



**United Nations
Environment
Programme**



Distr.
Limited

UNEP/OzL.Pro/ExCom/SCMEF/14/1/Add.1
21 June 2001

ORIGINAL: ENGLISH

Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol
Sub-Committee on Monitoring, Evaluation and Finance
Fourteenth Meeting
Montreal , 16-17 July 2001

PROVISIONAL ANNOTATED AGENDA

1. Adoption of the agenda and organisation of work

After adoption of the Agenda, the Sub-Committee may wish to organise its work over one and one-half days with a view to adopting its report on the afternoon of the second day.

2. Status of the implementation of the fixed exchange rate mechanism (Decision 32/2)

Documents UNEP/OzL.Pro/ExCom/34/5: This document provides an update on the status of the implementation of the fixed exchange rate mechanism by the Treasurer.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

- take note with appreciation of the update from the Treasurer.

3. 2000 accounts of the Multilateral Fund

Documents UNEP/OzL.Pro/ExCom/34/6: This document summarises the audited accounts of the Fund for the years 1991-1999 and the certified accounts for the year 2000.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

- take note of the Accounts of the Multilateral Fund for the years 1991-1999 and the certified accounts for the year 2000.

4. Completed projects with balances

Document UNEP/OzL.Pro/ExCom/34/7 and Corr.1: contains the submission of the implementing agencies on completed projects with balances and the return of funds from cancelled projects.

Issues to be addressed:

- Agencies returning US \$6,567,895 of which US \$3,972,789 is from cancelled projects.
- UNEP did not provide an update and did not return the US \$98,228 it promised at the 33rd Meeting to return to the 34th Meeting.
- UNDP did not specify the level of unobligated projects in its report.
- UNIDO reported that 53 per cent of its unobligated balances totalling US \$1,331,636 would be returned after completion of ongoing activities.
- Implementing agencies may have additional announcements about funds to be returned.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the reports on completed projects with balances submitted by UNDP, UNIDO and the World Bank contained in UNEP/OzL.Pro/ExCom/34/7.
2. Request UNEP to ensure that an updated report is submitted to the 35th Meeting and return the approved funding to the Multilateral Fund.
3. Note the levels of funds being returned to the 34th Meeting as indicated below.

Agency	Funds from Completed Projects (US\$)	Funds from Cancelled Projects (US\$)	Total Funds to be Returned to the 34th Meeting (US\$)
UNDP	538,000	600,304	1,138,304
UNEP	0	0	0
UNIDO	311,967	396,773	708,740
World Bank	1,744,475	2,975,712	4,720,817
TOTAL	2,594,442	3,972,789	6,567,895

5. Project Implementation delays

Document UNEP/OzL.Pro/ExCom/34/8: contains an assessment of progress on projects which the Executive Committee requested to be closely monitored at the 33rd Meeting as well as those projects for which deadlines were established and those for which letters of possible cancellation were sent to Governments concerned. It also presents additional requests for project cancellations.

Issues to be addressed:

- Removal of projects from the list of projects with implementation delays or their continued monitoring.
- Actions on projects with some progress but were approved over three years ago.
- Cancellation of projects for not achieving the deadlines established by the Committee.
- Establishment of deadlines or notices of cancellation for some projects.
- Cancellation of projects recommended for cancellation.
- UNEP's request to cancel its SME training modules project.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the reports on projects that have experienced implementation delays from the four implementing agencies contained in UNEP/OzL.Pro/ExCom/34/8.
2. Remove from the list of projects with implementation delays those projects contained in Annex I of document UNEP/OzL.Pro/ExCom/8 by using their planned completion dates in the progress reports submitted to the 34th Meeting.
3. Continue to monitor, in future reports on implementation delays, those projects contained in Annex II of UNEP/OzL.Pro/ExCom/8.
4. Take actions on those projects contained in Annex III of UNEP/OzL.Pro/ExCom/8 that had experienced some progress but were approved over three years ago.
5. Cancel the projects included in Annex IV of UNEP/OzL.Pro/ExCom/8 for not achieving the deadline set by the Executive Committee.
6. Request the Secretariat to send notices of deadlines and request the relevant implementing agency to report on these projects to the 35th Meeting:
 - (a) "Umbrella Aerosol Small and Medium Industries project in Malaysia" (MAL/ARS/19/INV/85) (UNDP)--Deadline of 1 September for endorsement from Government on fillers and safety audits.
 - (b) "Implementation of a National Programme for Recovery and Recycling of Refrigerant in Central African Republic" (CAF/REF/20/TAS/05) (UNDP)--Deadline of 1 September for report, otherwise embargo of approved funding.

