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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-third Meeting
Geneva, 5-9 July 2004

PROGRESS REPORT OF BILATERAL COOPERATION

This document includes:

- The Comments and Recommendations of the Fund Secretariat
- The Bilateral Progress Reports of Australia, Canada, Germany, Italy, Sweden and United Kingdom (January - December 2003)

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

Comments

1. The following countries involved in bilateral cooperation activities submitted progress reports (see Annexes I-V): Australia, Canada, Germany, Italy, Sweden (database only) and the United Kingdom. Information was also included on projects cancelled or completed by Belgium, Israel, and Poland based on emails received from these countries. Bilateral agencies also provided data in the progress report database. Bilateral database information is provided in the Consolidated Progress Report that is available on the Fund Secretariat's world wide web site (www.unmfs.org) in the spreadsheet programme, Microsoft Excel XP.
2. Progress reports were not received from Finland, France, Japan, and Switzerland. Data from their previous progress reports or inventory of approved projects are included in the summary table. The Executive Committee may wish to request progress reports from these countries to be submitted to the 44th Meeting in the light of the fact that the progress report of bilateral agencies is the only financial indication of whether or not all of the approved funds were disbursed or if funds should be returned plus interest, where applicable.
3. Additional data from previous progress reports for other countries previously involved in bilateral cooperation is also included in the database (including data for the projects already reported completed by Austria, Denmark, Singapore, South Africa, and the United States of America). These data are included in the Consolidated Progress Report (UNEP/OzL.Pro/ExCom/43/10).
4. Decision 39/18 approved bilateral requests from the Czech Republic, Hungary and the Slovak Republic on the understanding that UNEP would assume full responsibility for reporting on expenditure and implementation of the project. UNEP did not provide data for these countries and the Executive Committee may wish to request UNEP to provide data, in the context of project implementation delays and completed projects with balances, to the 44th Meeting for these countries.
5. Table 1 presents a summary of bilateral cooperation. Over US \$65 million has been approved for bilateral activities. The table indicates that 57 per cent of bilateral activities have been completed. Although most bilateral projects are non-investment projects, bilateral agencies estimate that their projects will result in the total annual phase-out of 4,324 ODP tonnes once completed. Completed bilateral projects have resulted in the phase-out of 764 ODP tonnes. The rate of disbursement on bilateral activities is 66 per cent.

Table 1
ANNUAL SUMMARY OF BILATERAL COOPERATION

Year Approved	Number of Approvals *	Number Completed	Per Cent Completed	ODP to be Phased Out*	ODP Phased Out*	Per Cent of Consumption ODP Phased Out	Approved Funding plus Adjustment (US\$)	Funds Disbursed (US\$)	Per Cent of Funds Disbursed	Balance (US\$)	Estimated Disbursement in Current Year (US\$)	Support Costs Approved (US\$)	Support Cost Adjustments (US\$)
1991	0	0	0%	0	0	0%	0	0	0%	0	0	0	0
1992	18	18	100%	0	0	0%	2,883,669	2,883,669	100%	0	0	0	0
1993	10	10	100%	0	0	0%	1,445,586	1,445,586	100%	0	0	0	0
1994	30	30	100%	229	243	106%	3,221,801	3,190,374	99%	31,427	0	0	0
1995	17	17	100%	234	296	127%	4,925,449	4,654,902	95%	270,547	0	0	0
1996	26	26	100%	218	38	17%	3,513,121	3,423,782	97%	89,339	0	0	0
1997	32	29	91%	154	0	0%	4,239,759	3,274,786	77%	964,973	210,000	1,500	0
1998	40	29	73%	66	21	32%	4,494,352	3,831,567	85%	662,785	419,974	0	0
1999	61	37	61%	586	24	4%	12,972,053	8,904,272	69%	4,067,781	2,167,160	952,433	0
2000	29	11	38%	943	67	7%	4,837,561	4,063,136	84%	774,425	647,718	526,448	0
2001	41	12	29%	1,093	68	6%	7,745,351	4,806,399	62%	2,938,952	1,627,895	896,577	-11,754
2002	64	10	16%	525	0	0%	8,933,499	2,328,208	26%	6,605,291	3,197,321	894,895	87,666
2003	32	0	0%	275	8	3%	6,330,995	267,233	4%	6,063,762	2,545,322	743,180	0
Total	400	229	57%	4,324	764	18%	65,543,196	43,073,913	66%	22,469,283	10,815,391	4,015,033	75,912
*Excludes Closed and Transferred Projects													
Includes Project Preparation													

Implementation delays

6. There are 15 bilateral cooperation projects with implementation delays, after taking into consideration any projects removed from the list per Executive Committee decision. This includes 3 projects from France for which no progress report has been received for the year 2003. These three projects were previously classified as projects with implementation delays for which no report has been provided to the Executive Committee for two consecutive meetings. According to the procedures for project cancellation (Decision 26/2), a report on these projects should be provided to the 44th Meeting to determine if there is any progress toward removing the impediments causing the implementation delays. Table 2 presents, by bilateral agency, those projects with implementation delays for which an updated report will be required for the 44th Meeting.

