS

1. The evaluation of requests for financing incremental costs of a given project shall take into account the following general principles:

(a) The most cost-effective and efficient option should be chosen, taking into account the national industrial strategy of the recipient party. It should be considered carefully to what extent the infrastructure at present uses, thus resulting in decreased capital abandonment, and how to avoid deindustrialization and loss of export revenues;

(b) Consideration of project proposals for funding should involve the careful scrutiny of cost items listed in an effort to ensure that there is no double-counting;

(c) Savings or benefits that will be gained at both the strategic and project levels during the transition process should be taken into account on a case-by-case basis, according to criteria decided by the Parties and as elaborated in the guidelines of the Executive Committee;

(d) The funding of incremental costs is intended as an incentive for early adoption of ozone protecting technologies. In this respect the Executive Committee shall agree which time scales for payment of incremental costs are appropriate in each sector.

2. Incremental costs that once agreed are to be met by the financial mechanism include those listed below. If incremental costs other than those mentioned below are identified and quantified, a decision as to whether they are to be met by the financial mechanism shall be taken by the Executive Committee consistent with any criteria decided by the Parties and elaborated in the guidelines of the Executive Committee. The incremental recurring costs apply only for a transition period to be defined. The following list is indicative:

(a) Supply of substitutes

(i) Cost of conversion of existing production facilities:

- cost of patents and designs and incremental cost of royalties;
- capital cost of conversion;
- cost of retraining of personnel, as well as the cost of research to adapt

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<sup>4</sup> This is the text of Appendix I of Annex IV to the Report of the Second Meeting of the Parties.

- technology to local circumstances;
- (ii) Costs arising from premature retirement or enforced idleness, taking into account any guidance of the Executive Committee on appropriate cut-off dates:
    - of productive capacity previously used to produce substances controlled by existing and/or amended or adjusted Protocol provisions; and
    - where such capacity is not replaced by converted or new capacity to produce alternatives;
  - (iii) Cost of establishing new production facilities for substitutes of capacity equivalent to capacity lost when plants are converted or scrapped, including:
    - cost of patents and designs and incremental cost of royalties;
    - capital cost;
    - cost of training, as well as the cost of research to adapt technology to local circumstances;
  - (iv) Net operational cost, including the cost of raw materials;
  - (v) Cost of import of substitutes;
- (b) Use in manufacturing as an intermediate good
- (i) Cost of conversion of existing equipment and product manufacturing facilities;
  - (ii) Cost of patents and designs and incremental cost of royalties;
  - (iii) Capital cost;
  - (iv) Cost of retraining;
  - (v) Cost of research and development;
  - (vi) Operational cost, including the cost of raw materials except where otherwise provided for;

(c) End use

- (i) Cost of premature modification or replacement of user equipment;
- (ii) Cost of collection, management, recycling, and, if cost effective, destruction of ozone-depleting substances;
- (iii) Cost of providing technical assistance to reduce consumption and unintended emission of ozone-depleting substances.



Annex IV  
THREE YEAR PLAN AND BUDGET FOR THE FUND SECRETARIAT

1991 - 1993

(United States Dollars)