- (c) “National train the trainer programme on refrigeration management plan and good practices in refrigeration in Guatemala” (GUA/REF/21/TRA/13) (UNEP)--Deadline of 1 September 2000 for report or embargo on approved projects.
- (d) “Phasing out CFC-11 at Sonopol in Cameroon” (CMR/FOA/23/INV/11) (UNIDO)--Deadline of 1 September 2001 completion otherwise automatic return of full balance in progress report.
- (e) “Phasing out CFC-11 at Sud Inter Mousse flexible polyurethane foam plant in Tunisia” (TUN/FOA/23/INV/23) (UNIDO)--Deadline of 1 September 2001 completion otherwise automatic return of full balance in progress report.

7. Cancel the following projects and note the return of any unspent fund balance:

- (a) “Adzen refrigeration project in Argentina” (ARG/REF/19/INV/43) after hearing a report from the World Bank.
- (b) “Inaldes Multidimensionales foam project in Colombia” (COL/FOA/13/INV/10).
- (c) The Dahbour and Yajuz sub-projects of the “Third group of Jordanian commercial refrigerator manufactures” project (JOR/REF/28/INV/52) and request UNIDO to return the approved capital and operating costs for the two sub-projects (US \$99,176) and their shared costs (US \$52,000) plus agency fees to the 35th Meeting.
- (d) “Epex foam project in Brazil” (BRA/FOA/28/INV/141).
- (e) “Project preparation in the fumigant sector in Egypt” (EGY/FUM/30/PRP/77)
- (f) “Project preparation in the refrigeration sector in Nicaragua” (NIC/REF/24/PRP/04)
- (g) “Project preparation in the aerosol sector in Philippines” (PHI/ARS/27/PRP/58)
- (h) “Project preparation in the refrigeration sector in Syria” (SYR/REF/18/PRP/12)
- (i) “Project preparation in the foam sector in Turkey” (TUR/FOA/31/PRP/67)

8. Request UNEP to complete the “Training modules on management of ODS phase-out in SMEs” (GLO/SEV/19/TAS/112) in one year, with the required translations, based on funds already approved for UNEP in these contexts.

6. Progress reports as at 31 December 2000:

(a) Consolidated progress report

Document UNEP/OzL.Pro/ExCom/34/8: summarises the progress and financial information of the implementation of projects and activities supported by the Fund through 31 December 2000.

Issues to be addressed:

- 369 projects with implementation delays—twice the number of projects with implementation delays of which 73 were classified with implementation delays last year,
- 14 countries have average implementation delays for ongoing projects of over two years
- Additional performance indicator for delayed submission of required reports

- Including agency fee entries in progress report data base and associating the World Bank's administrative costs up to the 16th Meeting against approvals

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the Consolidated Progress Report of the Multilateral Fund contained in UNEP/OzL.Pro/ExCom/34/9.
2. Request the implementing agencies to provide reports to the 35th Meeting on the projects with implementation delays indicated in the annex of the Consolidated Progress Report.
3. Urge the following countries, for which their ongoing projects are projected to be delayed over two years, to take actions to expedite their projects' implementation: Kiribati, Solomon Islands, Vanuatu, Papua New Guinea, Marshall Islands, Tuvalu, Mozambique, Bahamas, Botswana, Egypt, Cameroon, Guyana, Central African Republic, Mauritius, and Bolivia.
4. Add a performance indicator for the timely submission of the progress report.
5. Add an entry for agency costs per project in the progress report data base.
6. Request the World Bank to provide the support cost per project for all the projects approved through the 16th Meeting by pro-rating the administrative costs approved for it through that meeting on an annual basis.

