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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-eighth Meeting
Montreal, 12-16 July 1999

CONSOLIDATED PROGRESS REPORT

EXECUTIVE SUMMARY

1. The following summarizes the progress of the implementation of projects and activities supported by the Multilateral Fund through 31 December 1998:

a) **Phase-out:** 89,891 ODP tonnes have been phased out of a total 142,380 ODP tonnes to be phased out from projects approved through 1998.

b) **Disbursements/Approvals:** US \$433 million has been disbursed of the US \$765 million approved through 1998 representing a rate of disbursement of 57 per cent.

c) **Number of Projects Completed:** 1,391 projects of the 2,481 projects financed by the Fund have been completed representing a completion rate of 56 per cent.

d) **Speed of Delivery (Investment Projects):** On average, investment projects have been completed 29 months after they were approved by the Executive Committee, and the first disbursement on these projects occurred 17 months after they were approved.

e) **Speed of Delivery (Non-Investment Projects):** On average, non-investment projects have been completed 23 months after approval and the first disbursement on non-investment projects occurred 8 months after approval.

f) **Project Preparation:** Implementing agencies have a balance of US \$5,443,495 (including approximately US \$1.5 million for completed project preparation) available for project preparation plus US \$ 2.7 million approved in 1999.

g) **Implementation Delays:** Ongoing investment projects are experiencing an average delay of 21 months. The agencies have annexed lists of 356¹ projects with implementation delays to their progress reports. The Executive Committee has been requested to consider the possibility of canceling some of these projects and in other cases, to determine if projects might be canceled if there is no action by the next meeting.

h) **General issues:** The Secretariat identified the following issues for Executive Committee consideration at its 28th Meeting: continued use of CFCs (ODS) after equipment installation, the definition of ODS phase-out, including indirect phase-out in data reporting, beneficiary delays, and completed projects with remaining balances.

¹ 48 preparation projects are not included in the 356 project with implementation delays.

2. The Consolidated Progress Report summarizes progress and financial information provided by implementing and bilateral agencies both in narrative and database formats. The Secretariat combines the databases from all of the agencies to produce the report.

Data Base

3. Implementing and bilateral agencies provide detailed information about their respective shares of the 2558 projects approved by the Executive Committee through December 1998 in the databases submitted to the Secretariat. The Executive Committee requested that detailed information on a project by project basis should be submitted in a diskette form to Committee members with a printout available upon request (Decision 19/23). The database for the Consolidated Progress Report is available upon request in the spreadsheet programme, Microsoft Excel 97.

OVERVIEW OF APPROVED FUNDING

4. The Executive Committee has approved over US \$766 million for the implementation of investment and non-investment projects through the end of 1998. In addition, about US \$75 million has been approved for agency fees and administrative support. This level of funding is expected to result in the permanent, annual phase-out of 142,380 ODP tonnes. Table 1 summarizes the level of approved funding by sector and agency.

Table 1

APPROVED FUNDING BY SECTOR AND AGENCY

Item	UNDP (US\$)	UNEP (US\$)	UNIDO (US\$)	World Bank (US\$)*	Bilaterals (US\$)	Grand Total (US\$)*
Sector						
Aerosol	6,112,977	320,000	6,796,971	12,795,455	36,000	26,061,403
Foam	102,821,224	0	25,179,217	62,876,355	1,017,077	191,893,873
Halon	3,379,819	593,000	525,028	24,623,620	3,728,056	32,849,523
Fumigants	2,102,400	1,202,500	10,245,709	737,374	1,974,042	16,262,025
Multiple Sectors	0	0	0	3,912,391	0	3,912,391
Other	0	0	326,499	5,934,000	0	6,260,499
Production	0	0	0	4,380,934	0	4,380,934
Refrigeration	79,535,944	3,420,150	106,730,208	177,119,892	15,176,061	381,982,255
Several	17,278,153	27,144,795	3,038,620	24,493,428	1,911,475	73,866,471
Solvents	8,754,065	0	7,804,453	10,707,014	1,531,999	28,797,531
Sub-Total	219,984,582	32,680,445	160,646,705	327,580,462	25,374,710	766,266,904
Agency fees/administrative costs	28,597,996	4,248,458	20,884,072	26,521,327	n/a	80,251,852
GRAND TOTAL	248,582,578	36,928,903	181,530,777	354,101,789	25,374,710	846,518,750

* 13 per cent agency fee only charged to projects approved after the 16th Meeting.

ANNUAL SUMMARIES

5. Table 2, Annual Summary, presents an overview of status by year. The data is presented according to the year when projects were approved by the Executive Committee. It treats all approvals (investment and non-investment projects) equally, i.e., an investment project of US \$1 million is considered one project as is a country programme preparation of US \$30,000.

6. Key indicators from the Annual Summary table include: the percentage of projects completed, ODP phased out, per cent of funds disbursed, and estimated disbursements in 1999. In reviewing the data on funds disbursed, it should be noted that there are four types of disbursement: during implementation, after implementation, for retroactively-financed projects, and for time-sensitive projects. The rate of disbursement during implementation is the only type of disbursement that indicates progress towards completion since the other types either disburse after the completion of the project or the completion of a period of time as is the case with institutional strengthening projects.

