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EXECUTIVE COMMITTEE OF
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PROJECT IMPLEMENTATION DELAYS

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

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Overview

1. This document is submitted as a follow-up to decisions taken at past meetings of the Executive Committee concerning projects with implementation delays. The reports from the bilateral and multilateral implementing agencies on projects with implementation delays, along with any further status reports that have been requested, are available to members of the Executive Committee upon request.

2. The document is divided into five sections. Section I addresses projects with implementation delays for which reports are required (based on the Committee's definition of implementation delays) and which are subject to procedures for project cancellation. Section II addresses delayed projects in countries where there are compliance-related issues. Section III addresses additional status reports that have been submitted in response to requests by the Executive Committee, but are not subject to procedures for project cancellation. Section IV addresses one project that is being proposed for cancellation at the 52nd Meeting, and the potential impacts of that cancellation on compliance. Section V presents the procedures for monitoring projects with implementation delays and past studies on resolving delays.

Section I: Projects with implementation delays

3. There are 34 ongoing projects that have been classified as projects with implementation delays and are subject to the Committee's procedures for project cancellation. Projects with implementation delays are projects: i) expected to be completed more than 12 months late, and/or, ii) where no disbursement has been made within 18 months of the project's approval. The breakdown of projects with implementation delays by implementing and bilateral agency is as follows: UNDP (7); UNEP (6); UNIDO (6); the World Bank (6); France (4); Germany (2); Italy (2); and Japan (1). Reports have been received from all agencies although three reports were missing from UNIDO. Progress report comments were used for France and UNIDO.

4. Table 1 indicates the causes of implementation delays based on seven categories (A to G). It relies on information provided by the implementing and bilateral agencies. The total number of causes for delay exceeds the number of delayed projects, because delays in the implementation of some projects resulted from multiple causes. Table 1 indicates that delays are most commonly caused by factors associated with the beneficiary enterprise (7) and technical reasons (6).

Table 1

CAUSES OF IMPLEMENTATION DELAYS, BY AGENCY

		France	Germany	World Bank	Italy	Japan	UNDP	UNEP	UNIDO	Total
A	Implementing or Executing Agencies			1			1	2		4
B	Beneficiary Enterprise			4					3	7
C	Technical Reasons			1				2	3	6
D	Government			2			1	1	1	5
E	External			2				1	1	4
F	Executive Committee Decisions						1			1
G	Not Applicable					1				1
N/A	Not Available	4	2		2		5			13

Progress in resolving causes of delays

5. In their reports, the implementing and bilateral agencies advised that there have been varying degrees of progress in overcoming delays. Seven of the projects listed with delays at the 51st Meeting have now been completed.

Projects with some progress

6. Twenty-four projects were classified as showing “some progress”, and the implementing and bilateral agencies indicated that these projects would continue to be monitored. Notwithstanding progress, it should be noted that projects approved over three years ago must continue to be monitored pursuant to decision 32/4. Therefore, these projects cannot be removed from the list for monitoring prior to their final completion, regardless of the extent to which progress may have been made. They are thus recommended for continued monitoring.

Projects with no progress - letter of possible cancellation

7. The projects for which no progress is being reported for the first time, and where this assessment has been agreed with the relevant agency, are indicated in Table 2. Under existing procedures, the Fund Secretariat will send notices of possible cancellation for the UNDP and German projects indicated below on the basis that they have achieved no progress.

Table 2**PROJECTS WITH NO PROGRESS**

Agency	Code	Project title	Net approved funds (US\$)	Funds disbursed (US\$)
Germany	IRA/FOA/37/INV/152	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded PU foam at Sanayeh Dashboard in the Islamic Republic of Iran	185,632	133,890
UNDP	IND/ARS/41/TAS/368	MDI Transitional Strategy in India	30,000	0

Project with no progress but continued monitoring

8. Table 3 presents a project that is classified as having achieved no progress. However, it should continue to be monitored pending an improvement in the conditions in the country, which will enable project implementation. This project is not recommended for cancellation.

Table 3**PROJECTS WITH NO PROGRESS BUT CONTINUED MONITORING**

Agency	Code	Project title
UNEP	SOM/SEV/35/TAS/01	Formulation of national phase out strategy in Somalia

Multi-year agreements (MYAs)

9. At its 51st Meeting, the Committee decided that monitoring of implementation difficulties in MYAs should be based on recommendations made during the review of annual implementation plans, instead of being based on planned completion dates and first disbursement dates. As a result of that decision, all MYAs that had been monitored in the context of implementation delays were deleted from the lists of projects to be reported to the 52nd Meeting. Based on decision 51/13, however, MYAs may be returned to the list of projects with implementation delays, based on any recommendations made at this and subsequent meetings.