(b) Progress report of bilateral co-operation

Document UNEP/OzL.Pro/ExCom/34/10: contains the progress report on activities implemented under bilateral cooperation by: Australia, Belgium, Canada, Finland, France, Germany, Japan, Sweden, United Kingdom, and the United States of America.

Issue to be addressed:

- 28 projects with implementation delays
- A progress report was not received from Switzerland.
- Offsetting balances against future approvals.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Noting with appreciation the progress reports submitted by the Governments of Australia, Belgium, Canada, Finland, France, Germany, Japan, Sweden, the United Kingdom, and the United States of America contained in UNEP/OzL.Pro/ExCom/34/10.

2. Requesting the Government of Switzerland to provide its progress report to the 35th Meeting of the Executive Committee in the context of projects with implementation delays.
3. Requesting the Governments of Australia, Belgium, Canada, Finland, France, and Germany to provide reports on the projects with implementation delays to the 35th Meeting of the Executive Committee.
4. Noting that remaining balance of US \$7,378 from the “Conversion of CFC-based commercial refrigeration installations in the fishing industry in Mauritania” (MAU/REF/14/TAS/05) should be offset against future approvals of the Government of France.
5. Noting that remaining balance of the following German bilateral projects should be offset against future approvals: “Project preparation and technical assistance at Arnatoury S.A.R.L., Sin-El-Fil in Lebanon (LEB/ARS/26/PRP/26) (US \$15,000) and “Project preparation for phasing out of ODS at the domestic refrigeration factory Fridgemaster in Zimbabwe” (ZIM/REF/26/PRP/16) (US \$25,000).

(c) Progress report of UNDP

Document UNEP/OzL.Pro/ExCom/34/11: contains the progress report of UNDP for activities through 31 December 2000 and the comments and recommendations of the Fund Secretariat on the Report.

Issue to be addressed:

- Slow implementation of institutional strengthening project in Thailand.
- Actions on projects 14 projects presented for individual consideration following reports from UNDP.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note UNDP’s progress report contained in (UNEP/OzL.Pro/ExCom/34/11)
2. Request UNDP to provide additional status reports on the institutional strengthening project with slow implementation in Thailand.
3. Note that UNDP will report on up to 96 projects with implementation delays including 28 projects that were so classified last year.
4. Take actions (continued monitoring, deadlines, letters, or cancellation) on the following projects after hearing updated reports from UNDP:
 - (a) Al-Sharif foam project in Egypt (EGY/FOA/09/INV/10)

- (b) Bonano foam project in Argentina (ARG/FOA/23/INV/61)
- (c) INCREAL refrigeration project in Brazil (BRA/REF/23/INV/90)
- (d) Baoding Oil Depot & Storage Engineering Company foam project (CPR/FOA/23/INV/228)
- (e) Tianjin PUF foam project in China (CPR/FOA/13/INV/74)
- (f) Polymermann foam project in India (IND/FOA/22/INV/111)
- (g) Herval foam project in Brazil (BRA/FOA/25/INV/102)
- (h) Kwan refrigeration project in Malaysia (MAL/REF/23/INV/103)
- (i) ORCA foam project in Mexico (MEX/FOA/23/INV/73)
- (j) ICL aerosol project in Sri Lanka (SRL/ARS/18/INV/07)
- (k) Alloychem aerosol project in Malaysia (MAL/ARS/18/INV/64)
- (l) Alpine Cool foam project in Indonesia (IDS/FOA/20/INV/44)
- (m) P T Aneka Cool foam project in Indonesia (IDS/FOA/23/INV/65)
- (n) Rozen foam project in Argentina (ARG/FOA/25/INV/76)

(d) Progress Report of UNEP

Document UNEP/OzL.Pro/ExCom/34/12: contains the progress report of UNEP for activities through 31 December 2000 and the comments and recommendations of the Fund Secretariat on the Report.