Table 2

ANNUAL SUMMARY

Year Approved	Number of Approvals	Number Completed	Per Cent Completed	ODP to be Phased Out	ODP Phased Out	Per Cent of ODP Phased Out	Approved Funding (US\$)	Funds Disbursed (US\$)	Per Cent of Funds Disbursed	Balance (US\$)	Estimated Disbursements in 1999 (US \$)
1991	67	67	100%	589	627	110%	7,658,711	7,658,711	100%	0	0
1992	175	170	97%	19,389	23,861	123%	44,072,964	39,889,324	91%	4,722,076	678,677
1993	216	193	89%	5,598	5,009	90%	78,939,288	69,505,040	88%	9,597,366	2,160,873
1994	387	300	78%	21,418	17,440	81%	142,953,083	115,527,007	81%	27,426,059	11,688,946
1995	367	259	71%	17,547	10,100	59%	120,952,060	89,621,478	74%	31,280,583	15,659,526
1996	272	135	50%	11,465	5,038	44%	91,074,713	49,552,957	54%	41,521,756	21,369,409
1997	559	209	37%	43,815	27,041	62%	171,031,464	55,396,378	32%	115,635,086	46,272,935
1998	438	58	13%	22,560	777	3%	108,732,397	5,610,646	5%	102,962,924	43,982,909
Total	2,481	1,391	56%	142,380	89,891	63%	765,414,680	432,761,542	57%	333,145,850	141,813,274

7. Of the US \$765 million in approved funding (including adjustments), the agencies disbursed about US \$433 million (including bilateral agencies). Projects approved by the Executive Committee have led to the permanent annual phase-out of 89,891 ODP tonnes of consumption and production, of which 63,472 ODP tonnes is from completed projects and 24,736 tonnes from ongoing projects.

COMPARISON OF AGENCIES' PERFORMANCE

8. Table 3 presents a comparison of implementing agencies according to the percentage of projects completed, ODP phased out, funds disbursed, and the 1998 funds balance that is estimated to be disbursed in 1999. As indicated in the table, all four implementing agencies are expected to meet the 70 per cent disbursement target set by the Executive Committee for the 1999 business plans as shown in the item "Estimated disbursement through 1999 as a percentage of total funds approved through 1998".

Table 3

COMPARISON OF AGENCIES' PERFORMANCE

Item	UNDP	UNEP	UNIDO	World Bank	Bilaterals	Grand Total
Investment Projects						
Number of completed projects	202	n/a	128	169	2	501
Number of ongoing projects	329	n/a	98	218	11	656
Total ongoing and completed*	531	n/a	226	387	13	1,157
Per cent completed	38%	n/a	57%	44%	15%	43%
ODP phased out	11,639	0	14,890	62,812	549	89,891
ODP to be phased out	28,860	261	22,804	89,210	1,244	142,380
Per cent phased out	40%	0%	65%	70%	44%	63%
Funds disbursed through 1998	\$94,690,933	\$0	\$84,383,192	\$153,255,832	\$3,369,379	\$335,699,336
Estimated disbursements in 1999	\$37,512,647	\$0	\$24,778,000	\$56,555,908	\$836,821	\$119,683,376
Total funds approved through 1998***	\$182,966,852	\$0	\$144,411,515	\$290,364,868	\$5,283,818	\$623,027,053
Estimated of disbursement through 1999 as percentage of total funds approved through 1998***	72%	0%	76%	72%	80%	73%
Non-Investment Projects**						
Number of completed projects	131	209	22	58	68	488
Number of ongoing projects	63	148	31	14	58	314
Total ongoing and completed*	194	357	53	72	126	802
Per cent completed	68%	59%	42%	81%	54%	61%
All Projects						
Total funds disbursed	\$120,030,618	\$21,334,462	\$91,467,573	\$183,930,171	\$16,850,941	\$433,613,766
Total funds approved***	\$219,984,582	\$32,680,445	\$160,646,705	\$327,580,462	\$25,374,710	\$766,266,904
Per cent disbursed	55%	65%	57%	56%	66%	57%
Estimated disbursements in 1999	\$42,710,758	\$9,637,115	\$28,554,000	\$59,034,051	\$1,877,350	\$141,813,274
Balance of Funds	\$99,953,964	\$11,495,983	\$69,179,132	\$144,151,829	\$8,364,942	\$333,145,850
Per cent of 1998 balance committed in 1999	43%	84%	41%	41%	22%	43%

* The total number of ongoing and completed projects does not include closed projects and projects that were transferred.

**Does not include project preparation.

*** Includes adjustments.

SUMMARY DATA BY PROJECT TYPE

9. The Executive Committee approves several different types of projects including: country programme preparation, demonstration projects, institutional strengthening, project preparation, investment projects, technical assistance, and training projects. A summary of the status of projects by these various categories of projects is presented in Table 4, Summary Data by Project Type.