Table 2

PROJECTS WITH IMPLEMENTATION DELAYS

Correct Code	Agency	Project Title	Category of Delays
KEN/FUM/26/DEM/20	Canada	Methyl bromide replacement demonstration programme	12 month delay
LEB/REF/28/TAS/29	France	Remaining issues for a RMP and preparation of strategy and projects for reduction of CFC emissions in centrifugal chillers	12 month delay
MOR/REF/32/TAS/42	France	Technical assistance for cold storage – Training and demonstration project	12 month delay
SYR/REF/29/INV/56	France	CFC emission reduction in central air conditioning	12 month delay
ALG/FOA/31/INV/44	Germany	Conversion of Algeria Mousse Polyurethane (AMP)	12 month delay
ALG/FOA/32/INV/45	Germany	Conversion of SOFTPM, Choupot Oran, to LCD technology	12 month delay
ALG/FOA/32/INV/46	Germany	Conversion of Matelas Souf to LCD technology	12 month delay
CPR/REF/27/INV/282	Germany	Elimination of CFC-11 and CFC-12 in the manufacture of domestic refrigerators and freezers at China Aerospace Industry Corp. Kunming Refrigerator Factory	12 month delay
IND/FOA/36/INV/350	Germany	Conversion from CFC-11 to water-based technology at Precision Engineering Tools and Components	12 month delay
IND/FOA/36/INV/351	Germany	Conversion from CFC-11 to water-based technology at Pramukh Poly-Products	12 month delay
IND/REF/32/TAS/288	Germany	Preparation of a national strategy to reduce and eliminate the use of CFC refrigerants in the servicing sector	12 month delay
IRA/FOA/34/INV/114	Germany	Conversion of the use of CFC to LCD in the manufacture of flexible foam at Iranogharb	12 month delay
IRA/FOA/35/INV/116	Germany	Conversion of the use of CFC to LCD in the manufacture of flexible foam at Esfanj Jajerood foam company	12 month delay
KEN/FUM/39/INV/33	Germany	Technology transfer leading to methyl bromide phase-out in soil fumigation in all other horticulture (first tranche)	12 month delay
KEN/REF/36/TAS/27	Germany	Project preparation for the RMP update	12 month delay

Highlights from bilateral activities

7. 65 of the 171 ongoing bilateral projects concern refrigerant management plans or their components. 43 projects are investment projects, followed by 22 technical assistance activities, 5 training activities, 15 project preparation activities, 12 halon banking projects, 6 recovery and recycling activities, one demonstration activities and two institutional strengthening activities.

Australia

8. Annex I contains Australia's progress report narrative. Australia is currently implementing 17 projects, 16 of which are Australia's contribution to the Pacific Island Countries Regional Strategy approved by the Executive Committee in January 2002. Australia's component of these projects includes training of refrigeration technicians and customs officers and assistance for enforcing ODS regulations. Australia indicated that all participating countries were reached by the "Good Practices in Refrigeration" workshops. Several countries participated in two regional meetings on the development of ODS regulations. The narrative of the Australian progress report elaborates further on the measures Australia is exploring to accelerate the regulatory processes in the participating countries. It should be noted that several of the countries participating in the PIC have been found to be in non-compliance by the Parties

to the Montreal Protocol including: Marshall Islands (incomplete data), Micronesia (data reporting, Annexes A and E), and Nauru (data reporting and base year). However, countries such as Palau and Vanuatu have returned into compliance.

Activities that are not subject to ongoing monitoring or cancellation

9. The remaining Australian project under implementation is the national halon management and banking programme in India (IND/HAL/32/TAS/281) that was approved in December 2000 and is being jointly implemented with the Government of Canada. The halon management advisory group, the national halon banking operation, was established in New Delhi in 2003 and halon bank operators have received technical training. A national halon database was developed.

Adjustments

10. The Viet Nam project (VIE/REF/20/DEM/14) is a completed project for which a remaining balance is to be returned pending confirmation from UNOPS.

Belgium

11. The Quimica Andina foam project in Bolivia (BOL/FOA/28/INV/10) was cancelled at the 42nd Meeting (Decision 41/15(h)(ii)). The Government of Belgium is waiting final financial information from UNDP concerning the funds to be returned for this cancelled project. Although Bolivia was found to be in non-compliance by the 14th Meeting of the Parties, it has now returned into compliance.

12. The Executive Committee may wish to request UNDP to provide to the 44th Meeting a report on the level of funds returned for this cancelled project in the context of the balances report.

Canada

13. Annex II contains Canada's progress report narrative. Canada is implementing 21 bilateral projects, most of which are associated with RMPs. It has completed 38 additional projects and cancelled one. Ongoing Canadian bilateral projects are expected to result in the phase out of 348.5 ODP tonnes when completed. Canada is implementing RMPs in Benin, Bolivia, Chile, Cuba, Saint Kitts and Nevis and Saint Lucia. Canada is also implementing halon banking projects in India (with Australia) and in the Caribbean, methyl bromide projects in Indonesia and Kenya, a CFC phase-out plan in Jamaica, a methyl bromide technical assistance project in Moldova and a training project in Colombia.

14. Canada's RMP activities in Benin, Bolivia, Cuba and Saint Kitts and Nevis were delayed. Some of these activities are expected to be completed in 2004.

15. The draft code of good practices was finalized in Benin (BEN/REF/32/TAS/10).

16. Canada reported that Bolivia had adopted legislation in March 2004 that would enable its customs training (BOL/REF/36/TRA/19) and recovery and recycling projects (BOL/REF/39/TAS/23) to move forward, but the required legislation in Chile for its recovery and recycling project (CHI/REF/35/TAS/147) had not been adopted and a mission was foreseen to attempt to move the project forward. The Executive Committee may wish to request an additional status report on this project in the context of reports on implementation delays to be submitted to the 44th Meeting.

17. Canada indicates that its ongoing methyl bromide projects in Kenya (KEN/FUM/26/DEM/20) had determined that the diatomaceous earth formulation did not work in Kenya, but that the project would continue to test a grain protectant called Super Actellic and more workshops were planned. A draft agreement has been prepared for Canada's newly approved methyl bromide total phase-out project in Indonesia (IDS/FUM/41/INV/158).

Projects with implementation delays

18. One Canadian bilateral project is classified as a project with implementation delays, namely the methyl bromide project in Moldova (MOL/FUM/30/TAS/06). This project was also classified as a project with implementation delays last year.

Activities in countries found to be in non-compliance

19. Canada is implementing a policy assistance project in St. Kitts and Nevis (STK/REF/24/TAS/04) and a report on this activity can be found in the Status/Prospects of Compliance document (UNEP/OzL.Pro/ExCom/43/6). The Executive Committee may wish to consider requesting an additional status report on the project in the context of projects with implementation delays to be submitted to the 44th Meeting.

