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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fiftieth Meeting  
New Delhi, 6-10 November 2006

**PAPER ON ISSUES RELATED TO PROJECT COMPLETION DATE AND FUND  
DISBURSEMENT RAISED IN PARAGRAPHS (B) AND (G) OF DECISION 49/12**

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## **Introduction**

1. At its 49<sup>th</sup> Meeting during the consideration of the World Bank's progress report, the Executive Committee requested:

- (b) "That the World Bank define completion dates according to the completion of activities associated with annual tranches and submit them to the Executive Committee for approval at its 50<sup>th</sup> Meeting for those annual tranches for which funds still had to be disbursed;
- (g) That in future progress reports the World Bank report on disbursement of funds for multi-year phase-out agreements, in particular in China, according to the definition of "funds disbursed" established in the progress report guidelines, which should also form the basis for reporting on all projects; and
- (h) The Secretariat, in cooperation with the implementing agencies, to prepare a paper for submission to the 50<sup>th</sup> Meeting of the Executive Committee on the issues raised in subparagraphs (b) and (g) above" (decision 49/12).

2. This paper addresses the request in decision 49/12 stated above and concludes with recommendations for the consideration of the Executive Committee.

## **Completion dates**

3. The World Bank is the only implementing agency that had not complied with decision 47/50(b)(ii) with respect to completion dates that reflect the completion of activities and was requested in decision 49/12(b) to submit completion dates for annual tranches. Completion dates provided by the other implementing agencies are used in the current systems for monitoring delayed projects and agreements.

4. The Bank has submitted completion dates to the Fund Secretariat as contained in Annex I. The Bank has proposed 2009 and 2010 completion dates for the remaining 55 tranches that were either ongoing or re-categorized as ongoing as per decision 49/12(b), as well as a completion date of 2012 for the methyl bromide project in Thailand. The new dates provided are, according to the Bank, the best estimate of when these tranches could be completed in line with decision 47/50 taking into account that activities covered by tranches often overlap, are the same in some cases, or may be modified during implementation through the agreement's flexibility clause. All but two of the proposed dates are scheduled for 2010 or 2011. This would make it very difficult to monitor these projects in advance of the 2010 or 2011 completion dates when it may be too late to take any actions to facilitate implementation.

5. The proposed completion dates would not enable the effective implementation of decision 47/50(b)(ii) because it is likely that they would not be useful for initiating additional monitoring of agreements with difficulties until 2010 or after 2010. Moreover, without additional reports on agreements with difficulties, the number of progress reports submitted on

most of the Bank's agreements would be reduced to a maximum of two to three reports for the duration of the agreements that are due for completion in 2009 and 2010.

6. In its submission on this issue to the Secretariat, the Bank reiterated its position held since the inception of multi-year agreements that completion dates for annual tranches should be when the country achieves the performance target agreed with the Executive Committee. Implementing agencies in general consider individual tranches as additional infusions of grant funding for the overall implementation of the sector or national plan in return for achieving the scheduled ODS consumption and production targets. The Secretariat maintains its position that was adopted in decision 47/50(b)(ii), and is being implemented by the other implementing agencies, that the monitoring tools can be used to assist agencies and countries in removing impediments to the implementation of activities in multi-year agreements.

7. It should be noted that at its 49<sup>th</sup> Meeting, the Executive Committee also decided:

“To request the Fund Secretariat, in cooperation with bilateral and multilateral implementing agencies, to develop an appropriate reporting format for the tracking of cumulative progress achieved in the annual work programmes, summarizing in standardized overview tables the information requested in decision 47/50, with a view to simplifying and rationalizing the overall reporting requirements and to report back to the 51<sup>st</sup> Meeting of the Executive Committee...” (decision 49/6(e)).

8. In the report to the 51<sup>st</sup> Meeting, the Fund Secretariat and the implementing agencies might also address innovative approaches for monitoring delays in multi-year agreements with implementation difficulties.

### **Definition of Funds Disbursed**

9. The current system of recording funds disbursed instead of commitments or expenditures was initiated on the basis of an issue raised by the World Bank about the comparability of its data with those of other agencies. At its 20<sup>th</sup> Meeting, noting that problems of comparability had occurred in that the World Bank reported funds disbursed as actual expenditures, while the three United Nations agencies reported them as actual expenditures plus obligations, the Executive Committee decided:

“That ‘funds disbursed’, as reported in the progress reports by the implementing agencies to the Executive Committee, were actual recorded expenditures, not including unliquidated obligations” (decision 20/13(a)).

10. The Bank indicated to the Fund Secretariat that funds reported as disbursed for multi-year agreements in China were those transferred to the country in accordance with established criteria for releasing funds and with the reporting requirements for the World Bank in multi-year agreements between China and the Executive Committee, instead of actual expenditures disbursed to financial beneficiaries as required by decision 20/13(a). Transfers from an agency to a country for national execution have been a feature of the Multilateral Fund since its inception in 1991, but they have never been recorded as funds disbursed until there was a final payment of the actual costs incurred.