Table 4

SUMMARY DATA BY PROJECT TYPE

Type	Number of Approvals	Number Completed	Per Cent Completed	Approved Funding (US\$)	Adjustment (US \$)	Funds Disbursed (US \$)	Per Cent of Funds Disbursed	Balance (US\$)	Estimated Disbursements in 1999 (US \$)
Country Programme Preparation	129	115	89%	6,726,792	-790,638	5,310,290	89%	625,864	459,032
Demonstration Projects	70	21	30%	17,352,488	-164,550	5,996,857	35%	11,191,081	3,951,379
Institutional Strengthening Projects	138	42	30%	19,248,296	361,830	11,325,984	58%	8,289,454	2,862,216
Investment Projects	1,190	501	42%	621,104,505	1,631,927	335,699,336	54%	287,139,940	119,683,376
Project Preparation	549	402	73%	39,011,448	-6,684,205	26,947,963	83%	5,304,280	3,269,193
Technical Assistance Projects	333	215	65%	57,715,569	-824,491	38,714,754	68%	18,435,879	10,164,811
Training Projects	149	95	64%	11,939,298	-161,365	9,618,582	82%	2,159,351	1,423,268
GRAND TOTAL	2,558	1,391	54%	773,098,396	-6,631,492	433,613,766	57%	333,145,850	141,813,274

10. 1,190 of the 2,558 projects approved by the Executive Committee (about 47 per cent) are classified as investment projects. Investment projects represent about US \$621 million of the US \$773 million approved for activities under the Multilateral Fund (80 per cent of the total funds approved). The second largest number of projects is classified as technical assistance for which the Committee has approved a total of over US \$57 million.

11. Country programme preparation and project preparation activities represent the initial stage of the implementation of the ODS phase-out programme. 89 per cent of country programme preparation projects have been completed through the end of 1998. 83 per cent of the funds allocated for project preparation activities had been disbursed through 1998 while 62 per cent of the balance in approved project preparation funds (US \$3.27 of US \$5.3 million) are estimated disbursements for 1999.

12. Demonstration and investment projects have been completed at rates of 30 and 42 per cent, respectively. These projects have longer project durations. 58 per cent of approved funds have been disbursed for institutional strengthening projects.

COMPLETED PROJECTS

13. Completed projects/activities are defined in decision 17/22 as projects that have been commissioned and the ODS has been phased out. Work programme activities without an ODS phase-out are considered completed, when the activity is finished (e.g., for a workshop, when it is conducted). Overall, 86 per cent of the funds approved for completed investment projects have been disbursed. The reason that 100 per cent of funds have not been disbursed for completed projects is that it may take from six months to a year to complete the accounting records.

Completed Investment Projects

14. Table 5, Cumulative Completed Investment Projects, presents information on those investment projects that have been completed since 1991. The table presents a grand total of data followed by data according to region, sector, implementation characteristics, and disbursement methods.

15. Through December 1998, 501 investment projects representing about US \$255 million have been completed resulting in the permanent phase-out of 62,362 ODP tonnes² with an overall cost-effectiveness of US \$4.03/kg. ODP phased out. The overall cost-effectiveness of completed investment projects is largely influenced by six projects in China in the aerosol, halon and production sectors that phased out 45,545 ODP tonnes at a cost of US \$18 million representing an overall cost-effectiveness of US \$0.39/kg.

16. The average time from approval to first disbursement was 17 months and the average project duration was 29 months. Project duration is only slightly impacted by retroactive projects, i.e., projects funded after phase-out, since retroactive projects represent only about 5.8 per cent of the total number of completed investment projects.

17. On a regional basis, 305 investment projects were completed in Asia and Pacific region (159), 102 investment projects in Latin America and the Caribbean (65), 74 in Africa (35), and 20 in Europe (6).

² Total phased out for the Fund is 89,891 includes 63,472 from completed investment projects, 1,683 from completed non-investment projects and 24,736 from ongoing projects.

Table 5

CUMULATIVE COMPLETED INVESTMENT PROJECTS

Item	Number of Projects	Approved Funds (US \$)	Per Cent of Funds Disbursed	ODP Phased Out**	Average Number of Months from Approval to First Disbursement	Average Number of Months from Approval to Completion	Overall Cost-Effectiveness to the Fund (US\$/kg.)
GRAND TOTAL	501	255,428,129	86%	63,362	17	29	\$4.03
Region							
Africa	74	42,724,667	87%	4,590	14	30	\$9.31
Asia & Pacific	305	154,001,944	85%	49,832	17	29	\$3.09
Europe	20	15,205,842	86%	3,203	10	14	\$4.75
Latin America and Caribbean	102	43,495,676	91%	5,737	21	33	\$7.58
Global	n/a	0	0%	0	n/a	n/a	n/a
Sector							
Aerosol	38	15,865,734	92%	20,624	16	30	\$0.77
Foam	248	75,396,077	88%	15,512	14	27	\$4.86
Halon	9	3,577,961	92%	7,472	20	35	\$0.48
Fumigants	0	0	0%	0	n/a	n/a	n/a
Other	1	1,214,000	50%	54	18	4	\$22.48
Production	5	1,923,120	100%	4,800	20	25	\$0.40
Refrigeration	144	141,297,896	86%	13,881	20	35	\$10.18
Solvents	54	16,094,743	80%	1,018	23	23	\$15.80
Multiple Sectors*	2	58,599	0%	0	n/a	67	n/a
Implementation Characteristics							
Agency Implementation	316	146,853,954	86%	23,444	11	26	\$6.26
National Implementation	185	108,574,175	87%	39,918	27	35	\$2.72
Time or Objective-sensitive Accounts							
Time-Sensitive	0	0	0%	0	n/a	n/a	n/a
Objective-Sensitive	501	255,428,129	86%	63,362	17	29	\$4.03
Disbursement Method							
During Implementation	430	225,520,705	87%	58,990	16	31	\$3.82
After Implementation	42	18,176,336	82%	2,373	23	24	\$7.66
Retroactive Funding	29	11,731,088	81%	1,999	18	7	\$5.87
* No funds are listed for the multiple sector investment project, but are recorded in appropriate sector.							
** Total phased out for the Fund is 89,891 includes 1,683 from completed non-investment projects and 24,736 from ongoing projects.							
Note: The sum of each section (Region, Sector, etc.) equals the Grand Total.							

