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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Twenty-eighth Meeting  
Montreal, 14-16 July 1999

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

Introduction

The Sub-Committee on Monitoring, Evaluation and Finance of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol met at Montreal on 12 and 13 July 1999.

The meeting was attended by the members of the Sub-Committee, the representatives of Bahamas, Belgium, Canada, China, Sweden and Uganda, as well as by representatives of the implementing agencies, the Ozone Secretariat, and the Treasurer.

The meeting was also attended by representatives of Japan and the United States of America as observers.

The Chairperson of the Sub-Committee, Ms. Ludgarde Coppens (Belgium), opened the meeting and welcomed the participants.

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

1. The Sub-Committee adopted the following agenda:
  1. Adoption of the agenda and organization of work.
  2. Progress reports as at 31 December 1998.
    - (a) Consolidated progress report;
    - (b) Progress report on bilateral co-operation;
    - (c) Progress report of UNDP;
    - (d) Progress report of UNEP;
    - (e) Progress report of UNIDO;
    - (f) Progress report of the World Bank;
  3. Consequences of project cancellation.
  4. Evaluation of the implementation of the 1998 business plans.
  5. Shares of the implementing agencies.
    - (a) Proposed agreement among UNDP, UNIDO, and the World Bank;
    - (b) Impact of bilateral programmes on shares of implementing agencies.
  6. Status report on ODS phase-out in Article 5 countries.
  7. Institutional strengthening projects: implementation of Decision 27/10.
  8. Interim report on the implementation of the 1999 monitoring and evaluation work programme.
  9. 1998 accounts of the Multilateral Fund.
  10. Other matters.
  11. Adoption of the report of the Sub-Committee.
  12. Closure of the meeting.

## **AGENDA ITEM 2: PROGRESS REPORTS AS AT 31 DECEMBER 1998**

### **(a) Consolidated progress report**

2. The Sub-Committee considered the consolidated progress report prepared by the Secretariat showing progress in the implementation of projects as at 31 December 1998 (UNEP/OzL.Pro/ExCom/28/5) and considered the issues raised that were common to most or all

of the implementing agencies. The Sub-Committee recommended that the Executive Committee take note with appreciation of the consolidated progress report.

#### Continued use of CFCs (ODS) after equipment installation/Definition of ODS phase-out

3. The Sub-Committee noted that the three implementing agencies which implemented investment projects had indicated possible continued use of CFCs after installation of replacement equipment and recalled that decision 22/38 provided that implementing agencies should take steps to ensure that replaced equipment was destroyed or rendered unusable. It also noted that in some cases such as retrofitted foaming machines and “swing” plants for CFC production there was no technical possibility of destroying the CFC-using or producing equipment after completion of the project and that other reliable measures should be taken to ensure that no further use or production of CFC occurred.

4. The Sub-Committee therefore recommended that the Executive Committee:

- (a) Reaffirm decision 22/38 on equipment destruction and decide that, in order to clarify the issue of phase-out claimed as a result of projects “completed”, the following language should be added to the definition of “completed project” contained in decisions 17/22 and 19/23: “that no further use of CFCs is in evidence, that the alternative product is being produced and/or production has begun, and that the CFC-using equipment has been destroyed/dismantled/ rendered unusable with CFCs”;
- (b) Decide that formal agreements should be concluded among the national government, the enterprise and the implementing agency requiring that replaced equipment should be destroyed/dismantled/ rendered unusable and that no CFCs should be used after completion of projects.

5. Concerning the following project for which continued CFC use was identified in the agencies’ progress reports, the Sub-Committee recommended that the Executive Committee request that all CFC use should stop for the following projects and that UNIDO should report to the Twenty-ninth Meeting of the Executive Committee on the status of implementation of this request:

- Hualing refrigeration project in China (CPR/REF/22/INV/204) (UNIDO);

#### Indirect phase-out

6. In view of the fact that the phase-out from compressor projects could involve double counting of ODS phase-out as well as the difficulties of tracking the phase-out associated with such projects, the Sub-Committee recommended that the Executive Committee decide that, indirect phase-out should not be part of phase-out reporting nor included in the Inventory of Approved Projects, but that information on such phase-out was nevertheless valuable and should be listed in an annex to the agencies’ progress reports. As this related to future scenarios and considering that UNIDO had indicated that indirect phase-out was in their existing business plan, implementing agencies should be instructed not to include indirect phase-out in their business plans.

