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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-seventh Meeting
Montreal, 28 November - 2 December 2016

PROGRESS REPORT OF BILATERAL COOPERATION AS AT 31 DECEMBER 2015

1. The following countries currently involved in bilateral cooperation activities submitted progress report¹ databases: Australia, Germany, Italy, Japan and Spain.
2. France has not submitted its progress report. However, data from its previous progress reports or the Secretariat's Inventory of Approved Projects are included in the summary table.
3. Additional data from earlier progress reports for other countries previously involved in bilateral cooperation² covering data for the projects already reported as financially completed are also included in the consolidated progress report³.
4. The bilateral progress report consists of:

Executive Summary

- Part I: Implementation progress as at 31 December 2015 (cumulative)
- Part II: Summary of project implementation progress in 2015 and issues identified
- Annex I: Project implementation progress in 2015 by agencies

Executive Summary

5. The following is a summary of progress in the implementation of projects and activities by the bilateral agencies, for the year 2015 and cumulative since 1992:

¹ Progress reports are the only vehicle for indicating the final closure of all funding accounts associated with projects approved by the Executive Committee for bilateral cooperation.

² Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, Hungary, Israel, Poland, Portugal, Singapore, the Slovak Republic, South Africa, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.

³ UNEP/OzL.Pro/ExCom/77/11.

- (a) **Phase-out:** In 2015, 111.7 ODP tonnes of consumption were phased out and an additional 90.8 ODP tonnes of consumption were approved for phase-out. Since 1992, 8,994 ODP tonnes of consumption had been phased out, of an expected total of 10,140 ODP tonnes from projects approved (excluding cancelled and transferred projects);
- (b) **Disbursements/approvals:** In 2015, US \$3.26 million was disbursed and US \$5.63 million was planned for disbursement based on the 2014 progress report representing a rate of disbursement of 58 per cent of that planned. Cumulatively, US \$129.87 million had been disbursed out of the total US \$143.34 million approved for disbursement (excluding agency fees). This represents a rate of disbursement of 91 per cent. In 2015, US \$4.92 million was approved for implementation;
- (c) **Number of projects completed:** In 2015, 11 projects were completed. Since 1992, 579 projects of the 647 projects (excluding closed or transferred projects) were completed. This represents a completion rate of 89 per cent;
- (d) **Speed of delivery – investment projects:** Projects that were completed in 2015 were completed on average 44 months after their approval. Since 1992, the average time for completion of investment projects has been 38 months after their approval. First disbursements under these projects occurred, on average, 11 months after they had been approved;
- (e) **Speed of delivery – non investment projects:** One project that was completed in 2015 was completed 84 months after its approval. Since 1992, the average time for completion of non-investment projects has been 43 months after their approval. First disbursements under these projects occurred, on average, 13 months after they had been approved;
- (f) **Project preparation:** Of the 122 project preparation activities approved by the end of 2015, 114 have been completed. In 2015, one project was completed leaving eight ongoing. The bilateral agencies carried balances of US \$285,784 from 2015 (including approximately US \$7,384 for completed project preparation activities), which are available for new project preparation activities;
- (g) **Implementation delays:** There were a total of 41 ongoing investment projects under implementation at the end of 2015. These projects, on average, are experiencing a delay of 28 months. However, projects classified as “projects with implementation delays” that are subject to the procedures of project cancellation amount to one project (as multi-year agreements (MYAs) are not subject to those procedures); and
- (h) **MYAs:** In 2015, bilateral agencies are implementing one MYA for CTC phase-out plan, two MYAs for methyl bromide (MB) consumption and 26 MYAs for HCFC phase-out management plans (HPMPs). Since 1992, 70 MYAs have been approved and 40 MYAs have been completed.

