

**United Nations
Environment
Programme**Distr.
GENERALUNEP/OzL.Pro/ExCom/83/14
29 April 2019

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-third Meeting
Montreal, 27– 31 May 2019

TRANCHE SUBMISSION DELAYS**Introduction**

1. Pursuant to decision 47/50(d),¹ the Secretariat has prepared the present document. It presents actions taken in response to decisions on tranche submission delays adopted at the 82nd meeting; and an analysis of each of the tranches that were due but were not submitted to the 83rd meeting and the tranches that were submitted but subsequently withdrawn during the project review process. It also provides an overview of the reasons for the delays and the impact on compliance with the countries' obligations under the Montreal Protocol. It seeks guidance from the Executive Committee for the cancellation of the stage I of an HCFC phase-out management plan (HPMP), and presents a recommendation.

Follow-up to decisions taken on tranche submission delays at the 82nd meeting

2. At the 83rd meeting, under agenda item 8(b) on tranche submission delays, one member drew the attention of the Executive Committee to the fact that 36 of the 54 countries that had been scheduled to submit tranche requests at the 82nd meeting had not done so, representing a non-submission rate of 67 per cent. He further stated that it might be worthwhile for the Committee to attempt to ascertain whether there was some underlying problem.²

3. Subsequently, the Executive Committee *inter alia* requested the Secretariat to send letters to the relevant governments regarding the decisions on tranche submission delays contained in Annex X of the report of the 82nd meeting of the Committee (decision 82/44(b)).

Letters sent to Governments

4. Pursuant to decision 82/44(b), the Secretariat sent letters to the Governments of 28 Article 5 countries to urge the submission of the next tranche of their HPMPs to the 83rd meeting. As a result, the

¹ The Executive Committee decided that a separate sub-agenda item on delays in the submission of annual tranches and disbursement of funds for tranches and obligations should be included for future meetings.

² Paragraph 173 to document UNEP/OzL.Pro/ExCom/82/72

Governments of Armenia³, Comoros (the)⁴, Djibouti⁵, Gabon⁶, Guyana⁷, Kuwait⁸, Mali⁹, Morocco¹⁰, Mozambique¹¹, Pakistan¹², Sierra Leone¹³, South Africa¹⁴ and Togo¹⁵ submitted respective tranches of their HPMPs.

5. However, the Governments of China (stage II – PU rigid foam sector)¹⁶, Congo (the), Cote d'Ivoire, Dominica, Guinea, Iran (Islamic Republic of)¹⁷, Iraq, Jordan, Niger (the), Republic of Moldova (the), Senegal, South Sudan, Tunisia, Turkey and Viet Nam did not submit their tranche request.

Discussion at the Inter-agency coordination meeting (IACM)¹⁸

6. Noting the concern expressed by the Executive Committee at its 82nd meeting, at the IACM the Secretariat together with the bilateral and implementing agency discussed the matter of tranche submission delays. During the discussions it was acknowledged that the administrative processes of agencies might have contributed to delays, challenges in implementation of the activities for each tranche were the larger reasons for late submissions. Issues related to the lack of availability of proposed technologies in local markets, and challenges where it was proposed to move to low-global-warming potential (GWP) technologies while the overall industry might be transitioning to high-GWP alternatives were highlighted. It was also proposed to consider the funding tranche distribution in stage II Agreements to facilitate more efficient implementation especially for low-volume consuming (LVC) countries, and the possibility of setting up a framework agreement for LVC countries to reduce delays in agreement signatures after individual tranche approvals (particularly relevant to UNEP).

Analysis of tranches not submitted to the 83rd meeting

7. Thirty-six activities associated with tranches of HPMPs for 21 countries, at a total value of US \$32,102,077 (including agency support costs), due for submission to the 83rd meeting were not submitted, as shown in Annex I to the present document¹⁹.

