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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-first Meeting  
Montreal, 17 -19 December 2003

**PROJECT IMPLEMENTATION DELAYS**

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. 162 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 64 delayed projects, followed by UNDP with 49; UNIDO with 22; UNEP with 17; and bilateral agencies with 10. Reports from France (3 projects) and Japan (1 project) were not received as of this writing.
5. Implementing and bilateral agencies categorised 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 (60) and implementing agencies (34).

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

Category		Belgium	Canada	Germany	World Bank	UNDP	UNEP	UNIDO	Total
A	Implementing or Executing Agencies				22	1	11		34
B	Enterprise				37	15		8	60
C	Technical Reasons				9	11		4	24
D	Government				7	6	4	2	19
E	External				22	4		2	28
F	ExCom Decisions								
G	Not Applicable				12	19		4	35
Other	Supplier							2	2
N/A	Not Available	1	2	3	4		3	2	15

Progress in resolving causes of delays

7. Agencies indicated that there have been varying degrees of progress. 35 of the projects listed with delays at the 40<sup>th</sup> Meeting have been completed, and 20 projects (approved less than 3 years ago) have either experienced progress from one milestone to another or that the implementation delay had been removed. These projects may be considered back on track and are removed from future reporting with the planned completion date indicated in the progress reports submitted to the 40<sup>th</sup> Meeting to be used for future assessments of delays.

Projects with some progress

8. 71 projects were classified as showing some progress, and would continue to be monitored. It is to be noted that 14 of these projects were classified by the agencies as having had 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. Four of the five projects for which milestones and deadlines were set at the 40<sup>th</sup> Meeting achieved the required milestone. The remaining project is subject to provisions for automatic cancellation and is addressed in the Section III.

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	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
IBRD	CPR/FOA/27/INV/274	Conversion of polyurethane slabstock manufacture from CFC-11 to liquid carbon dioxide technology at Shenyin Polyurethane Xinzhuang Plant	536,403	406,426
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
IBRD	CPR/FOA/27/INV/284	Conversion of polyurethane slabstock manufacture from CFC-11 to liquid carbon dioxide technology at Shanghai Shenyin Polyurethane Baoshan Plant	473,480	332,256
IBRD	CPR/FOA/27/INV/285	Conversion of polyurethane slabstock manufacture from CFC-11 to liquid carbon dioxide technology at Chengdu Jinjiang Foam General Plant	554,470	438,682

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)
IBRD	IDS/ARS/22/INV/61	Conversion and aerosol filling center at PT Candi Swadaya Sentosa	1,175,340	937,859
IBRD	PAK/FOA/17/INV/06	Phaseout 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
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
UNDP	NIR/FOA/26/INV/32	Phaseout of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Olufoam and Plastic Industries Ltd.	84,600	77,708
UNDP	NIR/FOA/26/INV/36	Phaseout of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Chemical and Wire Manufacturers Nig. Ltd.	164,500	164,500
UNEP	GLO/SEV/19/TAS/112	Training modules on management of ODS phase-out in SMEs	40,000	20,000
UNIDO	MOR/FUM/34/INV/44	Phase-out of methyl bromide for soil fumigation in tomato production (first tranche)	400,000	1,684
UNIDO	PAK/REF/19/INV/09	Phasing out ODS at the Chest Freezer Factory of Riaz Electric Co. Ltd.	822,987	693,479
UNIDO	SYR/FOA/31/INV/61	Conversion from CFC-11 to cyclopentane in the production of rigid foam panels at National Polyurethane Company (N.P.C.)	426,104	182,484

#### 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
Belgium	BOL/FOA/28/INV/10	Conversion from CFC-11 to HCFC-141b technology in the manufacture of rigid polyurethane foam at Quimica Andina	108,480	0	Signature of the UNDP project document by the 42nd Meeting—the milestone was set at the 40 <sup>th</sup> Meeting.
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	Relocation of enterprise by 31 January 2004—milestone was set at the 40th Meeting.
IBRD	TUN/FOA/26/INV/33	Phaseout of CFC-11 by conversion to liquid carbon dioxide technology in the manufacture of flexible polyurethane foam at Supermousse	529,490	422,037	Milestone to be provided. The Bank indicated that the delivery of the pumps was expected by December 2003
UNDP	EGY/FOA/22/INV/64	Phaseout of the remaining ODS consumption in the foam sector (11 enterprises)	1,672,000	1,252,716	Milestone to be provided. UNDP indicated that CFC use would be ceased by December 2003.