Issues to be addressed:

- Slow implementation in 16 institutional strengthening projects.
- Delayed publication of reports, documents and translations.
- Regional Pacific Island Strategy.
- Delayed preparation of RMPs for Bolivia, Morocco, Brunei, Liberia, and Haiti.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note UNEP's progress report contained in document UNEP/OzL.Pro/ExCom/34/12.
2. Request UNEP to provide additional status reports on the institutional strengthening projects with slow or not satisfactory implementation including those in: Bahamas, Botswana, Central African Republic, Chad, Comoros, Cote d'Ivoire, Dominica, Mozambique, Papua New Guinea, St. Kitts/Nevis, St. Vincent, Sudan, Swaziland, Tanzania Togo, Uganda, and Western Samoa while noting concern that institutional strengthening projects in the following countries are classified for the second year with slow implementation: Bahamas, Botswana, Papua New Guinea, St. Kitts/Nevis, Swaziland, Togo, and Uganda.
3. Note that UNEP has 88 projects classified with implementation delays, including 19 projects that were so classified last year, and that a report on these projects should be submitted to the 35th Meeting.

4. Request UNEP to provide verification that the following documents have been completed as planned:
 - (a) “Support to a national workshop on refrigeration” (KEN/REF/10/TRA/05).
 - (b) “Preparation of how-to crop manual on adopting methyl bromide alternatives for cut flowers” (GLO/FUM/29/TAS/187).
 - (c) “Update existing technical brochure series to include 1994/95 TOC data” (GLO/SEV/21/TAS/127).
 - (d) “Develop a handbook on the practical use of policy instruments” (GLO/SEV/21/TAS/130).
 - (e) “Technical sourcebook of methyl bromide alternatives” (GLO/FUM/23/TAS/150).
 - (f) “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).
 - (g) “Update Technology Sourcebooks and quality review updated material” (GLO/SEV/16/TAS/76).
 - (h) “Halon bank management case study logbook” (GLO/HAL/12/TAS/56).
5. Take actions on the implementation of the Pacific Island Strategy.
6. Request UNEP to report on the development of RMPs for Bolivia, Morocco, Brunei, Liberia, and Haiti at each meeting until they are prepared and submitted to the Executive Committee.

(e) Progress Report of UNIDO

Document UNEP/OzL.Pro/ExCom/34/13: contains the progress report of UNIDO for activities through 31 December 2000 and the comments and recommendations of the Fund Secretariat on the Report.

Issues to be addressed:

- Late submission of revised progress report.
- Slow implementation of institutional strengthening projects in Romania, Syria and Yugoslavia.
- Additional project delays for the Mallol Saic foam project in Argentina (ARG/FOA/20/INV/47)
- Obligated funds reported as funds disbursed.
- Changes to completed status.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note UNIDO’s progress report contained in (UNEP/OzL.Pro/ExCom/34/13).

2. Note the late submission of UNIDO's revised progress report and request UNIDO to adhere to the deadline for submission.
3. Request UNIDO to provide additional status reports on the institutional strengthening projects with slow implementation in Romania, Syria and Yugoslavia.
4. Note that UNIDO will report to the 35th Meeting on up to 55 projects with implementation delays including 17 projects that were so classified last year.
5. Take action (continued monitoring, deadlines, letters, or cancellation) on Mallol Saic foam project in Argentina (ARG/FOA/20/INV/47) after hearing an updated report from UNIDO.
6. Note UNIDO's explanations about its use of funds disbursed in its progress report and its classification of projects as completed when there are remaining activities and large un-disbursed balances and request UNIDO to ensure that future funds disbursed and dates of completion strictly comport with the Executive Committee's definitions.

(f) Progress Report of the World Bank

Document UNEP/OzL.Pro/ExCom/34/14: the progress report of the World Bank for activities through 31 December 2000 and the comments and recommendations of the Fund Secretariat on the Report.