Section II: Projects with implementation delays in countries with compliance issues

10. This section considers the status of all projects that are monitored as projects with implementation delays in countries with compliance issues. Table 5 presents information on these projects, together with the latest information submitted to the 52nd Meeting of the Executive Committee.

Table 5**PROJECTS WITH IMPLEMENTATION DELAYS FOR COUNTRIES WITH COMPLIANCE ISSUES**

Country	Meeting of the Parties decision	Compliance issue	Delay issue and status
Bosnia and Herzegovina	XV/30 and XVII/28	Submission of 2006 A7 data to enable review of commitment to reduce CFC to 33 ODP tonnes, reduce methyl bromide to 5.61ODP tonnes; Report on status of commitment to establish system for licensing imports and exports of ODS, including quotas and the ban imports of ODS-using equipment and to submit A7 data to enable review of commitment to maintain TCA at zero ODP tonnes.	The delayed project is the institutional strengthening project (BHE/SEV/43/INS/19) under UNIDO implementation for which an additional status report is recommended for submission to the 53 rd Meeting. The delay is due to the fact that the project document has not been signed by the Government.
Ecuador	XVIII/23	Submission of methyl bromide plan of action.	The delayed project is a demonstration project for testing methyl bromide alternatives in soil treatment for the flower growing industry (ECU/FUM/26/TAS/23) under World Bank implementation. According to the World Bank, Ecuador had submitted its action plan to the Ozone Secretariat but is in the process of revising it based on comments received. A meeting was scheduled in May to discuss the action plan and the Bank would report on the outcome at the meeting. The project was delayed due to changes in the Government. The latest report is that a firm is expected to be hired to conduct the next set of testing on summer flowers.
Libyan Arab Jamahiriya	XV/36, XVII/37, and XV/36	Submission of 2006 data to enable review of commitment to reduce CFC to 303 ODP tonnes, report on commitment to establish system for licensing imports and exports	There were three delayed projects, but the foam project (LIB/FOA/32/INV/08) was completed in May 2007. The institutional strengthening project (LIB/SEV/32/INS/04) is recommended for an additional status report because UNIDO has only reported one disbursement and the issue of

Country	Meeting of the Parties decision	Compliance issue	Delay issue and status
		of ODS, including quotas; Submission of 2006 A7 data to enable review of commitment to reduce halon consumption at no greater than 653.91 ODP tonnes, and to maintain methyl bromide at no greater than 96 ODP tonnes and monitor the ban of import of equipment that uses ODS.	the NOU contact has just recently been reported as having been resolved. Libyan Arab Jamahiriya has not reported country programme data. The halon banking project is stalled pending a plan for sustainability addressed in the document on Approved Projects with Special Reporting Requirements. The Ozone Secretariat indicated that the 36 th Meeting of the Implementation Committee noted that the interim import permit arrangement was still in place and that the NOU had yet to indicate that a permanent licensing system has been established. UNIDO received a letter from the Libyan Arab Jamahiriya confirming that the ODS legislation had been enacted since 1999.
Nigeria	XIV/30	Submission of 2006 A7 data to enable review of commitment to reduce CFC to 1100 ODP tonnes and report periodically on the operation of the system for licensing imports and exports of ODS as required for all Parties under Article 4 B paragraph 4 of the Montreal Protocol.	There has been some progress reported on the delayed project "Assistance for a national information, education and communication campaign for compliance with the Montreal Protocol in Nigeria" (NIR/SEV/38/TAS/104) under Japanese implementation. Japan reports that the national stakeholders' workshop for IEC (Information, education and communication) campaign was held on 5-6 October, 2006 in Abuja and based on the outcome of the workshop, the Government of Nigeria and UNEP are finalizing the strategy and the action plan for IEC campaign. Nigeria has not submitted its country programme data so there is no information about Nigeria meeting its action plan target for CFCs. UNDP and UNEP have requested Nigeria to submit its country programme data that can provide information on the effectiveness of licensing systems.
Pakistan	XVIII/31	Submission of 2006 data to enable review of commitment to reduce CTC to 41.8 ODP tonnes.	Conversion of carbon tetrachloride as process solvent to 1,2-dichloroethane at Himont Chemicals Ltd. in Pakistan (PAK/PAG/35/INV/42) is a delayed project that has experienced some progress. There is no more CTC consumption at the company and project completion is expected in December 2007. The award for the contract for the conversion of the production plant is expected in the middle of the year.
Serbia, Republic of	XVIII/33	Submission of outstanding Annex B group I to III (1998 and 1999), and Annex E (1995-1998).	The delayed Obod Elektroindustria refrigeration project (YUG/REF/34/INV/13) was completed in April 2007, but is not relevant to the Annex B and Annex E data needs.
Somalia	XVI/19, XVIII/35, and XVIII/34	Submission of clarification of the status of its previously submitted halon plan of action, including the regulatory and other measures that the Party would undertake to support its proposed halon consumption reduction benchmarks, report on the establishment of a licensing system, and report 2005 data.	The Formulation of national phase out strategy in Somalia (SOM/SEV/35/TAS/01) is delayed. The project is not recommended to be cancelled and has been held open awaiting improved circumstances in the country that would enable effective implementation. 2005 data was reported.
Uganda	XV/43	Submission of 2006 data to enable review of commitment to reduce methyl bromide to 4.8 ODP tonnes.	The delayed project is the institutional strengthening project in Uganda (UGA/SEV/13/INS/02) that is one of the oldest IS projects that is still not disbursing funds despite repeated efforts on behalf of UNEP. Uganda has not reported country programme data and therefore it is not possible to assess its compliance with its methyl bromide action plan.

