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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-second Meeting
Montreal, 29 March - 2 April 2004

PROJECT IMPLEMENTATION DELAYS

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Overview

1. This document is submitted as a follow-up to decisions taken at previous meetings of the Executive Committee concerning projects with implementation delays.
2. The reports from the implementing and bilateral agencies on projects with implementation delays are available to Executive Committee members upon request.
3. Section I addresses the projects with implementation delays for which reports were requested, Section II addresses projects for which status reports were requested for projects with slow implementation and Section III addresses projects proposed by implementing agencies for cancellation. Section IV considers the impact of delayed and cancelled projects on compliance.

Section I: Projects with implementation delays

4. 103 ongoing projects were classified as projects with implementation delays, i.e., projects expected to be completed over 12 months late or where disbursement occurred 18 months after project approval. The World Bank had 47 delayed projects, followed by UNDP with 24; UNIDO with 12; UNEP with 10; and bilateral agencies with 10. Reports from France (3 projects) and Japan (1 project) were not received at the time of writing.
5. Implementing and bilateral agencies categorized the causes for implementation delays associated with these projects according to the seven categories (A through G) of implementation delays.
6. Table 1 reflects all of the reasons for delays provided in the agencies' reports. The total number of reasons for delays exceeds the number of delayed projects because some projects had multiple reasons for delays. Table 1 shows that most of the reasons for delays are attributable to the beneficiary enterprise (34) and external events (25).

TABLE 1

CATEGORIES OF IMPLEMENTATION DELAYS, BY AGENCY

Category		Belgium	Canada	Germany	World Bank	UNDP	UNEP	UNIDO	Total
A	Implementing or Executing Agencies				19		2		21
B	Enterprise				30	2		2	34
C	Technical Reasons				7	7	1		15
D	Government		1		4	7	3	1	16
E	External				19	3	1	2	25
F	Executive Committee Decisions								0
G	Not Applicable (Completed)		1		6	4	3	7	21
Other	Supplier							1	1
N/A	Not Available	1		3		1			5

Progress in resolving causes of delays

7. Agencies indicated that there have been varying degrees of progress. 20 of the projects listed with delays at the 41st Meeting have been completed. These projects may be considered back on track and so are removed from future reporting with the planned completion date indicated in the progress reports submitted to the 40th Meeting to be used for future assessments of delays.

Projects with some progress

8. 51 projects were classified as showing some progress, and would continue to be monitored. It is to be noted that 9 of these projects were classified by the agencies as having seen progress. However, they were reclassified as having had some progress since the projects were approved over three years ago and should continue to be monitored pursuant to Decision 32/4.

Projects with deadlines

9. Three of the 11 projects for which milestones and deadlines were set at the 41st Meeting achieved the required milestone. One project is subject to provisions for automatic cancellation and is addressed in the Section III. The remaining 6 projects were pending a report at the Executive Committee Meeting on the achievement of milestones.

Agency	Code	Project Title	Milestone Deadline
Belgium	BOL/FOA/28/INV/10	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Quimica Andina	Signature of the UNDP project document by the 42nd Meeting
IBRD	IND/REF/22/INV/110	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Refrigeration Components and Accessories	Installation of all equipment by March 2004.
IBRD	IND/REF/22/INV/123	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Hindustan Refrigeration Industries	Installation of all equipment by March 2004.
IBRD	IND/REF/22/INV/124	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Refrigerators and Home Appliances P. Ltd.	Installation of all equipment by March 2004.
UNDP	EGY/FOA/22/INV/64	Phaseout of the remaining ODS consumption in the foam sector (11 enterprises)	CFC use would cease by December 2003.
UNDP	URT/FOA/26/INV/11	Phaseout of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Pan Africa Enterprises Ltd.	Final inspection in January 2004.
UNDP	URT/FOA/31/INV/13	Phasing out of CFC-11 in the manufacture of flexible slabstock foam by conversion to methylene chloride at Plyfoam Limited	Final inspection in January 2004.

Projects with no progress—letter of possible cancellation

10. The projects for which no progress is being reported for the first time are indicated in Table 2. Under the existing procedures, the Secretariat will send notices of possible cancellation for these projects.

