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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-ninth Meeting  
Bangkok, 3-7 July 2017

**2017 CONSOLIDATED PROJECT COMPLETION REPORT**

**Background**

1. The issue of outstanding projects completion reports (PCRs) has been addressed by the Executive Committee at each of its meetings. At the 77<sup>th</sup> meeting, the Executive Committee *inter alia* urged bilateral and implementing agencies (IAs) to submit to the 79<sup>th</sup> meeting the backlog of PCRs for Multi-year Agreements (MYAs) and individual projects listed in document UNEP/OzL.Pro/ExCom/77/7, and, if the PCRs due were not submitted, to provide the reasons for not doing so and the schedule for submission. The Committee also urged cooperating IAs to complete their portions of PCRs to allow the lead IA to submit them according to the schedule (decision 77/4(b) and (c)).

2. Pursuant to decision 77/4(b) and (c), the Senior Monitoring and Evaluation Officer (SMEO) prepared a list of all PCRs due which was sent to bilateral and IAs on 23 January 2017.

**MYA PCRs received**

3. Of the 167 MYA completed, bilateral and IAs had submitted 120 PCRs with an outstanding balance of 47 as shown in Table 1. The list of the nine PCRs submitted after the 77<sup>th</sup> meeting is attached in Annex I to the present report.

**Table 1. Overview of MYAs PCRs**

Lead agency	Completed	Received prior 77 <sup>th</sup> meeting	Received after the 77 <sup>th</sup> meeting	Outstanding
Canada	3	0	0	3
France	5	0	0	5
Germany	9	5	2	2
Japan	1	1	0	0
UNDP	25	21	1	3
UNEP	57	43	1	13
UNIDO	46	39	3	4
World Bank	21	2	2	17
<b>Total</b>	<b>167</b>	<b>111</b>	<b>9</b>	<b>47</b>

4. An analysis of the aggregated fund disbursed, ODS phased out and delay in the completion of the nine MYA PCRs is summarized in Table 2.

**Table 2. Overview of the budget, ODS phased out and delay of MYAs submitted after the 77<sup>th</sup> meeting**

Lead agency	MYA funds (US\$)		ODP tonnes phase out		Average delay (months)
	Approved	Disbursed	Approved	Actual	
Germany	5,416,919	5,416,919	611.0	611.5	18.28
UNDP	4,845,283	4,843,696	452.8	452.8	6.10
UNEP	140,253	140,253	0.0	0.0	48.70
UNIDO	3,112,251	2,840,660	435.1	433.1	24.39
World Bank	13,541,013	13,541,013	1,953.8	1,953.8	-0.47
<b>Grand Total</b>	<b>27,055,719</b>	<b>26,782,541</b>	<b>3,452.7</b>	<b>3,451.2</b>	<b>18.18</b>

5. Enterprise related delays were associated, in one country, with limited technology support by the suppliers. In another, the mobile air-conditioning servicing workshops were reluctant to enter the programme at an early stage because they wanted to see if the prices would fluctuate and make sure to select the right model or brand. Both problems were overcome by the active participation of IA's experts, local expertise and the support of the government.

6. A common delay stems out from personnel issues such as changes of personnel at the National Ozone Unit (NOU), or in related Government institutions as well as insufficient staff. In one case, the limited number of Government officials delayed the on-site inspection. In another the delay was associated with the misuse of funds by a former National Ozone Officer (NOO), following multiple failed attempts by the IA to recover the funds, an agreement was reached with the NOU on the modalities of project closures.

7. Supplier delays were due to lack of availability of spare parts; limited technology support; difficulty of settling counterpart payments or obtaining counterpart funding; and the use of vouchers to obtain equipment (in one country the suppliers were not able to keep the required amount of stock matching the vouchers; in another instance the distribution of vouchers for recovery/recycling machines could not be made in conjunction with basic service tools; and distribution of vouchers to workshops in remote areas and delivery of the equipment by suppliers within the period of validity of the vouchers).

### *Lessons learned*

8. Lessons learnt from MYA PCRs can be found on the MYA PCR lessons learnt database<sup>1</sup>.

9. The turnover of staff at all level of stakeholders' organisations affects both the quality of work and the institutional memory in these organizations. One IA mentioned the necessity to separate National Ozone Office and PMU office. The former could focus on executive duties while the latter assumes the responsibilities of monitoring, education and public awareness. The need for training and the adequate staffing are crucial for the functioning of the programme. Furthermore, cooperation among stakeholders strengthens partnership, fosters synergy among the participants in project implementation and ensures sustainability of project results.