Country	Meeting of the Parties decision	Compliance issue	Delay issue and status
Uruguay	XVII/39	Submission of 2006 data to enable review of commitment to reduce methyl bromide to 8.9 ODP tonnes.	Uruguay is in compliance with its methyl bromide action plan. The delayed project is an aerosol project (URU/ARS/38/TAS/40) that experienced some progress but is not relevant to the methyl bromide action plan.

Section III: Projects for which additional status reports were requested

11. Institutional strengthening, halon banking, customs training, recovery and recycling, demonstration projects are not subject to procedures for project cancellation. Nevertheless, the Executive Committee has decided to continue to monitor them as appropriate (decision 36/14 (b)). Implementing agencies reported on 10 projects to the 52nd Meeting where an additional status report had been requested at the 51st Meeting. Such status reports are requested when there has been no indication of any progress since the last report and/or where additional impediments to implementation have been reported. Additional status reports are requested for submission to the 53rd Meeting for the nine projects listed in Table 6. The remaining project is requested for cancellation by mutual agreement.

Table 6

ADDITIONAL STATUS REPORTS REQUESTED FOR SUBMISSION TO THE 53rd MEETING

Code	Agency or country	Project title
ALG/HAL/35/TAS/51	Algeria	Sectoral phase out programme: establishment of a halon bank
ALG/SEV/43/CPG/60	Algeria	Development of a country programme update
CAF/REF/34/TAS/10	France	Implementation of the RMP: development and implementation of a tax/incentive programme
CAF/REF/34/TAS/11	France	Implementation of the RMP: monitoring the activities of the RMP project, including registration of refrigeration service technicians, distributors and importers of CFCs
CAF/REF/34/TRA/08	France	Implementation of the RMP: training programme for customs officers
CAF/REF/34/TRA/09	France	Implementation of the RMP: train the trainers programme for refrigeration technicians in good management practices and a training programme to address technicians in the informal sector
UGA/SEV/13/INS/02	UNEP	Institutional strengthening (establishment of the ODS unit)
BHE/SEV/43/INS/19	UNIDO	Extension of the institutional strengthening project (phase II)
LIB/SEV/32/INS/04	UNIDO	Creation of the National Ozone Unit

12. Several additional status reports have been requested for the projects under implementation by France, UNEP and UNIDO. This covers the French projects in the Central African Republic (CAF/REF/34/TAS/10&11 and CAF/REF/34/TRA/08&09) because the requested reports were not submitted to the 52nd Meeting; the institutional strengthening project by UNEP in Uganda (UGA/SEV/13/INS/02) because there have still been no disbursements; and the institutional strengthening project by UNIDO in Bosnia and Herzegovina (BHE/SEV/43/INS/19) because the project document has not been signed.