Table 2**PROJECTS WITH NO PROGRESS**

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)
IBRD	ARG/SOL/28/INV/91	Conversion from MCF used as solvent to aqua based cleaning at Argelite La Rioja, SA; CIMCAM, SA; Grimoldi, SA; Heliolino SAIC; Integral Metalurgica, SA; Orbis Mertig SAIC; Trosh, SA Unisol, SA and Buffalo, S.A.	216,717	44,540
IBRD	PAK/FOA/23/INV/20	Umbrella project: Conversion to CFC-free technology in the manufacture of rigid polyurethane foam (thermoware)	1,600,000	862,231
IBRD	PAK/FOA/25/INV/25	Terminal umbrella: Conversion to HCFC-141b and water blown technology in the manufacture of rigid polyurethane foam (thermoware)	718,900	387,411
IBRD	THA/FOA/31/INV/131	Conversion from CFC-11 to water-based technology in the manufacture of integral skin and flexible moulded polyurethane foam at Siam Chitose	51,795	5,766
IBRD	TUN/FOA/25/INV/32	Conversion to LCD technology in the manufacture of polyurethane flexible foam and HCFC-141b with water in polyurethane rigid foam at Sotim	553,400	422,037
UNDP	MAL/ARS/19/INV/85	Umbrella project to phase out ODS at SMEs in the aerosol sector	1,486,660	1,112,832

Projects with no progress to two consecutive meetings of the Executive Committee

11. After a project is classified as a project with implementation delays, and the agency reports to two consecutive meetings of the Executive Committee that there was no progress implementing agencies, in full consultation with the Government concerned, should establish a deadline for achieving the next project milestone with the understanding that if the milestone was not achieved, the project would be automatically cancelled. The implementing agencies have either provided milestones with deadlines or will inform the meeting of milestones and deadlines for the following projects:

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	Milestone
IBRD	CPR/FOA/20/INV/179	Conversion to CFC-free technology in the manufacture of flexible (slabstock) polyurethane foam at Chengdu Plastics No. 7	301,000	265,944	Equipment installation by September 2004.
IBRD	CPR/FOA/27/INV/277	Conversion of polyurethane slabstock manufacture from CFC-11 to liquid carbon dioxide technology at Jiangsu Haimen Foam plant	454,790	333,550	Equipment installation by April 2004
IBRD	CPR/FOA/27/INV/281	Conversion of polyurethane slabstock manufacture from CFC-11 to liquid carbon dioxide technology in Putuo Zhujiajian Rubber and Plastic Plant	525,483	384,425	Equipment installation by April 2004
UNDP	CPR/FOA/28/INV/291	Phase-out of CFC-11 by conversion to n-pentane technology in the manufacture of rigid polyurethane insulation foam at Suzhou Purification Equipment Factory	516,780	262,738	Progress reported to the 43rd Executive Committee.

Projects with pending issues

12. The following projects concern the use of liquid carbon dioxide (LCD) as a substitute for CFCs in the manufacture of foams. The LCD issue in Morocco and the use of the technology in general is addressed in document (UNEP/OzL.Pro/ExCom/41/65). Decision 41/8(f) agreed with an extension until the 42nd Meeting of the Executive Committee in order to allow the implementing agency, Morocco, the supplier and the Secretariat to refine the terms of an agreement under which the companies concerned would convert successfully to liquid carbon dioxide (LCD) technology, and requested UNDP to report the details of such as agreement to the 42nd Meeting of the Executive Committee. UNDP has taken the lead in organizing a meeting with the various parties mentioned above to address Decision 41/8(f). The meeting is scheduled for 8-10 March 2004. The outcome of the meeting will be reported to the 42nd Meeting.

Agency	Code	Project Title	Comments
UNDP	MOR/FOA/22/INV/08	Phase out of CFC in the manufacture of flexible foam (slabstock) at Richbond S.A.	Pending report to 42 nd Meeting.
UNDP	MOR/FOA/23/INV/13	Phase out of CFC in the manufacture of flexible foam (slabstock) at Salidor S.A.	Pending report to 42 nd Meeting.
UNDP	MOR/FOA/23/INV/19	Phase out of CFC in the manufacture of flexible foam (slabstock) at Mousse d'Or S.A.	Pending report to 42 nd Meeting.
UNDP	MOR/FOA/25/INV/22	Conversion to LCD technology in the manufacture of flexible foam (slabstock) to replace CFC-11 at Bonbino Comfort	Pending report to 42 nd Meeting.

13. The Secretariat and the implementing agencies did not agree on the assessments of the following 3 projects:

Agency	Code	Project Title	Comments
UNEP	GLO/SEV/19/TAS/106	Prepare an inventory and assessment of environmentally sound and economically viable technologies and know-how conducive to phase out of ODS	Pending report at 42nd Meeting
UNEP	GLO/SEV/19/TAS/112	Training modules on management of ODS phase-out in SMEs	Pending report at 42nd Meeting
UNIDO	MOR/FUM/34/INV/44	Phase-out of methyl bromide for soil fumigation in tomato production (first tranche)	Pending report at 42nd Meeting

Inventory and Assessment of Environmentally Sound and Economically Viable Technologies (GLO/SEV/19/TAS/106)

14. This project was approved in May 1996 when an inventory and assessment of environmentally sound and economically viable technologies and know-how conducive to phase-out would have been helpful to Article 5 countries in making technology choices. The project, when approved, had a duration of 3 months. In the report to the last meeting of the Executive Committee, UNEP indicated that the project would be completed prior to the 41st Meeting, but it was not. It appears that the main input into the project is the Fund Secretariat's database on completed projects. There is no indication of any assessment being made. It is not clear who is intended to use this information at this stage. The Secretariat is recommending a reassessment of the usefulness of this project with almost 8 years of delays.