Beneficiary delays

7. The Sub-Committee heard reports from the implementing agencies on projects where the beneficiary delayed implementation. After recalling Executive Committee decision 24/49 regarding the expeditious implementation of projects following approval, the Sub-Committee recommended to the Executive Committee that:

- (a) No project preparation proposal should be put forward unless it was clear to everyone concerned that, once a project was approved, it must move ahead immediately;
- (b) Beneficiary delays should be dealt with by existing procedures on implementation delays and there was no need for separate, additional procedures.

8. Concerning the following projects for which the beneficiary had delayed implementation, the Sub-Committee recommended that the Executive Committee request the implementing agencies to submit a report to the Twenty-ninth Meeting of the Executive Committee:

- Dolidol foam project in Morocco (MOR/FOA/22/INV/10) (UNDP);
- Richbond foam project (MOR/FOA/22/INV/08) (UNDP);
- Salidor foam project (MOR/FOA/23/INV/13) (UNDP);
- Mousse d'OR foam project (MOR/FOA/23/INV/19) (UNDP);
- Bonbino Confort foam project (MOR/FOA/25/INV/22) (UNDP);
- Mirgor (ARG/REF/14/INV/17) (World Bank);
- Adzen (ARG/REF/19/INV/43) (World Bank);
- Simon Cachan (ARG/REF/15/INV/16) (World Bank);
- Piragua refrigeration projects in Argentina (ARG/REF/18/INV/26) (World Bank).

Completed projects with balances

9. After noting that about US \$9 million was being held by the implementing agencies for projects that had been completed over a year previously, the Sub-Committee recommended that the Executive Committee:

- (a) Decide that Fund balances should be returned to the Multilateral Fund at the latest 12 months after project completion;
- (b) Request implementing agencies to report to the Executive Committee if they could not close the accounts on a project within 12 months after project completion;
- (c) Also request implementing agencies to report to the Executive Committee cases where they could not liquidate their remaining obligations within 12 months after project completion.

### Project implementation delays

10. As the implementing agencies had identified fewer projects with implementation delays than those determined by the Secretariat on the basis of the agencies' progress report databases, the Sub-Committee recommended to the Executive Committee that reports on projects with implementation delays to be submitted to the Twenty-ninth Meeting should be based on the Secretariat's list of projects with implementation delays, including project preparation and those projects where disbursement had begun after no disbursement had taken place for a period of 18 months.

11. In the context of overcoming implementation delays, the Sub-Committee recommended that the Executive Committee encourage cooperation between international implementing agencies and the national governments in Article 5 countries to develop umbrella projects and sector approaches. The responsibilities of the international implementing agencies would focus on consulting, monitoring and auditing project implementation by domestic implementing agencies.

### Delays due to Executive Committee decisions

12. After hearing explanations by some of the implementing agencies that delays in the implementation of recovery and recycling projects were often the result of Executive Committee decisions not to implement such projects until all of the necessary regulatory and legislative measures were in place to ensure success, the Sub-Committee recommended that the Executive Committee request these implementing agencies to report to the Twenty-ninth Meeting on the steps taken at the national level to expedite the provision of the necessary regulatory and legislative measures required for successful recovery and recycling projects.

### Customs problems – Nigeria

13. The representative of UNIDO informed the Sub-Committee that the customs clearance problem in Nigeria had been resolved.

### **(b) Progress report on bilateral cooperation**

14. The Secretariat introduced the progress report on bilateral cooperation (UNEP/OzL.Pro/ExCom/28/6 and Corr.1), which contained the reports of the Governments of Australia, Canada, Denmark, France, Germany, and the United States of America on their bilateral cooperation activities.

