



**United Nations  
Environment  
Programme**



Distr.  
Limited

UNEP/OzL.Pro/ExCom/32/18  
7 November 2000

ORIGINAL: ENGLISH

---

EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-second Meeting  
Ouagadougou, 6-8 December 2000

**GENERAL PRINCIPLES FOR AGREEMENTS BETWEEN GOVERNMENTS  
AND IMPLEMENTING AGENCIES ON NEW AND RENEWED INSTITUTIONAL  
STRENGTHENING PROJECTS (DECISION 30/7 (c))**

## **I. Introduction**

1. Under Decision 30/7 on the evaluation of the institutional strengthening projects, the Executive Committee requested the Secretariat, in collaboration with interested Article 5 and non-Article 5 countries and the implementing agencies, to prepare general principles for agreements between governments and the implementing agencies on new and renewed institutional strengthening projects incorporating the elements referred to in Decision 30/7(b) (attached in Annex I ), while recognizing that the agreements should be appropriate and adaptable to the specific situation in different countries. These principles should emphasize that action to be undertaken should be stated in general terms only in the institutional strengthening agreement.
2. In its effort to operationalize the decision, the Secretariat incorporated the elements referred to in the decision in the relevant sections of the UNEP and UNIDO agreements (both organizations use similar agreements) and requested the two agencies to decide the applicability of the proposed revisions by the Secretariat in terms of the legal and operational implications. Copies of the revised agreements were also provided to UNDP and the World Bank.
3. UNEP and UNIDO have accepted the proposed revisions by the Secretariat, with minor adjustments. Both UNDP and the World Bank, because of their different operating modalities and current legal arrangement with the recipient governments for the implementation of the institutional strengthening projects, have proposed a specific modality to implement the elements of the Decision.
4. The Secretariat subsequently communicated the amendments proposed by each implementing agency to members of the Executive Committee on 18 October 2000 and requested comments by 27 October 2000. The Secretariat received comments from Australia, Germany, Japan and Sweden and passed them on immediately to the implementing agencies for response. (Comments from Australia, Germany, Japan and Sweden are attached in Annex II).
5. By 2 November, 2000 the Secretariat received feedback from all the agencies and prepared this document for the 32nd Meeting, incorporating the response of the implementing agencies where necessary.
6. Section II of the document provided a description of the current practice and the proposed amendment to its current agreement of each implementing agency, which has incorporated the comments from Australia, Germany and Japan as appropriate.

## II. Current Practice and Amendments Proposed by Implementing Agencies

### UNEP and UNIDO

#### Current Practice

7. Currently both UNEP and UNIDO use a standard contractual agreement to provide for legal arrangements for an institutional strengthening project or a renewal. Once an institutional strengthening project or a renewal is approved by the Executive Committee, the relevant data from the approved project is entered into the standard contractual agreement which contains details on activities, workplace and schedule, reporting requirements, results and outputs, cash requirements, legal obligations of UNEP/UNIDO and of the country concerned, and a detailed budget.

8. Once it is cleared by the government, the document is signed by UNEP/UNIDO and the representative of the government.

#### Amendments Proposed

9. UNEP having consulted their legal department in Nairobi, accepted the amendments proposed by the Secretariat and intended to use the revised format in their new institutional strengthening projects. UNEP also intended to find a way to incorporate the amendments in their existing agreements. Annex III contains a sample of the revised agreement in which the amendments in Sections 3.3, 4.1, 6.3.1 and 6.4.1 (d) are underlined.

10. In addition UNEP clarified its position in response to the comments from members of the Executive Committee, which are reproduced as follows:

“Australia makes a good point concerning the extent to which Decision 30/7 is binding on Parties. The decision has 6 operational paragraphs drafted as follows:

- (b) to urge all Article 5 Countries ...
- (c) to request the Secretariat ...
- (d) to instruct the implementing agencies ...
- (e) to instruct all implementing agencies ...
- (f) to request the implementing agencies ...
- (g) to request UNEP and UNIDO ...

Hence, the order of obligation is clear. In (c), however, the wording at the end “These principles should emphasize that action to be undertaken should be stated in general terms only in the institutional strengthening agreement” might be understood to be an indication to avoid specific demands and obligations in this exercise.

In (a), significantly, Article 5 countries are not required to do anything but are simply urged to take certain steps to integrate their ozone units more fully into their government

structures. Hence, UNEP's understanding is that Article 5 countries should be made aware of this decision, have it explained and its implications clarified. They can even be encouraged to follow the terms of the decision. UNEP has done this in all network meetings so far this year. However, according to the language of Decision 30/7, adherence to sub-paragraphs (i) to (viii) of Decisions 30/7(b) cannot be required or become a condition of approval or renewal of IS projects.

On the other points raised by Australia:

It is not correct to assume that countries prepare one workplan at the start of a two or three year project and then do not update it. Workplans are reviewed regularly as part of the reporting requirements under the IS project. Hence it would not be necessary to add the sentence suggested by Australia. UNEP has included the sentence in Section 3.3 of the proposed revision to the document.

UNEP could agree with the proposal by Japan to add the words "All the" before the word "personnel" in the new section 6.4.1(d)."

11. With regard to the comments from Sweden, UNEP is of the opinion that keeping the elements in the Assumptions accords better with the spirit of the decision which urges countries to implement these actions. Regarding work plans UNEP feels it necessary to include objectives, targets and other performance indicators to effect monitoring and financial control.