Completed Non-Investment Projects

18. Table 6 presents data on Cumulative Completed Non-Investment Projects. Since 1991, 487 non-investment projects have been completed representing funding support from the Multilateral Fund for technical and preparatory assistance of about US \$61 million. 93 per cent of the funds for completed non-investment projects has been disbursed. 61 per cent of non-investment funding is in the sector called several which means those projects that have an impact on more than one sector, for example, UNEP's clearinghouse and networking activities.

19. The average time from approval to first disbursement for non-investment projects is much shorter than for investment projects; 8 months versus 17 months. Non-investment projects have been completed, on average, 23 months after they were approved by the Executive Committee. This figure is influenced by the large number of projects (304 of 487) classified in the sector called Several which had an average time from approval to completion of 21 months. Non-investment projects in the other sectors (e.g. halon, solvents, etc.) were completed from 14 to 58 months after they were approved.

20. Almost all projects (423 of 487) were implemented by the agency concerned rather than through national implementation. Agency implementation of non-investment projects normally do not require legal agreements which may explain the shorter period of time (19 months) compared with nationally-implemented non-investment projects (44 months).

21. Non-investment projects include work programme activities excluding project preparation. Some implementing agencies have included project preparation in their non-investment project summary tables. Therefore, the data in this document may not match the sum of that provided by the implementing agencies.

Table 6

CUMULATIVE COMPLETED NON-INVESTMENT PROJECTS

Item	Number of Projects	Approved Funds plus Adjustment (US \$)	Per Cent of Funds Disbursed	Average Number of Months from Approval to First Disbursement	Average Number of Months from Approval to Completion
GRAND TOTAL	487	60,602,295	93%	8	23
Region					
Africa	98	8,947,462	94%	8	23
Asia & Pacific	127	17,912,514	90%	10	26
Europe	11	962,148	88%	10	21
Latin America and Caribbean	132	15,331,482	92%	10	24
Global	119	17,448,689	96%	5	18
Sector					
Aerosol	11	1,090,277	92%	9	29
Foam	17	2,985,371	96%	17	31
Halon	33	3,427,242	95%	6	21
Fumigants	13	1,597,946	92%	3	14
Other	1	76,499	100%	7	38
Production	0	0	n/a	n/a	n/a
Refrigeration	97	13,001,423	96%	14	26
Several	304	36,914,320	92%	6	21
Solvents	11	1,660,425	87%	18	19
Multiple Sectors	1	53,792	100%	56	58
Implementation Characteristics					
Agency Implementation	423	46,067,636	92%	6	19
National Implementation	65	14,739,659	95%	21	44
Time or Objective-sensitive Accounts					
Time-Sensitive	87	16,623,489	95%	8	30
Objective-Sensitive	401	44,183,806	92%	8	21
Disbursement Method					
During Implementation	472	59,115,965	93%	8	23
After Implementation	16	1,691,330	96%	11	14
Retroactive Funding	0	0	0%	n/a	n/a
Note:					
(1) Per decision 22/11(a)(vi), project preparation is not included as a non-investment project.					
(2) The sum of each section (Region, Sector, etc.) equals the Grand Total.					

ONGOING PROJECTS

22. Ongoing projects are all projects that have been approved by the Executive Committee and are currently under implementation. Key indicators in the database of progress towards implementing ongoing projects include:

- per cent of Funds Disbursed and per cent of projects that have begun disbursing funds for projects that disburse during implementation,
- the level of funding expected to be disbursed by the end of the year (Funds Disbursed plus Planned Commitments) as a percentage of the Approved Funding,
- the average length of projected delay in implementation (Project Completion per Proposal and currently Planned Date of Completion), and
- information provided by the implementing agencies in the remarks column of the project-by-project listing in the database.

Ongoing Investment Projects

23. Table 7, "Cumulative Ongoing Investment Projects", presents information on the status of investment projects under implementation by region, sector, and implementation characteristics.