Germany

20. Annex III contains Germany's progress report narrative. Germany is implementing 69 bilateral projects, in addition to 62 completed projects and two cancelled projects. 24 of Germany's 69 ongoing projects are investment projects including: 3 foam projects in Algeria, a CFC phase out plan project in Brazil, 2 refrigeration projects in China, 2 foam projects in India, 7 foam projects and a CFC phase out plan project in Iran, a methyl bromide investment project in Jordan, a methyl bromide and solvent project in Kenya, a CFC phase out plan project in Lesotho, Mauritius, Namibia and Papua New Guinea, and a refrigeration project in Tanzania. Germany has ongoing projects that should result in the phase out of 1,875 ODP tonnes when completed.

21. Germany is implementing RMP activities in Angola, Botswana, Egypt, Ethiopia, Gambia, Liberia, Mozambique, Seychelles, Swaziland, Syria and Tanzania. The implementation of Germany's RMP activities is delayed in general between 2 to 4 years.

22. Germany has US \$306,780 in project preparation funds available to it to prepare activities in the following countries: Algeria (phase-out sector), Botswana (refrigeration), Croatia (halon), Cuba (phase-out sector), Ethiopia (refrigeration), Malawi (refrigeration), Morocco (halon),

Mozambique (refrigeration), Tanzania (refrigeration), Uganda (refrigeration), Zambia (refrigeration), and Zimbabwe (phase-out sector). Project preparations have been delayed between 1 to 3.5 years.

Projects with implementation delays

23. Eleven German bilateral projects are classified as projects with implementation delays including the Kunming refrigeration project in China (CPR/REF/27/INV/282), the SOFTPM and Matelas Souf LCD foam projects in Algeria (ALG/FOA/32/INV/45-46).

24. The foam projects in Algeria have continued to experience delays. Germany indicated that a majority of LCD conversions under the Multilateral Fund are performed by one or two major supplier. The supplier plays a crucial role in managing the progress, because in the event of change in technical conditions or contributions of companies, clearance of suppliers is required. However, due to the large number of conversions under UN and bilateral projects, the capacities of the major suppliers to manage, visit and clear installations are reaching the upper limit. Therefore, effective time management and coordination of visits have become difficult to organize and realize and have generally delayed implementation of those projects, especially if for various reasons recipients require specific unforeseen modifications for final installation. This has had an impact on the Algerian projects.

25. Additionally, there were delays at the Algeria Mousse Polyurethane foam project (ALG/FOA/31/INV/44) where the company had to contribute towards installation and materials in order to facilitate the installation of the equipment. There was no progress on the SOFTPM LCD foam project in Algeria (ALG/FOA/32/INV/45), since there continues to be a problem with the delivery of the conveyor system, and the company wants to refit the existing system. There was however some progress on the Matelas Souf foam project to convert to LCD technology (ALG/FOA/32/INV/46) since the conveyor modifications have been completed.

Multi-year agreements

26. Germany is implementing 7 multi-year agreements in Brazil, Iran, Kenya, Lesotho, Mauritius, Namibia and Papua New Guinea. Germany is also implementing 2 multi-year agreements in India for CFC and CTC phase out that were approved in 2004.

Activities in countries found to be in non-compliance

27. Germany is implementing the institutional strengthening project in Angola (ANG/SEV/38/INS/03), a technical assistance project in Ethiopia (ETH/REF/26/TAS/06), and one in Namibia (NAM/REF/26/TAS/06). Angola, Ethiopia, and Namibia that were found to be in non-compliance in decisions of the 14th Meeting of the Parties, were all found to have returned to compliance as at the 15th Meeting of the Parties. Germany is also implementing projects in other countries found to be in non-compliance including Liberia where it is implementing the RMP (LIR/REF/41/TAS/04-06 & 08 & LIR/REF/41/TRA/03), Nigeria where it is implementing the halon bank (NIR/HAL/37/TAS/103), and Papua New Guinea where it is implementing the

terminal phase-out management plan (PNG/PHA/39/INV/05). A report on these activity is found in the Status/Prospects of Compliance document (UNEP/OzL.Pro/ExCom/43/6).

Activities that are not subject to ongoing monitoring or cancellation

28. Germany has three ongoing projects in Egypt that it had transferred funds to UNIDO to implement on its behalf: the national recovery and recycling network project in Egypt (EGY/REF/29/TAS/75), modification of legal provisions project (EGY/REF/29/TAS/74), and the RMP project for the informal sector (EGY/REF/29/TAS/76). Germany indicated that consultations on the continuation of the dormant projects would be conducted with Egypt's NOU in 2004.

29. The RMP update for Kenya (KEN/REF/36/TAS/27) has been delayed due to the country not having implemented the national customs training workshop. The NOU has now confirmed that the customs workshop would take place in June 2004 and Kenya would like to opt for a TPMP instead of an RMP update.

30. The RMP update in Botswana (BOT/REF/39/PRP/07) has been delayed because the NOU is of the opinion that the preparation of the RMP update stage commences only when the RMP is completed.

Multilateral Fund equipment in South Africa

31. Germany indicated that South Africa has been selected as the location for the halon reclamation equipment purchased for the German bilateral project for a regional halon bank in the Eastern and Southern African Networks (AFR/HAL/35/TAS/29). South Africa is not eligible for the receipt of funds from the Multilateral Fund and the 15th Meeting of the Parties requested the Global Environmental Facility to address any ODS phase-out programmes.

32. Germany indicated that the Republic of South Africa did not receive any funding from the Multilateral Fund. Instead, the location had been agreed by the participating countries since the chosen company has based in most of these countries and the location of Johannesburg with good roads to nearby Botswana, Lesotho, Namibia and Zimbabwe is strategic. According to Germany, the equipment would be mobile and would be moved to Ethiopia, the northern-most participating country.