10. Management of data also needs improvement. There is need to reconcile periodically the import statistics in the database of the Customs Authority with those of other Government institutions. If needed, data discrepancies should be further investigated and rectified. There is also need to develop a database with information on illegal ODS trade activities to accurately register authorised imports into the country.

<sup>1</sup> <http://www.multilateralfund.org/myapcr/search.aspx>

11. It has been observed that policy and regulatory frameworks often disregard market mechanisms. This is detrimental to manufacturers who faced problems in placing new products on the market. Therefore, policies and regulation need to address this shortcoming.

12. Implementation should take into account the variety of enterprises in the manufacturing and servicing sector. An individual approach would be best suited in the manufacturing sector, where large to medium-size enterprises have technical and management capacity to implement the sub-project themselves. In the servicing sector thousands of similar beneficiaries could benefit from a group-subproject with assistance of a group coordinator. This approach would address the limited capacity of the government, allowing it to focus on both the overall picture and enforcement activities.

13. Under the voucher scheme, the beneficiaries had to select equipment suppliers on their own, making counterpart funding a main concern for small enterprises, especially for servicing workshops, who did not want to pay said funding and therefore did not use the vouchers. As a consequence, several options were offered by equipment suppliers to attract the service workshops, such as the possibility to pay in instalments and reduction of prices to make their products more competitive. This competition among suppliers was positive for beneficiaries as it lowered the prices for equipment. However, too low a price might affect the offer of after-sale services by the supplier, an important factor for the sustainability of the programme. Without sufficient after-sale service, equipment is likely to be idle. Therefore it is important to achieve a balance between price reduction and the possibility of supplier to implement after-sale services. It is also recommended to periodically evaluate the performance of equipment supplier in the after-sale service area.

14. The sector plan approach is important because it provides more flexibility to countries to implement activities in agreement to their domestic situation. For example, within a sector plan, technical assistance (TA) activities, *inter alia*, training of enterprises and auditors, an annual performance auditing and a development of a management information system are carried out successfully. Under a sector approach, these can be quantified and detailed, thus easier to fulfil. They also help enhance management efficiency and ensure phase-out implementation. Furthermore, a sector plan defines the phase-out targets for each year, the relevant supporting policies, and the production facilities to be addressed.

15. In one case, during the implementation of the multi-year project, it was necessary to modify the original implementation design (i.e., strategy; action plan; and criteria) to suit the changes in the domestic situation. Without such flexibility, the Government would have had problems to effectively utilize funding to address actual needs. Flexibility, however, must be in accordance with relevant guidelines and rules. Close collaboration among relevant agencies also helped to ensure that a flexible policy was in line with the relevant guidelines and rules and met the objectives of the programme.

### Individual PCRs received

16. Of the total 1,855 investment projects that have been completed, bilateral and IAs had submitted 1,844 PCRs, with a balance of 11 outstanding PCRs as shown in Table 3.

**Table 3. PCRs submitted for investment projects**

Agency	Completed	Received prior 77 <sup>th</sup> meeting	Received after the 77 <sup>th</sup> meeting	Outstanding
France	15	12	0	3
Germany	19	19	0	0
Italy	11	10	0	1
Japan	6	6	0	0
Spain	1	1	0	0
United Kingdom of Great Britain and Northern Ireland	1	1	0	0
United States of America	2	2	0	0

Agency	Completed	Received prior 77 <sup>th</sup> meeting	Received after the 77 <sup>th</sup> meeting	Outstanding
UNDP	894	893	0	1
UNIDO	449	447	1	1
World Bank	457	452	0	5
<b>Total</b>	<b>1,855</b>	<b>1,843</b>	<b>1</b>	<b>11</b>

17. Of the 1,140 non-investment projects<sup>2</sup> that have been completed, bilateral and IAs had submitted 1,070 PCRs, with a balance of 70 outstanding PCRs as shown in Table 4.

**Table 4. PCRs submitted for non-investment projects**

Lead agency	Completed	Received prior 77 <sup>th</sup> meeting	Received after the 77 <sup>th</sup> meeting	Outstanding
Canada	57	55	0	2
France	31	14	0	17
Germany	56	51	3	2
Italy	1	0	0	1
Japan	14	13	0	1
Portugal	1	0	0	1
UNDP	277	271	0	6
UNEP	448	417	4	27
UNIDO	126	113	3	10
World Bank	39	36	0	3
Others <sup>3</sup>	90	89	1	0
<b>Total</b>	<b>1,140</b>	<b>1,059</b>	<b>11</b>	<b>70</b>

18. The list of 12 PCRs including one investment and 11 non-investment projects received after the 77<sup>th</sup> meeting is contained in Annex II to the present document; the aggregated results relevant to disbursement, actual phase-out and delays are shown in Table 5.