24. There are currently 656 investment projects under implementation. These projects represent approved funding (plus adjustments) of over US \$366 million. About 31 per cent of the funds have already been disbursed. The overall average cost-effectiveness of ongoing investment projects is US \$4.53/kg. ODP phased out, as approved.

25. Almost 60 per cent (394 of 656) of the ongoing investment projects are for countries in the Asia and Pacific region representing almost 70 per cent of the funds approved for ongoing investment projects. The Latin America and the Caribbean region has 163 investment projects under implementation valued at US \$79 million; Africa, 82 projects (US \$21 million); and Europe, 17 projects (US \$8 million).

26. Almost 55 per cent of the funds approved for ongoing investment projects are in the refrigeration sector representing almost US \$202 million. The next largest funding allocation for ongoing investment projects is for the foam sector (US \$110 million). However, there are more foam investment projects under implementation (329 projects) than refrigeration investment project (235 projects). The remaining sectors have the following number of investment projects under implementation: solvents (28), aerosol (45), halon (11), production (3), and other and multiple sectors (2 each).

27. Of the 656 ongoing investment projects, 58 per cent (380) have begun disbursing funds. By the end of 1999, an estimated 60 per cent of approved funds will be disbursed.

Table 7

CUMULATIVE ONGOING INVESTMENT PROJECTS

Item	Number of Projects	Approved Funds plus Adjustment (US\$)	Per Cent of Funds Disbursed	Number of Projects Disbursing	Per Cent of Projects Disbursing	Estimated Disbursements plus Funds Disbursed	Per Cent Funds Expected to be Disbursed by End of 1998	Average Number of Months from Approval to First Disbursement	Average Number of Months from Approval to Planned Completion	Average Length of Delay in Project Planned Completion	Overall Cost-Effectiveness to the Fund (US\$/kg.)*
GRAND TOTAL	656	365,927,921	31%	380	58%	219,051,063	60%	14	32	21	\$4.53
Region											
Africa	82	21,321,110	28%	47	57%	13,761,508	65%	11	30	23	\$5.76
Asia & Pacific	394	257,781,651	33%	210	53%	148,468,418	58%	16	32	21	\$3.74
Europe	17	7,861,939	36%	13	76%	7,085,718	90%	8	25	4	\$7.05
Latin America and Caribbean	163	78,963,221	28%	110	67%	49,735,419	63%	14	34	24	\$11.06
Global	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Sector											
Aerosol	45	8,604,407	30%	25	56%	4,970,088	58%	15	31	19	\$2.31
Foam	329	110,205,065	22%	182	55%	62,635,738	57%	14	31	22	\$5.34
Halon	11	23,154,473	43%	9	82%	20,452,030	88%	7	24	25	\$0.67
Fumigants	2	1,736,269	0%	0	0%	0	0%	n/a	35	(5)	\$35.65
Other	1	4,720,000	91%	1	100%	4,322,204	92%	39	76	40	\$13.49
Production	3	1,787,814	19%	3	100%	839,401	47%	36	61	21	\$1.74
Refrigeration	235	202,132,207	35%	142	60%	120,150,587	59%	13	35	21	\$10.38
Solvents	28	9,787,686	23%	18	64%	4,581,014	47%	20	33	19	\$11.51
Multiple Sectors	2	3,800,000	0%	0	0%	1,100,000	29%	n/a	37	n/a	\$10.44
Implementation Characteristics											
Agency Implementation	396	138,194,208	27%	249	63%	82,874,930	60%	11	30	21	\$6.75
National Implementation	260	227,733,713	34%	131	50%	136,176,132	60%	19	36	22	\$3.77
Time or Objective-sensitive Accounts											
Time-Sensitive	9	1,197,777	35%	6	67%	418,417	35%	3	n/a	12	\$5.22
Objective-Sensitive	647	364,730,144	31%	374	58%	218,632,646	60%	15	33	21	\$4.53
Disbursement Method											
During Implementation	649	364,297,090	31%	375	58%	218,252,806	60%	14	32	21	\$4.52
After Implementation	4	441,857	49%	3	75%	313,025	71%	9	38	24	\$6.90
Retroactive Funding	3	1,188,974	7%	2	67%	485,231	41%	28	40	42	\$5.29
Note: The sum of each section (Region, Sector, etc.) equals the Grand Total.											
*Based on the ODS to be phased out according to the proposal.											

28. Most ongoing investment projects are under agency implementation (396 projects) but there are 260 projects under national implementation. Only 50 per cent of nationally-implemented ongoing investment projects have begun to disburse in comparison to 63 per cent of agency-implemented ongoing investment projects.

29. The average number of months from approval to first disbursement is 14 months for those projects that have begun disbursing. Overall, ongoing investment projects are expected to be completed 32 months after the completion date indicated in the project proposal.

30. The time from approval to planned completion in some cases is as high as 61 months for the production sector. The 3 production sector projects are World Bank projects in India approved in 1993 and 1994 and concern the production of polyol. The average of 37 months for completing the 2 multiple use sector projects is for the 2 Bank projects in Chile, one of which was approved in 1992.

