



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/45/13
4 March 2005

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fifth Meeting
Montreal, 4-8 April 2005

PROJECT IMPLEMENTATION DELAYS

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Overview

1. This document is submitted as a follow-up to decisions taken at previous meetings of the Executive Committee concerning projects with implementation delays. The reports from the implementing and bilateral agencies on projects with implementation delays are available to Executive Committee members upon request.

2. Section I addresses the projects with implementation delays for which reports were requested. Section II addresses the projects for which status reports were requested due to slow implementation. Section III addresses those projects proposed by implementing agencies for cancellation. Finally, Section IV considers the impact of delayed and cancelled projects on compliance.

Section I: Projects with implementation delays

3. Eighty-five ongoing projects were classified as projects with implementation delays, i.e., projects expected to be completed over 12 months late or where disbursement occurred 18 months after project approval. The World Bank had 35 delayed projects, followed by UNIDO with 15; UNDP with 13; UNEP with 8; France with 8; and Germany with 6.

4. Implementing and bilateral agencies categorized the causes for implementation delays associated with these projects according to the seven categories (A to G) of implementation delays.

5. Table 1 reflects all of the reasons for delays provided in the agencies' reports. The total number of reasons for delays exceeds the number of delayed projects because some projects had multiple reasons for delay. Table 1 indicates that most of the reasons for delays are attributable to the beneficiary enterprise (38) and external events (21).

Table 1**CATEGORIES OF IMPLEMENTATION DELAYS, BY AGENCY**

Category		France	Germany	World Bank	UNDP	UNEP	UNIDO	Total
A	Implementing or Executing Agencies	3		15			1	19
B	Enterprise	3		26	3	1	5	38
C	Technical Reasons	1		5	1	2	4	13
D	Government	1		2	4	2	1	10
E	External			17	1	3		21
F	Executive Committee Decisions							
G	Not Applicable	2			4		5	11
N/A	Not Available		6					6

Progress in resolving causes of delays

6. Agencies indicated that there have been varying degrees of progress. Twenty-six of the projects listed with delays at the 44th Meeting have been completed and one project has either experienced progress from one milestone to another or the implementation delay has been removed. This project may be considered back on track and is removed from the future reporting list with the planned completion date indicated in the progress reports submitted to the 43rd Meeting to be used for future assessments of delays.

Projects with some progress

7. Thirty-eight projects were classified as showing some progress, and would continue to be monitored. However, it should be noted that some of these projects approved over three years ago must continue to be monitored pursuant to decision 32/4, and therefore cannot be removed from the list for monitoring regardless of the extent of progress achieved prior to their final completion.

Projects with deadlines

8. Milestones and deadlines were set for three projects at the 44th Meeting. One of these projects was completed, namely the Technical assistance for safety and technical programme to assist SMEs manufacturing aerosol products (Phase I) in India (IND/ARS/29/TAS/244).

9. Table 2 presents a list of those projects with deadlines that are pending a report at the Executive Committee Meeting on the achievement of milestones. If these projects have not been completed, the Committee will note their automatic cancellation.

Table 2**PROJECTS WITH DEADLINES PENDING REPORTS AT THE 45TH MEETING**

Agency	Code	Project Title	Milestones	Action if Milestone Not Achieved
UNDP	IND/ARS/28/INV/221	Phase-out of CFC by substituting HAPs at Syncaps	Project Completion in March 2005	Automatic cancellation
UNEP	GLO/SEV/19/TAS/112	Training modules on management of ODS phase-out in SMEs	Project completion by 1 April 2005 (decision 42/15)	Automatic cancellation

10. UNDP expects to report that the Syncaps aerosol project in India (IND/ARS/38/INV/221) was completed but awaiting the results of a March 2005 mission to confirm the completion.

11. UNEP indicated that it would complete the training materials project (GLO/SEV/19/TAS/112) by the deadline and would bring the final document to the Executive Committee meeting.

12. Letters of possible cancellation were sent to countries and agencies for the following projects listed in Table 3, for which agency progress reports to the 45th Meeting are pending.