**Table 5. Overview of the budget, ODS phased out and delay of individual projects submitted after the 77<sup>th</sup> meeting**

Agency	Number of projects	Funds (US\$)		ODP tonnes phase out		Average delay (months)	
		Approved	Disbursed	Approved	Actual	Duration	Delays
Germany	3	802,000	801,500	419.3	419.3	79.81	40.89
Spain	1	147,400	147,179	0.0	0.0	84.17	60.87
UNEP	4	450,000	202,333	0.0	0.0	33.73	15.47
UNIDO	4	4,322,464	4,288,768	331.4	331.0	97.15	36.52
<b>Total</b>	<b>12</b>	<b>5,721,864</b>	<b>5,439,780</b>	<b>750.7</b>	<b>750.3</b>	<b>70.59</b>	<b>32.62</b>

19. Seven projects experienced delays in implementation ranging from 12 months to 85 months, with an average delay of approximately 33 months. The investment project was delayed by changes in government officials and some difficulties in supplying the equipment.

20. Non-investment projects faced delays due to lack of communication among stakeholders; the need to translate documents; and political difficulties. Extensive discussions between the IAs and the NOU may impact timely implementation of the project (e.g., in one case negotiations for the government's approval to

<sup>2</sup> Excluding project preparation, country programmes, multi-year projects, networking, clearing-house activities, and institutional strengthening projects.

<sup>3</sup> Including PCRs completed and received from the following countries: Australia(25), Austria(1), Czech Republic(2), Denmark(1), Finland(5), Israel(2), Poland(1), South Africa(1), Spain(4), Sweden(5), Switzerland(3), and United States of America (40).

contribute with a percentage of the equipment replacement cost took some time). Changes in government officials, at the NOO and at stakeholders' had impacted timely project activities.

21. Other delays arose from technical issues, such as the time needed to modify the buildings to accommodate new chillers or the actual decommissioning of halons. In this case, some owners were unwilling to give up their halons as they felt they were handing out a "valuable" chemical. Extensive discussions had to be undertaken to convince them of the benefits of handing over their halons for recycling purposes. It would be therefore necessary to examine the Bamako Convention's provisions on transboundary shipment of hazardous waste and to determine whether halons collected would be considered under this Convention.

22. In one instance, a project was delayed and eventually cancelled following multiple failed attempts to resolve a legal issue relating to the licensing and copyright of materials produced which arose between the IAs, ASHRAE and the institute developing the guide.

#### *Lessons learned*

23. Lessons learnt from the PCRs can be found in the PCR lessons learnt database<sup>4</sup>.

24. A key lesson from the investment PCR stressed the need to give due consideration to all the technologies available before the final technology is selected.

25. It is fruitful to involve professional organization in project implementation. For example, organized farmers' unions and associations played an important role in disseminating information among potential beneficiaries. In addition, pooled resources for the purchase of machinery and other inputs reduced the economic barriers and improved accessibility to technology.

26. Key lessons learnt from the 11 PCRs for non-investment projects submitted after the 77<sup>th</sup> meeting relate, *inter alia*, to: the need to keep data recording systems and the importance of the verification process; the benefits of co-financing; cooperation among all stakeholders and awareness activities to disseminate the knowhow; and the changes to the licencing system.

27. Recording diversified and adequate data is essential. A verification report points out the importance of collecting data to serve for the assignment of quotas and not only data related to the quantity of refrigerant in equipment.

28. Some Article 5 countries were reticent to seek non-grant financing for Multilateral Fund activities. This is because NOOs are not familiar with resource mobilization and climate co-benefits, and lack the capacity to undertake additional work related to identification of co-financing opportunities and proposal development. Therefore, NOOs need assistance to develop their expertise in project financing, designing project proposals, and to further develop their capacity for harmonizing phase-out activities, energy efficiency and climate co-benefits. They indeed expressed the need for project preparation funds that focus on these aspects. This would enable them to explore as a priority the opportunities for internal (i.e., domestic) resource mobilization, the use of economic instruments, other government programmes and private sector resources.

29. Cooperation is essential for a successful project implementation, and therefore, finding the right partners is essential. When developing a joint project with a non-UN entity such as an association, the legal aspects of the cooperation should be explored with the proposed partner in advance of submitting a final project proposal to avoid future impediments to project implementation. Lessons show that holding stakeholder consultations as early as possible makes for a smoother transition to ODS alternatives. Regional

<sup>4</sup> <http://www.multilateralfund.org/pcrindividual/search.aspx>

networking is one instrument for exchanging views on technical and administrative issues, experiences and best practices, with a clear sense of how the portfolio functions at a regional level.