8. In addition, six tranches of stage II of HPMPs for two countries amounting to US \$15,617,180 (including agency support costs), were submitted to the 83rd meeting, but subsequently withdrawn by relevant implementing agencies during the project review process. These six tranches are also included in Annex I.

Reason for delays and impact on compliance

9. The reasons for delays in the submission of tranches of HPMPs include: Government decisions, and/or endorsements, and/or changes in the national ozone unit (NOU), and/or structural change (12); lack

³ UNEP/OzL.Pro/ExCom/83/20

⁴ UNEP/OzL.Pro/ExCom/83/23

⁵ UNEP/OzL.Pro/ExCom/83/25

⁶ UNEP/OzL.Pro/ExCom/83/27

⁷ UNEP/OzL.Pro/ExCom/83/28

⁸ UNEP/OzL.Pro/ExCom/83/29

⁹ UNEP/OzL.Pro/ExCom/83/30

¹⁰ UNEP/OzL.Pro/ExCom/83/32

¹¹ UNEP/OzL.Pro/ExCom/83/33

¹² UNEP/OzL.Pro/ExCom/83/34

¹³ UNEP/OzL.Pro/ExCom/83/35

¹⁴ UNEP/OzL.Pro/ExCom/83/36

¹⁵ UNEP/OzL.Pro/ExCom/83/37

¹⁶ Submitted but subsequently withdrawn.

¹⁷ Submitted but subsequently withdrawn.

¹⁸ Montreal, 5-7 March 2019.

¹⁹ For comparison, at the 82nd meeting, 51 tranches for 36 countries that were due were not submitted.

of mandatory verification report (7); sufficient funds from previous tranches (5); disbursement below the 20 per cent threshold of approved funds for the previous tranche (15); delays in implementation of investment components (5); enterprise difficulties (1); signing of agreements or contracts (4); lead or cooperating agency not ready for submission (1); internal or external difficulties (5); revision of agreement or plan of action (3); or no submission of progress and/or financial reports (2).

10. As reported by the relevant bilateral and implementing agencies, delays in the submission of tranches that were past due would have no impact, or were unlikely to have an impact, on compliance with the countries' obligations under the Montreal Protocol. All outstanding tranches are expected to be submitted to the 84th meeting.

Cancellation of stage I of the HPMP for Algeria

11. In line with decision 82/15(f),²⁰ the Secretariat sent a letter to the Government of Algeria on 21 December 2018 seeking its agreement to cancel stage I of the HPMP. As a response from the Government was not received, the Secretariat followed up the matter with UNIDO, as lead implementing agency of stage I of the HPMP, which also indicated that no response has been received from the Government, and reiterated the lack of communication as a major difficulty in the past years.

12. The Secretariat would like to seek guidance from the Executive Committee on whether to cancel stage I of HPMP for Algeria, noting that no response has been received from the Government of Algeria.

Recommendations

13. The Executive Committee may wish:

- (a) To note:
 - (i) The report on tranche submission delays contained in document UNEP/OzL.Pro/ExCom/83/14;
 - (ii) The information on tranche submission delays under HCFC phase-out management plans (HPMPs) submitted by the Governments of France, Germany and Japan, UNDP, UNEP, UNIDO and the World Bank;
 - (iii) That 34 out of 70 activities (19 out of 39 countries) related to tranches of HPMPs due for submission at the 83rd meeting had been submitted on time;
 - (iv) That relevant bilateral and implementing agencies had indicated that the late submission of the tranches of HPMPs due for submission at the first meeting of 2019 would have no impact, or was unlikely to have an impact, on compliance with the Montreal Protocol, and that there was no indication that any of the countries concerned were in non-compliance with the Montreal Protocol control measures;
- (b) To request the Secretariat to send letters to the relevant governments regarding the decisions on tranche submission delays contained in Annex I to the present report; and
- (c) To consider whether to cancel stage I of the HPMP for Algeria.