12. **UNIDO** which uses a similar format as UNEP for implementing its institutional strengthening agreements with Article 5 governments accepted the amendments proposed by UNEP, with modifications shown below. Words to be changed are underlined and wording proposed are in brackets.

“ 6.4.5 Claims by Third Parties against UNIDO

The Ministry (replaced by Government) shall be responsible for dealing with any claims which may be brought by third parties against UNIDO and its staff, and shall hold UNIDO and its staff non-liable in case of (replaced by harmless with respect to) any claims or liabilities resulting from operations carried out by the Ministry (replaced by Government) under this project document, except where it is agreed by Ministry (replaced by Government) and UNIDO that such claims arise from gross negligence or wilful misconduct of the staff of UNIDO.”

13. In addition, UNIDO clarified its position with regard to the annual work plan for the institutional strengthening projects in response to the comments from members of the Executive Committee, which is reproduced as follows:

“ UNIDO's implementation of institutional strengthening projects follows the modality of semi-annual sub-contracts between the respective ozone unit and UNIDO. In that respect, integral part of the sub-contracts is an updated work programme usually covering the

same period as the contract itself. Those work programme updates are prepared by NOUs themselves and then reviewed by UNIDO. These updates are usually semi-annual but there are cases whereas they are annual.”

14. By way of response to the comments of Sweden, UNIDO advised that moving the relevant elements from the Assumptions to General Terms and Conditions would make these elements contractual obligations on governments and require the agreement from them on these conditions. For financial control and monitoring need, UNIDO needs performance indicators in the work plan.

## **UNDP**

### Current Practice

15. Currently UNDP uses the Standard Basic Assistance Agreement (SBAA) which it enters into with each government to which it provides assistance to provide the organization with the financial, legal and administrative authority to act and therefore does not need additional legal or grant agreement for the implementation of the institutional strengthening projects.

16. After an institutional project or a renewal is approved by the Executive Committee, UNDP adds to the approved project proposal a relevant cover sheet, the budget page, the work plan and the legal context. This document becomes the draft agreement between UNDP and the recipient government. The draft agreement is then signed by UNDP represented usually by its resident representative in the country and the representative of the recipient government.

### Amendment Proposed

17. UNDP is not in a position to add anything to its existing legal agreements with developing countries. These are over-arching agreements covering all sectors and agreed to at the highest levels in the countries concerned. Any amendments, adjustments or annexes to the existing legal agreements would require renegotiation of these agreements with the countries concerned, a step UNDP is unable to undertake for MP projects only.

18. UNDP does, however, have as an integral part in the text of its project documents a section termed **Special Considerations**. Thus UNDP proposes that effective the 32<sup>nd</sup> ExCom Meeting in December 2000, all renewals of UNDP MP Institutional Strengthening projects as well as any new ones approved, would contain in the **Special Considerations** section of the project document itself the text of ExCom Decision 30/7(b).

19. In addition UNDP made the following clarifications on this position in response to the comments from members of the Executive Committee, which is reproduced below:

- (i) **“Status of “Special Considerations” section in a UNDP project document.** The “Special Considerations” section in standard UNDP project documents is legally binding. In fact, the title of the section means that in project evaluation,

special reference must be made to whether or not the recipient entity has met the conditions specified therein. This is behind UNDP's proposal that effective the 32<sup>nd</sup> ExCom Meeting in Dec. 2000, all renewals of UNDP MP IS projects as well as any new ones approved, would contain in a new "Special Considerations" section of the document the text of ExCom Decision 30/7(b).

- (ii) **Wording of the text in the "Special Considerations" section.** This has been raised by the delegations – especially Australia. Since the "Special Considerations" section in a standard UNDP project document is legally binding, UNDP has to ensure that whatever is put there accurately reflects – in exact detail – what was agreed to by the Governments themselves. This is why UNDP had proposed using the exact wording of Decision 30/7(b). As all are aware, there was a detailed and long discussion in the MEF Subcommittee on the precise introductory language that could be used so that all Article 5 parties could be brought on board. The introductory sentence of Decision 30/7(b) reflects that compromise. UNDP therefore proposes to use exactly that same language to ensure that no recipient Government questions UNDP's right to include that section. Changing that language may result in legal problems related to enforceability of provisions, especially since UNDP implements the IS projects primarily in large and mid-sized ODS consuming countries.
- (iii) **Implementation.** The implementation test as to whether this will actually be carried out is through the annual IS reports done by the Ozone Units and through UNDP's annual progress report which details what the Ozone Units have done in the preceding period. This would mean that UNDP would have to include workplan activities to monitor the extent to which the above considerations were being met."

## **WORLD BANK**

### Current Practice

20. Currently the World Bank does not enter into a separate agreement for the implementation of the institutional strengthening projects, rather uses the overall cover of the grant agreement it is obligated to sign with the recipient government when the Bank started its activities under the Multilateral Fund in the country. According to the Bank, the objectives and roles of relevant agencies that would undertake these projects are described in the grant agreements. Terms and conditions for the institutional strengthening components in the grant agreements vary slightly from country to country.

### Amendment proposed

21. The World Bank will introduce a standard amendment letter into the grant agreement to include the conditions in Decision 30/7 on the institutional strengthening projects. The template of the amendment letter is included in Annex IV.

