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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Prague, 29 November-3 December 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. The reports from the implementing and bilateral agencies on projects with implementation delays are available to Executive Committee members upon request.

2. 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

3. 142 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 48 delayed projects, followed by UNDP with 35; UNIDO with 22; UNEP with 16; Germany with 11; France with 8; and Japan with 2. Japan did not submit a report on its two delayed projects, but did submit a status report on the project “Assistance for a national information, education and communication campaign for compliance with the Montreal Protocol” in Nigeria pursuant to Decision 43/12 (b).

4. Implementing and bilateral agencies categorized the causes for implementation delays associated with these projects according to the seven categories (A to G) of implementation delays.

5. 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 indicates that most of the reasons for delays are attributable to the beneficiary enterprise (55) and external events (26).

Table 1**CATEGORIES OF IMPLEMENTATION DELAYS, BY AGENCY**

Category		France	Germany	World Bank	UNDP	UNEP	UNIDO	Total
A	Implementing or Executing Agencies	1		19	3			23
B	Enterprise	1		33	11		10	55
C	Technical Reasons	3		7	6		4	20
D	Government	3		6	6		2	17
E	External			21	3		2	26
F	Executive Committee Decisions							0
G	Not Applicable		3		12	3	6	24
N/A	Not Available		8			13		21

Progress in resolving causes of delays

6. Agencies indicated that there have been varying degrees of progress. 41 of the projects listed with delays at the 43rd Meeting have been completed and 11 projects have either experienced progress from one milestone to another or the implementation delay had been removed. 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 43rd Meeting to be used for future assessments of delays.

Projects with some progress

7. 68 projects were classified as showing some progress, and would continue to be monitored. However, it should be noted that projects that had been approved over three years ago must continue to be monitored pursuant to Decision 32/4, and therefore cannot be removed from the list for monitoring regardless of the extent of progress achieved prior to their final completion.

Projects with deadlines

8. One of the three projects for which milestones and deadlines had been set at the 43rd Meeting achieved the required milestone, namely the Chengdu foam project in China (CPR/FOA/20/INV/179). One project, the solvent sector project in Argentina (ARG/SOL/28/INV/91) is subject to provisions for automatic cancellation and is addressed in the Section III.

9. The remaining project with a deadline, UNEP's SME training modules project, (GLO/SEV/19/TAS/112) has a future deadline of completing the project by 1 April 2005. UNEP indicated some progress on the project since a consultant had been selected and was now under contract. Data collection and research were underway according to UNEP. UNEP expects to be able to complete the project by the deadline.

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\$)
France	SYR/REF/29/INV/56	CFC emission reduction in central air conditioning	143,000	8,251
IBRD	PAK/FOA/17/INV/06	Phase-out of CFC-11 in the manufacture of flexible PUF molded and integral skin at Master Group: (Master Enterprises Ltd., Durafoam Ltd., Khyber Plastic and Polymer Industries Ltd., Procon En)	1,247,330	1,246,300
IBRD	PAK/FOA/23/INV/20	Umbrella project: Conversion to CFC-free technology in the manufacture of rigid polyurethane foam (thermoware)	1,600,000	1,209,229
IBRD	PAK/FOA/23/INV/22	Conversion to CFC-free technology in the manufacture of polyurethane foam (flexible slab stock, flexible molded, rigid foam) at Diamond Group of Industries	563,339	381,935
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	428,413
IBRD	TUR/FUM/31/INV/69	Phase-out methyl bromide in the dried fig sector	479,040	357,320
UNDP	LIB/FOA/32/INV/05	Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Sebha Unit	128,097	70,106
UNDP	LIB/FOA/32/INV/08	Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Ben Ghazi Unit	124,860	10,948
UNIDO	IND/PAG/34/INV/303	Conversion of carbon tetrachloride as process agent to monochlorobenzene at M/S Benzo Chemical Industries, Tarapore	136,786	204
UNIDO	VEN/REF/32/INV/88	Phasing out CFC-12 with HFC-134a and CFC-11 with HCFC-141b at seven commercial refrigeration companies (umbrella project)	403,590	227,879

Projects with no progress for 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 had been 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. UNDP and India have agreed milestones with deadlines for the following projects:

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	Milestones
UNDP	IND/ARS/28/INV/221	Phase-out of CFC by substituting HAPs at Syncaps	161,518	115,215	Project Completion by March 2005
UNDP	IND/ARS/29/TAS/244	Technical assistance for safety and technical programme to assist SME's manufacturing aerosol products (Phase I)	155,000	130,127	Project Completion by March 2005

Section II: Projects with Status Reports

12. 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)).