		1991		1992		1993		Total Budget	
		work-months	\$	work-months	\$	work-months	\$		
<b>10 PERSONNEL COMPONENT</b>									
1100	Personnel	(Title & Grade)							
1101	Chief, Fund Secretariat	(D-2)	10.5	101 000	12	111 000	12	116 000	328 000
1102	Deputy Chief	(P-5)	6	60 000	12	80 000	12	84 000	224 000
1103	Deputy Chief	(P-5)	1	12 000	12	80 000	12	84 000	176 000
1104	Programme Officer	(P-3)	1	10 000	12	59 000	12	62 000	131 000
1105	Programme Officer	(P-3)	6	40 000	12	59 000	12	62 000	161 000
1106	Programme Officer	(P-3)	1	10 000	12	59 000	12	62 000	131 000
1107	Programme Officer	(P-3)	1	10 000	12	59 000	12	62 000	131 000
1108	Information Officer	(P-3)	1	10 000	12	59 000	12	62 000	131 000
1109	Administrative Officer	(P-4)	6	48 000	12	70 000	12	74 000	192 000
1199	Total			301 000		36 000		668 000	1 605 000
1200	Consultants			200 00	-	-	-	-	200 000
1201	Consultancies and other related studies								
1202	Evaluation of country specific studies/work programmes/reports by implementing agencies			-		200 000		200 000	400 000
				200 000		200 000		200 000	600 000
1299	Total								
1300	Administrative support	(Title & Grade)							
1301	Administrative Assistant	(G-9)	6	19 000	12	39 000	12	42 000	100 000
1302	Library Assistant	(G-9)	1	3 000	12	39 000	12	42 000	84 000
1303	Senior Secretary (Chief Officer)	(G-7)	9	24 000	12	35 000	12	37 000	96 000
1304	Senior Secretary (Deputy)	(G-7)	6	16 000	12	35 000	12	37 000	88 000
1305	Secretary (Deputy)	(G-6)	1	2 400	12	31 000	12	31 000	64 400
1306	Secretary (for 3 P-3s)	(G-6)	6	16 000	12	35 000	12	35 000	86 000
1307	Secretary (for P-3/P-4)	(G-6)	1	2 400	12	31 000	12	31 000	64 400
1308	Secretary (for P-3/Consultants)	(G-6)	3	7 200	12	31 000	12	31 000	69 200
1309	Clerk/Messenger/Receptionist	(G-4)	6	12 000	12	26 000	12	28 000	66 000

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>TOTAL</u>
1321 Conference servicing costs (CSC) Third Meeting of Executive Committee	50 000	-	-	50 000
1322 CSC: Fourth Meeting of Executive Committee	35 000	-	-	35 000
1323 CSC: Fifth Meeting of Executive Committee	50 000	-	-	50 000
1324 CSC: Two meetings of sub-committees	10 000	-	-	10 000
1325 CSC: Sixth Meeting of Executive Committee	-	75 000	-	75 000
1326 CSC: Seventh Meeting of Executive Committee	-	75 000	-	75 000
1327 CSC: Eighth Meeting of Executive Committee	-	75 000	-	75 000
1328 CSC: Two meetings of sub-committees	-	20 000	-	20 000
1329 CSC: Ninth Meeting of Executive Committee	-	-	100 000	100 000
1330 CSC: Tenth Meeting of Executive Committee	-	-	100 000	100 000
1331 CSC: Eleventh Meeting of Executive Committee	-	-	100 000	100 000
1332 CSC: Two meetings of sub-committees	-	-	30 000	30 000
1399 Total	247 000	547 000	644 000	1 438 000
1600 Travel on official business				
1601 Travel & subsistence (Secretariat staff)	62 500	100 000	120 000	282 500
1699 Total	62 500	100 000	120 000	282 500
<b>1999 Component Total, Personnel</b>	<b>810 500</b>	<b>1 483 000</b>	<b>1 632 000</b>	<b>3 925 500</b>

30	MEETINGS COMPONENT				
	3300 Meetings, conferences etc.				
	3301 Participants travel and subsistence (PTS): Third Meeting of Executive Committee (7x3x\$3,500)	73 500	-	-	73 500
	3302 PTS: Fourth Meeting of Executive Committee (7x3x\$3,500)	73 500	-	-	73 500
		91 875	-	-	91 875
	3303 PTS: Fifth Meeting of Executive Committee (7x3x\$4,375)	21 000	-	-	21 000
	3304 PTS: two meetings of sub-committees (3x2x\$3,500)	31 250	37 500	43 750	112 500
	3305 Travel & subsistence of Chairman and Vice-Chairman	-	110 250	-	110 250
	3306 PTS: Sixth Meeting of Executive Committee (7x3x\$5,250)	-	110 250	-	110 250
	3307 PTS: Seventh Meeting of Executive Committee (7x3x\$5,250)	-	110 250	-	110 250
	3308 PTS: Eighth Meeting of Executive Committee (7x3x\$5,250)	-	31 500	-	31 500
		-	-	128 625	128 625
	3309 PTS: two meetings of sub-committees (3x2x\$5,250)	-	-	128 625	128 625
	3310 PTS: Ninth Meeting of Executive Committee (7x3x\$6,125)	-	-	-	-
	3311 PTS: Tenth Meeting of Executive Committee (7x3x\$6,125)	-	-	128 625	128 625
	3312 PTS: Eleventh Meeting of Executive Committee (7x3x\$6,125)	-	-	36 750	36 750
	3313 PTS: two meetings of sub-committees (3x2x\$6,125)				
	3399 Total	291 125	399-750	466-375	1 157 250
<b>3999</b>	<b>Component Total, Meetings</b>	<b>291 125</b>	<b>399 750</b>	<b>466 375</b>	<b>1 157 250</b>