Table 3

PROJECTS WITH NO PROGRESS REPORTED TO TWO CONSECUTIVE MEETINGS FOR WHICH MILESTONES AND DEADLINES MAY BE REQUIRED PENDING A REPORT AT THE 45TH MEETING

Agency	Code	Project Title	Comments	Action if No Progress
IBRD	JOR/ARS/31/INV/64	Substitution of CFC-12 for HAPs at the aerosol plant of Arab Chemical Industries	Pending a report at the Meeting	Set milestone and deadline
IBRD	PAK/FOA/23/INV/20	Umbrella project: Conversion to CFC-free technology in the manufacture of rigid polyurethane foam (thermoware)	Pending a report at the Meeting	Set milestone and deadline
IBRD	PAK/FOA/25/INV/25	Terminal umbrella: Conversion to HCFC-141b and water blown technology in the manufacture of rigid polyurethane foam (thermoware)	Pending a report at the Meeting	Set milestone and deadline
UNDP	LIB/FOA/32/INV/05	Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Sebha Unit	Pending a report at the Meeting	Set milestone and deadline
UNDP	LIB/FOA/32/INV/08	Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Ben Ghazi Unit	Pending a report at the Meeting	Set milestone and deadline

13. If, based on the report, it is determined that there has not been any progress since the last meeting, a milestone and deadlines should be agreed by the agency and country concerned and noted by the Executive Committee.

14. The Government of Jordan reported that the Arab Chemical Industries project (JOR/ARS/31/INV/64) had been completed. The Bank is awaiting confirmation of disposal of the CFC-using equipment before it can designate the project completed pursuant to decision 28/2. The Bank expected to receive the certificate of destruction between the time of writing this and the meeting.

15. Concerning the World Bank's thermoware foam projects in Pakistan (PAK/FOA/23/INV/20 AND PAK/FOA/25/INV/25), the Bank indicated that issues pertaining to the remaining machinery installation and after-sale servicing were being resolved with the Government and the supplier, but that the CFCs had been phased out. The Bank indicated that the next milestone for the project would be determined during a February 2005 mission.

16. UNDP's foam project in Libya is addressed in Section IV, "Impact of cancelled and delayed projects on compliance", where UNDP indicates that it will report on the next milestone for the projects based on the results of a scheduled mission.

Projects with no progress—letter of possible cancellation

17. The projects for which no progress is being reported for the first time are indicated in Table 4. Under the existing procedures, the Secretariat will send notices of possible cancellation for these projects.

Table 4

PROJECTS WITH NO PROGRESS

Agency	Code	Project Title	Net Approved Funds (US\$)	Funds Disbursed (US\$)
France	SYR/REF/29/INV/48	Conversion from CFC-11 to HCFC-141b and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at Sarkisian Refrigerators	57,783	0
France	SYR/REF/29/INV/53	Conversion from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at Shoukairi and Co.	33,359	0
France	SYR/REF/29/INV/56	CFC emission reduction in central air conditioning	143,000	8,251
Germany	ALG/FOA/32/INV/45	Conversion of SOFTPM, Choupot Oran, to LCD technology	498,400	480,700
IBRD	PAK/FOA/29/INV/34	Conversion from CFC-11 to water-based technology in the manufacture of rigid polyurethane shoe soles at Jaguar Industries	279,280	0
UNDP	MAL/ARS/19/INV/85	Umbrella project to phase out ODS at SMEs in the aerosol sector	1,486,660	1,183,499
UNEP	ARG/SEV/30/TAS/104	Policy assistance for the design and implementation of an ODS import/export licensing system for Argentina	90,000	38,670
UNIDO	IRA/FOA/28/INV/50	Phasing out ODS in manufacturing of flexible PU slabstock foam through the use of liquid CO ₂ blowing technology at Bahman Plastic Co.	485,929	418,445

18. Implementing agencies agreed with the assessment of no progress for all projects except UNEP's "Policy assistance for the design and implementation of an ODS import/export licensing system for Argentina" (ARG/SEV/30/TAS/104).