Part I: Implementation progress as at 31 December 2015 (cumulative)

6. As of that date, the Executive Committee had approved approximately US \$156.7 million, consisting of US \$143.34 million for the implementation of investment and non-investment projects and US \$13.36 million for agency fees and administrative support, as shown in Table 1. In 2015, 27 new projects and activities were approved. This level of funding is expected to result in the phase-out of 10,140 ODP tonnes of ODS consumption.

Table 1: Approved funding by sector for bilateral agencies as at 31 December 2015

Sector	Funding (US \$)
Aerosol	2,111,400
Destruction	1,795,000
Foam	8,103,002
Halon	6,147,361
Fumigants	18,300,403
Phase-out plan	50,040,514
Production	10,000,000
Refrigeration	39,821,168
Several	4,512,914
Solvents	2,512,738
Sub-total	143,344,500
Administrative costs	13,358,232
Total	156,702,732

7. A summary of the status of projects implemented by the bilateral agencies, by category, is presented in Table 2.

Table 2: Status of project implementation by category

Type	Number of projects*			Funding (US \$)**			
	Approved	Completed	% completed	Approved	Disbursed	Balance	% disbursed
Country programme	9	9	100	340,787	340,787	0	100
Demonstration	38	32	84	9,166,697	7,082,520	2,084,177	77
Institutional strengthening (IS)	7	7	100	883,376	883,376	0	100
Investment	201	160	80	95,806,146	85,929,039	9,877,107	90
Project preparation	122	114	93	5,422,812	5,137,028	285,784	95
Technical assistance	197	184	93	23,304,257	22,073,841	1,230,417	95
Training	73	73	100	8,420,425	8,420,425	0	100
Total	647	579	89	143,344,500	129,867,016	13,477,484	91

* Excludes closed and transferred projects.

** Excludes agency fees/administrative costs.

8. Table 3 presents an overview of status of project implementation by year⁴. All projects and activities approved between 1992 and the end of 2003 (except 1999), as well as 2007 and 2009, have now been completed.

Table 3: Status of project implementation by year

Year	Number of projects*			Funding (US \$)**			
	Approved	Completed	% completed	Approved	Disbursed	Balance	% disbursed
1992	18	18	100	2,883,669	2,883,669	0	100
1993	10	10	100	1,445,586	1,445,586	0	100

⁴ The data is presented according to the year when a project was approved by the Executive Committee. It treats all approvals (investment and non-investment projects) equally (i.e., an investment project or a funding tranche of an MYA of US \$1 million is considered one project, same as a country programme preparation of US \$30,000). Key indicators from the annual summary are: the percentage of projects completed, ODP phased out, and percentage of funds disbursed. In reviewing the data on funds disbursed, it should be noted that there are three types of disbursements: during implementation, after implementation and for retroactively-financed projects.

Year	Number of projects*			Funding (US \$)**			
	Approved	Completed	% completed	Approved	Disbursed	Balance	% disbursed
1994	30	30	100	3,190,374	3,190,374	0	100
1995	17	17	100	4,654,902	4,654,902	0	100
1996	26	26	100	3,468,211	3,468,211	0	100
1997	32	32	100	4,040,251	4,040,251	0	100
1998	39	39	100	4,108,525	4,108,525	0	100
1999	59	58	98	12,124,517	12,123,883	634	100
2000	29	29	100	4,808,878	4,808,878	0	100
2001	41	41	100	7,522,222	7,522,222	0	100
2002	61	61	100	7,910,174	7,910,174	0	100
2003	32	32	100	6,810,120	6,810,120	0	100
2004	30	29	97	14,999,441	14,999,441	0	100
2005	28	27	96	19,036,887	18,180,987	855,900	96
2006	25	23	92	7,226,782	6,914,195	312,587	96
2007	13	13	100	3,141,117	3,138,440	2,677	100
2008	33	32	97	7,662,841	7,167,170	495,671	94
2009	21	21	100	2,350,185	2,345,591	4,594	100
2010	20	17	85	3,468,385	2,976,121	492,264	86
2011	21	14	67	6,882,671	5,859,573	1,023,098	85
2012	11	5	45	6,612,877	3,390,297	3,222,580	51
2013	7	3	43	2,276,412	1,347,691	928,721	59
2014	17	2	12	1,797,524	498,818	1,298,706	28
2015	27	0	0	4,921,949	81,898	4,840,051	2
Total	647	579	89	143,344,500	129,867,016	13,477,484	91

* Excludes closed and transferred projects.

