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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sub-Committee on Monitoring, Evaluation and Finance  
Nineteenth Meeting  
Montreal, 31 March -1 April 2003

**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. Introductory remarks**

Introductory remarks by the Chief Officer on the Sub-Committee's programme of work and financial and business planning during the 2003-2005 triennium.

**3. Financial planning for the triennium 2003-2005**

Document UNEP/OzL.Pro/ExCom/39/7: provides suggested annual budgets and resource availability to the Executive Committee.

Issues to be addressed:

- Annual budgets and resource availability;
- Commitments and resources available for new activities during 2003-2005; and
- Bilateral cooperation

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

\*Please note that the revised text is shaded.

1. Note the Report on financial planning for the triennium 2003-2005 as contained in UNEP/OzL.Pro/ExCom/39/7.
2. Adopt a resource allocation of US \$224 million in 2003, US \$191 million in 2004, and US \$158 million in 2005.
3. Urge countries with economies in transition that have not paid previously to pay their contributions to the Fund for the 2003-2005 triennium to enable the compliance of Article 5 countries with the 2005 and 2007 control measures of the Montreal Protocol, and to avoid shortfalls arising from non-payment or delayed payment of pledged contributions during the compliance period of Article 5 countries.
4. Urge contributing Parties to make their payments for the year 2003 by June 2003 in accordance with paragraph 7 of decision XI/6 of the Eleventh Meeting of the Parties and to enable the timely implementation of the three-year phase-out plan.
5. Agree that the US \$248 million in resources available for new commitments should be allocated according to the compliance needs of Article 5 countries.
6. [Agree that for the purpose of bilateral contributions during the triennium, the contributing Parties concerned should apply 20 per cent to the US \$248 million that would be available for new commitment; not the US \$474 million which includes US \$325 million in already committed resources.]

#### **4. Consolidated 2003 business plan of the Multilateral Fund**

Document UNEP/OzL.Pro/ExCom/39/8/Rev.1: is a consolidation of the implementing and bilateral agencies' 2003 business plans along with recommendations of the Fund Secretariat.

##### Issues to be addressed:

- Activities that are not consonant with the phase-out requirements of the three-year phase-out plan;
- Budget of the triennium and value of activities in business plans; and
- Expediting project implementation.

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

1. Note the Consolidated 2003 Business Plan of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/39/8/Rev.1.
2. Adopt 2003 phase-out targets of 22,936 ODP tonnes for consumption and 10,663 ODP tonnes for production, and a 2003 disbursement target of US \$121 million for activities financed by the Multilateral Fund.

**5. 2003 business plans:**

**(a) Bilateral agencies**

Document UNEP/OzL.Pro/ExCom/39/9, **Corr.1 and Corr.2**: presents the business plans for bilateral agencies for the year 2003. The Governments of Canada, Czech Republic, **France**, Germany, Hungary, Italy, Japan, Sweden and United Kingdom provided information on their 2003 planned bilateral activities.

Issues to be addressed:

- Bilateral business plans and the three-year phase-out model; and
- Activities that are not likely to be approved in 2003.

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

1. Note with appreciation the business plans and letters on bilateral cooperation submitted by: Canada, Czech Republic, **France**, Germany, Hungary, Italy, Japan, Sweden, and the United Kingdom as addressed in UNEP/OzL.Pro/ExCom/39/9, **Corr.1 and Corr.2**.

**2. Provide advice on the following activities in the bilateral business plans:**

Agency	Country	Sector and Sub-Sector	Value in 2003
Canada	Morocco	Demonstration in flexible polyurethane foam	90,000
Czech Republic	Europe and Central Asia	European network for ozone officers	66,090
<b>France</b>	<b>Vietnam</b>	<b>Replacement of chillers in textile industry</b>	<b>600,000</b>
<b>France</b>	<b>Cuba</b>	<b>Containment programme in chillers sectors</b>	<b>700,000</b>
<b>France</b>	<b>Iran</b>	<b>Recovery and recycling in MAC sector</b>	<b>1,000,000</b>
<b>France</b>	<b>Lebanon</b>	<b>CFC consumption in chillers sector</b>	<b>200,000</b>
Germany	India	Refrigeration service sector plan	744,074
Hungary	Europe and Central Asia	European network for ozone officers	46,493
Japan	Nigeria	Assistance for a national information, education and communication campaign for compliance	76,840
Japan	Global	Preparation for development of UNEP supplementary training programme and Global training programme	N/A
Japan	Asia and the Pacific	Assistance for the implementation of strategic planning to promote compliance in the Asia Pacific Region ( <b>Iran and Mongolia</b> )	141,250
Japan	China	Training centre in domestic refrigeration service and recycling sector in China	N/A
Sweden	Global	Handbook on systems for reclaiming refrigerants	70,000
United Kingdom	Mexico	Chiller concessional lending pilot project	500,000

**(b) UNDP**

Document UNEP/OzL.Pro/ExCom/39/10: contains the comments and recommendations of the Fund Secretariat and UNDP's 2003 business plan.