## Annex I

**Decision 30/7 (b)**

To urge all Article 5 countries with institutional strengthening projects to ensure that:

- (i) the National Ozone Unit is given a clear mandate and responsibility to carry out the day-to-day work in order to prepare, coordinate and, where relevant, implement the government's activities to meet its commitments under the Montreal Protocol; this also requires access to decision-makers and enforcement agencies;
- (ii) the National Ozone Unit's position, capacities, and continuity of officers, resources and lines of command within the authority in charge of ozone issues are such that the National Ozone Unit can carry out its task satisfactorily;
- (iii) a specified high-level officer or a post within the authority is given overall responsibility for supervising the work of the National Ozone Unit and ensuring that action taken is adequate to meet commitments under the Protocol;
- (iv) necessary support structures, such as steering committees or advisory groups are established, involving other appropriate authorities, the private sector and non-governmental organizations, etc.;
- (v) personnel and financial resources and equipment provided by the Multilateral Fund are fully allocated to the task of eliminating ODS consumption and production and are made available to the National Ozone Unit;
- (vi) annual work plans for the National Ozone Unit are prepared and integrated in the authorities' internal planning processes;
- (vii) a reliable system to collect and monitor data on ozone depleting substances imports, exports and production is established; and
- (viii) measures taken and problems encountered are reported to the Secretariat and/or the implementing agency in charge of the institutional strengthening project when required by the Executive Committee.

## Annex II

**Comments from Australia, Germany, Japan and Sweden****AUSTRALIA**General

1. May we first suggest that the final documents be accompanied, where available, by a full copy of each implementing agency's proforma agreement with A5 government. We believe this would provide useful context to the analysis of the implications of the proposed revisions (unfortunately UNEP's website only has french and spanish versions of its agreement).

2. The IAs' responses raise the issue of whether agreements associated with existing IS projects should be amended. It appears that the World Bank is already taking action to renegotiate the agreements for each of its 6 ongoing IS projects. While the World Bank's efforts are admirable, Australia notes that this is not an option for UNDP. In addition, Australia is concerned at the potential resource implications if UNEP were required to renegotiate each of its 78 agreements.

3. As IS projects are eligible for renewal every two years, Australia suggests it may be a more efficient allocation of resources for implementing agencies and NOUs to merely seek to adopt the revised agreement at the next IS renewal. This being said, Australia would not oppose IAs undertaking the amendment of agreements for existing IS projects where, in the opinion of the IA, such an activity would not be resource intensive.

4. The responses also raise the issue of the nature of the responsibilities assumed by counterpart governments if they agree to the approach taken by the IA that implements their IS project. For example, in reproducing decision 30/7(b) in the Special Considerations section of UNDP's IS project document that commences "To urge all A5 countries with IS projects to ensure that", it appears A5 government are not under any obligation to undertake action to give affect to the elements under (b).

5. Conversely, the incorporation of sub-para (b)(viii) of decision 30/7 into section 6.3.1 of UNEP's agreement proforma makes it mandatory for measures taken and problems encountered in implementing the IS to be

reported to the Secretariat &/or the UNEP DTIE as and when required by the Executive Committee.

6. Inconsistent levels of obligation arising from the approaches are not of themselves a concern as the A5 governments are not bound to particular implementing agencies. Australia's concern lies, rather, in whether the approaches adopted give affect to the intention of decision 30/7(c).

7. Australia's understanding of decision 30/7 is that it sought to empower NOUs to effectively execute their role as the primary mechanism for progressing their countries' compliance with its Montreal Protocol obligations. Para (b) outlined what the ExCom agreed were necessary elements to empowering the NOU, urging the A5 governments to take the steps required to manifest these elements in their country.

8. Para (c) reflects concerns expressed by some ExCom members that: while NOUs may be keen to undertake the actions necessary to realise the elements in (b), their government is not similarly committed; or while the government is committed to exploring options for realising these elements, the implementing agency is not adequately responding to this commitment. Therefore, para (c) seeks to provide a mechanism (the IS project) for formally engaging the commitment of both the A5 government and the implementing agency to creating the necessary environment for an effective NOU and efficient allocation of the Fund's resources.

9. Consequently, Australia suggests that UNDP's approach is currently inadequate as it does not entail a commitment by either the A5 government nor UNDP to undertaking actions which would give affect to the elements of (b). An option could be to replicate the text of para (b) in the Special Considerations section but replace the opening sentence of (b): "To urge all A5 countries with IS projects to ensure that:" with, "The [Ministry/government] and UNDP commit to cooperating to ensure that:".

#### IA-specific

10. In regard to the proposed revisions to UNEP's agreement:

Australia supports the proposed incorporation of: sub-para(b)(i) and (ii) into section 3.3; (b)(vii) into 4.1; and (b)(viii) into 6.3.1.

Australia notes the incorporation of sub-para (b)(vi) into 3.3. The existing UNEP agreement, however, already has arrangements for the preparation of a workplan (section 4.2-3). It is our understanding that

the arrangements currently only require the preparation of one workplan for the duration of the IS project (our understanding may be incorrect given, at the time of submitting this response, we only had access to a french version of the workplan annex). Consequently, Australia suggests that 4.2-3 could be revised to incorporate (b)(vi). Perhaps by adding the additional sentence to 4.2-3: "The workplan will be prepared on an annual basis and integrated into the [authority's/Ministry's] internal planning processes".