Methyl bromide

33. The methyl bromide phase-out project in Jordan (JOR/FUM/29/INV/54) indicated that phase-out of 108 ODP tonnes or less had been achieved by the project, as required under the Agreement. In 2003, the first season of grafted water melons was successfully concluded and a second season had been started. Farmers, as well as private sector nurseries, had started to use the technology commercially. More activities were being conducted on the introduction of soil solarization and bio-fumigation.

34. Germany reported initial successes in the methyl bromide phase-out project in Kenya (KEN/FUM/39/INV/33) in making the necessary arrangements for an effective implementation of the project including on the required Agreements between the Government of Kenya, GTZ and UNDP respectively. Preparations for purchasing needed equipment and the selection of local consultants have been made.

35. Concerning the methyl bromide project in Yemen (YEM/FUM/41/TAS/21), Germany indicated that despite the fact that the project had been approved in December 2003, a project agreement has been drafted and is under consideration by the Government of Yemen. A field visit had also been conducted in the area of highest MB use and a work plan for 2004 to address the need to meet Yemen's 20 percent reduction step has been elaborated.

RMP for 14 African countries

36. 12 out of 14 countries in the African region for which Germany has been implementing RMPs have completed their national RMP activities. In two countries the technician training, as a component of the national RMP activities, is outstanding and will be completed by July 2004. Three additional countries will complete their customs training by August 2004 and this is part of the regional project for 14 Southern and East African countries.

37. There is still some delay on the completion of legislation that is a condition for the initiation of most project activities for the RMP in Angola (ANG/REF/39/TAS/04), where a draft has been prepared but not approved. There is continued delay in the policy development project in Botswana (BOT/REF/26/TAS/06) due to lack of trainers. Germany indicated that the training of technician's activity had not been completed because the trainers are occupied with their regular courses and have not been able to allot time for the training under the RMP. The trainers have assured the NOU that they have been using the equipment provided under the RMP activity to train the students.

38. There are also delays in the policies and regulations project in Mozambique (MOZ/REF/26/TAS/07). All of the funds for the project were disbursed because, according to Germany, Mozambique requested that funds available for the technician training be transferred as an advance. The training has not taken place and regulations are still awaiting approval. Germany indicated that customs officers have been very proactive trying to implement the draft conditions as set out in the regulations.

Israel

39. Israel has already returned the balance of funds from the International methyl bromide compliance assistance workshop (GLO/FUM/37/TRA/240) and therefore the project can be considered financially completed.

Italy

40. Annex IV contains Italy's progress report narrative. Italy is implementing 7 investment projects that will phase out 440 ODP tonnes when implemented. Italy will complete 4 foam

projects and one for refrigeration in 2004, and both its refrigeration project in China and its methyl bromide investment project in Romania in 2005.

Poland

41. Poland indicated that the Polish contribution to the customs training project that is being implemented by UNDP has been completed and the funds disbursed (VIE/REF/34/TAS/37). Therefore, this project can be considered financially completed.

Sweden

42. Annex V contains Sweden's progress report narrative. Sweden is implementing 9 projects, in addition to two completed projects. The ongoing projects include: a project on illegal trade in Asia, the development and TPMP for Croatia, the development of a licensing system in Laos, two tranches of the national CFC phase-out project in the Philippines with the World Bank, a halon bank in Thailand with the World Bank, a CFC servicing sector plan development in Serbia and Montenegro with UNIDO, and a development of a handbook project in the global region.

Multi-year agreement

43. Sweden is co-implementing agency with the World Bank for the National CFC phase-out plan in the Philippines (PHI/PHA/38/TAS/68 and PHI/PHA/41/TAS/72). Sweden is responsible for technical assistance activities. A project management office was planned to be established in May 2003. The 2002 tranche approved at the 38th Meeting is now projected to be completed 12 months late. Sweden indicates that it disbursed about US \$32,020 of the US \$152,400 approved for this tranche up to the end of 2003 and 3 missions concerning the training of trainers, equipment requirements, and technician certification had been conducted. The Secretariat also notes that the 2003 tranche had no additional comments and none of the US \$166,134 for PHI/PHA/41/TAS/72 had been disbursed up to the end of 2003. The purpose of the 2003 tranche was different from that of the 2002 tranche in that it was intended to assist the project implementation and monitoring unit. Sweden was asked to indicate what activities had taken place in this respect in 2003.

44. Sweden is also implementing the TPMP for Croatia, CRO/PHA/39/TAS/18 with UNIDO. The Secretariat requested additional information on what activities had been undertaken for this project in 2003.

Activities that are not subject to ongoing monitoring or cancellation

45. Sweden is implementing the technical assistance components of the Thai halon bank project (THA/HAL/29/TAS/120). Sweden indicated that it transferred the funds for the project to the World Bank in May 2001, however, no disbursements have been reported to the Secretariat for the last two years.

46. The licensing system development project in Laos (LAO/REF/34/TAS/05) was supposed to have been completed in December 2003. Sweden's progress report indicated that the only remaining activity was the development and distribution of a brochure on the import/export licensing system.

47. The national CFC phase-out servicing sector plan (YUG/PHA/40/PRP/21) is being submitted to the 43rd Meeting. As at the end of December 2003, Sweden had disbursed only US \$8,529 of the US \$65,000 approved to prepare the project. The Secretariat inquired if there may be some return of unused funds from this project, but as of this writing, Sweden has not provided a response.

United Kingdom

48. The United Kingdom's concessional loan project in Mexico (MEX/REF/28/INV/95) was completed in February 2004, but as of the reporting period for this progress report it was still an ongoing project as at 31 December 2003. The United Kingdom had provided a detailed progress report (see Annex V).

49. The project was approved at the amount of US \$500,000 but received greater counterpart funding than originally expected. The UK indicated that to-date repayments have totalled US \$777,857 from the initial investment of funds from the Government, electrical industry and the beneficiaries and there has been 100 per cent repayment of loans. Energy savings were 36 per cent higher than proposed. There are already more than 20 chiller replacement loans in the pipeline for replacement and many more are foreseen, as per a promotion campaign by industry.