** Excludes agency fees/administrative costs.

Part II: Summary of project implementation progress in 2015

9. Of the 68 ongoing bilateral projects concerned, 10 are technical assistance activities; four are MB activities; two are CTC phase-out plan activities; 38 are HPMP activities; eight are project preparation activities; and six are demonstration projects (including two chiller projects, three ODS disposal activities and one HCFC project in the solvent sector). A summary of project implementation progress in 2015 by bilateral agency is presented in Annex I to the present document.

10. Of the 35 ongoing projects excluding project preparation, 14 have extended planned date of completion since the 2014 progress report.

11. The Executive Committee may wish to note that the Government of Germany will report to the 78th meeting on one project with implementation delays⁵, which can be found in Appendix I of Annex III to the consolidated progress report (UNEP/OzL.Pro/ExCom/77/11).

12. Additional status reports are recommended as indicated in Appendix II of Annex III to the consolidated progress report.

13. The Executive Committee may wish to request that a progress report from the Government of France be submitted to the 78th meeting.

⁵ The Executive Committee has defined projects with implementation delays as projects approved over 18 months with disbursement less than one per cent, or projects that are expected to be completed 12 months later than forecast in the last progress report (decision 22/61).

Recommendations

14. The Executive Committee may wish:

- (a) To note:
 - (i) With appreciation the progress reports submitted by the Governments of Australia, Germany, Italy, Japan and Spain contained in document UNEP/OzL.Pro/ExCom/77/12;
 - (ii) That the bilateral agencies would report to the 78th meeting on one project with implementation delays and on four projects recommended for additional status reports, as indicated in Appendices I and II, respectively, of Annex III to the consolidated progress report (UNEP/OzL.Pro/ExCom/77/11); and
- (b) To request the Government of France to provide its progress report to the 78th meeting.

Annex I

PROJECT IMPLEMENTATION PROGRESS IN 2015 BY AGENCY

Australia

1. Australia has completed 25 projects and cancelled one. It is currently implementing one HPMP project for Indonesia (IDS/PHA/64/TAS/196), approved in July 2011. In 2015, consultations were organized and coordination support provided for regulations enforcement for cessation of HCFC use as a refrigerant in equipment production in the refrigeration and air-conditioning (RAC) sector as well as the translation of technical manuals developed by institutions in Australia on good servicing practices and safe handling of flammable refrigerants. Due to the challenges faced in technology conversion process in the RAC sector coupled with the need to implement prohibition of production of HCFC-based products in the RAC sector, activities under this project were delayed. This project has a disbursement rate of nine per cent and is planned to be completed in December 2016.

2. The Executive Committee may wish to request the Government of Australia to provide to the 78th meeting a status report on the level of funds disbursed for stage I of the HPMP for Indonesia (first tranche) (technical assistance for refrigerant management in Indonesia) (IDS/PHA/64/TAS/196).

Germany

3. Germany is implementing 38 projects. It has completed 211 additional projects and cancelled four. The ongoing projects should result in the phase-out of 303 ODP tonnes when completed.

MYAs

4. Germany is implementing 22 tranches of HPMPs in 14 countries (Afghanistan, Brazil, China, Colombia, India, Iran (Islamic Republic of), Lesotho, Liberia, Mauritius, Mexico, Namibia, Papua New Guinea, Seychelles and Zimbabwe). Germany indicated that it was seeking to transfer its project in Afghanistan (AFG/PHA/63/INV/13) to another agency due to the security situation in the country. As at this writing, the project has not been transferred yet and discussions on this issue are still ongoing. The Government of Germany will report on the situation to the 77th meeting under agenda item 6(e) on reports on projects with specific reporting requirements in line with decision 76/8(a)(iii).