²⁰ To request the Secretariat with respect to the HPMP for Algeria (stage I, first tranche) (ALG/PHA/66/INV/77), to send a letter to the Government seeking its agreement to cancel the project at the 83rd meeting.

Annex I

TRANCHES NOT SUBMITTED TO THE 83RD MEETING

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
Barbados (Stage I)	UNEP	2018	47,460	Sufficient funds from previous tranche approved	Noting that the delays from the second tranche of stage I of the HPMP had been resolved and urging the Government of Barbados to work with UNEP so that the third (2018) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.
China (Stage II – PU rigid foam sector)	World Bank	2017	11,342,000	Signing of agreement/project document/ 20 per cent disbursement threshold	Noting that the second (2017) tranche of the polyurethane (PU) rigid foam sector plan of stage II of the HPMP submitted to the 83 rd meeting had been withdrawn, and urging the Government of China to work with the World Bank to expedite the signing of the agreement so that the second tranche could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2017 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
China (Stage II – room air-conditioning (RAC) sector)	UNIDO	2018	19,260,000	Government decisions/endorsements/ changes in the NOU/structural change/ 20 per cent disbursement threshold/ signing of contract	Noting that the overall disbursement rate of the second (2017) tranche of stage II of the HPMP for the room air-conditioning (RAC) sector was below the 20 per cent disbursement threshold and the contract has not been signed and urging the Government of China to work with UNIDO to expedite implementation so that the third (2018) tranche could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
Colombia (Stage II)	UNDP	2019	680,251	Internal or external difficulties/ investment component implementation/ 20 per cent disbursement threshold	Noting that the overall disbursement rate of the second (2018) tranche of stage II of the HPMP was below the 20 per cent disbursement threshold and urging the Government of Colombia to work with UNDP and UNEP to expedite implementation so that the third (2019) tranche could be submitted to the 84 th meeting on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
	UNEP	2019	56,500	Signing of agreement/ project document/ 20 per cent disbursement threshold	
Congo (the) (Stage I)	UNEP	2018	28,250	Government decisions/endorsements/ changes in the NOU/structural change	Noting the delays due to structural changes within the Government and the NOU and urging the Government of the Congo to work with UNEP so that the fourth (2018) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
Cote d'Ivoire (Stage I)	UNEP	2016	168,156	Lack of verification report	Noting that the mandatory verification on HCFC consumption targets had not been completed and urging the Government of Cote d'Ivoire to work with UNEP and UNIDO to complete the verification so that the third (2016) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2016 and subsequent tranches.
	UNIDO	2016	492,200		
Dominica (Stage I)	UNEP	2016	74,354	Government decisions/endorsements/changes in the NOU/structural change/lack of verification report/internal or external difficulties	Noting the delays due to structural changes within the Government and the NOU and that the mandatory verification on HCFC consumption targets had not been completed, and urging the Government of Dominica to work with UNEP to complete the verification so that the second (2016) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2016 and subsequent tranches, noting decision XXIX/19 on special considerations for the Caribbean islands affected by hurricanes.
Egypt (Stage II)	Germany	2019	234,249	Not provided	Noting that the overall disbursement rate of the first (2017) tranche of stage II of the HPMP was below the 20 per cent disbursement threshold and urging the Government of Egypt to work with the Government of Germany, UNDP, UNEP and UNIDO to expedite implementation so that the second (2019) tranche could be submitted to the 84 th meeting on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
	UNDP	2019	1,965,323	20 per cent disbursement threshold	
	UNEP	2019	312,894	Submission of progress and financial reports	
	UNIDO	2019	807,850	20 per cent disbursement threshold	
Ghana (Stage I)	UNDP	2019	130,409	20 per cent disbursement threshold	Noting that the overall disbursement rate of the fifth (2018) tranche of stage I of the HPMP was below the 20 per cent disbursement threshold and urging the Government of Ghana to work with UNDP to expedite implementation so that the sixth (2019) tranche could be submitted to the 84 th meeting on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
Guinea (Stage I)	UNIDO	2016	172,000	Government decisions/endorsements/changes in the NOU/structural change /lack of verification report	Noting the delays due to the changes within the NOU and that the mandatory verification on HCFC consumption targets had not been completed and urging the Government of Guinea to work with UNEP and UNIDO to complete the verification so that the third (2016) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2016 and subsequent tranches.
	UNEP	2016	73,450		
Haiti (Stage I)	UNEP	2018	95,916	Government decisions/endorsements/changes in the NOU/structural change /signing of agreement/project document /20 per cent disbursement threshold	Noting the delays in signing the agreement due to structural changes within the Government and the NOU and that the overall disbursement rate of the second (2014) tranche of stage I of the HPMP was below the 20 per cent disbursement threshold and urging the Government of Haiti to work with UNEP to expedite the signing of the agreement so that the third