Issues to be addressed:

- Late submission of revised progress report.
- Inclusion of indirect phase-out in progress reporting.
- Slow implementation of institutional strengthening in Turkey.
- Apparent project overruns.
- Additional delays in five projects.
- Cancellation by mutual agreement for the Maharaja International refrigeration project in India (IND/REF/22/INV/125).
- Change of ownership for the Whirlpool of India refrigeration project (IND/REF/27/INV/204).
- Implementation delays for the pilot concessional loan project with EGAT in Thailand.
- China halon sector plan--exceeding 2000 work programme consumption agreement.
- Delayed submission of CFC national phase-out plans.
- Changes to completed status.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the World Bank's progress report contained in (UNEP/OzL.Pro/ExCom/34/14).

2. Note the late submission of the World Bank's revised progress report and request the World Bank to adhere to the deadline for submission.
3. Request the World Bank to remove all indirect phase-out from its progress report in the future and request it to resolve all issues raised by the Secretariat concerning data inconsistencies and report back to the 35th Meeting on their resolution and the impact on its progress report.
4. Note that the World Bank will report to the 35th Meeting on up to 73 projects with implementation delays including 8 projects that were so classified last year.
5. Request the World Bank to provide an additional status report on the institutional strengthening project with slow implementation in Turkey.
6. Note that the World Bank should offset US \$6,057 against its administrative costs and request the Bank to adjust the (US \$54,861 to US \$224,861) overrun for the Jordan line of grant in the light of Decision 17/22.
7. Set deadlines for the following projects:
 - (a) "Zhengshou Plastic foam project in China" (CPR/FOA/15/INV/86)—deadline of 1 September 2001 for the resolution of the legal issues of the Huayuan Group related to the implementation of the project.
 - (b) "BPL refrigeration project in India" (IND/REF/25/INV/183)—deadline of 1 September for the signature of the sub-grant agreement.
 - (c) "Candi Swadaya Sentosa aerosol project in Indonesia" (IDS/ARS/22/INV/61)—deadline of 1 September 2001 for the procurement of equipment with the automatic refund of remaining balances if the deadline is not achieved.
 - (d) "Sea Horse Maspion foam project in Indonesia" (IDS/FOA/23/INV/76)—deadline of 1 September 2001 for the submission of progress reports to the Government of Indonesia or the automatic cancellation of this project and full return of approved funds if the deadline is not achieved.
 - (e) "Umbrella rigid foam project in Pakistan" (PAK/FOA/23/INV/20)—set an appropriate milestone deadline following a report from the Bank on its June 2001 mission;
8. Cancel the "Maharaja International refrigeration project in India" (IND/REF/22/INV/125) as agreed with the Government of India due to the unresponsiveness of the beneficiary enterprise and note the return of any unspent fund balance.
9. Request the World Bank to implement Decision 19/38(b) concerning the "Whirlpool of India refrigeration project" (IND/REF/27/INV/204) and reduce the grant component accordingly and return the funds to the 35th Meeting.

10. Request the World Bank to provide the Executive Committee with a report, at its 34th Meeting on the EGAT project in Thailand (THA/REF/26/INV/104) including how it can achieve its targeted refund by December 2002 and request an updated report to the 35th Meeting on new project milestones for this project.
11. Note the agreement of the Government of China and the World Bank to reduce the 2001 quotas for the halon plan by the excess national consumption in 2000 to be determined by an independent technical audit and the agreement on measures to remedy the export issue with regard to the China halon sector plan.
12. Note the planned submission dates of the national CFC phase-out projects for Malaysia and Thailand.
13. Note the World Bank's explanations about its classification of projects as completed and the cancellation of projects without the return of project funding for the line of grant projects.

7. Evaluation of the implementation of the 2000 business plans

Document UNEP/OzL.Pro/ExCom/34/15: presents the evaluation of the 2000 business plans of the implementing agencies and the recommendations of the Secretariat.