13. No additional status reports are required for 16 of the 24 projects and 6 projects should continue to be monitored. Two projects for which a status report was requested may be cancelled pending a report at the Executive Committee Meeting and are addressed in the Section III. Those projects are the halon banking project in Oman (OMA/HAL/41/TAS/08) under World Bank implementation and the Global Plastic Industries foam project in Nigeria (NIR/FOA/34/INV/91) under UNDP implementation.

14. Continued monitoring is recommended for six projects because the latest status report indicates possible ongoing difficulties with the project. Halon banking projects in Thailand and Turkey that are under World Bank implementation are recommended for continued monitoring. Thailand has determined to have an Electronic Clearinghouse in lieu of a physical halon bank that was included as part of the project approved by the Executive Committee (THA/HAL/29/TAS/121). The Bank indicated that a mission was planned to determine the next steps in the project in late October. For the halon bank in Turkey (TUR/HAL/38/TAS/80), the planned operator of the Bank has decided not to participate in the project. However, other entities have expressed an interest, but there was no resolution at the time of the report. Therefore, additional status reports are recommended.

15. For the Harmony foam project in Nigeria (NIR/FOA/34/INV/89), UNDP indicated that the enterprise claims that all work has been completed and some trials have been conducted, but this claim had been made before with no results. UNDP's Regional Coordinator has discussed the matter with the Ozone Officer and the latter has advised that he would send one of the staff in early October to physically verify and inform UNDP. UNDP plans to inform the Executive Committee about the outcome of this visit.

16. In its progress report, UNDP was asked to indicate the extent to which recycling had occurred in Viet Nam as a result of the installation of recycling equipment in two RMP components (VIE/REF/34/TAS/38 and VIE/REF/35/TAS/39). At that time UNDP indicated that it was awaiting a report and comments from its consultant. For this reason, an additional status report was requested. The status report submitted to the 44th Meeting indicates that UNDP had received the report but was awaiting an assessment from its consultant. For this reason, a further status report is recommended.

17. Germany indicated that deliberations started with the Egyptian national ozone unit in July 2004 about the re-start of the CFC recovery and recycling project in Egypt (EGY/REF/29/TAS/75) because, as required by the condition of approval of this project, the price of CFCs now exceeds the minimum level stipulated in the decision of the Committee. A re-evaluation of equipment and training needs was planned as a first step, followed by equipment purchase, distribution and training. An additional status report is requested since the project has not yet been reinitiated and the report should indicate any changes in the equipment and training needs.

Section III: Projects proposed for possible cancellation at the 44th Meeting

18. 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 and some technical assistance activities are cancelled as suggested by implementing agencies and the Secretariat.

Cancellations through mutual agreement

19. There is one cancellation that had been agreed between the Secretariat and UNEP since there is no specific country concerned.

Table 3

PROJECTS PROPOSED FOR CANCELLATION BY MUTUAL AGREEMENT

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	ODP Phase-Out Recorded
UNEP	GLO/SEV/34/TAS/232	Development of tracking system for ODS and ODS-based equipment	40,000	0	0

Projects automatically cancelled pursuant to Decision 38/8

20. Implementing agencies have indicated that the two projects listed in Table 4 should be automatically cancelled since the agreed milestones and deadlines were not achieved. The reasons the projects are cancelled are 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 these projects pursuant to Decision 39/13, para. (b).

Table 4

PROJECTS AUTOMATICALLY CANCELLED

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	ODP Phase-Out Recorded	Comments
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; Heliodino SAIC; Integral Metalurgica, SA; Orbis Mertig SAIC; Trosh, SA Unisol, SA and Buffalo, S.A.	216,717	85,085	2.7	Automatic cancellation due to failure to meet agreed deadline and milestone of signature of remaining SGAs by July 2004.
UNDP	MOR/FOA/23/INV/12	Phase out of CFC in the manufacture of flexible foam (slabstock) at Sodiflex and Tiznit Plastic S.A.	517,300	505,820	85	Failure to achieve the conditions of Decision 42/15(i)(v).