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	Milestone
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.	213,800	216,053	Milestone to be Provided. UNDP indicated that a final inspection visit was expected by Jan-04.
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	175,134	89,485	Milestone to be Provided. UNDP indicated that a final inspection visit was expected by Jan-04.
UNIDO	NIR/REF/26/INV/30	Replacement of refrigerant CFC-12 with HFC-134a and foam blowing agent CFC-11 with cyclopentane in the manufacture of domestic refrigeration appliances at A.G. Leventis	190,420	119,077	Destruction of equipment by the 41 <sup>st</sup> Meeting.
UNIDO	TUN/ARS/28/INV/35	Phasing out of CFCs at Laboratoires Parcos	76,127	68,618	Milestone to be Provided. UNIDO indicated that the remaining installation and commissioning of equipment should be completed by November 2003.

### 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). The decisions from the 40<sup>th</sup> Meeting and the scheduled actions for the 41<sup>st</sup> Meeting are indicated below.

Agency	Code	Project Title	40th Meeting Decision	Scheduled Action for 41st Meeting
IBRD	CPR/FOA/28/INV/293	Conversion of polyurethane slabstock manufacture from CFC-11 to liquid carbon dioxide technology in Changzhou Huangfa Co. Ltd., Foam Plant	Continued monitoring	Letter of Possible Cancellation
UNDP	MOR/FOA/22/INV/08	Phase out of CFC in the manufacture of flexible foam (slabstock) at Richbond S.A.	Continued monitoring	Letter of Possible Cancellation
UNDP	MOR/FOA/23/INV/13	Phase out of CFC in the manufacture of flexible foam (slabstock) at Salidor S.A.	To defer any decision on cancellation until the 41st Meeting	Letter of Possible Cancellation
UNDP	MOR/FOA/23/INV/19	Phase out of CFC in the manufacture of flexible foam (slabstock) at Mousse d'Or S.A.	Letter of Possible Cancellation	Set milestone
UNDP	MOR/FOA/25/INV/22	Conversion to LCD technology in the manufacture of flexible foam (slabstock) to replace CFC-11 at Bonbino Confort	To defer any decision on cancellation until the 41st Meeting	Letter of Possible Cancellation

13. The Government of Morocco is requesting a two-year extension of its foam projects to allow the supplier to change formulation for the technology so that it could produce the appropriate foam density and the enterprises would use the methylene chloride formulation in order to meet its CFC phase-out needs and enable compliance.

14. The same solution might be applied to the Changzhou Huangfa foam project in China (CPR/FOA/28/INV/293). For this project, the World Bank indicated that the equipment was delivered to the plant and was being installed. This project is one of 9 LCD projects with one

equipment procurement package. One of the 9 projects (Changzhou Huangfa) has begun trial runs, however, it has experienced some problems during the trial requiring 2 visits from the supplier (March 03, most recently). The other 8 plants, including this one, are awaiting trial results as equipment is from the same supplier. The supplier was due to visit the plant again to resolve the problem but could not send its technicians to the plant due to travel restrictions to and in China.

## Section II: Projects with Status Reports

15. 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 projects in Botswana, Cameroon, and Uganda.

## Section III: Projects proposed for possible cancellation at the 40<sup>th</sup> Meeting

16. 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

17. Implementing agencies have indicated that 4 projects listed in Table 3 should be cancelled due to the mutual agreement between the country and implementing agency concerned. The reason the project is cancelled is specified per Decision 40/16(b) in order for the Executive Committee to take the reason for cancellation into account in its decisions on project cancellation. No phase-out was recorded for these projects pursuant to Decision 39/13, para. b. It should be noted, however, that significant levels of funds had been disbursed to these projects but the beneficiary enterprise was non-responsive to the agency and the Governments' attempts to re-activate the project.