13. With respect to the two projects in Algeria for which additional status reports are requested, it should be noted that the Executive Committee has already sought information directly from Algeria on these projects because the implementing agency, Germany, was unable to obtain the required approvals to complete the country programme update (ALG/SEV/43/CPG/60) and the halon banking project (ALG/HAL/35/TAS/51). Similarly, UNIDO has indicated difficulty in securing the required approvals for the institutional strengthening project in the Libyan Arab Jamahiriya (LIB/SEV/32/INS/04). Moreover, UNIDO has not been able to submit the annual tranche for the CFC phase-out project in Libyan Arab Jamahiriya which is addressed in the document on Annual Tranche Submission Delays (UNEP/OzL.Pro/ExCom/52/18), and there is still no plan for sustaining the halon banking operation in the country which is addressed in the document on Approved Projects with Specific Reporting Requirements (UNEP/OzL.Pro/ExCom/52/19). Moreover, Libyan Arab Jamahiriya is subject to decisions of the Parties with respect to regulatory measures and action plans for CFC, halon and methyl bromide control measures. The Executive Committee may wish to request high level contact with the Governments of Algeria and Libyan Arab Jamahiriya concerning ongoing difficulties in obtaining the required Government approval for implementing components of projects approved by the Executive Committee.

Section IV: Possible project cancellation and impact of cancelled project on compliance

14. There may be some impact on compliance from the cancellation of the training and awareness workshop for the solvents and process agents (CTC and TCA) sectors in Ethiopia (ETH/SOL/45/TAS/15). Ethiopia has a baseline for methyl chloroform of 0.5 ODP tonnes. At the time that this project was approved, Ethiopia had reported consumption of TCA in 2001 and 2002 of 0.4 ODP tonnes. It also reported consumption of 4.4 and 43.2 ODP tonnes of consumption of CTC in 2001 and 2002, respectively. The guidelines for technical assistance for countries with little or no current consumption specify that countries that have a Montreal Protocol baseline for CTC and/or TCA, but for which the latest reported consumption is less than 2 ODP tonnes, may receive assistance if at least once over the three-year period preceding the request for funding there was some consumption of CTC and/or TCA (decision 45/14). Although the original proposal complied with the guidelines, Ethiopia had no consumption of either TCA or CTC in 2003, 2004, and 2005. UNIDO was asked to provide confirmation of the Government of Ethiopia's agreement to cancel this project. UNIDO indicated that it had requested confirmation from the Government of Ethiopia but had not received a response. The Executive Committee may wish to note the cancellation following confirmation of the Government of Ethiopia's agreement to cancel this project.

Section V: Monitoring procedures and past studies on projects with implementation delays

15. At its 51st Meeting the Executive Committee requested the Fund Secretariat to include, in its report on projects with implementation delays to the 52nd Meeting, a section on the existing procedures and past studies to address projects with implementation delays (decision 51/14(k)).

16. Annex I presents the decisions of the Executive Committee that established the current system for monitoring projects with implementation delays.

17. Three types of projects are monitored as projects with implementation delays:

- (a) MYAs based on assessment of annual tranche requests;

- (b) Projects subject to the procedures for project cancellation; and
- (c) All other projects and activities based on requests for additional status reports.

18. MYAs had been monitored as projects with implementation delays until, at its 51st Meeting, the Executive Committee adopted new procedures deciding that the status of MYAs was no longer determined on the basis of either a 12-month delay in planned completion or an 18-month delay in first disbursement, but that implementation difficulties were to be defined as activities for which no progress was detected in the context of the review of annual implementation plans. Status reports would continue to be monitored in the context of projects with implementation delays and status reports on MYAs should continue to be submitted until progress had been assessed or the next annual implementation plan was submitted (decision 51/13(b)).

19. All projects, except institutional strengthening, halon banking, customs training, recovery and recycling, and demonstration projects, are subject to cancellation if their planned completion date is 12 months late, or there has been no disbursement for 18 months after approval of the project. When one of these two situations arises, the implementing agencies are requested to provide a report to the next meeting of the Executive Committee. If, by the following meeting, no progress is reported a letter of possible cancellation is sent to the country and agency concerned. If no progress is reported for two consecutive meetings, a milestone is set, along with a deadline by mutual agreement with the country concerned. If the milestone is not met, the project is cancelled.

20. Once they have been classified as having implementation delays, projects may be removed from the list if they experience progress during the first three years of project approval. However, all projects that have been classified as having implementation delays and that are over three years old, are monitored at every meeting until they are either completed or cancelled.

