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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-ninth Meeting
Montreal, 2-4 April 2003

OVERVIEW OF ISSUES IDENTIFIED DURING PROJECT REVIEW

Projects and activities presented to the 39th Meeting

Submissions by Implementing and Bilateral Agencies

1. The total value of projects and activities received by the Fund Secretariat from implementing and bilateral agencies for submission to the 39th Meeting is US \$71 million (including agency support costs where applicable). The requested funding amounts to US \$53,146,433 including tranches for sector plans and methyl bromide projects.

Secretariat's review of proposed projects and activities

2. The review by the Fund Secretariat of proposals for the funding of projects and activities has resulted in a recommendation for blanket approval of 16 investment projects as well as other activities in the amount of US \$6,496,908. Seven investment projects and other activities with a total value of US \$14,688,523 have been withdrawn or deferred, including projects which did not provide adequate information or the eligibility of which was in doubt. The incremental costs of investment projects, sector plans and national phase-out plans, with a total value of requested funds amounting to US \$45,733,548, have been agreed with the relevant implementing agencies, and are submitted for individual consideration in keeping with past practice.

Status of the Fund

3. At the time of preparation of this paper, Multilateral Fund resources available for commitment amount to some US \$53.7 million.

Issues arising from project review

Bilateral funding for UNEP's CAP activities

4. UNEP has submitted an amendment to its 2003 Work Programme proposing the establishment of an ozone officer's network for nine Eastern European countries and one Central Asian country. The request is discussed in document UNEP/OzL.Pro/ExCom/39/22. UNEP proposed that the activity be funded partly through UNEP (US \$130,000) and partly through contributions from three bilateral donors, the Czech Republic (US \$60,000), Hungary (US \$40,000) and the Slovak Republic (US \$15,000). Bilateral requests from the three countries have been submitted to the 39th Meeting and are considered in document UNEP/OzL.Pro/ExCom/39/21. UNEP is requesting the funding for 2003 as a stand-alone activity, but has indicated that for future years it proposes to seek augmentation of its CAP funding to enable the network to be maintained.

5. There are no impediments arising from Fund rules to the involvement of bilateral agencies in the funding of a CAP activity. However Decision II/8 of the Parties requires that bilateral co-operation (a) be strictly related to compliance with the provisions of the Protocol; (b) provides additional resources; and (c) meets agreed incremental costs. Bilateral funding of a network would also deviate from established practice whereby the bilateral donor is directly responsible to the Executive Committee for the implementation of the activity and for financial

reporting on it. The Executive Committee might consider whether it wishes to give priority to approval of bilateral co-operation requests to support network or other activities that form part of UNEP's CAP programme.

Agency responsibilities in RMP preparation and implementation

6. UNDP has requested project preparation funding for the investment components of RMPs or RMP updates for which project preparation funding has already been approved for UNEP in accordance with the provisions of Decision 31/48. The individual requests are considered under UNDP's 2003 Work Programme in document UNEP/OzL.Pro/ExCom/39/23. Similar requests have been approved previously, and, indeed, project preparation funding is required by an implementing agency that is involved with investment projects, since such projects cannot be prepared or implemented by UNEP, which frequently initiates RMP preparation.

7. However such funding is not fully consistent with the guidelines in Decision 31/48 for two reasons: (a) the guidelines set a limit on project preparation funding and, where funds at the limit are approved initially for UNEP, additional funding for another agency to prepare investment components of the RMP would not be eligible; (b) the guidelines set out, in substantial detail, the requirements for comprehensive and integrated project preparation activities, and these would not seem to be met when investment and non-investment sub-projects are prepared and treated as separate entities, as appears to be the case.

8. More broadly, it appears that this fragmentation of RMP preparation may persist through the implementation phase. The relevant agency may implement its sub-project in full accord with the sub-project's requirements as approved by the Executive Committee. However on completion of the sub-project the agency's responsibilities cease and it has no further involvement in the overall RMP. This circumstance also seems inconsistent with both the requirements of the guidelines and their intent.

9. The guidelines envisage an RMP to be a fully developed package the objective of which is to enable the Article 5 country to meet the 2005 and 2007 CFC reduction schedules. The guidelines require that these control measures are met by the country without further assistance from the Multilateral Fund. The Executive Committee and the country concerned can expect that the implementing agency or agencies involved will assist the country with implementation of the complete RMP package, including achievement of the phase-out that is included in the undertaking, provided as a basis for approval of the funding.

10. Taking account of the above the Executive Committee might consider whether it wishes to: (a) request agencies to co-ordinate their project preparation requests associated with RMPs or RMP updates so that the total funding sought remains within the limits established by the guidelines in Decision 31/48, and (b) require with the first project preparation request, nomination of all the agencies that will be involved in the RMP and the lead agency that will be responsible for overall RMP implementation, including its phase-out objectives, and for reporting on overall progress and on achievement.