## **GERMANY**

11. Thanks for your Email of 18 October and for keeping us informed about progress in the implementation of Decision 30/7 on institutional strengthening projects. We have consulted within our constituency and we feel that negotiations with IA have somewhat advanced, particularly with respect to the inclusion of relevant text elements in the revised standard Agreement used by UNEP. Concerning UNDP and World Bank we understand that internal revisions/negotiations with A 5 Countries are in progress. Nevertheless it is unclear to us whether the UNDP proposal to include the text of decision 30/7 in the project documents under section "special consideration" achieves the strong legal obligation to adhere to the criteria mentioned in the decision and as intended by the decision. Concerning UNIDO we feel that things need to be speed up and that this IA should provide a response by the time of the 32. ExCom meeting.

## **JAPAN**

12. Our comments on the proposed amendments to agreements between governments and the implementing agencies on new and renewed institutional strengthening projects are as follows:

“In our view, adequate time should be provided for the review of general principles that the Secretariat has been requested to prepare in Decision 30/7(c) at 32nd ExCom, given the importance of the issue.

The general principles should incorporate the notion that ODS reduction/elimination is not merely a matter of economic cooperation but the compliance with the provisions of an international legally-binding instrument and that institutional strengthening is essential for attaining this objective.

As far as UNEP and UNIDO are concerned, we consider the proposed revisions by the Secretariat generally appropriate and welcome UNEP's acceptance of them. While waiting UNIDO's reactions to the proposed revisions, we hope that UNIDO will be able to accept them as well. However,

transplanting 30/7(b) to relevant agreements is only a first step. Of paramount importance is how to ensure each of (i) through (viii) in 30/7(b) becomes a reality. One small suggestion we would like to make may be to add "All the" in front of "personnel" in (d) of "6.4.1 General Terms and Conditions" of the Revised Agreement of UNEP (Annex III) to reflect more clearly what is meant by (v) of 30/7(b).

As far as UNDP and the World Bank are concerned, we can agree, in principle, to the proposed specific modality to implement the elements of Decision 30/7(b), because of their different operating modalities and current legal arrangement with the recipient governments for the implementation of the institutional strengthening projects. However, we would appreciate further explanation from both the implementing agencies as to how they intend to ensure each of (i) through (viii) in 30/7(b) becomes a reality. We would like to emphasize again that institutional strengthening has the special mission to enable A5 Parties to comply with their obligations under the Protocol.

With respect to the World Bank, we look forward to receiving, in due course, a progress report on the Bank's attempt to amend the existing agreements. It is not clear to us what could be the World Bank's proposed specific modality to implement the elements of Decision 30/7(b) with respect to their new institutional strengthening projects. We would appreciate information relating to this at 32nd ExCom.

In relation to reporting to ExCom, the implementing agencies and the National Ozone Units may just as well be reminded of the obligation to submit terminal reports without undue delay in accordance with Decision 30/8 and 31/16."

## **SWEDEN**

### Proposed changes in UNEP's (and UNIDO's) agreement on IS projects

13. The suggested additions to section 3.3., 4.1. and 6.4.1 seem to capture well the intentions of Decision 30/7 (b). However, at least points 1, 2, 4 and 5 of the proposed additions to section 3.3. "Assumptions" should rather be included in section 6.4.1. "General Terms and Conditions". It is important that the Fund's support goes to a unit with the necessary position and role. It is understood that it is the prerogative of the Art. 5 government to decide how to organise the Ozone Unit, but it should not be difficult for the government to agree to the *general principles* imbedded in Decision 30/7 (b). Therefore, it should be no problem in incorporating them under "General Terms and Conditions".

14. Annex II of your fax indicates that, under current practise at UNEP and UNIDO, “relevant data from the approved project is entered into the standard contractual agreement which contains details on activities, work plan and schedule, reporting requirements, results and outputs, ...” (Annex II, section I,1.).

15. Decision 30/7 (c) calls for the Secretariat to prepare general principles for agreements between governments and the implementing agencies on new and renewed IS projects to incorporate the elements under 30/7 (b) and states that “these principles should emphasize that action to be undertaken should be stated in general terms only in the institutional strengthening agreement”.

16. This latter sentence was based on the recognition - as highlighted in earlier contributions from the Swedish delegation - that current practise of specifying activities, work plans, time tables and outputs in the IS agreement itself limits both the ability and the responsibility of the Ozone Unit to adapt its activities and tools, as time go by, to what the government considers to be the most effective way of achieving required reductions of the ODS consumption. Decision 30/7 therefore states instead - in (b)(vi) - that annual work plans should be prepared and then - in (d) - that the implementing agency should follow up the phase-out status and problems encountered by the Ozone Unit.

17. It is not clear from Annex II of your fax whether UNEP (and UNIDO), in addition to incorporating the new text, also intends to acknowledge the need for less detailed description of activities, work plans, time tables and outputs in the IS agreements - as called for in Decision 30/7 (c). The only exemption should be establishment of a reliable system to collect and monitor data on the ODS consumption, as is now well incorporated in section 4.1 Outputs, (iii), and - perhaps - a work plan for the first year of the IS project.

