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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-fourth Meeting
Montreal, 16–20 December 2019

TRANCHE SUBMISSION DELAYS**Introduction**

1. Pursuant to decision 47/50(d),¹ the Secretariat has prepared the present document. It presents actions taken in response to decisions on tranche submission delays adopted at the 83rd meeting; and an analysis of each of the tranches that were due but were not submitted to the 84th meeting and the tranches that were submitted but subsequently withdrawn during the project review process. It also provides an overview of the reasons for the delays and the impact on compliance with the countries' obligations under the Montreal Protocol. It reports on decision 83/47(b)(ii) relating to the cancellation procedure for multi-year agreement (MYA) projects and decision 83/47(c) relating to stage I of the HPMP for Algeria, and presents a recommendation.

Follow-up to decisions taken on tranche submission delays at the 83rd meeting

2. At the 83rd meeting, 21² of the 39 countries that had been scheduled to submit tranche requests, had not done so on time, representing a non-submission rate of 54 per cent.

3. Subsequently, the Executive Committee *inter alia* requested the Secretariat to send letters to the relevant Governments regarding the decisions on tranche submission delays contained in Annex V of the report of the 83rd meeting of the Committee (decision 83/47(b)(i)).

Letters sent to Governments

4. Pursuant to decision 83/47(b)(i), the Secretariat sent letters to the Governments of 22 Article 5 countries to urge the submission of the next tranche of their HPMPs to the 84th meeting. As a result, the

¹ The Executive Committee decided that a separate sub-agenda item on delays in the submission of annual tranches and disbursement of funds for tranches and obligations should be included for future meetings.

² Excluding one country (Iran (Islamic Republic of), whose tranche request was submitted to the 83rd meeting but was subsequently withdrawn.

Governments of Barbados³, China (stage II – PU rigid foam sector)⁴, Colombia⁵, Congo (the)⁶, Côte d'Ivoire⁷, Dominica⁸, Egypt⁹, Ghana¹⁰, Iran (Islamic Republic of)¹¹, Iraq¹², Jordan¹³, Niger (the)¹⁴, Republic of Moldova¹⁵, Tunisia¹⁶, Turkey¹⁷ and Viet Nam¹⁸ submitted respective tranches of their HPMPs.

5. However, the Governments of China (stage II – RAC sector), Guinea, Haiti, Peru, Saint Vincent and the Grenadines, Senegal and South Sudan did not submit their tranche requests.

Analysis of tranches not submitted to the 84th meeting

6. Fourteen activities associated with tranches of HPMPs for 10 countries, at a total value of US \$22,932,898 (including agency support costs), due for submission to the 84th meeting were not submitted, as shown in Annex I to the present document.¹⁹

7. In addition, one tranche of stage II of the HPMP for one country amounting to US \$615,250 (including agency support costs), was submitted to the 84th meeting, but subsequently withdrawn by relevant implementing agencies during the project review process. This tranche is also included in Annex I.

Reason for delays and impact on compliance

8. The reasons for delays in the submission of tranches of HPMPs include: Government decisions, and/or endorsements, and/or changes in the national ozone unit (NOU), and/or structural change (9); disbursement below the 20 per cent threshold of approved funds for the previous tranche (4); enterprise difficulties (1); signing of agreements or contracts (1); approvals conditions (1); change of lead agency (1); transfer to another agency (1); internal or external difficulties (1); or legislation not in place(1).

9. As reported by the relevant bilateral and implementing agencies, delays in the submission of tranches that were past due would have no impact, or were unlikely to have an impact, on compliance with the countries' obligations under the Montreal Protocol. All outstanding tranches are expected to be submitted to the 85th meeting, except for Algeria and Haiti which may be submitted to the 86th meeting.

Stage I of the HPMP for Algeria

10. In line with decision 82/15(f),²⁰ the Secretariat sent a letter to the Government of Algeria on 21 December 2018 seeking its agreement to cancel stage I of the HPMP. At the 83rd meeting, the Executive Committee decided to cancel stage I of the HPMP for Algeria if a response from the Government had not

