



United Nations
Environment
Programme

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/SCMEF/15/1/Add.1
10 November 2001



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sub-Committee on Monitoring, Evaluation and Finance
Fifteenth Meeting
Montreal, 3-4 December 2001

PROVISIONAL ANNOTATED AGENDA

1. Adoption of the agenda and organisation of work

After adoption of the Agenda, the Sub-Committee may wish to organise its work over one and one-half days with a view to adopting its report on the afternoon of the second day.

2. Consolidated draft business plan of the Multilateral Fund for the year 2002

Document UNEP/OzL.Pro/ExCom/35/5: is a consolidation of the implementing and bilateral agencies' draft 2002 business plans along with comments and recommendations of the Fund Secretariat. It contains five parts including the methodology, data and actions to facilitate compliance, resource allocation, activities in the plan, performance indicators, and comments and recommendations from the Fund Secretariat.

Issues to be addressed:

- Data verification and discrepancies in data.
- Resource allocation for final business plans and possible adjustments in 2002.
- The need to address countries or activities not included in the draft business plans.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the Consolidated Draft Business Plan of the Multilateral Fund for the year 2002 contained in UNEP/OzL.Pro/ExCom/35/5.

2. Request implementing agencies to resolve the data discrepancy issues in advance of including projects from countries with data inconsistencies in their final 2002 business plans.
3. Approve a resource allocation of US \$176 million for the purposes of the 2002 final business plan including US \$130 million for investment projects, US \$22.7 million for non-investment projects, US \$20 million for bilateral co-operation, and US \$3.3 million for the Secretariat/Executive Committee/Monitoring and Evaluation function.
4. Request bilateral agencies to submit their final business plans by the due date indicating the total level of funds needed and authorise the Secretariat to adjust the resource allocation for investment projects, accordingly.
5. Further authorise the Secretariat to adjust the resource allocation by the amount of interest and funds returned from completed and cancelled projects when the final Accounts of the Fund for 2001 are available taking into account the balances to be returned through the 37th Meeting.

3. Draft business plans for the year 2002 of:

- (a) Bilateral agencies

Document UNEP/OzL.Pro/ExCom/35/6: presents the draft business plans for bilateral co-operation for the year 2002. The Governments of Australia, Canada, Germany, Italy, Japan and Sweden submitted draft business plans indicating their intent for bilateral activities during the year 2002. Most of the planned activities for bilateral agencies in 2002 are for investment projects.

Issues to be addressed:

- The need for any modifications to the bilateral agencies' plans.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note with appreciation the draft business plans for bilateral co-operation submitted by: Australia, Canada, Germany, Italy, Japan and Sweden as contained in UNEP/OzL.Pro/ExCom/35/6.
2. Request all bilateral agencies planning to submit activities in 2002 to obtain the clearance of the respective Article 5 countries in advance of submitting activities for funding by the Executive Committee.
3. Request Sweden to reconsider its activities in Malaysia's MAC servicing sector and in the CTC/TCA sectors in Malaysia and Thailand in the light of the information contained in UNEP/OzL.Pro/ExCom/35/6.

4. Request Parties planning to submit bilateral co-operation projects in 2002 to submit final business plans to the 36th Meeting.

(b) UNDP

Document UNEP/OzL.Pro/ExCom/35/7 contains the comments and recommendations of the Fund Secretariat and UNDP's draft 2002 business plan.

Issues to be addressed:

- The need for additional actions to expedite the implementation of approved projects and those could be critical to compliance.
- Adequacy of the proposed performance indicators.
- The need for any modifications to UNDP's business plan.
- The need to address policy issues.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note UNDP's draft business plan contained in UNEP/OzL.Pro/ExCom/35/7.
2. Request UNDP to take into account comments provided in UNEP/OzL.Pro/ExCom/35/7 concerning planned activities in Kenya and Lebanon in the finalisation of its 2002 business plan.
3. Request the Project Review Sub-Committee to consider guidance for a potential new sector for CFC-12 use in the aluminium industry.
4. Requesting UNDP to provide letters from countries for all activities that it includes in its final business plan for 2002.
5. Request UNDP to indicate in its financial business plan the actions it would take to expedite the implementation of approved projects and those which could be critical to compliance.

(c) UNEP

Document UNEP/OzL.Pro/ExCom/35/8: contains the comments and recommendations of the Fund Secretariat and UNEP's draft 2002 business plan.