## 40 EQUIPMENT AND PREMISES COMPONENT

4100	Expendable equipment (items under \$500)				
4101	Office stationery supplies	10 000	15 000	15 000	40 000
4102	Software and other computer expendables	-	15 000	10 000	25 000
4199	Total	10 000	30 000	25 000	65 000
4200	Non-expendable equipment				
4201	Furniture	319 810	-	-	319 810
4202	Typewriters (2/0/0)	1 000	-	-	1 000
4203	Personal computers (0/3/1)	-	22 500	7 500	30 000
4204	Portable computers (0/3/1)	-	15 000	5 000	20 000
4205	Others	10 000	10 000	10 000	35 000
4299	Total	330 810	47 500	22 500	400 810
4300	Premises				
4301	Rent of offices	235 385	469 200	469 200	1 173 785
4399	Total	235 385	469 200	469 200	1 173 785
<b>4999</b>	<b>Component total, Equipment and Premises</b>	<b>576 195</b>	<b>546 700</b>	<b>516 700</b>	<b>1 639 595</b>
50	MISCELLANEOUS COMPONENT				

## 5100 Operation and maintenance of equipment

5101	Maintenance of equipment	2 000	5 000	10 000	17 000
5102	Maintenance of offices	5 000	5 000	7 000	17 000
5103	Rental of computer equipment	18 000	18 000	18 000	54 000
5104	Rental of photocopier(s)	6 000	15 000	15 000	36 000
5105	Rental of telecommunication equipment	21 000	18 000	18 000	57 000
5199	Total	52 000	61 000	68 000	181 000

5200	Reporting costs				
5201	Reporting (document production costs)	30 000	50 000	75 000	155 000
5299	Total	30 000	50 000	75 000	155 000
5300	Sundry				
5301	Communications	35 000	50 000	75 000	160 000
5302	Freight charges (shipment of documents)	10 000	20 000	30 000	60 000
5303	Others	5 000	5 000	5 000	15 000
5399	Total	50 000	75 000	110 000	235 000
5400	Hospitality				
5401	Official hospitality	10 000	15 000	20 000	45 000
5499	Total	10 000	15 000	20 000	45 000
<b>5999</b>	<b>Component total, Miscellaneous</b>	<b>142 000</b>	<b>201 000</b>	<b>273 000</b>	<b>616 000</b>
<b>99</b>	<b>TOTAL excluding administrative support</b>	<b>1 367 263</b>	<b>2 161 250</b>	<b>2 418 875</b>	<b>5 947 388</b>
	<b>Administrative support charges</b>	<b>52 390</b>	<b>121 940</b>	<b>127 660</b>	<b>301 990</b>
	<b>Counterpart contribution</b>	<b>452 557</b>	<b>469 200</b>	<b>469 200</b>	<b>1 390 957</b>
	<b>GRAND TOTAL</b>	<b>1 872 210</b>	<b>2 752 390</b>	<b>3 015 735</b>	<b>7 640 335</b>

Annex V

DRAFT BUDGET FOR FUND OPERATIONS, 1991-1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
	(Millions of United States dollars)		
Fund income	53.33	53.33	53.33
Planned expenditures	53.33	53.33	53.33
Allotments to implementing agencies: <sup>a)</sup>			
UNDP	0.75		
UNEP	0.5		
World Bank	1.5		

<sup>a)</sup> As at 18 April 1991.