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

- (a) Take note with appreciation of the progress reports submitted by the Governments of Australia, Canada, Denmark, France, Germany, and the United States of America;
- (b) Approve the request by Canada to credit the value of the positive adjustments for the following projects against future bilateral assistance approvals:

- Centralized reclamation plan for recovery refrigerant in the commercial refrigeration and air-conditioning sector in Venezuela (VEN/REF/TAS/55) (US \$6,685.00);
  - Halon recycling and bank management in Brazil (BRA/HAL/19/TAS/47) (CDN \$102,700.20);
  - Halon recycling and bank management in Venezuela (VEN/HAL/19/TAS/47) (CDN \$29,445.78);
- (c) Request the Governments of Australia, France, and the United States of America to provide reports on projects with implementation delays to the Twenty-ninth Meeting of the Executive Committee;
- (d) Approve the request by France to credit US \$21,500 (the remaining balance of the technical assistance on alternative technologies for cold storage project in Viet Nam (VIE/REF/20/TAS/12)) against future bilateral assistance approvals;
- (e) Request the Treasurer to remove US \$25,000 from Germany's bilateral contributions as a result of the cancellation of the project preparation project in Zimbabwe (ZIM/REF/26/PRP/16);
- (f) Note that the United States had elected to make a cash contribution in the amount of US \$68,517 in lieu of the approved offset (decision 25/9) and that this contribution had already been reflected in the accounts of the Fund by the Treasurer;
- (g) Note the cancellation by the United States of the refrigeration demonstration project in Viet Nam (VIE/REF/20/DEM/15);
- (h) Approve the request by the Government of the United States to offset the remaining balance of the cancelled project in Viet Nam (US \$159,091) against overruns for CPR/REF/19/DEM/163 (US \$77,600) and CPR/REF/17/DEM/135 (US \$26,400); and
- (i) Note that the United States of America would make a cash contribution in the amount of US \$55,691 for the balance from the project cancellation and project overruns.

16. The representative of Canada informed the Meeting on behalf of Australia that a report on the joint UNDP-Australia mission to Viet Nam and its Kenya project would be given to the Twenty-ninth Meeting of the Executive Committee.

**(c) UNDP progress report**

17. The representative of UNDP introduced UNDP's progress report (UNEP/OzL.Pro/ExCom/28/7).

18. After some discussion and having heard UNDP's explanations concerning certain projects, the Sub-Committee recommended that the Executive Committee:

- (a) Take note with appreciation of UNDP's progress report;
- (b) Approve the transfer of US \$162,281 plus 13 per cent agency fees from UNDP to the Government of Germany for the project (MAR/REF/17/TAS/07) with a new completion date of June 2001 and request the Treasurer to offset this amount transferred against Germany's bilateral contributions for the triennium (1997-1999);
- (c) Take note of the explanation given by UNDP concerning the Compresores Andinos project in Colombia (COL/REF/13/INV/07), where minor equipment purchased with Fund resources had been dismantled and sold to other enterprises;
- (d) Note the explanation provided by UNDP on the expenditure for the El-Tawil project in Egypt (EGY/FOA/15/INV/46) and that US \$29,011 plus agency fees had been disbursed on the project and the remaining balance of US \$91,979 plus support costs would be returned to the Fund following project cancellation due to bankruptcy;
- (e) Note the return by UNDP of US \$1,268,277 from surplus project budgets to the Multilateral Fund for reprogramming, as indicated in recommendation 7 of the Secretariat's recommendations in UNEP/OzL.Pro/ExCom/28/8.

**(d) UNEP progress report**

19. The representative of UNEP introduced UNEP's progress report (UNEP/OzL.Pro/ExCom/28/8).

20. The Sub-Committee expressed its approval of UNEP's approach to country programme and RMP preparation in Pacific island countries. It considered that these were long-term projects that required special consideration and the question of implementation delays had to be viewed in that light.

21. After having obtained clarification from the representative of UNEP on a number of issues, the Sub-Committee recommended that the Executive Committee:

- (a) Take note with appreciation of UNEP's progress report;
- (b) Note the explanation provided by UNEP for its plans to expedite the completion of existing RMPs in Pacific island countries;
- (c) Request that reports on the OAIC diskette update (1999) project (GLO/SEV/26/TAS/167) and the Philippines information dissemination project (PHI/SEV/11/TAS/23) be submitted to the Twenty-ninth Meeting of the Executive Committee;
- (d) Also request UNEP to pursue its efforts to make halon bank management clearing-house services even more cost-effective and to report to the Twenty-ninth Meeting of the Executive Committee.

**(e) UNIDO progress report**

22. The representative of UNIDO introduced UNIDO's progress report (UNEP/OzL.Pro/ExCom/28/9) and informed the Sub-Committee of the status of implementation of methyl bromide demonstration projects.