Issues to be addressed:

- Compliance Assistance Programme (CAP) in the light of the evaluation of UNEP's clearinghouse function.
- Budget for CAP administration and agency fees for UNON.
- Monitoring CAP and the procedure for returning funds from annual CAP activities.

- Re-scheduling of approved activities and need for additional actions on projects critical to compliance.
- One-time funding requests.
- The need for any modifications to UNEP's business plan.
- Adequacy of the proposed performance indicators.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the draft 2002 business plan of UNEP as contained in UNEP/OzL.Pro/ExCom/35/8.
2. Indicate if the Compliance Assistance Programme should be maintained in the final business plan and any suggested modifications in the light of the fact that the Project Review Sub-Committee will be considering the funding request for the project as part of UNEP's 2002 work programme.
3. Request that all funds unspent for the annual CAP should be returned to the Multilateral Fund for re-programming at the second meeting of the Executive Committee in the year after CAP is completed.
4. If proposed completion dates should be changed as indicated in UNEP's business plan including the due dates for the submission of country programme/RMPs.
5. Request UNEP to submit country programme/RMPs in advance of requesting funding for any projects/activities contained therein.
6. Request UNEP to provide letters from countries for all activities that it includes in its final business plan for 2002.

(d) UNIDO

Document UNEP/OzL.Pro/ExCom/35/9: contains the comments and recommendations of the Fund Secretariat and UNIDO's draft 2002 business plan.

Issues to be addressed:

- The need for additional actions to expedite the implementation of approved projects and those which could be critical to compliance.
- Adequacy of the proposed performance indicators.
- The need for any modifications to UNIDO's business plan.
- The need to address policy issues.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note UNIDO's draft business plan contained in UNEP/OzL.Pro/ExCom/35/9.

2. Request UNIDO to modify its investment project performance indicator targets for ODP phase out in 2002, cost-effectiveness, and speed of first disbursement; its non-investment performance indicator targets for speed of first disbursement; and provide targets for the non-weighted, non-investment project performance indicators taking into account the Sub-Committee's consideration of the Report on the Performance Indicators and Proposal on Modifications (UNEP/OzL.Pro/ExCom/35/16).
3. Request UNIDO to take into account comments provided in UNEP/OzL.Pro/ExCom/35/9 concerning planned activities in Egypt, Kenya, and Oman in the finalisation of its 2002 business plan.
4. Request UNIDO to provide letters from countries for all activities that it includes in its final business plan for 2002.
5. Request UNIDO to indicate in its final business plan the actions it will take to expedite the implementation of approved projects and those which could be critical to compliance.

(e) World Bank

Document UNEP/OzL.Pro/ExCom/35/10: contains the comments and recommendations of the Fund Secretariat and the World Bank's draft 2002 business plan.

Issues to be addressed:

- The need for additional actions to expedite the implementation of approved projects and those which could be critical to compliance.
- Adequacy of the proposed performance indicators.
- The need to address policy issues.
- Activities in countries where there are no umbrella grant agreements with the Bank.
- The need for any modifications to the World Bank's business plan.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the World Bank's draft 2002 business plan contained in UNEP/OzL.Pro/ExCom/35/10.
2. Note the World Bank's efforts to expedite the implementation of approved activities and request it to indicate in its final business plan additional actions to expedite the implementation of approved projects and those which could be critical to compliance.
3. Request the World Bank to modify its investment project performance indicator targets for phase-out in 2002, the number of countries in business plan, and the net emissions due to delays and its non-investment project performance indicators for speed of completion and reductions in ODS consumption due to non-investment projects taking

into account the Sub-Committee's consideration of the Report on the Performance Indicators and Proposal on Modifications (UNEP/OzL.Pro/ExCom/35/16).

4. Request the World Bank to provide more information on its expedited agreement process in the context of its final business plan indicating the steps to reach agreement and the estimated time from approval to agreement for activities in countries where the Bank's Montreal Protocol Unit has not yet established agreements in the light of its planned activities in countries such as the Bahamas, the Caribbean region, and Yemen.
5. Request the World Bank to include the non-investment activity for the development of a CTC closure project as part of its investment project allocation.
- 4. Report on the implementation of the monitoring and evaluation work programme for the year 2001**

Document UNEP/OzL.Pro/ExCom/35/11: informs about the results of implementing the monitoring and evaluation work programme 2001. It includes a consolidation and an assessment of the project completion reports received during the year, follow-up to Decision 33/2 on the foam sector evaluation, summary of the desk-study on completed projects in the aerosol sector, and a progress report on the extended desk study on the clearing-house activities of UNEP.