RECOMMENDATION

The Executive Committee may wish to:

1. Note with appreciation the progress reports submitted by the Governments of Australia, Canada, Germany, Sweden, and the United Kingdom and the information provided by Belgium, Israel and Poland.
2. Request the Governments of Finland, France, Japan and Switzerland to provide their progress reports to the 44th Meeting of the Executive Committee.
3. Request UNEP to provide progress reports pursuant to Decision 39/18 in the context of project with implementation delays and completed projects with balances to the 44th Meeting.
4. Request the Governments of Canada, France, and Germany to provide reports on the projects with implementation delays to the 44th Meeting of the Executive Committee.

5. Request UNDP to provide to the 44th Meeting of the Executive Committee a report on the level of funds returned for the cancelled project Quimica Andina foam project in Bolivia (BOL/FOA/28/INV/10) on behalf of the Government of Belgium and in the context of the balances report.
6. Monitor the following projects as projects with implementation delays and note their slow progress:
 - (a) Recovery and recycling project in Chile (CHI/REF/35/TAS/19);
 - (b) Assistance in the design of policies and regulations in St. Kitts and Nevis (STK/REF/24/TAS/04) under Canadian implementation; and
 - (c) National recovery and recycling project in Egypt (EGY/REF/29/TAS/75) under German implementation.

Annex I

PROGRESS REPORT OF AUSTRALIA

BILATERAL AGENCIES PROGRESS REPORT - AUSTRALIA

I. Project Approvals and Disbursements

A. Annual Summary Data

As at 31 December 2003, the Executive Committee has approved 26 activities as bilateral contributions from the Government of Australia to the Multilateral Fund. Of the US\$ 1 172 339 approved*, US\$ 848,664 has been disbursed including completed projects. The remainder of the approved funding relates to projects approved in 2000 and 2002. Bilateral contributions on an annual basis are as follows:

<u>Year</u>	<u>Amount (US dollars)**</u>
1992	34 974
1993	4 317
1994	66 800
1995	120 896
1996	423 652
1997	0
1998	0
1999	0
2000	245 700
2001	0
2002	276 000
2003	0
TOTAL	1 172 339

** Adjusted for the return of unutilised funds.

B. Summary Data by Type (CPG, DEM, INS, INV, PRP, TAS, TRA)

Under the Secretariat's classification system, Australia's bilateral activities are distributed among the following types of projects:

Type	Number of Projects	Amount Approved * (US dollars)
Country Programmes	-	-
Demonstration Projects	2	423,652
Institutional Strengthening	-	-
Investment Projects	-	
Project Preparation	-	-
Technical Assistance	20	642 596
Training	3	106 091
TOTAL	26	1 172 339

* Adjusted amount - includes any adjustments for unutilised funds.

II. Project Completions since Last Report

VIE/REF/20/DEM/14: Demonstration project CFC recycling and emissions reduction in the commercial refrigeration sector

In Australia's last annual progress report it was noted that Australia was awaiting the PCR from UNDP for the above project. This PCR is attached to this report and replicates the PCR previously submitted by UNDP, except to the extent that it also cites Australia's involvement in the project.

III. Global and Regional Project Highlights

N/A

IV. Completed and Ongoing Projects

All of the Government of Australia's bilateral activities are considered non-investment projects. Australia notes that, since its last progress report, it agreed to reclassify the *National Halon Management and Banking Programme* that Australia is implementing in cooperation with the Government of Canada (formerly:IND/HAL/32/INV/281) as a non-investment technical assistance project.

Of the 26 approved activities, the Government of Australia has completed 7 and 17 are classified as ongoing. 16 of Australia's ongoing projects consist of Australia's contribution to the Pacific Island Countries Regional Strategy approved by the Executive Committee in January 2002. One project, *Replacement of methyl bromide with non- ozone depleting substances in grain storage: KEN/FUM/21/DEM/12* was cancelled at the 30th Meeting of the Executive Committee and the undisbursed balance of US\$91 869 was returned for reprogramming on 29 June 2000. A Project Cancellation Report was submitted to the 32nd Meeting of the Executive Committee. Another project, *Implementation of the RMP: Programme for the recovery and recycling of CFC 12 refrigerant: VIE/REF/34/TAS/34* was transferred to UNDP for implementation as Australia could not reach agreement with UNDP on implementation modalities.

Brief progress reports on the Government of Australia's 17 ongoing investment activities are provided below.

IND/HAL/32/TAS/281: National Halon Management and Banking Programme

The 32nd Meeting of the Executive Committee approved IND/HAL/32/TAS/281 in December 2000. This project is being implemented jointly with the Government of Canada in India.

The following activities have been completed as planned in 2003:

- Construction of the National Halon Bank facility in New Delhi. Several key halon owners/users from both Government and the private sector obtaining benefit from the facility's reclamation and quality assurance services;
- Installation of the facility's equipment;
- Training of facility personnel in the equipment's operation;
- Establishment of the Halon Management Group/Advisory Forum; and
- Development of the national halon database.

Implementation of the following activities has commenced and are planned for completion in 2004:

- Data collection for input into the national critical halon users database;
- *Fire engineering & system maintenance training courses for large halon owners/users*: course material for technical information seminars and for the training of their service personnel in halon handling best practice (including decommissioning and ongoing servicing and maintenance) are complete and target owner/users have been identified. Technical information seminars and training are yet to be completed;
- *Technical assistance/consultancy services to critical halon users*: individual halon phase out plans for critical users are yet to be completed. Associated technical information seminars and personnel training are to be held in conjunction with above seminars and training for large halon owner/users where appropriate;
- *Technical assistance for the collection, storage and transportation of halon from non-critical users to the Bank*: development and implementation of national program underway; and,
- *Public education and awareness activities*: Ongoing. A significant public awareness activity was undertaken at the major biannual Fire India conference and exhibition in Mumbai, 2-4 February 2004. At the conference, attended by over 1000 delegates from the government and private sectors, several technical presentations were made on: the national halon bank, fire safety and environment protection after the Montreal and Kyoto Protocols, India's revised Fire Codes, halon alternatives, and fire protection equipment maintenance requirements. In addition, brochures promoting the national halon bank and management program were provided to participants.