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

- (a) Take note with appreciation of UNIDO's progress report;
- (b) Note the return by UNIDO of US \$802,118 for reprogramming as indicated in paragraph 18 of the Secretariat's comments in UNEP/OzL.Pro/ExCom/28/10 and that this amount included funds for the Barlan Metal foam project in Turkey (TUR/FOA/18/INV/18) that was reported cancelled at the Twenty-fifth Meeting.

24. The Sub-Committee considered a request by UNIDO to change the focus of the demonstration project for Jamaica (JAM/FUM/26/DEM/10) and agreed to refer the request to the Sub-Committee on Project Review for action.

**(f) World Bank progress report**

25. The representative of the World Bank introduced the Bank's progress report (UNEP/OzL.Pro/ExCom/28/10).

26. After hearing a report pursuant to decision 27/9(d) on the "CFC-12 collection, recycling and conservation programme for household refrigerator maintenance and repair shops in Brazil" (BRA/REF/07/TAS/07) and considering that the project was approved in 1992, that the Executive Committee had subsequently taken decisions regarding recovery and recycling projects and that Brazil was a large ODS consuming country, the Sub-Committee recommended that the request for transfer of the project to UNDP should be dealt with by the Sub-Committee on Project Review in the light of the current policy on recovery and recycling projects.

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

- (a) Take note with appreciation of the World Bank's report;
- (b) Note the updates given by the World Bank concerning progress in projects that were experiencing implementation delays;
- (c) Also note the adjustments and administrative notations for the implementing agencies.

28. The Sub-Committee noted the possible solution to financial problems in beneficiary enterprises mentioned by the World Bank in its progress report (paragraph 28) and agreed that when such situations occurred the World Bank should present the Sub-Committee with a well documented proposal to be used as a basis for making recommendations on a case-by-case basis.



### ITEM 3: CONSEQUENCES OF PROJECT CANCELLATION

29. The Secretariat introduced document UNEP/OzL.Pro/ExCom/28/11. It was noted that only US \$10,403,079 of the approved value of US \$11,808,879 for projects, that were subsequently cancelled, was returned to the Multilateral Fund. However, the Secretariat explained that an additional US \$802,118 plus agency fees had been returned, reducing remaining balances to about US \$600,000. After having received this clarification, the Sub-Committee agreed to follow closely future developments in this respect.

30. The Secretariat drew particular attention to the table setting out six criteria according to which investment projects might be cancelled. The Sub-Committee expressed general support for the six criteria, but it was proposed that a condition be added, namely that where reapplication was allowed there should be an intervening period of 12 to 24 months.

31. The Sub-Committee recommended that the Executive Committee decide:

- (a) That no reapplication for assistance from the Multilateral Fund should be allowed for projects that had been cancelled for the following reasons:
  - Transfer of ownership to a non-Article 5 country;
  - Bankruptcy.
- (b) That reapplication for assistance from the Multilateral Fund at a level of funding to be reconsidered on a case-by-case basis should be allowed for projects which had been cancelled because the funding level originally approved had been determined to be insufficient due to technical reasons;
- (c) That reapplication for assistance from the Multilateral Fund at a level of funding no greater than that previously approved, following a new decision to be taken on a case-by-case basis, should be allowed for projects that had been cancelled for other reasons such as:
  - Request of the company/financial situation;
  - Persistent project delays (after making sure that the causes of earlier delays had been removed);
  - Lack of response from the beneficiary.

In cases where reapplication was allowed pursuant to subparagraph (c) above, it could not take place within 24 months from cancellation.

Furthermore, second requests for project preparation, pursuant to subparagraphs (b) and (c) above could be considered as eligible incremental costs on a case-by-case basis, but should not exceed 30 per cent of initial project preparation funds.

32. The Sub-Committee requested the representatives of the implementing agencies to identify the reasons for which projects had been cancelled or for which it was proposed to cancel projects according to the table prepared by the Secretariat. For those projects that had been

cancelled, the above decision would apply immediately on the basis of the reasons specified for cancelling the project.

### UNEP

Handbook on practical use of policy instruments (GLO/SEV/21/TAS/30): insufficient funding.

33. The Sub-Committee took note of the concerns expressed by UNEP regarding the funding needed to implement such a project, while indicating that it was a valuable project, and agreed that UNEP should transmit the reformulated project to the Sub-Committee on Project Review.

### UNDP

Meenakshi Aerosol and Cosmetics project (IND/ARS/22/INV/14): reapplication.