11. The Bank indicated that the agreements approved by the Executive Committee did not specifically require reporting of disbursements according to decision 20/13(a) but rather arranged for the release of funds for the agreement according to agreed performance targets. The Bank indicated that it was consulting its legal advisors with respect to any changes it would need to make to report according to decision 20/13(a).

12. As this would lead to inconsistency of reporting, the Fund Secretariat raised the issue at the 49<sup>th</sup> Meeting at which the Committee adopted decision 49/12(g) to ensure the integrity of the Multilateral Fund's system for consistency in financial reporting among its implementing agencies. The Executive Committee may wish to request the World Bank to provide the information on the amount of funds transferred to a country for applicable multi-year agreements in the context of its remarks on each annual tranche, while reasserting the need for the consistent application of "funds disbursed" as defined at the 20<sup>th</sup> Meeting in decision 20/13(a).

## **RECOMMENDATIONS**

13. The Executive Committee may wish to consider:

- (a) Noting the Paper on issues related to project completion dates and fund disbursement raised in paragraphs (b) and (g) of decision 49/12 as contained in document UNEP/OzL.Pro/ExCom/50/55;
- (b) Requesting the Fund Secretariat and the implementing agencies to address at the 51<sup>st</sup> Meeting (see paragraph 8), in the context of the document to be prepared in response to decision 49/6(c), innovative approaches for monitoring and reporting delays in multi-year agreements, including any implementation difficulties; and
- (c) Requesting the World Bank to provide the information requested for applicable multi-year agreements on the amount of funds transferred to a country in the context of its remarks on each annual tranche, while reasserting the need for the consistent application of "funds disbursed" as defined at the 20<sup>th</sup> Meeting in decision 20/13(a).

Annex I

PROPOSED COMPLETION DATES OF THE WORLD BANK

Status	NEW Status	Project Title	Project Code	Date Approved	Date of Completion per Proposal	NEW Planned Date of Completion Dec. 49/12	Date Completed (Actual)
ONG		CFC phase-out management plan	ANT/PHA/44/INV/10	Dec-04	Dec-06	<b>Dec-09</b>	
ONG		National CFC phase-out plan: 2006 work programme	ARG/PHA/47/INV/148	Nov-05	Dec-06	<b>Dec-09</b>	
COM	<b>ONG</b>	Terminal phase-out management plan: 2004-2005 biennial programme	BHA/PHA/44/INV/12	Dec-04	Dec-05	<b>Dec-07</b>	Dec-05
COM	<b>ONG</b>	National CFC phase-out plan: first tranche	ECU/PHA/41/INV/32	Dec-03	Dec-04	<b>Dec-09</b>	Apr-05
ONG		National CFC phase-out plan: 2005 annual programme	ECU/PHA/45/INV/36	Apr-05	Apr-06	<b>Dec-09</b>	
ONG		National CFC phase-out plan: 2005 annual programme	ECU/PHA/49/INV/37	Jul-06		<b>Dec-09</b>	
COM	<b>ONG</b>	CTC phase-out plan for the consumption and production sectors: 2004 work programme	IND/PHA/42/INV/373	Apr-04	Apr-05	<b>Apr-10</b>	Apr-05
ONG		CTC phase-out for the consumption and production sectors: 2005 annual programme	IND/PHA/45/INV/386	Apr-05	Apr-06	<b>Apr-10</b>	
ONG		CTC phase-out for the consumption and production sectors: 2006 annual programme	IND/PHA/49/INV/400	Jul-06		<b>Apr-10</b>	
COM	<b>ONG</b>	National CFC phase-out plan: 2002 Annual Programme	MAL/PHA/35/INV/145	Dec-01	Dec-02	<b>Dec-10</b>	Dec-02
COM	<b>ONG</b>	National CFC phase-out plan: release of second tranche for implementation of the 2002 annual plan	MAL/PHA/37/INV/147	Jul-02	Aug-03	<b>Dec-10</b>	Aug-03
COM	<b>ONG</b>	National CFC phase-out plan: 2003 annual work programme	MAL/PHA/40/INV/149	Jul-03	Jul-04	<b>Dec-10</b>	Dec-04
COM	<b>ONG</b>	National CFC phase-out plan: 2004 annual programme	MAL/PHA/44/INV/154	Dec-04	Dec-05	<b>Dec-10</b>	Dec-05
ONG		National CFC phase-out plan: 2005 annual programme	MAL/PHA/47/INV/156	Nov-05	Dec-06	<b>Dec-10</b>	
ONG		National CFC phase-out plan: 2006 annual programme	MAL/PHA/49/INV/157	Jul-06	Jul-07	<b>Dec-10</b>	
ONG		National CFC phase-out plan: 2005 work programme	MEX/PHA/45/INV/124	Apr-05	Apr-07	<b>Apr-07</b>	
COM	<b>ONG</b>	National CFC phase out plan: manufacturing sector (first tranche)	PHI/PHA/38/INV/69	Nov-02	Dec-03	<b>Dec-10</b>	Dec-03
COM	<b>ONG</b>	National CFC phase-out plan (manufacturing sector): 2004 annual programme	PHI/PHA/41/INV/71	Dec-03	Dec-04	<b>Dec-10</b>	Dec-04
COM	<b>ONG</b>	National CFC phase-out plan: 2005 annual programme	PHI/PHA/44/INV/75	Dec-04	Dec-05	<b>Dec-10</b>	Dec-05
ONG		National CFC phase-out plan: 2006 annual programme	PHI/PHA/47/INV/79	Nov-05	Dec-06	<b>Dec-10</b>	
COM	<b>ONG</b>	National CFC phase-out plan: release of second tranche for implementation of the 2002 annual plan	THA/PHA/37/INV/138	Jul-02	Aug-03	<b>Dec-10</b>	Dec-03
COM	<b>ONG</b>	National CFC phase-out plan: 2003 annual programme	THA/PHA/41/INV/140	Dec-03	Dec-04	<b>Dec-10</b>	Mar-04
COM	<b>ONG</b>	National CFC phase-out plan: 2004 annual programme	THA/PHA/42/INV/141	Apr-04	Apr-05	<b>Dec-10</b>	Apr-05
ONG		National CFC phase-out plan: 2005 annual programme	THA/PHA/45/INV/144	Apr-05	Apr-06	<b>Dec-10</b>	
ONG		National CFC phase-out plan: 2006 annual programme	THA/PHA/48/INV/146	Apr-06	Apr-07	<b>Dec-10</b>	
COM	<b>ONG</b>	Total phase out of CFCs plan: 2003 annual programme	TUR/PHA/38/INV/79	Nov-02	Dec-03	<b>Dec-09</b>	Dec-03
COM	<b>ONG</b>	Total phase-out of CFCs plan: 2004 annual programme	TUR/PHA/41/INV/81	Dec-03	Dec-04	<b>Dec-09</b>	Dec-04