HPMP development

5. Germany has six ongoing projects for the preparation of HPMPs in four countries (Colombia, China, India and Iran (Islamic Republic of)). These projects were approved in 2014 and 2015. No major operational issues have been identified; however, no funds had been disbursed for two preparatory activities in China (CPR/FOA/73/PRP/553 and CPR/PHA/74/PRP/557) as at 31 December 2015. The consideration of stage II of the HPMP for China¹ will continue at the 77th meeting.

6. The Executive Committee may wish to request the Government of Germany to provide to the 78th meeting a status report on the level of funds disbursed for the two preparatory activities in China.

¹ UNEP/OzL.Pro/ExCom/77/37.

ODS alternative surveys

7. Three ODS alternative surveys have been approved² for Germany (in Colombia, Mauritius and Papua New Guinea) and will be completed in 2016.

8. The need to complete and submit all surveys of ODS alternatives by January 2017 is addressed in the consolidated progress report.

Individual projects

9. Germany is implementing ten individual projects as follows: nine technical assistance projects³ for which no major operational issues have been identified; and one investment project for the complete phase-out of the use of MB in Jordan (JOR/FUM/29/INV/54), which is being implemented as planned and is expected to be completed in December 2016. This project is classified as a project with implementation delays.

Italy

10. Italy is implementing five projects (four MYAs in four countries and one technical assistance individual projects) that will phase out 8.6 ODP tonnes once implemented. It has also completed 20 additional projects. No major issues have been identified; however, in the case of the technical assistance for the final phase-out of methyl bromide in the palm dates sector in Tunisia (TUN/FUM/73/TAS/62), although equipment has been installed and additional safety equipment is being procured, no disbursement has been made by Italy; the planned completion date is December 2016.

11. The Executive Committee may wish to request the Government of Italy to provide to the 78th meeting a status report on the level of funds disbursed for the methyl bromide project in Tunisia (TUN/FUM/73/TAS/62).

Japan

12. Japan is implementing 12 projects which are expected to result in the phase-out of 11 ODP tonnes when completed. It has also completed 33 additional projects.

MYAs

13. The implementation of the ongoing eight tranches of six MYAs is progressing and no major issue has been reported.

Individual projects

14. Japan is implementing four individual projects, including three demonstration and one preparation projects. A number of issues have been identified. The first disbursement for the preparation of stage II of the HPMP in China (CPR/PHA/73/PRP/556) was made by UNEP in May 2016 due to the issues faced with the financial management system (Umoja). With respect to the strategic demonstration project for accelerated conversion of CFC chillers in African countries (AFR/REF/48/DEM/35), the chillers were delivered to the beneficiary in July 2016. However, commissioning was not possible since the beneficiary has to adjust the air-conditioning infrastructure of the building for connection of the new chillers; thus, the planned completion date has been revised to June 2017. As of December 2015, funds

² ODS survey reports should be submitted by January 2017 to enable the Secretariat to provide an analysis of the results of the surveys for consideration of the Executive Committee at its 78th meeting (decision 74/53(h)).

³ In seven countries: Colombia, Lesotho, Mauritius, Namibia, Papua New Guinea, Seychelles, and Zimbabwe.

balance has been obligated to supply five non-CFC chillers for the Sudan as the last substantive activity in the project. A specific report is being requested in the consolidated progress report, given the excessive delay in implementation.

Spain

15. Spain is implementing two MB projects. It has also completed six additional projects prior to 2015 and one of the two ongoing projects in 2015 had been completed in July 2016. The remaining ongoing project in Libya is facing difficulties due to the security situation in the country. The last equipment installation is pending the improvement in the security situation.