Issues to be addressed:

- Planned activities 2003-2005;
- ODS phase-out during 2003-2005;
- Projects that may not meet the requirements of the three-year phase-out plan; and
- Performance indicators.

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

1. Note that MDI strategies in India and Nicaragua and the methyl bromide activity in Zimbabwe would be re-phased to the 2004 or 2005 business plans pending a decision of the Executive Committee on funding for projects to maintain momentum or accelerate phase-out.
2. Endorse the 2003 business plan of the UNDP, as contained in UNEP/OzL.Pro/ExCom/39/10 and Corr. 1, as modified above, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels
3. Approve a target of 223 investment projects to be completed in 2003 and a target cost effectiveness from approvals in 2003 of US \$6.57/kg.
4. Approve the performance indicators for UNDP set out in Tables 1 and 2 of the Fund Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/39/10 and **Corr. 1** while setting a phase-out target of 5,684 ODP tonnes for 2003 for the investment project performance indicator.

**(c) UNEP**

Document UNEP/OzL.Pro/ExCom/39/11: contains the comments and recommendations of the Fund Secretariat and UNEP's 2003 business plan.

Issues to be addressed:

- Planned 2003 activities;
- Projects that do not correspond to three-year phase-out plans;
- Expediting project implementation; and

- Performance indicators.

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

1. Note that UNEP agreed to withdraw from its business plan the following activities:
  - (a) Technical assistance component to promote local Trichoderma production as a methyl bromide alternative in Kenya;
  - (b) Regional workshop on technology transfer for local assembly of mobile R&R equipment adapted to local needs proposed and to be hosted by Uruguay
  - (c) Regional workshop on CTC alternatives proposed and to be hosted by Uruguay
2. Note that UNEP agreed to re-phase the following activity to its 2004 business plan:

Capacity building of building owners/managers to take informed decisions concerning the replacement of chillers in Uruguay, pending a decision of the Meeting of the Parties on chillers;
3. Endorse the 2003 business plan of UNEP, as modified above while noting that endorsement did not denote approval of the projects identified in the business plan nor their funding levels with any modifications based on the consideration of the following activities:
  - (a) Customs and policy training implementation in India;
  - (b) Training and awareness component of RAC servicing sector strategy implementation in India;
  - (c) Implementation of non-investment component of NCAP in Iran; and
  - (d) Implementation of non-investment component of NCAP in Sri Lanka.
4. Approve the performance indicators for UNEP set out in Table 1 of the Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/39/11 and **Corr. 1** and set a phase-out target for non-investment projects of 17 ODP tonnes.
5. Approve the following performance indicators unique to UNEP:

**UNEP Specific Non-Investment Performance Indicators**

<b>ITEMS</b>	<b>2003 Targets</b>
Number of newsletters	3
Number of joint/regional activities which Network members are involved	2 per region
Improvement over previous years in data reporting and enacting the legislation and policies for ODS phase-out in Networking and institutional strengthening countries	80% of all Network countries
The extent of awareness-raising activities initiated by the countries as a result of UNEP's publications	Qualitative, but can be expressed in the number of brochures, awareness raising products produced by countries
The extent to which experience achieved through UNEP's activities is used in the adoption and adjustment of ODS phase-out strategies by Network countries	Qualitative
The extent to which the networks are used by the Agencies and the Secretariat in developing their work or explaining new policies	Qualitative

**(d) UNIDO**

Document UNEP/OzL.Pro/ExCom/39/12: contains the comments and recommendations of the Fund Secretariat and UNIDO's 2003 business plan.

Issues to be addressed:

- Planned activities 2003-2005;
- ODS phase-out during 2003-2005;
- CFC production closure project in Mexico; and
- Performance indicators.

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

1. Endorse the 2003 business plan of the UNIDO, as contained in UNEP/OzL.Pro/ExCom/39/12, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels with any modifications based on the consideration of the planned level of phase-out and associated costs for the CFC production closure in Mexico.
2. Request UNIDO to provide the target for the performance indicator net emissions due to implementation delays at the 39<sup>th</sup> Meeting.
3. Approve the performance indicators for UNIDO set out in Tables 1 and 2 of the Fund Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/39/12 while setting a phase-out target for investment projects of 6,907 ODP tonnes for 2003 and a phase-out target for non-investment projects of 146 ODP tonnes.

**(e) World Bank**

Document [UNEP/OzL.Pro/ExCom/39/13](#) contains the comments and recommendations of the Fund Secretariat and the World Bank's 2003 business plan.

