



**United Nations  
Environment  
Programme**



Distr.  
LIMITED

UNEP/OzL.Pro/ExCom/27/11  
21 February 1999

ORIGINAL: ENGLISH

---

Executive Committee of  
the Multilateral Fund for the  
Implementation of the Montreal Protocol

Twenty-seventh Meeting  
Montreal, 24-26 March 1999

**PROJECT IMPLEMENTATION DELAYS**

1. The Executive Committee defined projects with implementation delays as projects where no disbursement had occurred 18 months after approval and projects that had not been completed 12 months after the proposed completion date (decision 22/61). It also requested the Sub-Committee on Monitoring, Evaluation and Finance (MEF) to maintain a watching brief on project implementation delays (decision 23/4c).

2. At its 26<sup>th</sup> Meeting, the Executive Committee decided two procedures for project cancellation:

Procedure 1: projects could be cancelled through mutual agreement among the implementing agencies, the Government concerned and the beneficiary enterprise where applicable. Agencies were asked to report these cancellations through their annual progress reports and/or reports on projects with implementation delays.

Procedure 2: projects with implementation delays (as defined in decision 22/61 and 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 country Government.
- (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 (decision 26/2)

3. At its 26<sup>th</sup> Meeting, the Executive Committee also noted that the issue had been raised in the Sub-Committee of whether an enterprise or group of enterprises whose projects had been cancelled could reapply, in the future, for funding for another project.

## **Overview**

4. The implementing agencies informed the relevant countries of projects in their countries that had been classified as having implementation delays. A status report was requested and submitted first at the beginning of January. Agencies were requested to seek another status report by the beginning of February on projects that continued to have implementation delays.

5. The reports of the implementing agencies are available upon request. The Secretariat categorized the status of each project based on these reports. Annex I presents a listing of the projects with implementation delays by agency with the Secretariat's assessment of progress.

6. Table 1 presents the status of projects with implementation delays for the 87 projects so identified at the 26<sup>th</sup> Meeting of the Executive Committee. Of the 87 projects, 12 have been completed, five have been canceled, three are considered for possible cancellation, and some progress has been reported for the remaining 67 projects.

**Table 1**

**PROJECTS WITH IMPLEMENTATION DELAYS BY AGENCY**

<b>Comment</b>	<b>UNDP</b>	<b>UNEP</b>	<b>UNIDO</b>	<b>World Bank</b>	<b>Grand Total</b>
Completed	5	4		3	12
Cancelled	1			4	5
Possible cancellation			1	2	3
Some progress	12	26	6	23	67
<b>Total</b>	<b>18</b>	<b>30</b>	<b>7</b>	<b>32</b>	<b>87</b>

**Possible project cancellations**

7. Three projects are recommended for possible cancellation; one for UNIDO and two for the World Bank:

- Brosol project in Brazil (UNIDO)
- CFC recovery and recycling in Brazil (World Bank)
- Elimination of the use of CFC-11 as a blowing agent in rigid polyurethane foams used as insulation for refrigerators and substitution of CFC-12 used as refrigerant at Indurnor S.A (World Bank)

8. UNIDO indicated that the beneficiary enterprise for the Brosol project in Brazil approved at the 20<sup>th</sup> Meeting (BRA/SOL/20/INV/59) was sold to a transnational corporation from North America. Enterprises fully owned by transnational corporations are not eligible for assistance under the Multilateral Fund. Decision 19/38 concerning the change of ownership of approved projects applies to this project.

9. The CFC recovery and recycling project in Brazil (BRA/REF/07/TAS/07) was approved in June 1992 in the amount of US \$2 million for implementation by the World Bank. Several missions have been sent to Brazil to initiate implementation of this project over the last eight years. The Government has repeatedly wanted to maintain the project. The World Bank's latest report on the project indicates that potential beneficiary enterprises are awaiting lower import sales taxes on the recovery and recycling equipment that will be delivered to them by the Bank through the project. These taxes are not import duties on the World Bank, but instead sales taxes on the beneficiaries for the value of the equipment provided through the World Bank's grant.

10. The Indurnor S.A. refrigeration foam project in Uruguay was approved in December 1994 at a value of US \$448,140. Delays in implementation have been the result of the restructuring of the company. The discussions on restructuring continue as the Government and owners have not reached an agreement according to the Bank's current status report on the project. The Bank also noted that the ozone unit is considering cancellation if the situation is not resolved soon.

### **Projects with some progress**

11. Upon closer review of the projects for which some progress was noted by the agencies, it was determined that several projects (49 or the 67 projects with some progress) have overcome the previously identified implementation impediments. For example, if the impediment was customs clearance, the impediment was removed because the equipment was released from customs. If the agency was waiting for an agreement to proceed from the enterprise, then the agreement was reached.