30. There is need to change the process of issuing licenses to allow for more control on imports and exports. Measures such as licenses valid for a single ODS type or a single shipment; licenses with a reduced validity period (i.e., one month); mandatory reporting of the use of licences for importers and exporters within a short period (i.e., 96 hours) following the import or export; and a maximum terms for license processing (i.e., ten days) to allow the interested parties to be certain about their operations and to prevent any hindrances to foreign trade transactions, would improve the licence system.

### **Outstanding MYA PCRs and PCRs**

31. Following decision 77/4(b) and (c), the SMEO stressed once again at the Inter-agency coordination meeting held in Montreal in February 2017 the importance for the IAs to submit all outstanding PCRs, noting that many projects have been completed several years ago, and to highlight the importance of disseminating the lessons learnt given their relevance to projects that are currently under implementation. Furthermore, progress and financial reports on completed projects have to be submitted until the PCRs are submitted, which increases the workload of the Executive Committee, the agencies and the Secretariat. Reasons for not submitting outstanding MYAs and individual PCRs should be provided by IAs.

### **RECOMMENDATION**

32. The Executive Committee may wish:

- (a) To take note of the 2017 consolidated project completion report (PCR) contained in document UNEP/OzL.Pro/ExCom/79/15;
- (b) To urge bilateral and implementing agencies to submit to the 80<sup>th</sup> meeting PCRs for multi-year agreements (MYAs) and individual projects that were due, and if they did not submit, to provide the reasons for not doing so and the schedule for submission;
- (c) To urge lead and cooperating agencies to closely coordinate their work in finalizing their portion of PCRs to allow the lead implementing agency to submit them according to the schedule;
- (d) To urge bilateral and implementing agencies to enter clear, well written and thorough lessons when submitting their PCRs; and
- (e) To invite all those involved in the preparation and implementation of MYAs and individual projects to take into consideration the lessons learnt from PCRs when preparing and implementing future projects.

**Annex I**

**MYA PCRs RECEIVED**

<b>Country</b>	<b>Agreement Title</b>	<b>Lead agency</b>	<b>Cooperating agency</b>
China	Production TCA	World Bank	
Costa Rica	Methyl bromide	UNDP	
Croatia	HCFC Phase Out Plan (Stage I)	UNIDO	Italy
Iran (Islamic Republic of)	CFC phase out plan (foam, MAC training, management	Germany	
Iran (Islamic Republic of)	CFC phase out plan (regulations)	UNEP	
Lesotho	CFC phase out plan	Germany	
Malaysia	ODS phase out plan	World Bank	
Qatar	CFC phase out plan	UNIDO	UNEP
Serbia	CFC phase out plan	UNIDO	Sweden





**Annex II**

**INDIVIDUAL PCRs RECEIVED**

<b>Code</b>	<b>Agency</b>	<b>Project title</b>
AFR/HAL/35/TAS/29	Germany	Establishment of a regional halon bank for Eastern and Southern African countries (Botswana, Ethiopia, Kenya, Lesotho, Namibia, Tanzania and Zimbabwe)
AFR/REF/48/DEM/34	Germany	Strategic demonstration project for accelerated conversion of CFC chillers in 5 African Countries (Cameroon, Egypt, Namibia, Nigeria and Sudan)
ALG/HAL/35/TAS/51	Germany	Sectoral phase out programme: establishment of a halon bank
LAC/FUM/54/TAS/40	Spain	Technical assistance to introduce chemical alternatives in countries which have rescheduled methyl bromide phase out plan (Argentina and Uruguay)
GLO/SEV/29/TAS/198	UNEP	Complement for translation and printing of four guidelines and training modules into Arabic, Chinese, French and Spanish
GLO/SEV/63/TAS/308	UNEP	Resource mobilization to address climate co-benefits for HCFC phase-out in low-volume-consuming countries with servicing sector only, in cooperation with other agencies
GLO/SEV/66/TAS/314	UNEP	Development of a guide for sustainable refrigerated facilities and systems, in cooperation with the American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE)
NIC/PHA/73/TAS30	UNEP	Verification report on the implementation of the HCFC phase-out management plan
ARG/FUM/30/INV/105	UNIDO	Phase-out of methyl bromide in strawberry, protected vegetables and cut flower production
BOL/PHA/74/TAS/43	UNIDO	Verification report for stage I of HCFC phase-out management plan
EUR/REF/47/DEM/06	UNIDO	Demonstration project on the replacement of CFC centrifugal chillers in Croatia, Macedonia, Romania, and Serbia and Montenegro
MOZ/FUM/60/TAS/20	UNIDO	Technical assistance for the elimination of controlled uses of methyl bromide in soil fumigation in Mozambique