21. Projects that are not subject to cancellation (institutional strengthening, halon banking, customs training, recovery and recycling, and demonstration projects) are monitored in the annual progress reports. Where implementation difficulties are identified, projects are monitored further through additional status reports, which are requested until submission of the subsequent annual progress report. The Committee can take actions on these projects at any meeting where they are discussed.

22. Implementing agencies typically resolve implementation delays as part of their normal operation. However, the procedures for implementation delays have contributed to removing obstacles and resolving delays because of the pressure associated with enquiries and decisions of the Executive Committee related to slow implementation and questions from the Fund Secretariat in the context of progress reporting. Notification from the Executive Committee has had an impact because the Committee has the option to cancel projects by gradually increasing pressure until a milestone and a deadline is set, which can lead to automatic cancellation. The Committee has cancelled only very few projects automatically as the majority are cancelled by mutual agreement.

Previous studies

23. The Executive Committee has requested several reports on issues related to projects with implementation delays. Some have been included in the documents on projects with implementation delays (presented at every meeting) while others have been prepared as stand-alone documents.

Studies/analyses included in documents on implementation delays

24. The Executive Committee identified reasons for implementation delays at its 22nd Meeting and considered them at several subsequent meetings. The main reasons for delays are as follows:

- (a) Changes in project specification by the beneficiary;
- (b) Enterprises refrained from implementing their projects until their competitors' projects had been approved or government regulations had been enacted;
- (c) The bidding process resulted in higher costs;
- (d) The difficulty of obtaining agreements on the transfer of technology;
- (e) Prolonged contract negotiations;
- (f) Changes in technology;
- (g) Differences in appraised tonnage; and
- (h) Completion of grant agreements (decision 22/62).

25. As a result of its consideration of these issues, the Committee decided to, *inter alia*, maintain a watching brief on project implementation delays (decision 23/4).

26. At its 24th Meeting, the Executive Committee requested the Secretariat to analyze specific types of delays (such as taxation, cost-sharing/counterpart contributions, counterpart co-operation, and the then financial crisis in South East Asia). Based on the analysis (UNEP/OzL.Pro/ExCom/24/11) the Committee decided that no project preparation proposals should be put forward by implementing agencies if impediments to active and expeditious implementation existed at the policy level in the country concerned. Furthermore, in order to avoid delays in implementing projects requiring counterpart contributions, the implementing agency should be aware that those counterpart contributions are in place before a project is submitted (decision 24/49).

27. In its report to the 25th Meeting (UNEP/OzL.PRO/ExCom/25/7), the Secretariat addressed issues relating to bankruptcy and ownership transfer and the Committee requested the implementing agencies, *inter alia*, to carry out preliminary screening of the financial viability of companies when preparing project proposals. The Committee also asked that the implementing agencies sell or redeploy equipment within an appropriate time-frame in accordance with the recommendations made by the implementing agencies and the ozone unit, and as approved by the Executive Committee (decision 25/3).

28. Cancellation criteria were addressed in the Secretariat's reports to the 26th (UNEP/OzL.PRO/ExCom/26/5) and 27th Meetings (UNEP/OzL.Pro/ExCom/27/11). The Committee decided, *inter alia*, that projects could be cancelled if no progress was reported to two consecutive meetings (decision 26/2). The Committee also decided to urge Article 5 countries to expedite customs clearance procedures and to require the implementing agencies to explain steps taken to prevent customs clearance-problems in future project proposals (decision 26/3).

29. Categories of reasons for delays were introduced in the Secretariat's report to the 32nd Meeting (UNEP/OzL.PRO/ExCom/32/7). Root causes for implementation delays were addressed (according to an expanded set of categories of reasons for delays) in reports to the 35th Meeting (UNEP/OzL.Pro/ExCom/35/15) and the 36th Meeting (UNEP/OzL.Pro/ExCom/36/15). At its 36th Meeting, the Committee decided, *inter alia*, to remove institutional strengthening, halon banking, customs training, recovery and recycling, and demonstration projects from the list of projects with implementation delays, but to continue to monitor them, as appropriate (decision 36/14).

30. A section on project implementation delays and compliance was added to the Secretariat's report to the 39th Meeting (UNEP/OzL.PRO/ExCom/39/17).

31. The Secretariat's report to the 46th Meeting of the Executive Committee (UNEP/OzL.PRO/ExCom/46/18) included, *inter alia*, information on how to avoid future delays pursuant to decision 45/59(e) in which each category of delay was addressed.