Cancellation pending report at the 44th Meeting

21. There are 5 projects subject to cancellation that are pending a report during the Executive Committee Meeting.

Table 5**PROJECTS CANCELLATION PENDING REPORT AT MEETING**

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	ODP Phase-Out Recorded
France	IRA/SEV/26/TAS/36	Small and medium enterprises study	75,000	20,000	0
IBRD	JOR/ARS/31/INV/64	Substitution of CFC-12 for HAPs at the aerosol plant of Arab Chemical Industries	49,539	37,871	0
IBRD	OMA/HAL/41/TAS/08	Halon consumption phase-out through a technical assistance programme and a halon recycling	64,600	0	0
UNDP	NIR/FOA/34/INV/91	Phasing out of CFC-11 in the manufacture of rigid polyurethane foam by conversion to a combination of water and HCFC-141b based systems at Global Plastic Industries, Ltd.	36,801	32,379	0
UNEP	GLO/SEV/32/TAS/224	Regional awareness raising and South-South assistance	191,000	130,258	0

22. The Government of France indicated that it was waiting for the Islamic Republic of Iran and the company it hired to send France a report on the study in order to proceed with the project cancellation for the Small and medium enterprises study in Iran (IRA/SEV/26/TAS/36).

23. The Bank indicated that certified disposal is planned for October 2004 for the Arab Chemical Industries aerosol project in Jordan (JOR/ARS/31/INV/64). The Bank was informed that the equipment had been rendered inoperable; however, the National Ozone Committee in the country must meet to issue a certificate of destruction. The Bank will report on whether the certified disposal had occurred. If this has occurred, the project can be considered to have had some progress. If this did not occur, the standard procedure would be a letter of possible cancellation or cancellation by mutual agreement depending on the response of the Government.

24. The Bank is in communication with the Government of Oman concerning Oman's halon bank (OMA/HAL/41/TAS/08). The Bank indicated that it would provide an update at the 44th Meeting as to how the country wishes to proceed concerning possible cancellation.

25. UNDP's regional coordinator has advised the Ozone Officer to formally write to UNDP/UNOPS advising that the Global Plastic Industries foam project in Nigeria (NIR/FOA/34/INV/91) should be cancelled. Until that is received UNDP cannot indicate whether there has been "mutual agreement", but the Nigerian Government has been advised of the matter and was investigating internally before it could confirm that the project could be cancelled.

26. According to UNEP, the Regional awareness raising and South-South assistance project (GLO/SEV/32/TAS/224) is to provide country and region-specific assistance in public awareness to support compliance efforts and allow for experiences of ODS Officers to be shared with others in the region. The components of this project are in various stages of completion, payment and financial reporting. Over 20 small memoranda of understanding with different countries have been agreed for awareness materials. UNEP believes that some progress has been achieved by countries/regions but that the progress has not been fully reported. It expected that any remaining components will be completed by December 2004 and offered to provide a full status report at the 44th Meeting of the Executive Committee.

Section IV: Impact of cancelled and delayed projects on compliance

27. There is no impact from the cancellation of projects on compliance as the maximum impact of the solvent project in Argentina was 7.1 ODP tonnes, the global tracking project had no direct impact on phase-out, and the Government of Morocco had indicated that it would completely eliminate the consumption of CFC-11 as at 1 January 2005. Concerning projects that may be subject to cancellation pending reports at the 44th Meeting, none of the countries are at risk of non-compliance for the substances being phased out in the projects that may be cancelled.

Projects with implementation delays and compliance issues

28. Several countries whose latest consumption data for TCA and CTC exceeded their baselines had projects with implementation delays for other substances, but they did not have any delayed projects that addressed TCA or CTC consumption. These included Albania (TCA), Costa Rica (TCA), Ecuador (TCA), Indonesia (CTC), Kenya (TCA), and Nigeria (CTC). Also Pakistan exceeded its baseline for halons and CTC, but its delayed projects did not address these substances. Similarly, Viet Nam had a delayed aerosol project that did not address its potential future difficulties with halon consumption.

29. However, three countries whose methyl bromide consumption exceeded their baselines have methyl bromide projects that have been monitored as projects with implementation delays. Those countries include Iran, Lebanon, and Thailand.

30. The methyl bromide project under UNIDO implementation (IRA/FUM/29/DEM/57) is being monitored as a project with implementation delays. UNIDO reported some progress to the 44th Meeting. UNIDO's report indicated that "the result of the assessment showed that seven chambers should be modified in order to increase the efficiency of the alternative proposed. A precise list of items to be modified is to be determined before the end of the year and then UNIDO would proceed with the procurement activities." Another methyl bromide project concerning olive trees was included in the 2004 business plan but was not submitted to the 44th Meeting.