12. In other cases, there may have been some progress, but the implementation impediment had not been clearly removed. For example, the Committee has been assured that some projects would be completed soon, but they have not been completed. Other projects may have had some progress, for example, a mission was mounted to explain reporting requirements, but the ozone unit has not yet provided the required reports. In other cases, the implementing agency has taken some action, but the impediment has not been removed. For example, an agency may have mounted a mission to assess the financial viability of the enterprise, but the question of the financial viability of the enterprise was not fully resolved.

13. Table 2 presents the number of projects by a breakdown of progress categories and by agency.

**Table 2**

#### **PROJECTS WITH IMPLEMENTATION DELAYS THAT EXPERIENCED SOME PROGRESS SINCE THE 26<sup>TH</sup> MEETING, BY AGENCY**

<b>Comment</b>	<b>UNDP</b>	<b>UNEP</b>	<b>UNIDO</b>	<b>World Bank</b>	<b>Grand Total</b>
In progress	10	17	5	17	49
Completion by meeting	1	3			4
Some progress	1	6	1	3	11
Assessing				3	3
<b>Total</b>	12	26	6	23	67

#### Completion by the 27<sup>th</sup> Meeting

14. Implementing agencies indicated that the following four projects should be completed by the time of the 27<sup>th</sup> Meeting:

- Design standards: cold storage in China (CPR/REF/10/TAS/039) approved in June 1993 at a value of US \$200,000 for UNDP implementation
- Video on methyl bromide alternatives (GLO/FUM/19/TAS/93) approved in May 1996 at a value of US \$70,000 for UNEP implementation
- Halon management casebook (GLO/HAL/12/TAS/56) approved in March 1994 at a value of US \$40,000 for UNEP implementation
- Information papers and fact sheets for evaluation of technical options to replace ODS (GLO/SEV/12/TAS/53) in March 1994 at a value of US \$60,000 for UNEP implementation.

#### Projects with some progress

15. Implementing agencies identified 11 projects with implementation delays that have experienced some progress since the last report. This section addresses those projects by agency.

#### *UNDP*

16. UNDP noted that the “Cleaning equipment manufacturing” project (CPR/SOL/12/INV/65) continued to have difficulty in obtaining some necessary parts. The last status report for this solvent project in China that was approved in March 1994 at a value of US \$524,734 indicated that the project would be completed by December 1998. This status report indicates that it will be completed by the middle of 1999.

#### *UNEP*

17. UNEP has six project with implementation delays that have experienced some progress. Three of those projects are institutional strengthening projects in Uganda (UGA/SEV/13/INS/02) approved in July 1994, Maldives (MLD/SEV/12/INS/02) approved in March 1994, and Zambia (ZAM/SEV/09/INS/02) approved in March 1993. Missions have been mounted but the reporting requirements have yet to be fully met.

18. The next three UNEP projects were approved at the 19<sup>th</sup> Meeting in May 1996. UNEP continues to report that it is awaiting feedback from the other implementing agencies for input into the project “ Guidelines for the establishment of R& R systems and related legislation for low volume ODS consuming countries” (GLO/REF/19/TAS/96). UNEP also raised this issue in its 1999 business plan as a policy issue.

19. UNEP has requested input from the Executive Committee on how to proceed for the following projects:

- Prepare an inventory and assessment of environmentally sound and economically viable technologies and know-how conducive to phase-out of ODS (GLO/SEV/19/TAS/106)
- Training modules on management of ODS phaseout in SMEs (GLO/SEV/19/TRA/112)

*UNIDO*

20. UNIDO has indicated that the government of Kenya has issued documents necessary to remove the equipment purchased for the “Kenya Cold Storage project” (KEN/REF/11/INV/06) from customs. However, UNIDO has not reported that the equipment has been released, yet. This project was approved in November 1993 at a value of US \$380,875 and was amended in November 1995 to increase the project value by an additional US \$130,354.

*World Bank*

21. Three World Bank projects have had some progress but the main issue has not been resolved. The enterprise involved in the US \$863,879 “Domestic refrigeration project in Argentina Adzen S.A.” (ARG/REF/18/INV/37) approved in November 1997, is still considered a bankruptcy risk. Although the Bank reported that progress was expected for the US \$2,440,570 “McClean refrigeration project in Argentina” (ARG/REF/15/INV/21) approved in December 1994, no progress has been reported.