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/22/INV/110	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Refrigeration Components and Accessories	125,370	47,994	0	Cancellation by mutual agreement due lack of responsiveness of the enterprise

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)	ODP Phase- Out Recorded	Comments
IBRD	IND/REF/22/INV/123	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Hindustan Refrigeration Industries	132,320	49,000	0	Cancellation by mutual agreement due lack of responsiveness of the enterprise
IBRD	IND/REF/22/INV/124	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Refrigerators and Home Appliances P. Ltd.	147,300	47,994	0	Cancellation by mutual agreement due lack of responsiveness of the enterprise
UNDP	PAN/FOA/22/INV/09	Elimination of CFCs in the manufacture of extruded polystyrene foam sheet at Productos Moldeados America S.R. Ltda. (Plasticos Modernos)	339,296	125,970	0	Cancellation by mutual agreement due lack of responsiveness of the enterprise

#### Projects automatically cancelled pursuant to Decision 38/8

18. Decision 40/17(e)(iii) agreed a milestone of commissioning the equipment by 31 July 2003 for the Kolinton refrigeration project in Nigeria (NIR/REF/26/INV/44), implemented by UNIDO. UNIDO reported that the milestone was not achieved, but that the commissioning should occur in November 2003 with project completion in December 2003. UNIDO reported to the 39th Meeting that the final start-up (commissioning) of the project would occur in March 2003.

19. The project was not automatically cancelled pursuant to Decision 38/8(a) since the phase-out from the project appeared critical to the country's compliance with existing or future control measures of the Montreal Protocol. Pursuant to Decision 38/8(b), Nigeria was requested to present its views on the cancellation along with any actions that the government would take to reactivate the project. A reply from the Government remains pending.

#### **Section IV: Impact of cancelled and delayed projects on compliance**

20. 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

21. None of the projects proposed for cancellation is critical to compliance with the exception of the Kolinton refrigeration project in Nigeria (NIR/REF/26/INV/44) that was mentioned previously.

##### Projects with implementation delays and compliance

22. The following countries found by the XIVth Meeting of the Parties in non-compliance or potential non-compliance with the control measures for the freezes of CFCs, halons and methyl bromide have projects classified by the 40<sup>th</sup> Meeting of the Executive Committee as projects with implementation delays: Bolivia, Libya, and Viet Nam.

23. The foam project in Bolivia under Belgium implementation experienced no progress. The milestone set at the 40<sup>th</sup> Meeting is still in effect since the deadline set by the 40th Meeting occurs after the 41<sup>st</sup> Meeting.

24. UNDP indicated that the two foam projects in Libya had experienced some progress since new equipment had been ordered. However, in the case of the Ben Ghazi Unit foam project (LIB/FOA/32/INV08) while the equipment was delivered, the enterprise did not “show up” to meet with UNDP representatives after they had arrived in the country to discuss the project. UNDP is awaiting government authorization to transfer LCD equipment from the Garabouli foam project in Libya (LIB/FOA/32/INV/06) - a project for which a status report was requested - to the delayed project, Sebha Unit foam project (LIB/FOA/32/INV/05). However, the Government has not given the authorization for the transfer. Although Garabouli had initially wanted the LCD technology, it subsequently chose the methylene chloride technology.

25. 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.

#### Projects for which status reports were requested and compliance

26. Some of the projects with status reports are in countries that the XVth Meeting of Parties found to be in non-compliance or potential non-compliance and/or adopted action plans. Those countries include: Botswana, Cameroon, Libya (as mentioned above), St. Kitts and Nevis, and Uganda. With the exception the institutional strengthening project in St. Kitts and Nevis, none of these projects experienced progress.