- (a) Consolidated project completion report

Issues to be addressed:

- Improvements concerning delivery and quality of PCRs but still delayed submission and often incomplete data.
- Status of follow-up by implementing agencies on Decision 32/18, with regard to providing sufficient data by beneficiary enterprises for project completion reports of good quality by withholding where possible a part of project funds.
- Specification of list of equipment for destruction and modality of destruction in project document and PCR.
- Consistency of data in PCR and progress reports.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Take note of the report on the implementation of the monitoring and evaluation work programme for the year 2001.
2. Adopt the recommendations on further improving the quality of PCRs, contained in paragraph 30 of document UNEP/OzL.Pro/ExCom/35/11.

- (b) Follow-up to Decision 33/2 on the evaluation reports on foam projects

Issues to be addressed:

- Options for resolving the remaining outstanding issues from the foam evaluation: (a) application of lessons learned in future project development and implementation, (b) financial audits of relevant evaluated projects.
- The need and possibility of reducing the project duration for foam projects converting to HCFC-141b technology.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Adopt one of the options for resolving the outstanding issues from the foam evaluation.
2. Request the Secretariat and the implementing agencies to work further to reducing the duration of foam projects converting to HCFC-141b technology.
3. Take note of the report on fires incidences reported in some foam conversion projects.

(c) Summary of the desk study on aerosol projects

Issues to be addressed:

- The approach and the issues identified for the full scale evaluation of completed aerosol projects.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Take note of the approach and the issues identified for the full scale evaluation of the aerosol projects.

(d) Progress report on the clearing house evaluation

Issues to be addressed:

- The issues identified for the evaluation of the clearing house activities of UNEP.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Take note of the issues for the evaluation of the clearing house activities of UNEP.

5. Final report on the evaluation of the solvent sector projects

Document UNEP/OzL.Pro/ExCom/35/12: The document presents the main findings and recommendations, resulting from an evaluation of 30 completed solvent projects in seven Article 5(1) countries.

Issues to be addressed:

- Sustainability of the ODS phase-out in converted solvent projects.
- HCFC-141b not to be accepted and used as an alternative for converting TCA applications.
- Destruction and disposal of ODS-based equipment.
- Implementation delays.
- Frequent change of approved technology and equipment.
- Determination for exposure limits of non-ozone depleting chlorinated solvents, especially trichloroethylene (TCE).
- Concerns about workers safety and health as well as environmental impact, particularly for waste water treatment.
- Overestimation of Incremental Capital Cost (ICC) in some projects.
- Offsetting project savings against counterpart funding.
- Difficulties to address the phase-out for small solvent users and in projects with large incremental operational savings.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Take note of the findings, lessons learnt and recommendations contained in the report.
2. Request that invoices for the purchase of ODS solvents by beneficiary enterprises be certified, as much as possible, by the National Ozone Unit and to be kept there and in the enterprise on record for future verification.
3. Request the implementing agencies to include for all baseline equipment model and serial numbers or some other positive identification, in both the project document and the PCR, in order to ensure correlation.
4. Request implementing agencies to report in the PCR savings arising from buying less costly equipment and/or realizing lower incremental operating cost or higher incremental operating savings than anticipated and approved, and return a pro-rata amount corresponding to the share of grant funding in the total eligible incremental cost to the Multilateral Fund.

6. Draft monitoring and evaluation work programme for the year 2002

Document UNEP/OzL.Pro/ExCom/35/13: contains the draft 2002 Monitoring and Evaluation Work Programme which summarizes the results achieved in further developing the existing monitoring and evaluation system. This is followed by a proposal for the evaluation studies to

be conducted in the Year 2002, a presentation of main evaluation issues, the general methodological approach and the budget required for implementing the evaluation studies in 2002.

Issues to be addressed:

- Guiding principles and main evaluation issues.
- Proposed evaluation studies for the year 2002.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee:

1. Approval of proposed 2002 work programme for monitoring and evaluation.

7. Completed projects with balances

Document UNEP/OzL.Pro/ExCom/35/14: contains the submission of the implementing agencies on completed projects with balances and the return of funds from cancelled projects.