First disbursements for this project occurred in 2002. As at 31 December 2003, US\$ 108 950 had been disbursed. Please note that the planned completion date for the project has been changed from January 2004 to July 2004.

***FSM/REF/36/TAS/01; FSM/REF/36/TAS/02; KIR/REF/36/TAS/02;
KIR/REF/36/TAS/03; MAS/REF/36/TAS/02; MAS/REF/36/TAS/04;
SOI/REF/36/TAS/02; SOI/REF/36/TAS/04; TON/REF/36/TAS/01 ;
TON/REF/36/TAS/03;TTR/REF/36/TAS/01; TTR/REF/36/TAS/02;
TUV/REF/36/TAS/02; TUV/REF/36/TAS/04; VAN/REF/36/TAS/02;
VAN/REF/36/TAS/04: Regional Strategy for the Implementation of the Montreal Protocol in Pacific Island Countries.***

The 36th Meeting of the Executive Committee approved *the Regional Strategy for the Implementation of the Montreal Protocol in Pacific Island Countries* in March 2002. This project is being jointly implemented by Australia and UNEP. The project is due to be completed in 2005.

Australia is responsible for the following components of this project:

1. training programme for refrigeration technicians including MAC recovery and recycling equipment; and
2. assistance for enforcing ODS regulations and training programme for customs officers.

Seven train-the-trainer workshops on "Good Practices in Refrigeration" were successfully conducted in 2003 completing the first phase of Australia's component of the Regional Strategy. All participating countries were involved in these workshops.

The second milestone “training programme for customs officers” is dependant upon each participating country first implementing appropriate ODS regulations. In that regard:

- model regulations and UNEP publications “ODS Import/Export Licensing Systems – Resource Module” and “Regulations to Control ODS: A Guidebook” were circulated to each country participating in the strategy during 2002;
- a regional meeting of participants in 2003 shared experience to date in developing and implementing the regulations, including lessons learned in identifying the most appropriate legislative instruments and securing political support; and
- country-specific advice on the detail of their ODS Regulations has been provided to each participating country.

The Marshall Islands has shown the most progress to date in developing their regulations. Their Regulations have been approved for public hearing and Cabinet final approval. While Tonga, Palau, the Solomon Islands and Tuvalu have also made some progress, the remaining PICs have made little progress.

The varying degrees of progress made by the respective countries appears to be partly due to the difficulty in securing high level political support and commitment to developing and implementing ODS regulations. Also most of the countries have limited domestic access to people with the necessary legal qualifications and legislative drafting experience.

Australia has sought to address the former issue by raising the project’s profile at ministerial level forums, such as the South Pacific Regional Environment Programme (SPREP) 4th Ministers Forum in September 2003. The record of this Forum noted its support for the project. In regard to the latter issue, Australia is exploring the possibility that an Australian volunteer with legal training may be placed in Kiribati over 2004/2005, during which time the volunteer maybe able to directly assist Kiribati and other participating countries develop their Regulations. Australia is also seeking to identify other options for addressing these delays.

V. Status of Project Preparation, by country

N/A

VI. Administrative Issues (Adjustments and Other Issues)

A. Adjustments

Australia is awaiting:

- UNOPS’s advice as to the balance (including interest) unspent from Australia’s contribution to project *VIE/REF/20/DEM/14*; and
- The Secretariat’s confirmation that both the unspent balance and any interest accrued on that balance should be returned to the Fund.

Upon receipt of this advice, Australia will notify the Secretariat of the timing and amount of monies to be returned to the Fund.

B. Other Issues

Please note that attached excel spreadsheet includes data missing from the 2002 progress report.

Annex II

PROGRESS REPORT OF CANADA

2003 Status on Canada's Bilateral Activities

I. Project Approvals and Disbursements

A. Annual Summary Data

As of December 31st 2003, the Executive Committee has approved 60 activities as bilateral contribution from the Government of Canada to the Multilateral Fund. Of the US \$7,257,897 approved as bilateral contributions from Canada, US \$5,102,176 has been disbursed including completed projects. Bilateral contributions on an annual basis are as follows:

Year	Amount*
1993	\$649,500.00
1994	\$536,270.00
1995	\$50,000.00
1996	\$762,685.00
1997	\$853,950.00
1998	\$548,710.00
1999	\$727,040.00
2000	\$917,251.00
2001	\$878,582.00
2002	\$525,450.00
2003	\$808,459.00
TOTAL	\$7,257,897.00

*Adjusted for the return of unutilized funds

B. Summary Data by type (CPG, DEM, INS, INV,PRP, TAS,TRA)

According to the Secretariat's classification system, Canada's bilateral activities are distributed among the following types of projects:

Type	Number of Projects	Amount Approved (US dollars)*
Country Programmes		
Demonstration Projects	3	\$562,000
Institutional Strengthening		
Investment Projects	7	\$920,020
Project Preparation	2	\$31,075
Technical Assistance	28	\$3,963,720
Training	20	\$1,781,082
TOTAL	60	\$7,257,897

*Adjusted for the return of unutilised funds

II. Project Completion's Since Last Report

Since the last progress report, Canada has financially completed 6 projects.

III. Global and Regional Project Highlights

Benin RMP

Over 150 refrigeration technicians have been trained under this project and equipment has been allocated to training institutions. A draft Code of Good Practice has been developed and is expected to be finalized by mid-2004. In August 2003, a train-the-trainers workshop for customs officers was held with the additional in-kind assistance of a Canadian government expert specializing in the identification and handling of ODS and ODS products.

Bolivia: RMP

Implementation of the training program for refrigeration technicians began in August 2002 and will last until October 2004. Bolivia adopted legislation in March 2004 to control the import of CFCs and other ODS. Additionally, the Bolivian Governmental Ozone Commission has developed a computerized national information system in order to monitor the import and use of ODS. In May 2004, 35 customs officers participated in two train-the-trainers workshops. With ODS control legislation now enacted in Bolivia, planning for further customs training, public awareness and recovery and recycling activities has commenced.