15. Based on needs expressed by NOUs during Network meeting, UNEP believes that there is a continuing need for information about suppliers of technology - which includes equipment, chemicals, and services - by NOUs and industry in developing countries, especially those technologies suitable for smaller enterprises and in sensitive sectors, since phase out has not been completed. As reported to the Secretariat previously, it has proven to be extremely resource intensive and/or complicated to extract supplier data from the Implementing Agencies about completed projects. Accordingly, the technology inventory - which is a web based mechanism - will be incorporated into the ongoing CAP clearinghouse activities and built up through the regular information collection activities of UNEP. Technology supplier data from completed Multilateral Fund projects in China have already been entered into system. UNEP indicated that there would not be a need to cancel the project since it will be completed prior to the 42nd Meeting of the Executive Committee and the web based system will be on line by the end of March 2004.

Training modules on management of ODS phase-out in SMEs (GLO/SEV/19/TAS/112)

16. This project was also approved in May 1996 but for a duration of 7 months. UNEP's report to the 41st Meeting indicated that the contract was expected to be established prior to the 41st Meeting. UNEP's report to the 42nd Meeting shows that the bid process has begun with invitations to bid. The Secretariat classified this project as no progress since it appeared that the project had moved backward since the report to the 41st Meeting. In UNEP's report to the 42nd Meeting, UNEP indicated that the contract would be signed in March prior to the 42nd Meeting of the Executive Committee. The Secretariat suggested that a summary of the winning bid should be indicated to the Executive Committee in advance of signing the contract so that the Executive Committee could determine if the project warranted continuation or cancellation. The Secretariat also noted that US \$20,000 had been disbursed out of the US \$40,000 approved for this project during 2002 and requested UNEP to indicate the reasons for this disbursement in advance of the award of a contract.

17. UNEP agreed to present a summary of this project to the 42nd Meeting and seek guidance from the Executive Committee if it should proceed with the projects.

Phase-out of methyl bromide for soil fumigation in tomato production (first tranche)
(MOR/FUM/34/INV/44)

18. This project was approved in July 2001 as the first tranche of a multi-year agreement for Morocco to comply with the control measures for methyl bromide. UNIDO reported that agreement had not been signed with the Tomatoes Producers Association in July 2003 in the context of its progress report. UNIDO then extended the planned completion date for the first tranche from December 2002 to December 2004. The project was then classified as a project with implementation delays. UNIDO informed the Secretariat that beginning January 2004 the Government was informed by UNIDO about the possible cancellation of the project since no progress was reported to two consecutive meetings. The Secretariat recently requested another update. UNIDO indicated that it had recently received a letter from the Ministry of Agriculture of Morocco requesting a review some of the alternatives selected. The Ministry also indicated the readiness of farmers to start the project. UNIDO then suggested a meeting in early March to

draft an official agreement. The Executive Committee may wish to consider a report on the status of the signature of the agreement at the 42nd Meeting.

Section II: Projects with Status Reports

19. While institutional strengthening, halon banking, customs training, recovery and recycling, and demonstration projects are not subject to procedures for project cancellation, the Executive Committee nevertheless also decided to continue to monitor them, as appropriate (Decision 36/14(b)). Agencies indicated some progress for all of these projects with the exception of methyl bromide demonstration project in Kenya and refrigerant management plan project in Saint Kitts and Nevis.

Section III: Projects proposed for possible cancellation at the 42nd Meeting

20. Projects are cancelled either through mutual agreement between the implementing agencies and the country concerned or through the procedures for project cancellation that lead to automatic cancellation of projects if milestones and deadlines are not met. Project preparation activities are cancelled as suggested by implementing agencies.

Cancellations through mutual agreement

21. There are no cancellations through mutual agreement between the country and implementing agency concerned.

Projects automatically cancelled pursuant to Decision 38/8

22. Implementing agencies have indicated that the one project listed in Table 3 should be automatically cancelled since the agreed milestones and deadline was not achieved. The reason the project is cancelled is specified in Decision 40/16(b) so that the Executive Committee can take the reason for cancellation into account in its decisions on project cancellation. Phase-out was recorded for this project pursuant to Decision 39/13, para. (b).