Separate studies/analyses on issues related to implementation delays

32. In addition to reports on issues that were included in documents on implementation delays, the Committee also requested reports outside of that document.

33. At its 29th Meeting (UNEP/OzL.Pro/ExCom/29/8), following consideration of a paper on the consequences of project cancellation, the Committee decided:

- (a) "That no reapplication for assistance from the Multilateral Fund should be allowed for projects that had been cancelled for the transfer of ownership to a non-Article 5 country or bankruptcy;
- (b) That reapplication for assistance from the Multilateral Fund at a level of funding no greater than that previously approved, following a new decision to be taken on a case-by-case basis, should be allowed for projects that had been cancelled for other reasons such as the request of the company/financial situation; persistent project delays (after making sure that the causes of earlier delays had been removed); or lack of response from the beneficiary; and
- (c) In cases where reapplication was allowed pursuant to subparagraph (b) above, it could not take place within 24 months from cancellation. Furthermore, second requests for project preparation, pursuant to subparagraph (b) above, could be considered as eligible incremental costs on a case-by-case basis, but should not exceed 30 per cent of initial project preparation funds (decision 29/8)."

34. A paper on the closure of project preparation accounts was presented to the 32nd Meeting (UNEP/OzL.Pro/ExCom/32/8). Based on that document, the Committee decided, *inter alia*, to adopt guidelines for project preparation activities that require them to be completed within 12 months and, where project preparation activities exceed 12 months, they should be accompanied by an explanation (decision 32/5).

35. A paper on project cancellations in light of country compliance was considered at the 38th Meeting (UNEP/OzL.Pro/ExCom/38/11). Based on that paper, the Committee authorized the Secretariat to implement the procedures leading to the possible automatic cancellation of projects, except in cases where the Secretariat and the implementing agency concerned did not agree to cancel a project and where a project was critical to a country's compliance with existing or future control measures of the Montreal Protocol (decision 38/8).

36. New options for monitoring and assessing the progress of agencies with regard to MYAs were presented to the 47th Meeting (UNEP/OzL.Pro/ExCom/47/54). Based on that document, the Executive Committee requested the Secretariat to continue to monitor annual tranches in the context of documents on implementation delays and balances. The Committee noted that those monitoring tools appeared to have encouraged the removal of obstacles to project completion and to have resulted in more timely final disbursement of approved funds to Article 5 countries (decision 47/50).

37. At its 50th Meeting, the Committee considered a paper on issues related to project completion dates and fund disbursement, raised in paragraphs (b) and (g) of decision 49/12 (UNEP/OzL.Pro/ExCom/50/55) and requested the Fund Secretariat and implementing agencies to address the issue at the 51st Meeting (decision 50/40). At that Meeting, based on document UNEP/OzL.Pro/ExCom/51/14, the Committee decided to modify the means by which MYAs were considered under projects with implementation delays (decision 51/13).

RECOMMENDATIONS

38. The Executive Committee may wish to consider:

- (a) Noting:
 - (i) With appreciation, the status reports on projects with implementation delays submitted to the Secretariat by France, Germany, Italy, Japan, and the four implementing agencies (UNEP/OzL.Pro/ExCom/52/17);
 - (ii) That the Secretariat and implementing agencies would take established actions according to the Secretariat's assessments (progress, some progress, or no progress) and report to and notify governments and implementing agencies as required;
 - (iii) The completion of seven out of the 34 projects listed with implementation delays;
 - (iv) That letters of possible cancellation should be sent for the following projects:

Agency	Code	Project title
Germany	IRA/FOA/37/INV/152	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded PU foam at Sanayeh Dashboard in the Islamic Republic of Iran
UNDP	IND/ARS/41/TAS/368	MDI Transitional Strategy in India

- (b) Requesting high level contact with the Governments of Algeria and Libyan Arab Jamahiriya concerning ongoing difficulties in obtaining the required Government approval for implementing components of projects approved by the Executive Committee;
- (c) Requesting additional status reports on the projects listed in Annex II to the present document; and
- (d) Noting the cancellation of the training and awareness workshop in the solvents and process agents (CTC and TCA) sectors in Ethiopia (ETH/SOL/45/TAS/15), pending confirmation of the agreement of the Government of Ethiopia.

Annex I

Original: 22 March 2002
Revised: 7 October 2002
Revised: 13 June 2007

OPERATIONAL GUIDELINES FOR IMPLEMENTATION DELAYS

Background

1. Decision 23/4 requested the Sub-Committee on Monitoring, Evaluation and Finance “to maintain a watching brief on project implementation delays”. This document summarizes the Executive Committee’s previous decisions and provides guidelines for reporting on project implementation delays.