34. Noting that more time was needed to investigate the situation, the Sub-Committee requested UNDP to bring the matter up again at the Sub-Committee's Ninth Meeting.

El-Tawil foam project in Egypt (EGY/FOA/15/INV/46): bankruptcy.

35. The Sub-Committee noted the cancellation and the return of the balance due to legal proceedings regarding ownership of the plant.

Multidimensionales in Colombia (COL/FOA/13/INV/10).

36. The Sub-Committee noted that the impediments had been removed and the project would now move forward.

Richdor foam in Morocco (MOR/FOA/23/INV/14): lack of response from beneficiary.

Alumaco foam in Nigeria (NIR/FOA/23/INV/26): lack of response from beneficiary.

37. A notice of possible cancellation should be issued to the respective Governments in accordance with Criterion 1 of decision 26/2. Further information would be provided to the Twenty-ninth Meeting of the Executive Committee.

### UNIDO

Alki S.A. aerosol project in Tunisia (TUN/ARS/22/INV/20): request of the company.

38. No progress had been reported and the project was therefore cancelled.

Project preparation in Brazil's aerosol sector (BRA/ARS/27/PRP/127): no reapplication.

39. The project had been cancelled because the Government would not allow any conversion projects from CFC in the aerosol sector except for medical uses.

World Bank

Randon Implementos foam project in Brazil (BRA/FOA/18/INV/31): insufficient funding not for technical reasons.

40. The project had been cancelled and reapplication was doubtful.

Recrusal foam project in Brazil (BRA/FOA/18/INV/32): disbursements completed, some funds would be returned to the Multilateral Fund.

Sree Precoated Steels foam project (IND/FOA/17/INV/44): a report would be presented to the Twenty-ninth Meeting of the Executive Committee.

PT Irc Inoac foam project in Indonesia (IDS/FOA/23/INV/75): a report would be presented to the Twenty-ninth Meeting of the Executive Committee.

PT Sea Horse Maspion Indonesia (IDS/FOA/23/INV/76): a report would be presented to the Twenty-ninth Meeting of the Executive Committee.

JIPCO aerosol project in Jordan (JOR/ARS/20/INV/26): a report would be presented to the Twenty-ninth Meeting of the Executive Committee.

Indurnor refrigeration project in Uruguay (URU/REF/15/INV/12): bankruptcy.

41. The World Bank provided details on the following projects cancelled through mutual agreement:

- Everest refrigeration (BRA/REF/19/INV/51): request of enterprise.
- Embraer phase out of CFC-113 and MCF used in vapour degreasers to clean aircraft parts (BRA/SOL/18/INV/38): insufficient funds.
- BKJ in Thailand (THA/SOL/19/INV/53): [to be provided by the World Bank].
- Congreso de la Republica in Venezuela (VEN/REF/08/INV/11): project completed, phase-out achieved, funding refused.

#### **AGENDA ITEM 4: EVALUATION OF THE IMPLEMENTATION OF THE 1998 BUSINESS PLANS.**

#### **AGENDA ITEM 5: SHARES OF THE IMPLEMENTING AGENCIES.**

42. The Sub-Committee reviewed the evaluation of the 1998 business plans of the implementing agencies (UNEP/OzL.Pro/ExCom/28/12), which was based on the performance indicators adopted by the Executive Committee at its Twenty-second Meeting (decision 22/18) and the weightings of performance indicators adopted by the Executive Committee at its Twenty-sixth Meeting (decisions 26/4 and 26/5).

43. The Sub-Committee noted the usefulness of the performance indicators but questioned their weighting. It felt that performance indicators should be kept under review, as they were important performance evaluation tools.

44. The Sub-Committee also considered the report on the shares of the implementing agencies (UNEP/OzL.Pro/ExCom/28/13), including the proposed agreement on agency shares, the proposed decision on bilateral investment projects, and an indicative figure for activities in the year 2000 business plans.

45. Following a discussion on these issues, the Sub-Committee recommended that, for business planning purposes, the Executive Committee:

- (a) Restore the distribution of shares for the implementing agencies for investment projects set out in the consolidated business plan for 1998 (UNEP/OzL.Pro/ExCom/24/4), namely, UNDP (30 per cent), UNIDO (25 per cent), World Bank (45 per cent), while removing special funding windows for methyl bromide, SMEs, aerosols and halons;
- (b) Request the implementing agencies to use an indicative figure of one-third of the amount for the 1997-1999 triennium when preparing their draft business plans for the year 2000.