Chile: RMP

Training of technicians was initiated in 2003 and 200 refrigeration technicians have been trained thus far. Approximately 600 more will be trained by October 2004, with another 600 to be trained in 2005. As well, seven local training institutions have been equipped with modern refrigeration servicing equipment. A draft code of good practice for refrigeration technicians in Chile has been developed and will be finalized by November 2004. Comprehensive draft ODS import control legislation has been developed. Canada carried out a mission to Chile with UNEP in May 2004 to impress the importance to high-level government officials the need to move forward with adoption of the legislation as soon as possible. As soon as the legislation is approved, work will begin the recovery and recycling program. UNEP is responsible for carrying out the Training of Customs Officers and Public Awareness components of the RMP.

Colombia: Training of Customs Officers

A train-the-trainers workshop was held in 2003 with the participation of 59 customs and environment officers. ODS identifiers have been purchased and distributed to customs officers in Colombia. Phase II of customs training commenced in February 2004 and includes 3 training workshops for customs officers, ending in May 2004. Phase III will include 4 more workshops and is planned for June – October 2004.

Cuba RMP

This project is nearing finalization. Over 2000 refrigeration technicians and 600 customs officers have been trained. Mobile Air Conditioning recovery and recycling machines were distributed and are being used by bus and train service workshops. A TPMP for Cuba was submitted to the 43rd Meeting of the ExCom by Germany, UNDP, France and Canada.

India: National Halon Bank Management Plan

This project is being implemented in collaboration with Australia. The Canadian component of the project, “installation and operation of a halon recycling/ reclamation facility”, was completed in 2003. This included the acquisition and transport of the equipment, its installation and the training of facility personnel in the equipment’s operation. Additionally, a Halon Management Group / Advisory Forum was established and a national halon database was developed. Canada will work with Australia on the remaining activities to be implemented by Australia in 2004, including data collection for input into the national critical halon users database, fire engineering & system maintenance training courses for large halon owners/users, technical assistance/consultancy services to critical halon users, technical assistance for the collection, storage and transportation of halon from non-critical users to the Bank, and public education and awareness activities.

Jamaica: CFC Terminal Phase-Out Management Plan (TPMP)

The Canadian component of this project (co-implemented by UNDP) includes mostly activities for further training of refrigeration technicians, recovery and recycling and the development of a code of good practice for refrigeration. In total, 153 technicians were trained so far through nine four-day workshops held by four training institutions, between November 2002 and November 2003. A draft Code of Good Practice has been developed to establish standards for the management and servicing of refrigeration and air conditioning equipment. Equipment was also provided to Jamaican refrigeration technicians including 36 recovery machines for stationary installations, 60 recovery pumps for domestic refrigerators and 24 recovery cylinders. For 2002, Jamaica’s CFC consumption, as reported to the Ozone Secretariat, was just under 32 ODP T. Data for 2003 still needs to be finalized but indicates a CFC consumption of 16.2 ODP T. Therefore, Jamaica is clearly surpassing the CFC control targets indicated in its TPMP agreement with the ExCom.

Uruguay: RMP

This project was completed in July 2003. Over 160 refrigeration technicians were trained in good refrigeration practices. Spin-off courses resulted in the training of a further 100 technicians. Three workshops were carried out to train Uruguayan customs officers in the control and monitoring of CFCs and other ODS imports. As well, ODS identification equipment was transferred to the National Customs Office. Assistance was also provided for developing key national policies including legal instruments to enforce the restriction of production and imports of ODS-containing equipment, and to implement the ODS import licensing system. Two decrees were approved: one on the National Programme for the

Gradual Phase-out of the Use of Ozone Depleting Substances and another on the Prior Authorisation System for ODS Import and Export.

IV. Completed and On-going Projects

Of the 60 activities approved to date, 38 have been completed, one closed and the remaining 21 are on-going.

V. Status of Project preparation, by country

n/a

VI. Administrative Issues (Adjustments and Other Issues)

n/a

Annex III

PROGRESS REPORT OF GERMANY

Progress Report 2003 (narrative):

Project status changes in Progress Report 2003 compared to 2002.

Since the last progress report, the Government of Germany has changed the status of the following projects:

Project Number	Project Title	Remarks
ALG/HAL//31/PRP/42	FIN	Project preparation lead to approval of investment project
ASP/HAL/28/TAS/39	FIN	Project preparation and technical assistance lead to regional investment project.
ANG/SEV/34/CPG/02	FIN	CPG led to RMP
EGY/REF/29/TAS/74	ONG from FIN	Reclassified because UNIDO is still implementing contract.
EGY/REF/29/TAS/76	ONG from FIN	Reclassified because UNIDO is still implementing contract.
KEN/FUM/30/PRP/23	FIN	Project preparation lead to approval of investment project
KEN/REF/26/TAS/19	COM	Activities completed
LES/REF/37/PRP/07	COM	Project preparation lead to approval of RMP-Update
MAR/REF/37/PRP/14	COM	Project preparation lead to approval of TPMP
MLW/REF/26/TAS/11	COM	Project completed. PCR submitted.
MOR/FUM/26/DEM/26	FIN	Activities concluded, PCR submitted
NAM/PHA/37/PRP/08	COM	Project preparation lead to approval of TPMP
NAM/REF/26/TAS/06	COM	Project completed. PCR under preparation.
NIR/HAL/34/PRP/87	FIN	Project preparation lead to approval of investment project
SEY/REF/37/PRP/07	COM	Project preparation lead to approval of RMP-Update
SWA/REF/26/TAS/05	COM	Project completed. PCR under preparation.
SWA/REF/37/PRP/06	COM	Project preparation lead to approval of TPMP
UGA/REF/26/TAS/07	COM	Project completed. PCR under preparation.
ZIM/REF/26/TAS/15	COM	Project completed. PCR under preparation.
CPR/SEV/33/PRP/372	FIN	Project completed. No PCR required.
IND/FOA/34/PRP/309	FIN	Project preparation lead to two investment projects.
IRA/FOA/35/PRP/118	FIN	Project preparation lead to approval of national CFC phase out plan
IRA/FOA/37/PRP/154	FIN	Project preparation lead to approval of national CFC phase out plan
LEB/REF/28/TAS/31	FIN	Project completed. PCR submitted.