2. At its 22nd Meeting, the Executive Committee defined slow disbursement and delays in project implementation as projects where no disbursement had occurred 18 months after the date of approval of a project or projects that had not been completed 12 months after the proposed completion date in the progress report of the agencies (decision 22/61).

3. Decision 22/61 requested that a full explanation of the reason for the delay should be submitted to the meeting of the Executive Committee.

4. Decision 26/2 endorsed the following procedures for project cancellation:

(a) First, that projects can be cancelled through mutual agreement among the implementing agencies, the government concerned and the beneficiary enterprise where applicable. Agencies should indicate their proposed cancellations to the Executive Committee through their annual progress reports and/or reports on projects with implementation delays, bearing in mind the definition of project implementation delays adopted at the 22nd Meeting by decision 22/61;

(b) Second, that projects with implementation delays identified by the Executive Committee at its second meeting in each year could be considered for cancellation if the following two criteria were met:

Criterion 1: If no progress is reported after a project has been classified in the latest progress report as having an implementation delay, the Secretariat (on behalf of the Committee) may, at the meeting following classification, issue a notice of possible cancellation of the project to the implementing agency concerned and the recipient country government.

Criterion 2: If no progress is reported to two consecutive meetings of the Executive Committee for a project classified as having an implementation delay, the Committee may, taking into account the response to the notice of possible cancellation, decide on cancellation of the project on a case-by-case basis.

5. Decision 32/4 indicated that projects which should be considered for cancellation in accordance with the Executive Committee’s project cancellation guidelines as per decision 26/2 include:

(i) projects which have made no progress;

(ii) projects approved more than three years previously, which have not moved from one milestone to another, the delay in which has not been clearly removed, or which have experienced additional implementation delays, and which, despite additional actions taken by the agency, government or beneficiary, still experience implementation delays.

6. At its 35th Meeting, the Executive Committee considered projects that had reported 'no progress' for two consecutive meetings. It decided to request implementing agencies to establish a new deadline for the next project milestone to be achieved in moving these projects forward, in full consultation with the governments concerned. If that deadline expired and no progress had been achieved, the government and company concerned understood that the project would automatically be cancelled and the ODS phase-out from the cancelled project would be credited to the remaining ODS consumption accordingly (decision 35/13(d)).

7. Implementing agencies are requested to provide a project milestone to be achieved before the next Executive Committee Meeting for projects classified with 'no progress' for two consecutive meetings.

Format for Reporting Implementation Delays

Code	Agency	Projects title	New progress to be reported to the 37th ExCom Meeting	Assessment: "Progress" "Some progress" "No progress"	Category of delay (A, B, C, D, E, F)

8. At its 51st Meeting, the Executive Committee decided that implementation difficulties were to be defined as activities for which no progress was detected in the context of the review of annual implementation plans and that status reports on implementation difficulties in MYAs should be based on recommendations made during the review of annual implementation plans (decision 51/13(b)(i) and (b)(ii)). On this basis, delays in MYAs were no longer determined on the basis of either 12 months of delays in planned completion dates or 18 month delays in first disbursements.

9. In cases where additional status reports on MYAs were not agreed by the agency concerned, the Executive Committee would determine if a report was required (decision 51/13(b)(iii)).

10. Status reports would continue to be monitored in the context of projects with implementation delays as the Committee indicated that "status reports should be presented in the format of projects with implementation delays and should be considered in the context of that agenda item" (decision 51/13(b)(iv)).

11. Status reports on MYAs should continue to be submitted until progress on the specific issue had been assessed by the Committee or until the next annual implementation plan was submitted (decision 51/13(b)(v)).

Definitions of Terms for Reporting Implementation Delays

Agency: The name of implementing agency, e.g., UNDP - United Nations Development Programme; UNEP - United Nations Environment Programme; UNIDO - United Nations Industrial Development Organization; IBRD - World Bank; and the name of country for bilateral agencies.