Policy assistance project in Argentina (ARG/SEV/30/TAS/104)

19. UNEP reported to the 43rd Meeting that "a last report" had been provided to the national ozone unit (NOU) on this project. UNEP is now reporting to the 45th Meeting that an amendment to the memorandum of understanding (MOU) for the project was planned after the project has been essentially completed. UNEP stated that training and additional equipment would be provided as part of the amendment to the MOU.

20. UNEP confirmed that further training and equipment had not been foreseen in the original project since at the time of its formulation, and specially at the time of the operation of the licensing system, it had not been predicted that there would be a need for equipment (a

server) that would provide security and reliability to users, while at the same time allowing enforceability to effectively prevent illegal trade. In order to operate the equipment, UNEP indicated additional training (capacity building) was needed so that the NOU could take responsibility for operating the equipment.

21. The Secretariat assessed no progress for this project, since it was reported to be almost completed at the 43rd Meeting. UNEP now proposes to extend the project. However, the issue that the Executive Committee may wish to consider is whether these additional activities are eligible in the light of a revised project proposal including modified costs and milestones to be submitted to the 46th Meeting.

22. Table 5 presents those projects for which there may have not been any progress and that are pending a report at the Executive Committee Meeting.

Table 5

PROJECTS PENDING A REPORT AT THE 45TH MEETING THAT MAY HAVE NOT HAD ANY PROGRESS AND MAY BE SUBJECT TO A LETTER OF POSSIBLE CANCELLATION

Agency	Code	Project Title	Comments	Action if No Progress
IBRD	ARG/REF/18/INV/39	Elimination of CFC in the manufacturing plant of domestic refrigerators of Neba S.A.	Pending a report at the Meeting	Letter of Possible Cancellation
UNDP	CUB/ARS/34/INV/18	Phase-out of CFC-12 in the manufacture of insecticides and technical aerosols by conversion to hydrocarbon propellant at CIDT aerosol plant	Pending a report at the Meeting	Letter of Possible Cancellation
UNEP	GLO/SEV/29/TAS/198	Complement for translation and printing of four guidelines and training modules into Arabic, Chinese, French and Spanish	Pending a report at the Meeting	Letter of Possible Cancellation

23. If, based on the report, it is determined that there had not been any progress since the last meeting a letter of possible cancellation should be sent.

24. The Bank indicated that the new ownership of its Neba S.A. refrigeration project in Argentina (ARG/REF/18/INV/39) was negotiating for a date of delivery of equipment from Impianti. The latest information is that there had been a strike at the enterprise. The Bank is expecting an updated implementation schedule from the new owners following a mission scheduled in March 2005.

25. UNDP indicated that a visa difficulty was the reason for the delay in the CIDT aerosol project in Cuba (CUB/ARS/34/INV/18), and that once the training had been completed, the

equipment provider would install the equipment and the project would be finished. UNDP expects to be able to provide a report indicating some progress at the 45th Meeting.

26. UNEP indicated that the final French translation of the guidelines translation project (GLO/SEV/29/TAS/198) would be printed and sent to the Fund Secretariat prior to the 45th Meeting. The Secretariat will report on this at the meeting.

Section II: Projects with Status Reports

27. While institutional strengthening, halon banking, customs training, recovery and recycling, and demonstration projects are not subject to procedures for project cancellation, the Executive Committee nevertheless also decided to continue to monitor them, as appropriate (decision 36/14 (b)).

28. Agencies provided these additional status reports and, given the fact that the annual progress reports would be submitted to the 46th Meeting, no additional status reports are required.

Thai halon banking project

29. In the context of monitoring the halon banking project in Thailand through additional status reports, the World Bank informed the Executive Committee in its report to the 44th Meeting that Thailand had determined to have an Electronic Clearinghouse in lieu of a physical halon bank that was included as part of the project approved by the Executive Committee (THA/HAL/29/TAS/121). The Bank indicated that a mission was planned in late October 2005 to determine the next steps in the project.