Issues to be addressed:

- Need to ensure investment projects in business plans are delivered in year of the plan.
- Missing indicator assessment for indicators unique to UNEP.
- Missing non-weighted non-investment project indicators from the implementing agencies.
- The increasing number of non-investment projects with implementation delays.
- Need for expedited project implementation.
- Contingency lists for non-investment projects.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note UNEP's report on its missing indicators per Decision 26/6.
2. Note the report of the implementing agencies on their performance on their non-weighted non-investment performance indicators per Decision 26/5.
3. Not allow contingency lists for non-investment projects.
4. Note that the Multilateral Fund did not achieve its 2000 phase out target, decide, for the purposes of the 2002 draft business plans, to encourage the implementing agencies to concentrate on the implementation of approved but unimplemented projects and reduce the number of projects with implementation delays.

5. Request agencies presenting investment project proposals to the Executive Committee to ensure that the countries in their business plans are covered and present their proposals during calendar year of the plan.
6. Request agencies involved in non-investment activities to concentrate on project implementation to reduce the backlog of unimplemented projects.
- 8. Status of Article 5 Countries in Achieving Compliance with the Initial Control Measures of the Montreal Protocol, An Analysis by the Fund Secretariat as per Decision 32/76;**

Document UNEP/OzL.Pro/ExCom/34/16: contains two parts that address Decision 32/76. Part I includes three sections. Section A presents an updated analysis of the status of compliance. Section B presents ODS consumption by sector as reported by Article 5 countries in their reports on the status of implementation of their country programmes. Part II address the impact of non-investment projects on the status of compliance of Article 5 countries.

Issues to be addressed:

- Additional phase out is needed with remaining consumption mostly in the refrigeration foam, process agent and solvent sectors.
- Consumption increased from 1999 to 2000 despite the additional phase out from approved projects that were completed in 1999 for Colombia, Mexico, Peru, and Sri Lanka.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Note the report;
2. Request the following countries to clarify the increase in consumption from 1999 to 2000 despite the additional phase out from approved projects that were completed in 1999: Colombia, Mexico, Peru, and Sri Lanka; and
3. Request the implementing and bilateral agencies to take into consideration the sector analysis contained in this report for the purposes of planning activities for their 2002 draft business plans.

9. Report on evaluation of completed compressor projects in China;

Document UNEP/OzL.Pro/ExCom/34/17: The document presents the main findings and recommendations, resulting from an evaluation of seven completed compressor projects in China.

Issues to be addressed:

- Insufficient production, capacity utilisation and indirect phase-out for commercial refrigeration compressor projects (COM); continued production of CFC compressors for domestic refrigeration compressor projects (DOM);
- Oversized capacity of funded equipment for COM projects;
- Difficult search for technology supplier and problems of cooperation and communication;
- Implementation delays for COM projects and first DOM conversion to hydrocarbons;
- Missing government actions for creating favourable incentives for conversion;
- Incorrect data in some PCRs;
- Unclear and insufficient information on overall situation in the sector.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:

1. Take note of the findings and lessons learnt contained in the evaluation report.
2. To request the Government of China to assess the additional needs for non-CFC domestic and commercial refrigeration compressors over and above the capacities already converted which are partly under-utilized. The assessment should take into account the pace of conversion of the refrigeration industry, the existing and future demand for CFC-compressors for servicing purposes, as well as the financial viability of the would be beneficiary enterprises.
3. To consider future proposals in this sector in the light of this assessment;
4. To request SEPA to examine, in cooperation with the World Bank, the possibilities for relocating idle or under-utilized machining centres in commercial refrigeration compressor projects to compressor companies with better prospects for achieving a satisfactory rate of capacity utilization and cost-effectiveness;
5. To request the implementing agencies to monitor continuously the conversion process of ongoing compressor projects and inform the Secretariat and the Executive Committee about any significant deviations in their progress reports;
6. To request the implementing agencies concerned to revise the PCRs and to resubmit them in cases where the evaluation found discrepancies between the PCR and project reality;
7. To urge the relevant implementing agencies to take into consideration the findings and lessons learnt presented in the evaluation report when preparing future proposals for compressor projects.