31. The methyl bromide project in Lebanon (LEB/FUM/34/INV/46), under UNDP implementation, is a multi-year project that had been classified as a project with a delay although the tranche approved at the 34th Meeting had actually been completed.

32. The methyl bromide project in Thailand (THA/FUM/33/TAS/135), under World Bank implementation, is classified with an implementation delay. This project had as its objective the preparation of a national methyl bromide phase-out strategy that has been submitted to the 44th Meeting for the Committee's consideration.

RECOMMENDATIONS

The Executive Committee may wish to consider:

1. Noting with appreciation the reports submitted to the Secretariat on projects with implementation delays by Canada, France, Germany, Japan and the four implementing agencies as contained in the document on project implementation delays (UNEP/OzL.Pro/ExCom/44/14).
2. Noting with appreciation the report submitted pursuant to Decision 43/12 on the Assistance for national information, education and communication campaign for compliance with the Montreal Protocol in Nigeria implemented by Japan (NIR/SEV/38/TAS/104).
3. Requesting the Governments of Japan to provide reports on the following projects classified with implementation delays:

Code	Project Title	Category of Delays
CPR/REF/28/INV/302	Phasing out ODS in the production of compressors at Changshu Refrigerating Equipment Works	12 and 18 months delays
CPR/REF/31/TAS/359	Develop a strategy for the refrigeration servicing sector	12 months delays

4. 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.
5. Adopting the milestones and deadlines indicated in the following table:

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	Milestones
UNDP	IND/ARS/28/INV/221	Phase-out of CFC by substituting HAPs at Syncaps	161,518	115,215	Project Completion by March 2005
UNDP	IND/ARS/29/TAS/244	Technical assistance for safety and technical programme to assist SME's manufacturing aerosol products (Phase I)	155,000	130,127	Project Completion by March 2005

6. The reports presented at the meeting on the following projects to determine if they warrant cancellation or other action as appropriate:
 - (a) Small and medium enterprises study (IRA/SEV/26/TAS/36) in Iran, implemented by France, for which US \$20,000 had been disbursed out of the US \$75,000

approved for the project with no ODS phase-out assigned.

- (b) Substitution of CFC-12 for HAPs at the aerosol plant of Arab Chemical Industries (JOR/ARS/31/INV/64) in Jordan, implemented by the World Bank, for which US \$37,871 had been disbursed out of the US \$49,539 approved for the project with no ODS phase-out assigned.
- (c) Halon consumption phase-out through a technical assistance programme and a halon recycling in Oman (OMA/HAL/41/TAS/08), implemented by the World Bank, for which none of the US \$64,600 approved for the project had been disbursed and with no phase-out assigned.
- (d) Phasing out of CFC-11 in the manufacture of rigid polyurethane foam by conversion to a combination of water and HCFC-141b based systems at Global Plastic Industries, Ltd. in Nigeria (NIR/FOA/34/INV/91), implemented by UNDP, for which US \$32,379 had been disbursed out of the US \$36,801 approved for the project with no phase-out assigned.
- (e) Regional awareness raising and South-South assistance (GLO/SEV/32/TAS/224), implemented by UNEP, for which US \$130,258 was disbursed out of the US \$191,000 approved for the project with no ODS phase-out assigned.

7. Noting the automatic cancellation of the following project:

- (a) Conversion from MCF used as solvent to aqua based cleaning at Argelite La Rioja, SA; CIMCAM, SA; Grimoldi, SA; Heliodino SAIC; Integral Metalurgica, SA; Orbis Mertig SAIC; Trosh, SA Unisol, SA and Buffalo, S.A. in Argentina (ARG/SOL/28/INV/91), implemented by the World Bank, for which US \$85,085 had been disbursed out of the US \$216,717 approved for the project as at 31 December 2003 and 2.3 ODP tonnes are to be assigned to the project, while noting that the cancellation was due to the failure to meet the agreed deadline and milestone set at the 43rd Meeting.
- (b) Phase out of CFCs in the manufacture of flexible foam (slab stock) at Sodiflex and Tiznit Plastic S.A. in Morocco (MOR/FOA/23/INV/12), implemented by UNDP, for which US \$505,820 had been disbursed out of the US \$517,300 approved for the project as at 31 December 2003, noting that the cancellation was due to the failure to meet the conditions of Decision 42/15(i)(v).