18. It can be noted that the new Format for Extension Requests for Institutional Strengthening projects will provide a useful tool for ExCom to follow up the implementation of Decision 30/7, in particular if the improvements suggested by the Swedish delegation in our fax of 4 October 2000 are incorporated.

#### *UNDP*

19. As summarized in your fax, UNDP notes that the agency should have no major problem with the elements mentioned in Dec. 30/7 (b) “since the preamble of para (b) “urges” all Art. 5 countries to ensure that the elements are followed”. UNDP proposes that the text of the Decision 30/7 (b) should be included in UNDP’s agreements under “Special Considerations”.

20. It is not clear from this description whether UNDP intends to take any other steps to promote the implementation of Dec. 30/7 (b) than just informing the government on the content of the decision.

*World Bank*

21. The description on what the World Bank intends to do to secure the implementation of Decision 30/7 (b) is even less informative than with regard to UNDP.

22. It is our hope that these comments can be help you in making the principles stated in Decision 30/7 (b) a reality.

Annex III

**REVISED AGREEMENT OF UNEP**



## SECTION 2

### Background and project contribution to overall sub-programme implementation

#### 2.1 Background

The Montreal Protocol on Substances that Deplete the Ozone Layer came into force in January 1989 and 173 countries have ratified the Protocol as of May 2000. The Montreal Protocol sets a timetable for phasing-out of a number of Ozone Depleting Substances (ODS) and requires Parties to report on production and consumption of such ODS. The Montreal Protocol furthermore contains a Financial Mechanism with a Multilateral Fund governed by an Executive Committee consisting of 7 members from developed countries and 7 members from developing countries. Developing countries that are parties to the Protocol (Article 5 countries) are eligible for Financial and Technical support through the Multilateral Fund, in order to assist them to fulfil their obligations under the Protocol.

The preparation of a Country Programme is generally the first step towards obtaining assistance from the Multilateral Fund and sets out the commitment by the government to take appropriate actions to ensure compliance with the Protocol. The Country Programme contains an analysis of the current situation with regard to the production and consumption of ODS, together with a strategy statement and plan of actions to be taken by the government. The approval of a Country Programme is a pre-condition for financial assistance from the Fund for investment projects and Institutional Strengthening projects.

At its [XX] Meeting (DATE), the Executive Committee of the Multilateral Fund under the Montreal Protocol (hereinafter referred to as the Executive Committee) approved the Country Programme of [COUNTRY]

The level of funding for Institutional Strengthening is determined on a case by case basis based upon the request from the Article 5 Party. This is in view of the differences in the volume of consumption of the controlled substances in the Article 5 countries, as well as the levels of socio-economic development and the institutional capacities for meeting their obligations under the Montreal Protocol.

Funding is made available for a three year period, subject to review and possible renewal for further two year periods on the basis of the performance of the Country Programme, the continuing needs of the country and the policy of the Executive Committee.

Funding is normally made available for:

- . capital expenditure, including office equipment such as photocopier, computer, fax etc;
- . recurrent expenditure, including salary incentives, local travel, information dissemination, communication costs etc.

At the same meeting, the Executive Committee approved a request from the Government of Madagascar (hereinafter referred to as the Government), to fund an Institutional Strengthening Project in Madagascar, based on the approved Country Programme and UNEP's 1998 Work Programme amendment.

The Government has requested the United Nations Environment Programme (UNEP) to be the implementing agency, and the present project document constitutes the legal instrument between the Government and UNEP for the implementation of this project.

## 2.2 Project contribution to overall sub-programme implementation

The need to strengthen institutional capacity in Article 5 countries has been recognized by the Executive Committee as a critical factor in achieving successful phase-out of ODS in these countries.

### SECTION 3 Needs and results

#### 3.1 Needs

The need for providing financial support for institutional strengthening in Article 5 countries is underscored by the following factors:

- There is a need to raise awareness of the phenomenon of ozone depletion and its potential impacts and the complexity of the fast changing nature of technical and scientific issues involved in protecting the ozone layer.
- There is a need to use ODS substitute technology.
- There is a need to strengthen institutional infrastructure in dealing with ODS phase out and technology transfer.
- There is a need to establish commitment by countries to earlier phase out schedules than that provided for under the Protocol (UNEP/OzL.Pro/ExCom/7/20).

The Government aims to phase out the consumption of all ODS by [DATE] with consumption limits that are stricter than the Montreal Protocol requirements for Article 5 countries. The total [DATE] consumption of ODS was [XX] ODP tonnes.

#### 3.2 Results

Institutional strengthening in Article 5 countries intends to provide the capacity for:

- Enhanced capacity and actions to provide a suitable climate in the country for the expeditious phase-out of ODS;
- Increased co-ordination, promotion and monitoring in country activities for phasing-out of ODS;
- Improved collection, analysing and disseminating information systems on issues involved in ozone layer protection;
- Enhanced facilitation in the exchange of information with other Parties and organs established by the Protocol;
- Improved liaison between country and the relevant organs under the Protocol; and
- Improved reporting systems on national data on ODS consumption.

#### 3.3 Assumptions to achieve results

- [The National Ozone Unit \(NOU\) is given a clear mandate and responsibility to carry out work in order to](#)

prepare, co-ordinate and, where relevant, implement the government's activities to meet its commitments under the Montreal Protocol.