46. Following a discussion on whether bilateral investment projects intended for implementing agencies should be included in the agency shares as from the year 2000, the Sub-Committee felt that the issue required further reflection and should be taken up at a later date.

#### **AGENDA ITEM 6: STATUS REPORT ON ODS PHASE-OUT IN ARTICLE 5 COUNTRIES.**

47. The Sub-Committee considered the 1999 update to the summary status report of the survey conducted by the Secretariat on ODS phase-out in Article 5 countries (UNEP/OzL.Pro/ExCom/28/14). In the course of the discussion on the report, concern was expressed regarding the reliability of data, notably baseline data, discrepancies between the data on approved and implemented phase-out and funds approved and disbursed. Stress was laid on the implications of data for future project approvals and for evaluation of compliance.

48. After discussing a number of ways of addressing the problem, the Sub-Committee recommended that the Executive Committee take note with appreciation of the report and decide the following:

- A. For the purpose of facilitating planning for the next triennium

To request the implementing agencies to work with national ozone units in those countries in which they were responsible for institutional strengthening projects, in collaboration with other agencies, in order to analyse the country's baseline data with respect to:

- (a) The distribution of the baseline consumption by sector;
- (b) The reductions envisaged in the baseline as a result of investment projects already approved within each sector;
- (c) The estimated distribution between consumption for manufacturing industries and servicing/installations on site in the refrigeration sector.

The implementing agencies should submit a preliminary report to the Twenty-ninth Meeting of the Executive Committee and a final report to the Thirty-first Meeting.

B. For the purpose of clarifying data related to perceived anomalies concerning (i) phase-out in approved projects higher than the baseline consumption and (ii) cases where only a small proportion (30 per cent or less) of the funds approved at least 12 months previously for that particular country had been disbursed:

- (d) To request the Secretariat to identify the countries where such perceived anomalies occurred (on the basis of the status report);
- (e) Also to request the Secretariat to ask those countries:
  - regarding (i) above, to explain the reasons for the anomaly;
  - regarding (ii) above, to clarify the reasons for the low rate of disbursement, what assistance might be needed to overcome the problem where relevant, when the problem might be remedied, and whether they had the capacity to absorb further projects.

The Secretariat should submit a report on its findings to the Twenty-ninth Meeting of the Executive Committee.

## **AGENDA ITEM 7: INSTITUTIONAL STRENGTHENING PROJECTS: IMPLEMENTATION OF DECISION 27/10**

49. The Sub-Committee took note with appreciation of the report of the survey prepared by the Secretariat on institutional strengthening projects in accordance with decision 27/10 (UNEP/OzL.Pro/ExCom/28/15). It agreed that no decision on this issue should be taken at the present meeting, but that the following observations and concerns should be recorded so that the Senior Evaluation Officer could take them into account when evaluating institutional strengthening projects:

- Present funding levels should be maintained contingent upon an indication of commitment on the part of Article 5 countries to set up institutional and regulatory frameworks to achieve the objectives of the Protocol and to provide counterpart contributions;
- The ozone units must be appropriately placed and empowered within governments to carry out their role;

- It was important to review the tasks of the ozone units and ensure that they focused on meeting the country's commitments under the Montreal Protocol;
- When evaluating institutional strengthening projects, human resource needs, including training for ozone officers, should be examined.
- Ozone units in Article 5 countries were often understaffed or affected by rapid staff turnover. The workload and/or lack of continuity, as well as the need to deal with other international agreements, should be taken into account;
- The high frequency of training programmes and international meetings abroad took ozone officers in Article 5 countries away from their jobs;
- Ozone units needed full flexibility to adjust their activities. They should not be asked to define their work plan "up front" three years in advance as part of the agreements with the implementing agencies. Instead, more general model agreements should be concluded while the responsibility for developing concrete work plans should remain with the ozone units;
- Ozone units must be seen as the key agents for achieving the Fund's purpose in Article 5 countries. An effective way of achieving this could be to locate the unit within the government agency responsible for environmental issues;
- Ozone units must take part in planning from the very beginning in order to establish their ownership of the process. Their relationship with implementing agencies should be one of cooperation;
- A reliable monitoring and data collection system was needed and could be included in a model agreement concerning the ozone units' activities;
- It would be desirable to structure ozone unit reporting to feed information to the Executive Committee regularly, thus providing accountability and information on what was happening at the country level in addition to the project level;
- Public service downsizing and restructuring was often at the heart of ozone unit staffing problems;
- There must be an increase in government awareness of their responsibilities with respect to ozone units;
- A commitment by Article 5 countries to give priority to ozone issues would be essential in exchange for the assistance provided by the Multilateral Fund.