Issues to be addressed:

- Agencies returning US \$4,373,514 of which US \$1,321,276 is from cancelled projects.
- Balances from projects completed over two years ago.
- Re-programming of institutional strengthening funds.
- Premature classification of projects as completed.
- World Bank line of grant projects with apparent continuing adjustments.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the report contained in UNEP/OzL.Pro/ExCom/35/14.
2. Note the levels of funds being returned to the 35th Meeting as US \$722,454 from UNDP, US \$1,093,144 from UNIDO, and US \$2,456,916 from the World Bank.
3. Request UNEP to clarify what is meant by the re-programming of funds for institutional strengthening projects.
4. Note with concern that it appears that projects have been classified as completed that have not been completed and request the agencies to strictly adhere to Decision 28/2 when classifying all projects as completed.

8. Implementation delays

Document UNEP/OzL.Pro/ExCom/35/15: contains an assessment of progress on projects identified with implementation delays based on information contained in the progress reports submitted to the 34th Meeting. It also presents additional requests for project cancellations.

Issues to be addressed:

- Root causes of delays and planned ongoing analyses.
- Possible actions for projects that did not achieve the deadlines set by the 34th Meeting.
- Possible actions for projects with no progress since the 34th Meeting.
- Cancellation of projects recommended for cancellation.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the reports contained in UNEP/OzL.Pro/ExCom/35/15 on projects that have experienced implementation delays from the implementing and bilateral agencies.
2. Agree that the Secretariat and implementing agencies should take necessary actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress and report and notify governments as required.
3. Note that the Secretariat would be conducting a comprehensive review of the status of projects with implementation and authorise the Secretariat to modify its classifications of progress and some progress based on the results of the assessment and report on this to the 36th Meeting.
4. Consider deadlines for the projects listed in paragraph 30.
5. Cancel the following projects:
 - (a) Prosider Berrahal foam project in Algeria, ALG/FOA/19/INV/13 (UNIDO)
 - (b) Elimination of CFC-11 in the manufacture of rigid polyurethane foam through the use of HCFC-22 technology at Master Cooler and Cia Ltd., COL/FOA/26/INV/31 (World Bank)
 - (c) Phaseout of CFC-11 and CFC-12 by conversion to HCFC-141b and HFC-134a in the manufacture of domestic refrigeration equipment at Refrigerators Manufacturing Company Pakistan Ltd., PAK/REF/26/INV/31 (World Bank)
 - (d) Conversion from CFC-11 to water blown and HCFC-141b technology in the manufacture of rigid foam (spray) at Bangkok Integrated Trading Co., THA/FOA/27/INV/109 (World Bank)

9. Report on the performance indicators and proposal on modifications: follow-up to decision 34/11

Document UNEP/OzL.Pro/ExCom/35/16: briefly reviews the background to the development of performance indicators and then addresses the information provided by the agencies.

Issues to be addressed:

- Performance against non-weighted non-investment projects in 2000.
- Proposals for modifications in the light of ongoing planned analyses and strategic planning.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the report contained in UNEP/OzL.Pro/ExCom/35/16.

10. Progress reports: follow-up to Decisions 34/7 and 34/9

Document UNEP/OzL.Pro/ExCom/35/17: At its 34th Meeting and in the context of its review of the progress reports of the implementing agencies, the Executive Committee requested UNEP and the World Bank to provide additional information (Decision 34/7 (e) and (i) and Decision 34/9 (c), (h), and (j)). This document summarises the information provided by UNEP and the World Bank received by the Fund Secretariat pursuant to those decisions.

Issues to be addressed:

- Submission of brochure on Technical Options Committee data.
- Update on Pacific Island Country Strategy.
- Data discrepancies in the World Bank's progress report submitted to the 34th Meeting.
- Updated status report on the Thai chiller report.
- Presentation on experience gained in the development of the National CFC phase-out projects in Malaysia and Thailand.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the report contained in UNEP/OzL.Pro/ExCom/35/17.

11. Proposed budget of the Fund Secretariat for the year 2002

Document UNEP/OzL.Pro/ExCom/35/18: presents the budget of the Fund Secretariat for the year 2002.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Approve the proposed budget.