- Annual workplans for the NOU are prepared and integrated into the authority's internal planning process.
- The National Ozone Unit is given the necessary access to decision-makers and enforcement agencies in the country.
- The National Ozone Unit's position, capacities and continuity of officers, resources and lines of command within the authority in charge of ozone issues are such that the NOU can carry out its tasks satisfactorily.
- A specified high-level officer or a post within the authority is given overall responsibility for supervising the work of the NOU and ensuring that action taken is adequate to meet commitments under the Protocol.
- Necessary support structures, such as steering committees or advisory groups are established, involving as appropriate other authorities, the private sector and non-governmental organisations.
- Financial support for other activities in the country programme.

## SECTION 4

### Outputs, activities, workplan and timetable, budget and follow-up

#### 4.1 Outputs

- i) Established and effective functioning of the national ozone office.
- ii) Adopted alternative ODS technologies.
- iii) Established a reliable system to collect and monitor data on ozone-depleting substances imports, exports and (where relevant) production
- iv) Produced annual reports on the consumption and use of
- v) The timely phase out of national ODS consumption.

#### 4.2-3 Activities, Workplan and Timetable

The Ozone Unit, which will be established under the aegis of this project, will be responsible for the following activities carried out under the project:

- a) creation of and increase in national awareness on dangers of ODS;
- b) dissemination of information on new technologies and ODS substitutes;
- c) collection and processing of information on ODS consumption;
- d) promotion and coordination of phase-out actions identified in the Country Programme;
- e) monitoring and evaluation of progress of implementation of ODS phase-out activities;
- f) organization, implementation and monitoring of training sessions
- g) assistance to policy makers on ozone-related issues;
- h) implementation of a Refrigerant Management Plan;
- i) liaison between Government and responsible international organizations (Multilateral Fund Secretariat, Implementing agencies etc);
- j) information exchange with other Parties;
- k) reporting of consumption data to the Ozone Secretariat of UNEP, on an annual basis, as per

- 
- reporting requirements of Article 7;
  - l) reporting of progress on Country Programme implementation to the Multilateral Fund Secretariat, on an annual basis, as per decision 193 of the 13th Executive Committee meeting, following the format contained in document UNEP/OzL.Pro/ExCom/13/46; and
  - m) report to UNEP on the state of progress in the implementation of the project of Institutional Strengthening, according to the objectives of this project.

The workplan and timetable is attached as ANNEX I.

#### **4.4 Budget**

The Budget for the UNEP IM Trust Fund component is attached as ANNEX II. The Total allocation for this project document is US\$[XX].

#### **4.5 Cash advance requirements**

An adequate cash advance will be made by UNEP to the [MINISTRY] which will open an account and assign an Accounts officer for this purpose, after signature of this project document by both parties. The first advance will be based on expenditures expected to be incurred by the [MINISTRY] during the first six months from the UNEP contribution.

Subsequent advances are to be made quarterly, subject to:

- (i) Confirmation by the [MINISTRY], at least one month before the payment is due, that the expected rate of expenditure and actual cash position necessitate the payment, including a reasonable advance to cover three months lead time for the next remittance. This confirmation and advance request will be submitted to UNEP using the format given in Appendix 1;
- (ii) Submission of:
  - (1) timely and satisfactory financial reports showing expenditures incurred for the past quarter using the format given in Appendix 2;
  - (2) timely and satisfactory progress reports on project implementation, as defined in section 6.1.

#### **4.6 Follow-up action**

During the duration of the project, UNEP will provide technical guidance, information and feedback to the Government. UNEP will review the progress being made under the project and provide substantive comments and recommendations on the progress and expenditure reports submitted. UNEP will facilitate and ensure that Government fulfills its data reporting obligations under Article 7 of the Montreal Protocol.

---

## SECTION 5

### Institutional framework and evaluation

#### 5.1 Institutional framework

The [MINISTRY] is directly responsible for the implementation of this project and will provide:

- i) Office space, furniture, basic equipment etc.;
- ii) Public Awareness activities;
- iii) Other miscellaneous requirements.

The provisions made by the [MINISTRY] is estimated to amount to US\$ 9,860.

UNEP will provide:

- i) Financial support from the IM Trust Fund as stated in Section 1;
- ii) Institutional support through UNEP DTIE's other activities, such as information services and training activities;
- iii) Review of the Project Progress Reports (p. 6.1) and subsequent guidance to the Ozone Office.

#### 5.2 Correspondence

All correspondence regarding this project should be addressed to:

In [COUNTRY]:

**[CONTACT DETAILS]**

With a copy to:

At UNEP DTIE:

Director, UNEP DTIE  
Tour Mirabeau  
39-43 Quai André Citroën  
75739 Paris Cedex 15  
France

Tel: (33-1) 44 37 14 50

Fax: (33-1) 44 37 14 74

email: [ozonaction@unep.fr](mailto:ozonaction@unep.fr)

---

All correspondence on financial and budgetary matters should be addressed to:

At UNEP:

Chief, Budget and Funds Management Service  
United Nations Office at Nairobi  
P.O. Box 67578  
Nairobi, Kenya

Tel: (254) 2 623 637

Fax: (254) 2 623 755

### **5.3 Evaluation**

An internal desk evaluation will be carried out by the [MINISTRY] at the end of the project. Further evaluation may be carried out as part of the overall evaluation process of the projects under the Multilateral Fund and/or evaluation process of UNEP DTIE.