Project Number	Project Title	Remarks
OMA/HAL/34/PRP/03	FIN ONG	Project preparation finished. Project turned over to World Bank.
PNG/PHA/36/PRP/04	FIN ONG	Project preparation lead to approval of RMP.
YEM/FUM/34/PRP/09	COM ?FIN	Project preparation lead to approval of investment project, first phase
CRO/ARS/36/PRP/16	TRA	Funds transferred to CRO/HAL/39/PRP/19
EUR/SEV/28/TAS/01	FIN	Project completed. PCR submitted.

Annex IV

PROGRESS REPORT OF ITALY

2003 Status on 7 Bilateral Activities

I. Project Approvals and Disbursements

A. Annual Summary Data

As of December 31st 2003, the Executive Committee has approved 7 activities as bilateral contribution from the Government of Italy to the Multilateral Fund. Of the US \$ 5.324.489 approved as bilateral contributions from Italy, US \$ 2.454.567 has been disbursed including completed projects. Bilateral contributions on an annual basis are as follows:

Year	Amount*
2001	3.374.489
2002	1.950.000
2003	-
TOTAL	

*Adjusted for the return of unutilized funds

B. Summary Data by type (CPG, DEM, INS, INV,PRP, TAS,TRA)

According to the Secretariat's classification system, 7 bilateral activities are distributed among the following types of projects:

Type	Number of Projects	Amount Approved (US dollars)*
Country Programmes		
Demonstration Projects		
Institutional Strengthening		
Investment Projects	7	5.324.489
Project Preparation		
Technical Assistance		
Training		
TOTAL	7	5.324.489

*Adjusted for the return of unutilised funds

II. Project Completion's Since Last Report

N/a

III. Global and Regional Project Highlights

N/a.

IV. Completed and On-going Projects

Of the 7 activities approved to date, all are on-going.

V. Status of Project preparation, by country

In China, **ONGOING**

In India, **ONGOING**

In Romania, **ONGOING**

In Yugoslavia, **ONGOING**

VI. Administrative Issues (Adjustments and Other Issues)

N/a

Annex V

PROGRESS REPORT OF THE UNITED KINGDOM

PROGRESS REPORT OF THE UNITED KINGDOM

Mexico Chillers Concessional Lending Pilot Project – UK Progress Report – 2004

1. The Mexico Chillers Concessional Lending Pilot Project is the United Kingdom's only bilateral project. The project was implemented by the World Bank. ExCom has decided that the project has been subsumed into Mexico's National CFC phase-out plan (ExCom Decisions 42/11 and 42/32). As of March 2004, the project should be considered completed and the United Kingdom will make no request of the Executive Committee with regards to the second phase of the project.

Background

2. The project had four primary objectives: (i) to test various loan conditions to finance the replacement of 20 CFC chillers with energy-efficient CFC-free systems; (ii) to assess the sustainability of a revolving fund created by the project; (iii) to reduce technology risks and the uncertainty associated with the level of electricity savings; and (iv) to encourage borrowing for early chiller replacement.
3. The total cost of the project was estimated at US\$2.3million of which \$1million was to be provided as a grant to Mexico by the United Kingdom from its bilateral contribution to the Multilateral Fund. The remaining \$1.3million was to be provided as counterpart funding from two sources: (i) \$1million from the Fideicomiso para el Ahorro de Energía Eléctrica (FIDE), and (ii) \$300,000 co-financing from chiller owners. In addition, FIDE contributed additional \$200,000 solely to fund energy efficiency activities related to the chiller project. The initial grant funds and the funds recovered into the revolving fund were used exclusively for chiller replacements. A limit of US\$120,000 was set as the cost of each chiller replacement. Installation, transport and insurance of chillers were funded by chiller owners.
4. The United Kingdom's Progress Report to the 40th Executive Committee meeting provides further background.
5. The project's achievements were as follows:
 1. The Mexican counterpart (FIDE) funding exceeded by 40% the expected amount (\$700,000 instead of the \$500,000 requested). FIDE's total contribution of \$700,000 included an additional \$200,000 grant for energy efficiency improvements in the chiller system.
 2. The building owners contribution exceeded by 350% the expected amount (\$692,300 instead of the \$153,466 expected), thereby accounting for 34.8% of project costs instead of 13% of project costs expected.
 3. The ODP to be eliminated in the first year was 56% greater than the expected (7.8 tons instead of 5 tons).

4. Twelve (12) chillers were financed instead of the ten (10) expected, with the same grant amount expected to replace ten chillers due to the increased building owner contributions.
 5. Disbursements were made on schedule with 100% disbursement achieved in August 2002 upon payment to suppliers of 15% of the contract sum originally withheld.
 6. 100% of building owners that participated in the program have made their monthly repayment on time.
 7. Based on the successful loan repayment achieved, sufficient funds were accumulated to allow the purchase of an additional two chillers.
 8. Loan conditions in both UDIs (Units of Investments, an inflation-adjusted monetary unit updated daily based on the consumer price index) and US\$ with a 2% interest rate, that permit the sustainability of the revolving fund, were attractive to building owners which proves that a credit programme in this sector is feasible.
 9. Energy savings were 36% higher than proposed (7,387,902kWh/yr instead of 5,423,539kWh/yr proposed)¹.
6. The promising results of this project, not least the fact that 100% of participating building owners made their loan repayments regularly and on time, lend strong support to the Executive Committee considering using the concessional lending approach to financing in future.

¹ These savings are based on the results of in-situ verification tests performed on 9 out of the initial 10 chillers selected to participate in the program.