Ongoing Non-Investment Projects

31. Table 8, "Cumulative Ongoing Non-Investment Projects", presents information on the status of non-investment projects under implementation by region, sector, and implementation characteristics.

32. There are currently 314 non-investment projects under implementation representing approved funding (plus adjustments) of almost US \$50 million. About 28 per cent of the funds for ongoing non-investment projects have been disbursed.

33. The largest amount of funding of non-investment projects by region is US \$19 million for the Latin America and the Caribbean region. US \$13 million of ongoing non-investment project funding is for countries in the Asia and Pacific region, followed by Africa (US \$10 million), and Europe (US \$3 million). Ongoing global activities are valued at US \$5 million.

34. On a sector basis, most non-investment funding applies to the refrigeration sector (US \$20 million for 118 projects). There are 140 ongoing non-investment projects in the several sector (US \$18 million), 44 in the fumigants sector (US \$12 million), and 12 projects for all other sectors (US \$2 million).

35. Of the 314 ongoing non-investment projects, 62 per cent (195 projects) have begun disbursing funds. By the end of 1999, an estimated 59 per cent of approved funds will be disbursed.

36. The average number of months from approval to first disbursement is 7 months for those projects that have begun disbursing. Overall, ongoing non-investment projects are expected to be completed 34 months after the completion date indicated in the project proposal, which is longer than the completion time for ongoing investment projects (32 months). Non-investment projects are normally expected to be completed in 12 months (except institutional strengthening).

Table 8

CUMULATIVE ONGOING NON-INVESTMENT PROJECTS

Item	Number of Projects	Approved Funds plus Adjustment (US\$)	Per Cent of Funds Disbursed	Number of Projects Disbursing	Per Cent of Projects Disbursing	Estimated Disbursements plus Funds Disbursed	Per Cent Funds Expected to be Disbursed by End of 1999	Average Number of Months from Approval to First Disbursement	Average Number of Months from Approval to Planned Completion	Average Length of Delay in Project Planned Completion
GRAND TOTAL	314	49,951,882	28%	195	62%	29,286,021	59%	7	34	10
Region										
Africa	90	9,823,452	25%	49	54%	4,940,698	50%	10	36	9
Asia & Pacific	69	13,317,830	28%	43	62%	7,380,155	55%	5	40	17
Europe	18	2,786,521	24%	15	83%	1,629,789	58%	9	35	3
Latin America and Caribbean	95	18,669,029	33%	64	67%	11,336,183	61%	6	31	6
Global	42	5,355,050	21%	24	57%	3,999,198	75%	7	27	15
Sector										
Aerosol	3	300,250	41%	3	100%	265,766	89%	24	39	27
Foam	1	200,000	32%	1	100%	106,278	53%	57	65	53
Halon	7	1,670,836	72%	5	71%	1,440,816	43%	25	44	20
Fumigants	44	11,891,530	12%	24	55%	5,106,286	0%	(10)	25	4
Other	0	0	n/a	0	n/a	0	n/a	n/a	n/a	n/a
Production	0	0	n/a	0	n/a	0	n/a	n/a	n/a	n/a
Refrigeration	118	20,196,836	35%	72	61%	12,040,767	60%	7	32	10
Severals	140	18,455,225	26%	89	64%	10,172,108	55%	10	38	11
Solvents	1	192,423	80%	1	100%	154,000	80%	6	23	(2)
Multiple Sectors	0	0	n/a	0	n/a	0	n/a	n/a	n/a	n/a
Implementation Characteristics										
Agency Implementation	247	34,460,273	31%	169	68%	23,819,121	69%	6	33	10
National Implementation	63	14,952,621	22%	26	41%	5,466,901	37%	16	36	11
Time or Objective-sensitive Accounts										
Time-Sensitive	95	11,136,232	31%	68	72%	5,697,853	51%	11	41	9
Objective-Sensitive	215	38,276,662	28%	127	59%	23,588,169	62%	5	31	11
Disbursement Method										
During Implementation	302	48,440,815	29%	189	63%	28,888,087	60%	7	34	10
After Implementation	8	972,079	30%	6	75%	397,934	41%	8	43	26
Retroactive Funding	0	0	0%	0	n/a	0	n/a	n/a	n/a	n/a
Note:										
(1) Per decision 22/11(a)(vi), project preparation is not included as a non-investment project.										
(2) The sum of each section (Region, Sector, etc.) equals the Grand Total.										

PROJECT PREPARATION

37. Project preparation requests are included in annual work programmes and work programme amendments. Project preparation leads to investment projects in general and in some cases demonstration projects (in particular for methyl bromide) and the implementation of the projects included in refrigerant management plans.

38. Implementing agencies have requested project preparation on the basis of general project preparation for a country or specific requests for specified enterprises (UNIDO in particular has requested project preparation for specific enterprises). At its 23rd Meeting, the Executive Committee adopted "Criteria for Project Preparation" which requires inter alia that agencies indicate requests on the basis of sectors.

39. Table 9 presents data on both completed and ongoing project preparation activities. The implementing agencies have completed 402 project preparation projects and disbursed all but six per cent of the approved US\$25 million for these activities. On average, it has taken 12 months to complete project preparation.