50. It was proposed that the Senior Evaluation Officer ensure that the evaluation report formulate operational recommendations.

51. The Senior Evaluation Officer referred to the Interim Report on the Implementation of the 1999 Work Programme for Monitoring and Evaluation (UNEP/OzL.Pro/ExCom/28/16). The list of issues on pages 6 and 7 of this document corresponded to the concerns voiced by the Sub-Committee and the Senior Evaluation Officer gave assurances that he would take all of the points raised into account.

52. The representative of UNEP provided the Sub-Committee with a progress report on institutional strengthening projects that had encountered serious problems in Comoros, Congo, Democratic People's Republic of Korea, Maldives, Tanzania, Uganda and Zambia. The projects for Comoros, Tanzania and Zambia were now progressing. The Sub-Committee recommended that the Executive Committee request UNEP to submit a report on institutional strengthening projects that were still encountering problems to its Twenty-ninth Meeting.

## **AGENDA ITEM 8: INTERIM REPORT ON THE IMPLEMENTATION OF THE 1999 MONITORING AND EVALUATION WORK PROGRAMME**

53. The Sub-Committee reviewed the interim report on the implementation of the 1999 Work Programme for Monitoring and Evaluation (UNEP/OzL.Pro/ExCom/28/16) which was presented by the Senior Monitoring and Evaluation Officer.

54. General comments focused on section III of the report, Evaluation of Institutional Strengthening projects, in view of its relevance to the previous agenda item. Regarding the main evaluation issues, it was indicated that it was preferable not to establish a closer link between institutional strengthening project documents and country programmes; that customs statistics were not a reliable source of information on elimination of ODS; and that it should be determined whether national ozone units were efficient and effective, had clearly planned objectives and outputs, and were empowered to take action. It was suggested that evaluation methodology should also include collection of data through interviews with regional network coordinators.

55. In connection with section II of the report on evaluation of refrigeration sector projects, the Sub-Committee agreed that Sub-Committee members should engage outside the meeting in an informal exchange of views, in particular with regard to the institutional and financial aspects, regarding a suggestion by the Government of Sweden in its discussion paper on policy on HCFCs (UNEP/OzL.Pro/ExCom/28/Inf.3) regarding a possible study comparing costs of alternative technologies and the impact on their choice of the support from the Multilateral Fund from the enterprise perspective. Such a study would assist Article 5 countries and companies in making well-informed decisions when selecting alternative technologies. The outcome of this informal exchange of views would be transmitted to the Secretariat so that the issue of conducting such a study could be included in the agenda of the next Sub-Committee meeting.

56. On the separate issue of the methodology for the evaluation of refrigeration sector projects, the Sub-Committee agreed to recommend identification of Executive Committee decisions that might potentially influence choice of technologies.

57. The Sub-Committee accordingly recommended that the Executive Committee:

- (a) Take note of the progress achieved and work planned in the implementation of the 1999 work programme for monitoring and evaluation;
- (b) Decide that the methodology for the evaluation of refrigeration sector projects should include the identification, in collaboration with the implementing agencies and bilateral agencies, of Executive Committee decisions that might potentially influence the choice of technologies for the conversion of ODS-using technologies.

**AGENDA ITEM 9: 1998 ACCOUNTS OF THE MULTILATERAL FUND**

58. The Sub-Committee considered the report on the 1998 accounts of the Multilateral Fund (UNEP/OzL.Pro/ExCom/28/17), which was presented by the Treasurer.

59. The Sub-Committee recommended that the Executive Committee take note of the accounts of the Multilateral Fund.

**AGENDA ITEM 10: OTHER MATTERS**

60. There was no discussion under this agenda item.

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

61. The Sub-Committee adopted the present report on the basis of the draft report contained in UNEP/OzL.Pro/ExCom/28/SCMEF/L.1.

**AGENDA ITEM 12: CLOSURE OF THE MEETING**

62. The Chairperson declared the meeting closed at 4:00 p.m. on Wednesday, 14 July 1999.