Issues to be addressed:

- Planned activities 2003-2005;
- ODS phase-out during 2003-2005;
- Projects that may not meet the requirements of the three-year phase-out plan; and
- Performance indicators.

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

1. Note that MDI activities in Argentina and CFC activities in Indonesia and Tunisia should be re-phased to the 2004 or 2005 business plans pending a decision of the Committee on funding for projects to maintain momentum or accelerate phase-out.
2. Note that the CTC consumption and production project in India would be submitted to the 40<sup>th</sup> meeting of the Executive Committee, at which time the level of funding indicated in the business plan could be adjusted.
3. Endorse the 2003 business plan of the World Bank, as contained in [UNEP/OzL.Pro/ExCom/39/13](#) and Corr. 1, as modified, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels.
4. Approve the performance indicators for World Bank set out in Tables 1 and 2 of the Fund Secretariat's comments as contained in [UNEP/OzL.Pro/ExCom/39/13](#) and [Corr. 1](#) while setting a phase-out target of 20,747 ODP tonnes for 2003 for the investment project performance indicator.

**(d) Monitoring and Evaluation:**

**Extended desk study on RMP evaluation**

Document [UNEP/OzL.Pro/ExCom/39/14](#): presents the results of a desk study and selected country studies with regard to RMPs. The report describes the most important factors influencing the outcome of RMPs, followed by common problems and evaluation issues identified and a proposal for how to continue the evaluation.

Issues to be addressed:

- Approach of the extended desk study;

- The concept of RMPs and factors determining their outcome;
- Comparative assessment of RMP performance in Jamaica, St. Lucia and Guatemala;
- Observations made and problems identified; and
- Issues and approach for further evaluations of RMPs.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to take note of the information provided in Document UNEP/OzL.Pro/ExCom/39/14, including the proposed evaluation issues and approach for further evaluations of RMPs.

**(b) Results of the analysis of the current procurement procedures of the Implementing Agencies**

Document UNEP/OzL.Pro/ExCom/39/15: describes, as requested in decision 38/2(d)(ii), in some detail the bidding and procurement procedures, the implementing agencies follow in general and for projects funded by the MLF in particular.

Issues to be addressed:

- Language of technical manuals and presence of interpreters during equipment installation;
- Fair and equitable opportunity for all competent suppliers; and
- Current procurement procedures and inputs from country and beneficiary company concerned.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to take note of the information provided in Document UNEP/OzL.Pro/ExCom/39/15.

**6. Institutional procedures of monitoring and evaluation in relevant international financing institutions: Report from the Consultant**

Document UNEP/OzL.Pro/ExCom/SCMEF/19/2: The Secretariat contracted a consultant to compile information on the institutional procedures of monitoring and evaluation (units and persons) in other relevant international financing institutions, as requested by the 18<sup>th</sup> Meeting of the Sub-Committee on Monitoring, Evaluation and Finance.

**7. Phase-out from cancelled projects**

Document UNEP/OzL.Pro/ExCom/39/16: addresses what is meant by counting the phase-out from cancelled projects, indicates proposals for recording ODS phase-out from cancelled projects, options for measuring phase-out in cancelled projects and concludes with recommendations, as follow-up to Decisions 37/8 and 38/6(d).

Issues to be addressed:

- Counting ODS phase-out from cancelled projects;



- Proposals for recording ODS phase-out from cancelled projects; and
- Options for measuring phase-out in cancelled projects.

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

1. Note the report on the ODS phase-out from cancelled projects as contained in UNEP/OzL.Pro/ExCom/39/16.
2. Adopt the following two options:
  - (a) If an enterprise was provided with equipment needed for conversion to non-ODS technology, the full amount of ODS envisioned for phase-out in the approved project should be recorded as the phase-out;
  - (b) If an enterprise was provided by some items of equipment and such items could not be transferred by the implementing agency concerned to another enterprise(s) in the country or the region, the cost-effectiveness of the approved project should be used to calculate an amount of ODS phase-out proportional to the cost of equipment items and other associated costs, by dividing the amount of funds disbursed to the enterprise by the cost-effectiveness value. The resulting amount should be recorded as the phase-out.

## 8. **Project** implementation delays

Document UNEP/OzL.Pro/ExCom/39/17: contains an assessment of progress on projects identified with implementation delays based on decisions taken at previous meetings of the Executive Committee, presents additional requests for project cancellations and addresses the impact of delayed and cancelled projects on compliance.

Issues to be addressed:

- Report from the World Bank on the umbrella TCA project in Argentina (ARG/SOL/28/INV/91);
- Projects where agencies and the Secretariat disagreed on assessment of some progress;
- Possibilities of redeployment of equipment from the cancelled projects (CPR/REF/23/INV/222 and CPR/REF/26/INV/256);
- Possible cancellation of the project GLO/SEV/21/TAS 130; and
- Impact of cancelled and delayed projects on compliance.