Table 3

PROJECTS PROPOSED FOR CANCELLATION BY MUTUAL AGREEMENT

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	ODP Phase- Out Recorded	Comments
IBRD	IND/REF/19/INV/92	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Chandra Frig Co. P., Ltd.	130,984	66,787	4.8	Automatic cancellation due to failure to meet agreed deadline and milestone of relocation of the enterprise by 31 January 2004.

Section IV: Impact of cancelled and delayed projects on compliance

23. This section addresses the impact on compliance of projects proposed for cancellation as well as that of delayed projects.

Projects proposed for cancellation and compliance

24. The Chandra refrigeration project that was automatically cancelled is not critical to compliance since India should be able to achieve its 2005 and 2007 control measures based on the 3 year phase-out plan. However, depending upon the report due at the 42nd Meeting, automatic cancellation may occur for the following projects that may have an impact on compliance:

Agency	Code	Project Title	Milestone Deadline
Belgium	BOL/FOA/28/INV/10	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Quimica Andina	Signature of the UNDP project document by the 42 nd Meeting
UNDP	URT/FOA/26/INV/11	Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Pan Africa Enterprises Ltd.	Final inspection in January 2004.
UNDP	URT/FOA/31/INV/13	Phasing out of CFC-11 in the manufacture of flexible slabstock foam by conversion to methylene chloride at Plyfoam Limited	Final inspection in January 2004.

25. Pending the report at the 42nd Meeting and a determination that the milestone was not achieved, Bolivia and Tanzania should be requested pursuant to Decision 38/8(b) to provide their views on the cancellation along with any actions that the Government would take to reactivate the project in advance of a decision to cancel these projects.

Projects with implementation delays and compliance

26. The only countries found by the XVth Meeting of the Parties to be in non-compliance or potential non-compliance with a control measure for the freezes on CFCs, halons and methyl bromide that have projects classified by the 41st Meeting of the Executive Committee as projects with implementation delays were Libya and Viet Nam.

27. UNDP indicated that the two foam projects in Libya had experienced some progress. In the case of the Garabouli foam project in Libya (LIB/FOA/32/INV/06), methylene chloride upgrade equipment was transferred from the Sebha Unit to Garabouli. After a lack of cooperation from the Government in arranging a mission to the Ben Ghazi foam project (LIB/FOA/32/INV08), a new mission was agreed to take place in March 2004.

28. UNIDO indicated that the halon bank technical assistance project in Viet Nam (VIE/HAL/29/TAS/23) had been completed. The XVth Meeting of the Parties requested Viet Nam to draw upon the ongoing assistance provided by the CAP and the halon phase-out assistance provided by UNIDO and the Halons Technical Options Committee to identify and introduce alternatives to the use of halon 2402 on oil vessels and platforms.

RECOMMENDATIONS

The Executive Committee may wish to consider:

1. Noting with appreciation the reports submitted to the Secretariat on projects with implementation delays provided by Belgium, Canada, Germany and the four implementing agencies as contained in the document on project implementation delays (UNEP/OzL.Pro/ExCom/42/15).
2. Requesting the Governments of France and Japan to provide reports on the projects classified with implementation delays as a matter of urgency.
3. Noting 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 and implementing agencies as required.
4. Adopting the milestones and deadlines indicated in the table following paragraph 11.
5. The reports presented at the meeting on the following projects to determine if they warrant cancellation or other action as appropriate:

Agency	Code	Project Title	Comments
UNEP	GLO/SEV/19/TAS/106	Prepare an inventory and assessment of environmentally sound and economically viable technologies and know-how conducive to phase out of ODS	Pending report at 42nd Meeting
UNEP	GLO/SEV/19/TAS/112	Training modules on management of ODS phase-out in SMEs	Pending report at 42nd Meeting
UNIDO	MOR/FUM/34/INV/44	Phase-out of methyl bromide for soil fumigation in tomato production (first tranche)	Pending report at 42nd Meeting

6. The reports presented at the meeting on the following projects to determine if milestones were met and note the automatic cancellation as appropriate:

Agency	Code	Project Title	Milestone Deadline
Belgium	BOL/FOA/28/INV/10	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Quimica Andina	Signature of the UNDP project document by the 42nd Meeting
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UNDP	URT/FOA/31/INV/13	Phasing out of CFC-11 in the manufacture of flexible slabstock foam by conversion to methylene chloride at Plyfoam Limited	Final inspection in January 2004.

7. Noting the automatic cancellation of the following project:

- (a) The Chandra refrigeration project in India (IND/REF/19/INV/92) where US \$66,787 had been disbursed of the US \$130,984 approved for the project and 4.8 ODP tonnes were assigned as phase-out pursuant to Decision 39/13(b).