27. For the methyl bromide demonstration projects in Botswana (BOT/FUM/25/DEM/05) and Cameroon (CMR/FUM/25/DEM/16), UNIDO indicated that the final report of the national consultant was not available and it had contacted the Government to push the consultant to prepare the report so that the final workshop could be organized. Pursuant to Decision 38/26(a) these two projects would enable these countries to achieve total phase-out. Status reports were requested for two projects in St. Kitts and Nevis. A status report was requested for the RMP component to assist in the design of policies and regulations (STK/REF/24/TAS/04) implemented by Canada. The Government of Canada indicated that St. Kitts and Nevis had planned to finalise draft legislation as of October 2003 following a policy workshop held in April 2003, but through October there had been no indication that the draft legislation had been completed. Another status report was requested for the institutional strengthening project (STK/SEV/21/INS/02) under UNEP implementation. UNEP reported that St. Lucia assisted St. Kitts and Nevis in the preparation for the institutional strengthening progress reports and the request for cash advances. An ODS assistant to the national ozone officer was appointed.

28. The XVth Meeting of the Parties approved an action plan for methyl bromide, without prejudice to the operation of the financial mechanism, to enable Uganda to return to compliance and changed the baseline for methyl bromide consumption from 1.9 ODP tonnes to 6.3 ODP tonnes. A status report was requested for the methyl bromide phase-out project



(UGA/FUM/34/INV/08) under UNIDO implementation. UNIDO indicated that the implementation of the project was suspended due to Government's request for a change in technology that is submitted along with a progress report on the project in document UNEP/OzL.Pro/ExCom/41/68.

## RECOMMENDATIONS

The Sub-Committee on Monitoring, Evaluation, and Finance may wish to consider recommending to the Executive Committee to:

1. Note with appreciation the reports submitted to the Secretariat on projects with implementation delays provided by Belgium, Canada, Germany, Poland, and the four implementing agencies as contained in the document on project implementation delays (UNEP/OzL.Pro/ExCom/41/10).
2. Request the Governments of France and Japan to provide reports on the projects classified with implementation delays as a matter of urgency.
3. Note 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. Cancel the projects through mutual agreement:
  - (a) The Refrigeration Components and Accessories in India (IND/REF/22/INV/110) implemented by the World Bank, noting that US \$47,994 was disbursed through 2002 of the US \$125,370 (plus support costs) approved for the project and without any ODP phased out.
  - (b) The Hindustan Refrigeration Industries project in India (IND/REF/22/INV/123) implemented by the World Bank noting that US \$49,000 had been disbursed through 2002 of the US \$132,320 (plus support costs) approved for the project without any ODP phased out;
  - (c) The Refrigerators and Home Appliances refrigerator project in India (IND/REF/22/INV/124) implemented by the World Bank noting that US \$47,994 were disbursed through 2002 of the US \$147,300 (plus support costs) approved for the project without any ODP phased out; and
  - (d) The Productos Moldeados America foam project in Panama (PAN/FOA/22/INV/09) implemented by UNDP noting that US \$125,970 had been disbursed through 2002 of the US \$339,296 (plus support costs) approved for the project without any ODP phased out.
5. Adopt the milestones and deadlines indicated in the table following paragraph 11 (missing milestones/deadlines will be indicated by the Secretariat at the meeting).

6. Approve a 2-year extension to December 2005 for the following projects to enable the supplier to solve the outstanding technical problems on the condition that methylene chloride would be used in the interim as a replacement for CFC-11 to meet compliance needs:
  - (a) The Changzhou Huangfa foam project in China (CPR/FOA/28/INV/293) implemented by the World Bank;
  - (b) The Richbond S.A. foam project in Morocco (MOR/FOA/22/INV/08) implemented by UNDP;
  - (c) The Salidor S.A. foam project in Morocco (MOR/FOA/23/INV/13) implemented by UNDP;
  - (d) The Mousse d'Or S.A. foam project in Morocco (MOR/FOA/23/INV/19) implemented by UNDP; and
  - (e) The Bonbino Confort foam project in Morocco (MOR/FOA/25/INV/22) implemented by UNDP.
  
7. Confirm that the Kolinton refrigeration project in Nigeria (NIR/REF/26/INV/44) should be cancelled, subject to any advice from UNIDO or the Government of Nigeria that commissioning of the project has occurred.

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