³ UNEP/OzL.Pro/ExCom/84/41

⁴ UNEP/OzL.Pro/ExCom/84/42

⁵ UNEP/OzL.Pro/ExCom/84/43

⁶ UNEP/OzL.Pro/ExCom/84/44

⁷ UNEP/OzL.Pro/ExCom/84/46

⁸ UNEP/OzL.Pro/ExCom/84/48

⁹ UNEP/OzL.Pro/ExCom/84/49

¹⁰ UNEP/OzL.Pro/ExCom/84/50

¹¹ UNEP/OzL.Pro/ExCom/84/51

¹² UNEP/OzL.Pro/ExCom/84/52

¹³ UNEP/OzL.Pro/ExCom/84/53

¹⁴ UNEP/OzL.Pro/ExCom/84/55

¹⁵ UNEP/OzL.Pro/ExCom/84/58

¹⁶ UNEP/OzL.Pro/ExCom/84/60

¹⁷ UNEP/OzL.Pro/ExCom/84/61

¹⁸ UNEP/OzL.Pro/ExCom/84/62

¹⁹ For comparison, at the 83rd meeting, 36 tranches for 21 countries that were due were not submitted.

²⁰ To request the Secretariat with respect to the HPMP for Algeria (stage I, first tranche) (ALG/PHA/66/INV/77), to send a letter to the Government seeking its agreement to cancel the project at the 83rd meeting.

been received by the Secretariat by 30 August 2019 (decision 83/47(c)). Subsequently, a response was received by the Secretariat on 8 August 2019, indicating that the National Ozone Officer and UNIDO had agreed to continue implementing the HPMP in Algeria, and that the third tranche of the HPMP would be submitted no later than the 86th meeting.

Cancellation procedure for MYA projects

Background

11. Since the 81st meeting, during discussions under different agenda items, the Executive Committee expressed concerns regarding the increase in the number of delayed tranche submissions. These delays, although would not have a negative effect on compliance, did affect business planning;²¹ in addition, for tranches where there had been no activity or disbursement for an extended period of time, approved funds for these tranches could have been used for other projects.²²

12. Subsequently, at its 83rd meeting, the Executive Committee *inter alia* requested the Secretariat to review the existing procedure for project cancellation as set out in decision 26/2 and report back to the Executive Committee at its 84th meeting on how the procedure could be applied to multi-year agreements (MYAs) (decision 83/47(b)(ii)).

Review of decision 26/2

13. In response to decision 83/47(b)(ii), the Secretariat has reviewed decision 26/2 on the procedure for project cancellation, as well as matters related to the implementation of MYAs.

14. In decision 26/2, the Executive Committee endorsed the following two procedures for project cancellation:

- (a) Projects can be cancelled through mutual agreement among the implementing agencies, the Government concerned and the beneficiary enterprise where applicable. Implementing 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 (decision 22/61),²³ or
- (b) 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:
 - (i) 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

²¹ Paragraph 98 of document UNEP/OzL.Pro/ExCom/81/58

²² Paragraph 92 of document UNEP/OzL.Pro/ExCom/82/72

²³ Where no disbursement had occurred 18 months after the date of approval of a project, a full explanation of the reason for the delay should be submitted by the implementing agency to the next meeting of the Executive Committee for review. Those reports should contain the comments received from the Article 5 countries and enterprises concerned; Where a project had not been completed 12 months after the proposed completion date in the progress report of the implementing agencies to the Executive Committee, a full explanation of the reason for the delay should also be submitted by the implementing agencies to the next meeting of the Executive Committee for review. Those reports should contain the comments received from the Article 5 countries and enterprises concerned (decision 22/61(a) and (b)).

country Government; and

- (ii) 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.

15. The Secretariat noted that decision 26/2 is applicable to stand-alone projects, usually implemented by a designated agency, with an average implementation timeframe of two to three years from the time of their approval, which is specified at the time the project proposal is submitted for consideration by the Executive Committee. It further noted that decision 26/2 does not apply to project preparation, demonstration project, MYAs and institutional strengthening, delays of which will be monitored through additional status reports.

16. Unlike a stand-alone project, a MYA is a compliance-driven and performance-based national phase-out plan, consisting of different components (e.g., individual investment projects subsumed under a MYA, manufacturing sector plans, refrigeration servicing), funded in several tranches with different implementation timeframes depending on the activities to be implemented, and in many cases with more than one bilateral and/or implementing agency. Therefore, delays in implementation of a MYA component are addressed through continued monitoring based on additional status reports, and not through the application of decision 26/2.

17. Taking the above facts into account, implementation delays for MYA components could be defined as per decision 22/61 and subject to cancellation procedures as for stand-alone projects in line with decision 26/2 as illustrated below.