22. The project “Substitution of CFC-11 by HCFC-141b in the manufacture of polyurethane foams at Randon Implementos S.A in Brazil” (BRA/FOA/18/INV/31) approved in November 1995 at a value of US \$92,180 is still not moving. The Bank continues to discuss lease arrangements related to the ownership of the injection machine.

Assessing projects for continuation

23. The World Bank noted three projects that it was assessing for possible continuation. One project, “Domestic refrigeration projects in Argentina Piragua S.A. and Piragua San Luis” (ARG/REF/18/INV/36) is a bankruptcy risk, but the Bank believes that it may become viable. For the project, “Shanghai Shuanglu Electrical Appliance Co.” (CPR/FOA/20/INV/174) the Bank plans to report on the new owner’s decision to restructure the company and whether or not the new Chinese owner will continue the foam operation.

24. For the “Domestic Appliance Ltd. project in Pakistan” (PAK/REF/19/INV/11), the Bank indicated that the company is looking for a replacement foreign partner. The Bank plans on reporting on the success of the company in finding a partner.

**Cancelled projects**

25. Per procedure 1 of decision 26/2 and through mutual agreement among the implementing agencies, the Government concerned and the beneficiary enterprise where applicable, the agencies have cancelled the following projects:

- Tianjin Picture Tube Cleaning (CPR/SOL/19/INV/170) (UNDP)
- Domestic refrigeration projects in Argentina : Fribe la Rioja (ARG/REF/15/INV/18) (World Bank)
- Domestic refrigeration projects in Argentina Fribe, S.A. (ARG/REF/15/INV/20) (World Bank)

- Markindo Theco in Indonesia (IDS/SOL/18/INV/40) (World Bank)
- Stainless Steel Co. in Thailand (THA/REF/19/INV/52) (World Bank)

## **RECOMMENDATIONS**

The Fund Secretariat recommends that the Executive Committee through its Monitoring, Evaluation and Finance Sub-Committee:

1. Consider the projects listed by the implementing agencies for possible cancellation in paragraph 7 above.
2. Request the implementing agencies to report to the 27<sup>th</sup> Meeting if the projects expected to be completed by the 27<sup>th</sup> Meeting listed in paragraph 14 above have been completed.
3. Request the implementing agencies to provide updates at the 27<sup>th</sup> Meeting on the projects with some progress and those that are being assessed for continuation indicated in paragraphs 15 through 24 above.
4. Note in the report of the 27<sup>th</sup> Meeting the canceled projects listed in paragraph 25 above.
5. Based on the presentations of the implementing agencies, consider canceling all projects with implementation delays automatically if no progress is reported to the 28<sup>th</sup> Meeting.
6. Determine if projects can be resubmitted for consideration after cancellation.

## Annex I

**PROJECTS WITH IMPLEMENTATION DELAYS IDENTIFIED AT 26<sup>TH</sup> MEETING,  
BY AGENCY**

<b>Agency</b>	<b>Project Title</b>	<b>Project number</b>	<b>Comment</b>
UNDP	Brasimet project	BRA/SOL/18/INV/37	In progress
UNDP	Industrias Westell in Colombia	COL/REF/17/INV/16	In progress
UNDP	Handan No. 7: XPS/XPE foam sheet	CPR/FOA/17/INV/126	In progress
UNDP	JIP Boutou: XPS/XPE foam sheet	CPR/FOA/17/INV/127	In progress
UNDP	Chagzhou: XPS foam sheet	CPR/FOA/17/INV/125	In progress
UNDP	Tianjin Gangda: XPS foam	CPR/FOA/18/INV/143	In progress
UNDP	Review for halon codes, education and training	CPR/HAL/10/TAS/40	Completed
UNDP	Design standards: cold storage	CPR/REF/10/TAS/039	Completion by meeting
UNDP	Survey: small CFC plant conversion	CPR/SEV/09/TAS/026	Completed
UNDP	SIOFM: Non-ODS alter. Standards	CPR/SEV/11/TAS/056	Completed
UNDP	Cleaning equipment mfg project	CPR/SOL/12/INV/065	Some progress
UNDP	Cleaning applications centre	CPR/SOL/12/TAS/061	Completed
UNDP	Tianjin Picture Tube Cleaning	CPR/SOL/19/INV/170	Cancelled
UNDP	El-Fateh: rigid foam	EGY/FOA/12/INV/028	In progress
UNDP	ICON: rigid foam	EGY/FOA/12/INV/029	In progress
UNDP	Refruck: commercial refrigeration	EGY/REF/12/INV/030	Completed
UNDP	Misr Panel: commercial refrigeration (cold storage)	EGY/REF/12/INV/031	In progress
UNDP	Daso Company aerosols conversion in Viet Nam	VIE/ARS/18/INV/10	In progress
UNEP	Institutional strengthening for ODS phase-out Botswana (1)	BOT/SEV/13/INS/02	In progress
UNEP	Country programme preparation in Democratic Republic of Congo (formerly Zaire)	DRC/SEV/17/CPG/01	In progress
UNEP	Institutional strengthening for the phase-out of ODS controlled under the Montreal Protocol Fiji (1)	FIJ/SEV/12/INS/02	In progress
UNEP	Video on methyl bromide alternatives	GLO/FUM/19/TAS/93	Completion by meeting
UNEP	Develop technical brochure on methyl bromide	GLO/FUM/19/TAS/94	Completed
UNEP	Halon management casebook	GLO/HAL/12/TAS/56	Completion by