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
					(2018) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
Iran (Islamic Republic of) (Stage II)	Germany	2018	1,166,127	Not applicable	Noting that the second (2018) tranche of stage II of the HPMP submitted to the 83 rd meeting had been withdrawn due to: (a) non-compliance with decision 77/44(d), which requested to include in the submission a report on the results of the conversion of the first 15 enterprises in the refrigeration and air-conditioning manufacturing sector to low global-warming potential alternatives, highlighting the lessons learned and challenges faced (UNDP); and (b) justification of the incremental cost of several changes that will take place in the foam sector plan (UNIDO); and urging the Government of Islamic Republic of Iran to work with the Governments of Germany and Italy, UNDP, UNEP and UNIDO to expedite implementation so that the second tranche could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.
	Italy	2018	565,000	Not applicable	
	UNDP	2018	1,705,559	Non-compliance with decision 77/44(d)	
	UNEP	2018	213,614	Not applicable	
	UNIDO	2018	624,880	Investment component implementation	
Iraq (Stage I)	UNEP	2017	247,634	Sufficient funds from previous tranche approved	Noting the request by the Government of Iraq to extend stage I of the HPMP from December 2017 to December 2019, and the reprogramming of the final tranche from 2017 to 2019; that despite progress on activities on policy and the refrigeration servicing sector, the overall disbursement rate of the second (2015) tranche of stage I of the HPMP was below the 20 per cent disbursement threshold due to government procedures in the allocation and disbursement of external funds to government entities, and preparation and timely submission of expenditure reports; and that new procedures to expedite the allocation and disbursement of funds to facilitate effective implementation have now been implemented, urging the Government of Iraq to work with UNEP and UNIDO to expedite implementation so that the third (2017) tranche of stage I of the HPMP could be submitted to the 84 th meeting together with a revised Agreement reflecting the extension of stage I of the HPMP to December 2019, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved and that stage II of the HPMP currently under preparation would be submitted along with the third tranche of stage I.
	UNIDO	2017	225,750	Sufficient funds from previous tranche approved/20 per cent disbursement threshold	