18. For MYA components, specific milestones can be set after due consideration of impediments that caused the delays. Similar to stand-alone projects, when no progress is reported at the meeting following a milestone deadline, the Government concerned and the lead implementing agency will be informed of the possible cancellation of that MYA component, including the funding approved in principle relating to that component. When no progress in achieving the milestones is reported to two consecutive meetings, criterion 2 of decision 26/2 can be applied.

19. With regard to the cancellation of a whole MYA, at the 82nd meeting, the Secretariat explained that when all components of a MYA were cancelled, the whole MYA would also be considered cancelled.²⁴ As delayed implementation of one component does not always mean delayed implementation of other components; therefore, only where needed and on a case-by-case basis, the Government concerned and the lead implementing agency will be informed of the Committee's consideration of possible cancellation of the whole MYA.

Recommendation

20. The Executive Committee may wish:

- (a) To note:
 - (i) The report on tranche submission delays contained in document UNEP/OzL.Pro/ExCom/84/25;
 - (ii) The information on tranche submission delays under HCFC phase-out management plans (HPMPs) submitted by UNDP, UNEP and UNIDO;

²⁴ Paragraph 92 of document UNEP/OzL.Pro/ExCom/82/72

- (iii) That 43 out of 57 activities (21 out of 30 countries) related to tranches of HPMPs due for submission at the 84th meeting had been submitted on time;
 - (iv) That relevant bilateral and implementing agencies had indicated that the late submission of the tranches of HPMPs due for submission at the second meeting of 2019 would have no impact, or was unlikely to have an impact, on compliance with the Montreal Protocol, and that there was no indication that any of the countries concerned were in non-compliance with the Montreal Protocol control measures;
- (b) To request the Secretariat to send letters to the relevant Governments regarding the decisions on tranche submission delays contained in Annex I to the present report;
- (c) On the basis that cancellation of multi-year agreement components would not affect the country's compliance with Montreal Protocol measures, to consider:
- (i) To cancel multi-year-agreement (MYA) components through mutual agreement between the Government concerned and the lead implementing agency of the MYA, where applicable, noting that the lead implementing agency would submit the proposed cancellation to the Executive Committee through its annual progress report and/or reports on projects with specific reporting requirements; or
 - (ii) To cancel MYA components identified in progress reports with implementation delays, according to the following procedures:
 - a. If no progress in meeting the milestones is reported after a MYA component has been classified as having an implementation delay, the Secretariat on behalf of the Executive Committee may, at the meeting following classification, issue a notice of possible cancellation of the MYA component including the funding approved in principle for the component, and where needed and on a case-by-case basis the whole MYA, to the lead implementing agency concerned and the recipient country Government; and
 - b. If no progress is reported to two consecutive meetings of the Executive Committee for a MYA component classified as having an implementation delay, the Executive Committee may, taking into account the response to the notice of possible cancellation, decide to cancel the MYA component and where needed and on a case-by-case basis the whole MYA.

Annex I

TRANCHES NOT SUBMITTED TO THE 84TH MEETING

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
Algeria (Stage I)	UNIDO	2014	154,800	Government decisions/endorsements/changes in the NOU/structural change	Noting the delays due to structural changes within the Government and the national ozone unit (NOU) and urging the Government of Algeria to work with UNIDO so that the third (2014) tranche of stage I of the HPMP could be submitted no later than the 86 th meeting with a revised plan of action to take into account the reallocation of the 2014 and subsequent tranches.
China (Stage II – room air-conditioning (RAC) sector)	UNIDO	2018	19,260,000	20 per cent disbursement threshold/enterprise delays	Noting that the overall disbursement rate of the second (2017) tranche of stage II of the HPMP for the room air-conditioning (RAC) sector was below the 20 per cent disbursement threshold and the delays due to enterprise difficulties, and urging the Government of China to work with UNIDO to expedite implementation so that the third (2018) tranche could be submitted to the 85 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
Guinea (Stage I)	UNIDO	2016	172,000	Government decisions/endorsements/changes in the NOU/structural change	Noting the delays due to changes within the NOU, and urging the Government of Guinea to work with UNEP and UNIDO so that the third (2016) tranche of stage I of the HPMP could be submitted to the 85 th meeting with a revised plan of action to take into account the reallocation of the 2016 and subsequent tranches.
	UNEP	2016	73,450		
Haiti (Stage I)	UNEP	2018	95,916	Government decisions/endorsements/changes in the NOU/structural change/signing of agreement/project document/internal or external difficulties/20 per cent disbursement threshold	Noting the delays in signing the agreement due to structural changes within the Government and the NOU and that the overall disbursement rate of the second (2014) tranche of stage I of the HPMP was below the 20 per cent disbursement threshold, and urging the Government of Haiti to work with UNEP so that the third (2018) tranche of stage I of the HPMP could be submitted to the 85 th or 86 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
Peru (Stage II)	UNDP	2019	249,738	Government decisions/endorsements/changes in the NOU/structural change	Noting the delays due to structural changes within the Government and the NOU and that the overall disbursement rate of the first tranche of stage II of the HPMP was below the 20 per cent disbursement threshold,