## **SECTION 6**

### **Monitoring and reporting; other terms and conditions**

#### **6.1 Project Progress Reports**

The [MINISTRY] shall submit to UNEP DTIE, the following reports, within thirty (30) days of the end of each half year, i.e. as of 30 June and 31 December:

- (i) operative progress report on this project using the format given in Appendix 3.
- (ii) progress report on project implementation and reduction of ODS, using the format given in Appendix 4.
- (iii) half-yearly progress report using the format given in Appendix 5 as applicable.
- (iv) inventory of non-expendable equipment purchased (as defined in section 6.4.2) indicating description, date of purchase, cost and present condition of each item.
- (v) as of 31 December of each year, a copy of the report on ODS consumption data provided to the Ozone Secretariat for the previous year (defined in section 4.2-3 (i)).
- (vi) as of 30 June of each year, a copy of the report on progress on Country Programme implementation sent to the Multilateral Fund Secretariat (defined in section 4.2-3 (j)).

UNEP DTIE shall submit all the above progress reports without delay to the Assistant Executive Director (AED), Programme, with copies to the Chief, Budget and Funds Management Service, UNON (BFMS, UNON), adding its comments as appropriate.

## 6.2 Terminal report

The [MINISTRY] shall submit to UNEP DTIE, the following reports, within sixty (60) days of completion of this project:

- (i) operative terminal report on the project, using the formats provided in Appendices 3 and 4, amended to cover the full period.
- (ii) terminal report on the project, using the UNEP standard format provided in Appendix 6, as applicable.
- (iii) final inventory of all non-expendable equipment purchased as defined in section 6.4.2(b)

UNEP DTIE shall submit all the above terminal reports without delay to DED, UNEP, with copies to the Chief, BFMS, adding its comments as appropriate.

## 6.3 Financial reports

### (a) Project expenditure accounts

- (1) The [MINISTRY] will report quarterly and cumulative annual details of project expenditure to UNEP in line with the budget objects of expenditure as set out in the Project Budget (ANNEX II) on a quarterly basis as of 31 March, 30 June, 30 September and 31 December in accordance with the standard format given in Appendix 2.

All expenditure reports will be dispatched to UNEP within thirty (30) days of the end of the period they refer to, certified by a duly authorized officer of the [MINISTRY].

- (2) The expenditure accounts as of 31 December, certified by a duly authorized official, should be dispatched to UNEP within 30 days, as for other quarters.

In addition, UNEP requires that the end of the year expenditure accounts shall be certified by or supported by an opinion of [COUNTRY] Government auditors, which shall be dispatched to UNEP by 31 March. In particular, the auditors should be asked to report whether, in their opinion:

- (i) Proper books of account and records have been maintained;
  - (ii) All project expenditures are supported by vouchers and adequate documentation;
  - (iii) Expenditures have been incurred in accordance with the activities outlined in the project document.
- (3) Within 90 days of the completion of the project, the [MINISTRY] will supply UNEP with a final statement of account in the same format as for the quarterly statement, certified by or supported by an opinion of [COUNTRY] Government auditors. If requested, the {SERVICE} of the [MINISTRY] shall facilitate an audit (by the United Nations Board of Auditors and/or the Audit Service) of the accounts of the project.

- (4) Any portion of cash advances remaining unspent or uncommitted by the [MINISTRY] on completion on the project will be reimbursed to UNEP within one month of the presentation of the final statement of accounts. In the event of any delay in such reimbursement, the [MINISTRY] will be financially responsible for any adverse movement in the exchange rates.

(b) Cash advance accounts

A statement and request of advances of cash to be provided by UNEP shall be submitted by the [MINISTRY] on a quarterly basis, i.e. as at 31 March, 30 June, 30 September and 31 December, using the format given in Appendix 1.

### 6.3.1 Reporting to Executive Committee

Reports on measures taken and problems encountered shall be reported to the Secretariat of the Multilateral Fund and/or UNEP DTIE as and when required by the Executive Committee.

## 6.4 Other Terms and Conditions

### 6.4.1 General Terms and Conditions

- (a) [MINISTRY] and UNEP DTIE shall collaborate fully to ensure that the objectives/results of this project be accomplished. To that end, the Parties shall exchange views with regard to matters relating to the project and provide each other with all such information as can reasonably be requested with regard to the matters in question.
- (b) Transferral of the [MINISTRY] officers, assigned to this project and supported by the Multilateral Fund through UNEP, to other duties during the project period will not be made without mutual consultation between the [MINISTRY] and UNEP DTIE.
- (c) The [MINISTRY] shall secure a timely importation and clearance through customs of goods covered by this Project. The funds allocated shall not be used for payment of any import duty, tax, national or other public charge in connection with equipment covered by this project document whether imported or purchased within [COUNTRY].
- (d) All the personnel and financial resources and equipment provided by the Multilateral Fund shall be fully allocated to the task of eliminating ODS consumption and production and made available to the National ozone Unit.