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

1. Note the document on project implementation delays (UNEP/OzL.Pro/ExCom/39/17).
2. Note with appreciation the reports submitted to the Secretariat on projects with implementation delays provided by Belgium, France, Germany and the four implementing agencies.
3. Note that the Secretariat and implementing agencies would take established actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress, and report and notify governments as required.
4. Consider the report from the World Bank and decide to partially cancel the umbrella TCA project in Argentina (ARG/SOL/28/INV/91) under World Bank implementation due to the inability of seven of the enterprises to participate in the project, noting that none of the funds had been disbursed for these enterprises [and no ODS phase-out achieved].
5. Consider letters of possible cancellation for the Chilean auction project (CHI/MUS/26/INV/37) and the umbrella foam project in Egypt (EGY/FOA/22/INV/64), in the light of the comments in paragraphs 16 and 17 of the document UNEP/OzL.Pro/ExCom/39/17 and the reports from the agencies during the meeting.
6. Cancel the projects by mutual agreement and request UNIDO to investigate the possibility of redeploying the equipment from these cancelled projects to the sector plan, and adjust the future work programmes in the light of this redeployment as part of UNIDO's request for the second tranche of the sector plan:
  - (a) Project preparation for phasing out of ODS use in Pliva Pharmaceuticals in Croatia (CRO/ARS/36/PRP/16) implemented by Germany, noting that the funds approved for this project (US \$16,500 plus US \$2,145 of support cost) should be offset against future approvals for Germany;

Conversion from CFC-12 to isobutane technologies and products at the compressor factory of the Hangli Refrigeration Ltd., in Hangzhou, China (CPR/REF/26/INV/256) implemented by UNIDO, noting that US \$674,109 of the net US \$861,000 approved for the project had been disbursed up to 2002 [with no direct phase-out of ODS consumption.] since this was a compressor project;

Phasing out ODS at the refrigerator plan of Bole Electric Appliance Group in China (CPR/REF/23/INV/222) implemented by UNIDO, noting that US \$1,145,659 of the net US \$1,469,029 approved for the project had been disbursed up to 2002 [with 132 ODP tonnes phased out].

7. Cancel the following projects by mutual agreement pending government confirmation:
  - (a) Conversion from halon 1211 to ABC dry chemical powder and carbon dioxide in portable extinguishers at Real Value Appliances Ltd in India (IND/HAL/18/INV/60) implemented by the World Bank, noting that no funds had been disbursed of the US \$251,736 approved for the project [with 462 ODP

tonnes phased out of ODS consumption on the part of the enterprise concerned];

- (b) H.K. Foam. Phase-out of CFC-11 by conversion to MeCl in the manufacture of flexible polyurethane foam in Tanzania (URT/FOA/26/INV/10) implemented by UNDP, noting that US \$7,957 of the US \$113,700 approved for the project had been disbursed **up to 2002** [with no phase-out of ODS consumption].
8. [Cancel/Note the completion] of the activity to Develop a handbook on the practical use of policy instruments (GLO/SEV/21/TAS/130) implemented by UNEP, [noting that US \$10,000 of the net US \$90,000 approved for the project had been disbursed **up to 2002.**]
9. Request the implementing agencies to reimburse to the Multilateral Fund all remaining balances from cancelled projects, as well as those funds from cancelled umbrella projects.

**9. Project balances**

Document UNEP/OzL.Pro/ExCom/39/18: 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 \$4,492,374 of which US \$3,085,301 is from cancelled projects; and
- Balances from projects completed over two years ago.

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

1. Note the report on project balances contained in UNEP/OzL.Pro/ExCom/39/18.
2. Note the levels of funds being returned to the 39<sup>th</sup> Meeting totalling US \$5,120,933 plus support costs as follows by agency: US \$2,662,757 from UNDP and agency support costs of US \$346,159, including reimbursement of funds previously returned for one project in error by UNDP; US \$708,297 from UNIDO and agency support costs of US \$91,324, and US \$1,121,320 from the World Bank and agency support costs of US \$191,076, including the reimbursement of funds returned in error by the Bank for one project and reimbursement of financial intermediary fees for cancelled projects.
3. Note that implementing agencies had balances totalling US \$3,381,057, excluding support costs, from projects completed over two years **previously**: UNDP (US \$1,121,615 plus support costs); UNIDO (US \$1,670,822 plus support costs); and the World Bank (US \$588,620 plus support costs).
4. Consider actions to address an increased level of balances held for over two years by the implementing agencies.

**10. Other matters**

**11. Adoption of the report of the Sub-Committee**

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