Agency	Project Title	Project number	Comment
			meeting
UNEP	Completion of “Recommendations for a code of Good practice in Refrigeration” for Article 5 countries	GLO/REF/16/TRA/87	Completed
UNEP	Guidelines for the establishment of R& R systems and related legislation for low volume ODS consuming countries	GLO/REF/19/TAS/96	Some progress
UNEP	Information papers and fact sheets for evaluation of technical options to replace ODS	GLO/SEV/12/TAS/53	Completion by meeting
UNEP	Prepare an inventory and assessment of environmentally sound and economically viable technologies and know-how conducive to phase-out of ODS	GLO/SEV/19/TAS/106	Some progress
UNEP	Prepare information papers and case studies	GLO/SEV/19/TAS/109	Completed
UNEP	Training modules on management of ODS phase-out in SMEs	GLO/SEV/19/TRA/112	Some progress
UNEP	Training modules on Policy design and setting up legislation	GLO/SEV/19/TRA/114	Completed
UNEP	Update existing technical brochure series to include 1994/1995 TOC data	GLO/SEV/21/TAS/127	In progress
UNEP	Institutional strengthening for the phase-out of ODS Cote d’Ivoire (1)	IVC/SEV/13/INS/02	In progress
UNEP	Country programme preparation in Kiribati	KIR/SEV/17/CPG/01	In progress
UNEP	Regional workshop on technology assessment (in refrigeration)	LAC/REF/16/TAS/12	In progress
UNEP	Institutional strengthening for the phase-out of ODS Mauritius (1)	MAR/SEV/10/INS/02	In progress
UNEP	Institutional strengthening for the phase-out of ODS controlled under the Montreal Protocol Maldives (1)	MLD/SEV/12/INS/02	Some progress
UNEP	Institutional strengthening, creation of an Ozone Unite Malawi (1)	MLW/SEV/12/INS/02	In progress
UNEP	Country programme preparation in Mongolia	MON/SEV/20/CPG/01	In progress
UNEP	Country programme preparation in Myanmar	MYA/SEV/12/CPG/01	In progress
UNEP	Institutional strengthening, Establishment of COGO Panama	PAN/SEV/10/INS/02	In progress
UNEP	Institutional strengthening Seychelles (1)	SEY/SEV/13/INS/02	In progress

<b>Agency</b>	<b>Project Title</b>	<b>Project number</b>	<b>Comment</b>
UNEP	Country programme preparation in Solomon Islands	SOI/SEV/17/CPG/01	In progress
UNEP	Institutional strengthening, creation of an Ozone Unit Sudan (1)	SUD/SEV/12/INS/02	In progress
UNEP	Institutional strengthening (Establishment of the ODS Unit) Uganda (1)	UGA/SEV/13/INS/02	Some progress
UNEP	Country programme preparation in Vanuatu	VAN/SEV/17/CPG/01	In progress
UNEP	Institutional strengthening Zambia (1)	ZAM/SEV/09/INS/02	Some progress
UNEP	Institutional strengthening for the phase-out of ODS controlled under the Montreal Protocol Zimbabwe (1)	ZIM/SEV/13/INS/02	In progress
UNIDO	Mallol Saic foam project in Argentina	ARG/FOA/20/INV/47	In progress
UNIDO	Brosol project in Brazil	BRA/SOL/20/INV/59	Possible cancellation
UNIDO	Group foam project in Iran	IRA/FOA/17/INV/11	In progress
UNIDO	Kenya Cold Storage project	KEN/REF/11/INV/06	Some progress
UNIDO	Thermocool project in Nigeria	NIR/REF/18/INV/11	In progress
UNIDO	Creation of the Ozone Secretariat in Romania	ROM/SEV/17/INS/04	In progress
UNIDO	Ozone Unit in Syria	SYR/SEV/10/INS/03	In progress
World Bank	Transfreeze Sdn	.MAL/FOA/19/INV/87	In progress
World Bank	Mirgor S.A.	ARG/REF/15/INV/17	In progress
World Bank	Domestic refrigeration projects in Argentina : Fribe la Rioja	ARG/REF/15/INV/18	Cancelled
World Bank	Elimination of ODP in the production of household refrigerators in the Fribe La Rioja plant	ARG/REF/15/INV/18	In progress
World Bank	Domestic refrigeration projects in Argentina Fribe, S.A.	ARG/REF/15/INV/20	Cancelled
World Bank	Elimination of ODS in the production of household refrigerators in the Fribe, S.A. plant	ARG/REF/15/INV/20	In progress
World Bank	Mclean in Argentina	ARG/REF/15/INV/21	Some progress
World Bank	Elimination of CFCs in domestic refrigerator production plant in Aurora S.A.	ARG/REF/18/INV/35	In progress
World Bank	Domestic refrigeration projects in Argentina Aurora S.A.	ARG/REF/18/INV/35	In progress
World Bank	Domestic refrigeration projects in Argentina Piragua S.A. and Piragua San Luis	ARG/REF/18/INV/36	Assessing