Assessment: Implementing agencies were asked to assess whether or not projects that have had implementation delays had experienced any progress since their last report on implementation delays. Assessment is classified into the following three categories:

Assessment	Definitions
Progress	There was clear evidence that there had been progress from one milestone to another or that the implementation delay had been removed.
Some progress	Decision 32/4 redefined “some progress” as follows: (a) Institutional strengthening projects, which had not moved from one milestone to another, the delay in which had not been clearly removed or the project had additional delays. (b) Projects that were approved within the last three years for which there was no clear movement from one milestone to another; the implementation delay had not been clearly removed; and/or there had been additional delays in implementation despite additional actions taken by the agency, the government or the beneficiary. (c) Projects which had been approved more than three years previously and had been classified as experiencing implementation delays should remain on the list of projects for continued monitoring.
No progress	Projects that are experiencing implementation delays that have not moved from one milestone to another. Please note that institutional strengthening projects cannot be classified under ‘no progress’.

Category of delays: Implementing and bilateral agencies should categorise the causes for implementation delays according to seven categories (A through G). If more than one reason was provided, the cause of the delay was assigned to category A, to indicate, where possible, firstly, if the delays were caused by the agency, then the enterprise, etc.

Category	Definitions
A	<u>Due to implementing agency delays:</u> Delays are generally related to scheduling difficulties, availability of consultants, internal processes leading to the signature of grant/sub-grant agreements, and difficulties with financial intermediary or executing institution, etc.
B	<u>Due to enterprise delays:</u> Reasons for delays include the time taken by the enterprise to endorse equipment specifications, to conduct additional product quality trials, to complete local works, change in technology, safety and for different management to review the project, etc.
C	<u>Due to technical reasons:</u> Delays for technical reasons include equipment order backlogs, time needed to repair equipment not functioning properly, and unavailability of the alternative substance, etc.
D	<u>Due to government delays:</u> Reasons for delays include staggered implementation schedules imposed by governments to prevent market distortions, the lack of the required pre-conditions for project implementation and slow implementation by the NOU, etc.
E	<u>Due to external factors:</u> Reasons for delays generally relate to market and/or economic conditions in the country.
F	<u>Due to Executive Committee approval conditions:</u> The establishment of pre-conditions for implementation by the government (Category D) is related to delays caused by Executive Committee decisions (Category F). The Committee's decision on disallowing the disbursement of Fund resources for financial transfer to governments in the form of customs duties has caused some countries to require additional measures to enable duty-free imports.
G	<u>Not applicable:</u> This category usually applies to projects that are completed or agreed to be cancelled and therefore there is no further reason for delay

Code: The project number that is assigned to the project in the Multilateral Fund (MLF) Secretariat's Inventory of Approved Projects. The code should include the following information: Country Code, Sector Code, Meeting Number, Type, and Inventory Number. An example of a project number is as follows: ARG/REF/18/INV/118. This sample project number is for a project approved for Argentina in the domestic refrigeration sector at the 18th Meeting of the Executive Committee. It is an investment project, and the 118th project/activity approved by the Executive Committee for Argentina. The Inventory number used internally by the individual implementing agencies should not be used.

New progress to be reported to the 37th Meeting of the Executive Committee: Implementing agencies should specify progress achieved towards the goals of projects/activities. Reasons for any additional delays should be presented in this section.

Project title: The title listed in the approval recorded in the report of the Meeting of the Executive Committee at which the project was approved. Project title should include name of enterprises and/or sub-sector. If several enterprises are represented by one approval, individual enterprises may constitute one project or could be grouped by sub-sector and all information required for a data base entry should be provided.

Annex II**PROJECTS FOR WHICH ADDITIONAL STATUS REPORTS ARE REQUESTED**

Code	Agency or Country	Project title
ALG/HAL/35/TAS/51	Algeria	Sectoral phase out programme: establishment of a halon bank
ALG/SEV/43/CPG/60	Algeria	Development of a country programme update
CAF/REF/34/TAS/10	France	Implementation of the RMP: development and implementation of a tax/incentive programme
CAF/REF/34/TAS/11	France	Implementation of the RMP: monitoring the activities of the RMP project, including registration of refrigeration service technicians, distributors and importers of CFCs
CAF/REF/34/TRA/08	France	Implementation of the RMP: training programme for customs officers
CAF/REF/34/TRA/09	France	Implementation of the RMP: train the trainers programme for refrigeration technicians in good management practices and a training programme to address technicians in the informal sector
UGA/SEV/13/INS/02	UNEP	Institutional strengthening (establishment of the ODS unit)
BHE/SEV/43/INS/19	UNIDO	Extension of the institutional strengthening project (phase II)
LIB/SEV/32/INS/04	UNIDO	Creation of the National Ozone Unit