30. The Bank reported that, in order for the country to address the phase-out of halon, it had retained an international consultant to provide, *inter alia*, other options for the waste disposal of contaminated halons. The consultant was scheduled to report in February 2005.

31. As mentioned in the Secretariat's comments on this project to the 44th Meeting of the Committee, there appears to be a need to have the Executive Committee address the change in approach for this project, since the Bank indicated that there would be no need for a physical bank, despite the fact that most of the funds for the project were for a physical bank. Some funds may therefore need to be returned. The original proposal included US \$207,500 for a central reclamation centre and US \$13,250 for operating costs for the World Bank's component of the project. The Swedish component (US \$200,000) was for technical assistance and training.

32. The Executive Committee may wish to request the World Bank to submit a revised project proposal to the 46th Meeting, including modified costs and milestones, before proceeding with this project in the light of the proposed change to the originally approved project.

Section III: Projects proposed for possible cancellation at the 45th Meeting

33. Projects are cancelled either through mutual agreement between the implementing agencies and the country concerned or through the procedures for project cancellation that lead to automatic cancellation of projects if milestones and deadlines are not met. Project preparation

and some technical assistance activities are cancelled as suggested by implementing agencies and the Secretariat.

Cancellations through mutual agreement

34. There are two projects for which cancellation had been agreed between the country and the implementing agency concerned. The reasons for project cancellation are specified in decision 40/16 (b) so that the Executive Committee can take them into account in its decisions on project cancellation. Phase-out was recorded for these projects pursuant to decision 39/13, para. (b).

Table 6

PROJECTS PROPOSED FOR CANCELLATION BY MUTUAL AGREEMENT

Agency	Code	Project Title	Net Approved Funds (US \$)	Funds Disbursed (US \$)	Reason for Cancellation	ODP Phased Out
France	IRA/SEV/26/TAS/36	Small and medium enterprises study	75,000	20,000	Project no longer needed due to approval of a national ODS phase-out plan	0
UNIDO	MDN/ARS/32/INV/17	Phase-out of CFC 11/12 in the manufacture of aerosols by conversion to HFC and hydrocarbon propellants at Alkaloid A.D.	110,000	86,271	The company stopped aerosol production.	25

Section IV: Impact of cancelled and delayed projects on compliance

35. There may be some impact on compliance from the cancellation of projects. There are currently two foam projects in Libya that may have some impact on compliance in light of the fact that Libya has time-specific benchmarks to achieve in accordance with the action plan for returning into compliance that had been approved by the Fifteenth Meeting of the Parties (decision XV/36). Those projects are: Flexible polyurethane foam project at Sebha Unit in Libya (LIB/FOA/32/INV/05) to phase-out 26 ODP tonnes, and the Flexible polyurethane foam project at Ben Ghazi Unit (LIB/FOA/32/INV/08) to phase-out 31 ODP tonnes. UNDP has reported that, after several attempts, the Government had cleared a UNDP/UNOPS mission in March 2005, at which time the delays associated with these two foam projects may be resolved. Based on the procedures for project cancellation, UNDP and Libya are to agree on milestones and deadlines for these projects. UNDP indicated that it would report on these projects at the 45th Meeting.

RECOMMENDATIONS

The Executive Committee may wish to consider:

1. Noting with appreciation the reports submitted to the Secretariat on projects with implementation delays by France, Germany and the four implementing agencies as contained in the document on project implementation delays (UNEP/OzL.Pro/ExCom/45/13);
2. Noting that the Secretariat and implementing agencies would take established actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress, and report and notify governments and implementing agencies as required [including after hearing a report at the current meeting some progress at the CIDT aerosol project in Cuba (CUB/ARS/34/INV/18) under UNDP implementation];
3. Noting the completion of 26 of the 85 projects listed with implementation delays [including after hearing reports at the current meeting Syncap aerosol project in India (IND/ARS/28/INV/221) under UNDP implementation, the Training modules on SMEs (GLO/SEV/19/TAS/112) under UNEP implementation, the Arab Chemical Industries aerosol project in Jordan (JOR/ARS/31/INV/64) under World Bank implementation, and the Translation of guidelines (GLO/SEV/29/TAS/198) under UNEP implementation];
4. Adopting the milestones and deadlines indicated in the following table:

Agency	Code	Project Title	Milestones
UNDP	LIB/FOA/32/INV/05	Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Sebha Unit in Libya	Pending a report at the Meeting
UNDP	LIB/FOA/32/INV/08	Phase-out of CFC-11 by conversion to methylene chloride in the manufacture of flexible polyurethane foam at Ben Ghazi Unit in Libya	Pending a report at the Meeting
World Bank	PAK/FOA/23/INV/20	Umbrella project: Conversion to CFC-free technology in the manufacture of rigid polyurethane foam (thermoware) in Pakistan	Pending a report at the Meeting
World Bank	PAK/FOA/25/INV/25	Terminal umbrella: Conversion to HCFC-141b and water blown technology in the manufacture of rigid polyurethane foam (thermoware) in Pakistan	Pending a report at the Meeting

5. Requesting UNEP to submit a revised project proposal before any further activities for the project "Policy assistance for the design and implementation of an ODS import/export licensing system for Argentina (ARG/SEV/30/TAS/104)", for consideration at the 46th Meeting of the Executive Committee, that would include revised costs and project milestones in the light of current guidelines and precedents;

6. Noting that letters of possible cancellation should be sent for the following projects:

Agency	Code	Project Title	Comment
France	SYR/REF/29/INV/48	Conversion from CFC-11 to HCFC-141b and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at Sarkisian Refrigerators in Syria	As agreed by the Secretariat and agency.
France	SYR/REF/29/INV/53	Conversion from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at Shoukairi and Co. in Syria	As agreed by the Secretariat and agency.
France	SYR/REF/29/INV/56	CFC emission reduction in central air conditioning in Syria	As agreed by the Secretariat and agency.
Germany	ALG/FOA/32/INV/45	Conversion of SOFTPM, Choupot Oran, to LCD technology in Algeria	As agreed by the Secretariat and agency.
IBRD	PAK/FOA/29/INV/34	Conversion from CFC-11 to water-based technology in the manufacture of rigid polyurethane shoe soles at Jaguar Industries in Pakistan	As agreed by the Secretariat and agency.
UNDP	MAL/ARS/19/INV/85	Umbrella project to phase out ODS at SMEs in the aerosol sector in Malaysia	As agreed by the Secretariat and agency.
UNIDO	IRA/FOA/28/INV/50	Phasing out ODS in manufacturing of flexible PU slabstock foam through the use of liquid CO ₂ blowing technology at Bahman Plastic Co. in Islamic Republic of Iran	As agreed by the Secretariat and agency.
IBRD	ARG/REF/18/INV/39	Elimination of CFC in the manufacturing plant of domestic refrigerators of Neba S.A. in Argentina	After hearing a report at the current meeting.

7. Requesting the World Bank to submit a revised project proposal before any further activities for the Halon banking project in Thailand (THA/HAL/29/TAS/121) take place that would specify the modified costs and project milestones for consideration at the 46th Meeting of the Executive Committee in the light of current guidelines and precedents; and

8. Noting the cancellation by mutual agreement between the agency and country concerned of the following projects:

- (a) Small and medium enterprises study (IRA/SEV/26/TAS/36) in Islamic Republic of Iran, implemented by France, for which US \$20,000 had been disbursed as at the end of 2003 out of the US \$75,000 approved for the project. The reason for cancellation being that the project was no longer needed due to the approval of a national ODS phase-out plan; and
- (b) Phase-out of CFC 11/12 in the manufacture of aerosols by conversion to HFC and hydrocarbon propellants at Alkaloid A.D. (MDN/ARS/32/INV/17) in Macedonia, implemented by UNIDO, for which US \$86,271 had been disbursed as at the end of 2003 out of the US \$110,000 approved for the project. The reason for cancellation being that the company had stopped aerosol production.