<b>Agency</b>	<b>Project Title</b>	<b>Project number</b>	<b>Comment</b>
World Bank	Elimination of CFCs in 2 domestic refrigerator manufacturing plants at Piragua S.A., and Piragua San Luis	ARG/REF/18/INV/36	In progress
World Bank	Domestic refrigeration projects in Argentina Adzen S.A.	ARG/REF/18/INV/37	Some progress
World Bank	Elimination of CFC in the manufacturing plant of domestic refrigerators at Adzen S.A. C.I.F.	ARG/REF/19/INV/43	In progress
World Bank	Substitution of CFC-11 by HCFC-141b in the manufacture of polyurethane foams at Randon Implementos S.A.	BRA/FOA/18/INV/31	Some progress
World Bank	Substitution of CFC-11 by HCFC-141b in the manufacture of polyurethane foams at M. Agostini, S.A.	BRA/FOA/18/INV/33	In progress
World Bank	CFC recovery and recycling project in Brazil	BRA/REF/07/TAS/07	Possible cancellation
World Bank	Elimination of CFC-11 and CFC-12 in the manufacture of commercial chest freezers t Refrigeracao Parana S.A. Curitiba.	BRA/REF/18/INV/35	In progress
World Bank	Conversion of CFC-11 to cyclopentane from blowing agent and CFC-12 to HCFC-134a refrigerant at Tecnomecanica Esmaltec Ltda.	BRA/REF/19/INV/50	In progress
World Bank	Conversion to CFC-free technology in the manufacture of flexible polyurethane foam (slabstock) at Penglai Polyurethane Plastic Factory	CPR/FOA/18/INV/140	Completed
World Bank	Shanghai Shuanglu Electrical Appliance co.	CPR/FOA/20/INV/174	Assessing
World Bank	MISR compressor project in Egypt	EGY/REF/08/INV/08	Completed
World Bank	MAC recycling in Indonesia	IDS/REF/15/TAS/29	In progress
World Bank	Markindo Theco in Indonesia	IDS/SOL/18/INV/40	Cancelled
World Bank	Phase out of CFC-11 in the manufacture of flexible polyurethane foams at Karnataka Consumer Products Ltd. (under SPAP)	IND/FOA/17/INV/38	In progress
World Bank	Foam umbrella project in Jordan	JOR/FOA/15/INV/22	Completed
World Bank	Penang Trading Co.	MAL/FOA/19/INV/86	In progress
World Bank	Domestic Appliance Ltd. project in Pakistan	PAK/REF/19/INV/11	Assessing
World Bank	Technic Foam in Thailand	THA/FOA/10/INV/23	In progress
World Bank	Stainless Steel Co. in Thailand	THA/REF/19/INV/52	Cancelled

<b>Agency</b>	<b>Project Title</b>	<b>Project number</b>	<b>Comment</b>
World Bank	Elimination of the use of CFC-11 as a blowing agent in rigid polyurethane foam used as insulation in thermal tanks at Etchepare-Gil S.A.	URU/FOA/15/INV/14	In progress
World Bank	Elimination of the use of CFC-11 as a blowing agent in rigid polyurethane foams used as insulation for refrigerators and substitution of CFC-12 used as refrigerant at Indurnor S.A.	URU/REF/15/INV/12	Possible cancellation
World Bank	Completing the elimination of CFC use in domestic refrigeration manufacturing – adoption of HCFC-141b as blowing agent and HFC-134a as refrigerant at Nevol S.A.	URU/REF/19/INV/21	In progress