40. Implementing agencies have a balance of US \$3.9 million³ available for project preparation activities in 1999 plus an additional US \$2.7 million approved for such activities already in 1999. Of the US \$3.9 million balance, only US \$2.6 million is expected to be disbursed in 1999. Ongoing project preparation activities are expected to take 24 months to complete which is 12 months more than for completed project preparation.

41. On a regional basis, most of the ongoing project development activity (51 per cent) is in the Asia and Pacific region. Most of the ongoing project preparation is occurring in the several sector (US \$3 million) which means that projects are being prepared in several sectors.

³ Excluding approximately US \$1.5 million for completed project preparation.

Table 9

PROJECT PREPARATION

Item	COMPLETED PROJECT PREPARATION					ONGOING PROJECT PREPARATION							
	Number of Projects	Approved Funds plus Adjustment (US\$)	Per Cent of Funds Dis-bursed	Average Number of Months from Approval to First Dis-burse-ment	Average Number of Months from Approval to Completion	Number of Projects	Approved Funds plus Adjust-ment (US\$)	Funds Disbursed (US\$)	Per Cent of Funds Dis-burs-ed	Average Number of Months from Approval to First Dis-burse-ment	Average Number of Months from Approval to Planned Completion	Balance (US\$)	Estimated Disburse-ments in 1999 (US\$)
GRAND TOTAL	402	25,491,441	94%	3	12	120	6,810,381	2,896,372	43%	6	24	3,914,009	2,648,672
Agency													
UNDP	128	5,965,136	88%	3	13	23	1,054,000	135,616	13%	3	19	918,384	598,872
UNEP	4	105,000	67%	4	12	14	370,000	61,500	17%	4	18	308,500	269,500
UNIDO	80	2,336,788	81%	5	14	58	2,177,720	1,167,346	54%	7	28	1,010,374	575,300
WORLD BANK	160	15,288,282	100%	3	11	19	2,737,138	1,438,910	53%	9	25	1,298,228	1,205,000
Bilaterals	30	1,796,235	n/a	n/a	n/a	6	471,523	93,000	20%	n/a	n/a	378,523	0
Region													
Africa	83	2,402,784	88%	4	11	24	575,300	218,845	38%	6	25	356,455	224,035
Asia & Pacific	151	13,531,766	96%	4	14	50	3,443,061	1,792,573	52%	6	26	1,650,488	995,800
Europe	19	960,914	96%	2	7	14	1,015,000	539,538	53%	8	28	475,462	351,900
Latin Amer./Car.	145	8,114,223	94%	3	12	28	1,109,020	304,819	27%	4	21	804,201	458,937
Global	4	481,754	92%	4	18	4	668,000	40,597	6%	4	16	627,403	618,000
Sector													
Aerosol	9	145,735	60%	2	10	3	55,000	9,476	17%	3	16	45,524	21,000
Foam	40	1,364,236	80%	4	12	16	580,000	209,788	36%	6	25	370,212	234,300
Halon	5	470,511	94%	7	19	5	119,500	52,868	44%	4	17	66,632	26,535
Fumigants	22	550,140	61%	2	6	20	486,140	138,127	28%	4	17	348,013	215,000
Other	0	0	n/a	n/a	n/a	2	250,000	93,941	38%	11	29	156,059	76,000
Production	1	320,000	100%	13	33	1	350,000	228,668	65%	17	25	121,332	121,000
Refrigeration	83	3,403,060	90%	5	14	41	1,693,523	404,561	24%	6	22	1,288,962	723,337
Several	236	18,336,005	98%	3	12	27	3,115,718	1,624,371	52%	6	32	1,491,347	1,217,600
Solvents	6	901,754	80%	7	17	5	160,500	134,572	84%	9	34	25,928	13,900
Multiple Sectors	0	0	n/a	n/a	n/a	0	0	0	n/a	n/a	n/a	0	0
Implementation Type													
Agency	375	22,881,898	95%	3	12	112	6,125,381	2,521,680	41%	6	24	3,603,701	2,481,672
National	27	2,609,543	92%	7	15	8	685,000	374,692	55%	11	26	310,308	167,000
Time/Objective Accounts													
Time	122	11,108,802	100%	2	9	0	0	0	n/a	n/a	n/a	0	0
Objective	280	14,382,639	90%	4	14	120	6,810,381	2,896,372	43%	6	24	3,914,009	2,648,672
Disbursement													
During Imp.	396	24,591,689	94%	3	12	120	6,810,381	2,896,372	43%	6	24	3,914,009	2,648,672
After Imp.	6	899,752	100%	7	21	0	0	0	n/a	n/a	n/a	0	0
Retroactive	0	0	n/a	n/a	n/a	0	0	0	n/a	n/a	n/a	0	0

Note: The sum of each section (Region, Sector, etc.) equals the Grand Total.

PROJECT IMPLEMENTATION DELAYS

42. The Executive Committee has defined projects with implementation delays as projects where no disbursement had occurred 18 months after approval or projects that are expected to be completed 12 months later than forecast in the last progress report (decision 22/61). The Secretariat requested the implementing agencies to annex a list of such projects to their progress reports along with full explanations of the reasons for the delays.