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
	UNEP	2019	47,008	Government decisions/endorsements/changes in the NOU/structural change/20 per cent disbursement threshold	and urging the Government of Peru to work with UNDP and UNEP so that the second (2019) tranche could be submitted to the 85 th meeting with a revised plan of action to take into account the reallocation of the 2019 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
Philippines (Stage II)	UNIDO	2019	1,551,531	Transfer from another agency	Nothing the delays due to the transfer of the HPMP from the World Bank to UNIDO at the 83 rd meeting, and urging the Government of the Philippines to work with UNIDO so that the second (2019) tranche of stage II of the HPMP could be submitted to the 85 th meeting with a revised plan of action to take into account the reallocation of the 2019 and subsequent tranches.
Saint Vincent and the Grenadines (Stage I)	UNEP	2018	116,390	Government decisions/endorsements/changes in the NOU/structural change/20 per cent disbursement threshold	Noting the delays due to structural changes within the Government and that the overall disbursement rate of the second (2015) tranche of stage I of the HPMP was below the 20 per cent disbursement threshold, and urging the Government of Saint Vincent and the Grenadines to work with UNEP so that the third (2018) tranche of stage I of the HPMP could be submitted to the 85 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches, on the understanding that the 20 per cent disbursement threshold for funding of the previous tranche had been achieved.
Saudi Arabia (Stage I)	UNIDO	2016	909,500	Approval conditions/legislation	(a) Urging the Government of Saudi Arabia through UNIDO to submit to the 85 th meeting: (i) a comprehensive report demonstrating that the conditions specified in Appendix 8-A of its Agreement with the Executive Committee had been met; (ii) the request for the fifth (2016) tranche of stage I of the HPMP, with a revised plan of action to take into account the reinstatement of the funds that had been returned to the 81 st meeting in line with decisions 77/54(f) and 81/2(a)(xii) and the reallocation of the 2016 and subsequent tranches; and (iii) the verification of consumption for 2016, 2017, 2018 and 2019; and (b) if all information requested in sub-paragraph (a) is not received to the 85 th meeting, stage I of the HPMP would be cancelled and the country could submit a request for project preparation for stage II.
Senegal (Stage I)	UNEP	2018	90,400	Change in lead agency	Noting the delays due to change of lead implementing agency, and urging the Government of Senegal to work with UNEP and UNIDO so that the third (2018) tranche of stage I of the HPMP could be submitted to the 85 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.
	UNIDO	2018	21,500		

Country	Agency	Tranche	Amount (with support costs) (US \$)	Reason for delay/withdrawal	Recommendations
South Sudan (Stage I)	UNDP	2018	54,500	Government decisions/endorsements/changes in the NOU/structural change	Noting the structural change in the country, and urging the Government of South Sudan to work with UNDP and UNEP so that the second (2018) tranche of stage I of the HPMP could be submitted to the 85 th meeting with a revised plan of action to take into account the reallocation of the 2018 and subsequent tranches.
	UNEP	2018	79,665		
Venezuela (Bolivarian Republic of) (Stage II)	UNIDO	2019	615,250	Limited implementation of the key activities/lack of verification report	Noting that the second (2019) tranche of stage II of the HPMP submitted to the 84 th meeting had been withdrawn, and urging the Government of the Bolivarian Republic of Venezuela to work with UNIDO to expedite implementation of the remaining activities under stage I and the first (2016) tranche of stage II so that the second (2019) tranche could be submitted to 86 th meeting with a verification report and a revised plan of action to take into account the reallocation of the 2019 and subsequent tranches, including activities that will contribute to achieve or maintain compliance with the control measures under the Montreal Protocol.
Total			23,548,148		