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
Jordan (Stage II)	World Bank	2018	1,084,503	Investment component implementation/ 20 per cent disbursement threshold	Noting the delays due to implementation of the polyurethane foam investment component of the first (2016) tranche of stage II of the HPMP and urging the Government of Jordan to work with UNIDO and the World Bank to expedite implementation so that the second (2018) tranche could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.
	UNIDO	2018	578,708	Lead agency not ready for submission	
Niger (the) (Stage I)	UNEP	2016	141,250	Lack of verification report	Noting that the mandatory verification on HCFC consumption targets had not been completed and urging the Government of the Niger to work with UNEP and UNIDO to complete the verification so that the second (2016) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2016 and subsequent tranches.
	UNIDO	2016	96,750		
Peru (Stage II)	UNDP	2019	249,738	Government decisions/endorsements/ changes in the NOU/structural change/ 20 per cent disbursement threshold	Noting the delays due to structural changes within the Government and the NOU and that the overall disbursement rate of the first tranche of stage II of the HPMP was below the 20 per cent disbursement threshold and urging the Government of Peru to work with UNDP and UNEP so that the second (2019) tranche could be submitted to the 84 th meeting on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
	UNEP	2019	47,008	Government decisions/endorsements/ changes in the NOU/structural change/ signing of agreement/ project document/ 20 per cent disbursement threshold	
Republic of Moldova (the) (Stage II)	UNEP	2018	29,493	Government decisions/endorsements/ changes in the NOU/structural change/ sufficient funds from previous tranche approved	Noting the delays due to structural changes within the Government and urging the Government of the Republic of Moldova to work with UNEP so that the second (2018) tranche of stage II of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.
Saint Vincent and the Grenadines (Stage I)	UNEP	2018	116,390	Government decisions/endorsements/ changes in the NOU/structural change/ sufficient funds from previous tranche approved/submission of progress and financial reports/internal or external difficulties	Noting the delays due to structural changes within the Government and the non-submission of the progress and financial reports and urging the Government of Saint Vincent and the Grenadines to work with UNEP to submit the required progress and financial reports so that the third (2018) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.
Senegal (Stage I)	UNEP	2018	90,400	Revision of agreement or plan of action	Noting the delays due to the revision of the agreement or the work plan and urging the Government of Senegal to work with UNEP and UNIDO to complete the revised agreement so that the third (2018) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.
	UNIDO	2018	21,500		

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
South Sudan (Stage I)	UNDP	2018	54,500	Government decisions/endorsements/changes in the NOU/structural change/internal or external difficulties	Noting the structural change in the country and urging the Government of South Sudan to work with UNDP and UNEP so that the second (2018) tranche of stage I of the HPMP could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
	UNEP	2018	79,665	Government decisions/endorsements/changes in the NOU/structural change/20 per cent disbursement threshold	
Tunisia (Stage I)	France	2017	78,769	Investment component implementation	Noting the request for cancellation of the residential refrigeration air-conditioning manufacturing sector of stage I of the HPMP implemented by the Government of France and UNIDO and urging the Government of Tunisia to work with the Government France, UNEP and UNIDO so that the third (2017) tranche could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2017 tranche.
	UNEP	2017	16,950	Investment component implementation	
	UNIDO	2017	116,003	Investment component implementation/internal or external difficulties/enterprise difficulties	
Turkey (Stage I)	UNIDO	2016	1,710,770	Revision of agreement or plan of action/20 per cent disbursement threshold	Noting the significant progress achieved by the Government of Turkey in the implementation of stage I of the HPMP, resulting in a reduction of HCFC consumption below the target in the Agreement (86.4 per cent reduction from the baseline in 2017), the completion of all activities in the manufacturing sector and the establishment of an operational technician certification system supported by regulations, while noting the delays in the implementation and associated disbursement of funds for activities related to the servicing sector due to the complexity of enforcing the technician certification system, the large number of stakeholders involved, and changes in the national ozone office, recommending UNIDO to assist the Government of Turkey in submitting, to the 84 th meeting, the third (2016) tranche of stage I of the HPMP along with the 2018 verification report and the request for extension of stage I of the HPMP in accordance with the letter from the Government of Turkey requesting extension of stage I to December 2021 and reprogramming of the last two tranches to 2019 and 2020.
Viet Nam (Stage II)	World Bank	2017	2,331,737	20 per cent disbursement threshold	Noting that the overall disbursement rate of the first (2016) tranche of the HPMP was below the 20 per cent disbursement threshold, and urging the Government of Viet Nam to work with the Government of Japan and the World Bank to expedite implementation so that the second (2017) tranche could be submitted to the 84 th meeting with a revised plan of action to take into account the reallocation of the 2017 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
	Japan	2017	185,297		

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
Total			47,719,257		

*Excluding Saudi Arabia for which the tranche could be submitted to the 83rd or 84th meeting (decision 82/44(b)).