43. Agencies identified 356⁴ projects with implementation delays. Per decision 23/4, the Sub-Committee on Monitoring, Evaluation, and Finance is requested to maintain a watching brief on these projects and the implementing agencies will be requested to report on these projects to each meeting of the Sub-Committee until the next progress report on all projects.

44. The Executive Committee has taken several decisions that address the causes of delays to prevent such problems in the future including decisions on:

- counterpart funding,
- technology changes after approval,
- establishing project milestones to identify problems such as prolonged contract negotiation,
 - establishing a database on the costs of major equipment items to ensure that the bidding process does not result in higher costs than anticipated,
 - adopting criteria for project preparation that identify countries where there is a slow rate of disbursement or regulatory impediments for individual consideration,
 - allowing agencies to remove projects in countries with regulatory impediments from their business plans.

45. The implementing agencies are reporting some of the same reasons for delays in the implementation of projects approved before the Committee took the actions cited above. For example, UNIDO continues to report difficulties in obtaining customs clearances and the World Bank notes ongoing difficulties with the financial viability of some projects.

46. UNDP categorized the reasons for delays in its progress report as those related to Executive Committee mandates, technical reasons, financial reasons, or other reasons. Most of these reasons for delays have been addressed in the past but generally concern issues beyond the control of Executive Committee action. In many cases, obtaining commitments for immediate implementation after approval and identifying potential implementation delays before project approval may further remedy some of the reasons for delays.

⁴ 48 preparation projects are not included in the 356 projects with implementation delays

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

Comments

47. The Secretariat reviewed the implementing agencies' progress reports and identified issues for the consideration of the Executive Committee.

Continued use of CFCs (ODS) after equipment installation

48. All three agencies that implement investment projects have indicated the possible continued use of CFCs (ODS) after near or complete equipment installation. In some cases, this occurs after project completion and the awarding of operating costs. The Executive Committee may wish to consider actions to prevent continued ODS consumption of beneficiary enterprises after receiving support from the Multilateral Fund.

Definition of ODS phase-out

49. The issue of continued ODS use also has an implication on the definition of phase-out used by the implementing agencies in reporting data to the Executive Committee. The Secretariat noted several differences for the dates of project completion and the amounts phased out between information provided in progress reports and project completion reports. The Executive Committee has adopted the following definitions necessary to define phase out.

50. The definition of ODP phased out is the amount of ODP phased out for completed project (Decision 17/22 and 19/23). The definition of completed project is projects that have been commissioned and the ODS has been phased out (Decision 17/22 and 19/23). The Executive Committee may wish to reaffirm these definitions of phase-out for use in all reporting.

Indirect phase-out

51. The Secretariat identified nine UNIDO projects and six World Bank projects that have amounts of phase-out per proposal different from the Inventory and the progress report. UNIDO and the Bank indicated that the discrepancy has to do with how ODP should be calculated, including indirect phase-out. The Inventory has not included indirect phase-out unless it was an actual phase-out. These UNIDO projects have a total phase-out of 1661 ODP tonnes more than included in the Inventory of Approved Projects. The Bank projects have 529 ODP tonnes more than included in the Inventory of Approved Projects. The inclusion of indirect phase-out may lead to an assessment of phase-out that is inaccurate. It also impacts on analyses of the status of phase-out in Article 5 countries because the estimated phase out from Fund projects could be overstated. Indirect phase-out has no impact on assisting countries in meeting their obligations under the Multilateral Fund because there is no reduction in consumption resulting from indirect phase-out. The Committee may wish to request the agencies to remove all indirect phase-out associated with compressors from reporting of phase-out.

Beneficiary delays

52. Implementing agencies are reporting delays caused by the beneficiary not being ready to move forward with the projects. Projects that are not ready for immediate implementation after project approval tie up resources that could be used for those enterprises that are ready for an early phase out. The Committee may wish to consider for how long beneficiaries may delay project implementation.

Completed projects with remaining balances

53. Each agency has substantial resources that represent unspent balances of projects that were completed over one year ago. As shown in the following table, these balances represent US \$8,967,223. The Executive Committee may wish to consider for how long should remaining balance exist after project completion before the agencies should return the remaining balances to the Fund.

Agency	Balance from Projects Completed over One Year (US \$)
UNDP	\$3,608,837
UNEP	\$1,125,629
UNIDO	\$2,286,751
World Bank	\$1,946,006
Total	\$8,967,223

Recommendations

The Executive Committee may wish to consider:

1. Whether the remaining five projects approved in 1992 merit consideration for cancellation.
2. Actions to prevent continued ODS consumption of beneficiary enterprises after receiving support from the Multilateral Fund.
3. Reaffirm the Executive Committee's definitions of phase-out for use in all reporting.
4. Requesting the implementing and bilateral agencies to remove all indirect phase-out associated with compressors from reporting of phase-out.
5. For how long beneficiaries may delay project implementation.
6. Note with appreciation the progress reports of the implementing agencies.