### 6.4.2 Non-Expendable Equipment

- (a) The [MINISTRY] will maintain records of non-expendable equipment (items costing \$1500 or more and with a serviceable lifetime of 5 years or more, as well as items of attraction such as pocket calculators, cameras etc. costing \$500 or more) purchased with UNEP funds (or with Trust Fund or Counterpart Contribution funds administered by UNEP). [MINISTRY] shall submit an inventory of all such equipment to UNEP twice a year, as per section 6.1(iv) above, indicating description, date of purchase, cost and present condition of each item. Non-expendable equipment purchased with funds administered by UNEP will remain the property of UNEP until its disposal is authorized by UNEP, in consultation with the

[MINISTRY]. The [MINISTRY] shall be responsible for any loss of or damage to equipment purchased with UNEP funds. The proceeds from the sale of equipment (duly authorized by UNEP) shall be credited to the accounts of UNEP, or of the appropriate Trust Fund or Counterpart Contribution.

- (b) The [MINISTRY] will attach to the terminal report, as per section 6.2(iii), a final inventory of all non-expendable equipment purchased under this project, indicating the following: date of purchase, description, serial number, quantity, cost, location and present condition, together with a proposal for the disposal of said equipment.

### **6.4.3 Responsibilities for Cost Overruns**

Any cost overrun, defined as expenditure in excess of the amount budgeted at the sub-component level of the project budget (for example: 1100 Professional Staff or 4100 Expendable Equipment), shall be met by the organization responsible for authorizing the expenditure, unless written agreement has been received, in advance, from UNEP. In cases where UNEP has indicated its agreement to a cost overrun by transfer of funds from one sub-component to another, a revision to the project document will be issued by UNEP.

### **6.4.4 Rate of Exchange and Responsibility for Losses in Exchange**

UNEP will provide all cash advances in US Dollars and the [MINISTRY] will maintain project accounts and report all expenditure correspondingly in US Dollars. Any funds converted to and expended in another currency will be reported in US Dollars using the actual rate of exchange prevalent at the time of converting the US Dollar cash advance received or part thereof into another currency.

The [MINISTRY] will be solely responsible for any loss in exchange and may not charge any such losses towards project costs. Should the [MINISTRY] wish to safeguard project funds provided by UNEP against losses in exchange, it may, *inter alia*, instruct UNEP in writing to transfer cash advances to an appropriate US Dollar account or, alternatively, negotiate an arrangement with the local UNDP office for this purpose and inform UNEP accordingly in writing.

### **6.4.5 Claims by Third Parties against UNEP**

The [MINISTRY] shall be responsible for dealing with any claims which may be brought by third parties against UNEP and its staff, and shall hold UNEP and its staff non-labile in case of any claims or liabilities resulting from operations carried out by the [MINISTRY] under this project document, except where it is agreed by [MINISTRY] and UNEP that such claims or liabilities arise from gross negligence or wilful misconduct of the staff of UNEP.

### **6.4.6 Rules Governing Management and Administration of the Project**

Unless otherwise implied in this project document or other agreements between [MINISTRY] and UNEP, the administration and management of the project by [MINISTRY] will be carried out in accordance with the relevant rules and regulations of Madagascar (eg, terms of employment of staff, rules and regulations governing travel and procurement).

Annex IV

**Template of Amendment Letter from the World Bank**

October 30, 2000

{MrMs} {Address}

**Re: OTF Grant No. xxxxx (Ozone Protection Policy and Institutional Strengthening Project) – Amendment**

Please refer to the Ozone Project Trust Fund Grant Agreement (...), dated ....., 19..., between (... ) and the International Bank for Reconstruction and Development (hereinafter: “the World Bank”) acting as Trustee of grant funds provided by Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer into the Ozone Projects Trust Fund (OTF) (the Trustee) for the above referred Project.

We propose to amend the Ozone Projects Trust Fund Grant Agreement as follows:

Art. 3.xx is modified to read as follows:

Section 3.0x

The Recipient shall:

- (a) for purpose of Part X of the Project, establish and thereafter maintain during the executive of the Project, a national Ozone Unit within (the national authority).
- (b) take all action necessary or advisable to ensure that the national Ozone Unit all times:
  - (i) exercises the overall responsibility for the coordination and implementation of such part of the Project; and
  - (ii) is provided with adequate staffing, physical and financial resources.

Section 3.0x

The Recipient shall:

- (a) (i) make available to the national Ozone Unit the personnel and equipment financed out of the proceeds of the OTF Grant only for the task of eliminating ODS consumption and production; and

- (iii) appoint a high-level official in (the national authority), acceptable to the Bank, to exercise the overall supervision of the performance of the national Ozone Unit and ensure that any action necessary or advisable is taken to comply with the obligations of the Recipient under this Agreement;
- (b) (not later than ...) establish the necessary support structures for the national Ozone Unit, in the form of an advisory panel or a steering committee, satisfactory to the Bank, such structures to involve the appropriate authorities of the Recipient and representatives of the private sector and non-governmental organizations, and
- (c) from time to time, report to the Bank measures taken and problems encountered as required by decision of the Executive Committee of the Montreal Protocol.

Schedule 2 is modified to read as follows:

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Trustee may agree upon from time to time to achieve such objectives:

Part X: Institutional Strengthening and Dissemination

- (1) Provision of technical support to enhance the capacities of the Recipient to deal with ozone protection issues, and in particular, to carry out the following:
  - (a) action necessary to ensure that the national Ozone Unit establishes a reliable system to collect and monitor data on ozone depleting substances, exports and production.
  - (b) the preparation of annual work plans for the national Ozone Unit.

Sincerely,