## Annex I

Status	NEW Status	Project Title	Project Code	Date Approved	Date of Completion per Proposal	NEW Planned Date of Completion Dec. 49/12	Date Completed (Actual)
COM	<b>ONG</b>	Total phase-out of CFCs plan: 2005 annual programme	TUR/PHA/44/INV/85	Dec-04	Dec-05	<b>Dec-09</b>	Dec-05
ONG		National CFC and halon phase-out plan (first tranche)	VIE/PHA/45/INV/45	Apr-05	Apr-07	<b>Apr-10</b>	
ONG		National CFC and halon phase-out plan (first tranche)	VIE/PHA/49/INV/47	Jul-06		<b>Apr-10</b>	
COM	<b>ONG</b>	Sector plan for halon phase-out in China: 2004 annual programme	CPR/HAL/41/INV/404	Dec-03	Dec-04	<b>Dec-09</b>	Dec-04
COM	<b>ONG</b>	Sector plan for halon phase-out in China: 2005 annual programme	CPR/HAL/44/INV/423	Dec-04	Dec-05	<b>Dec-09</b>	Nov-05
ONG		Sector plan for halon phase-out in China: 2006 annual programme	CPR/HAL/47/INV/433	Nov-05	Dec-06	<b>Dec-09</b>	
COM	<b>ONG</b>	CFC production closure plan (first tranche)	ARG/PRO/38/INV/133	Nov-02	Dec-03	<b>Dec-09</b>	Dec-03
COM	<b>ONG</b>	Strategy for gradual phase-out of CFC-11 and CFC-12 production: 2004 annual programme	ARG/PRO/44/INV/141	Dec-04	Dec-05	<b>Dec-09</b>	Dec-05
ONG		Strategy for gradual phase-out of CFC-11 and CFC-12 production: 2005 annual programme	ARG/PRO/45/INV/143	Apr-05	Apr-06	<b>Dec-09</b>	
ONG		Strategy for gradual phase-out of 1,1,1-trichloroethane (TCA) production (first stage programme)	CPR/PRO/43/INV/417	Jul-04	Jul-08	<b>Dec-10</b>	
ONG		Sector plan for CFC production phase-out: 2005 annual programme	CPR/PRO/45/INV/428	Apr-05	Dec-05	<b>Dec-10</b>	
ONG		Sector plan for CFC production phase-out: 2006 annual programme	CPR/PRO/48/INV/443	Apr-06	Apr-07	<b>Dec-10</b>	
COM	<b>ONG</b>	CFC production sector gradual phase-out: 2004 annual programme	IND/PRO/42/INV/372	Apr-04	Apr-05	<b>Apr-10</b>	Jan-05
ONG		CFC production sector gradual phase-out: 2005 annual implementation plan	IND/PRO/45/INV/390	Apr-05	Apr-06	<b>Apr-10</b>	
ONG		CFC production sector gradual phase-out: 2006 annual implementation plan	IND/PRO/48/INV/397		Apr-07	<b>Apr-10</b>	
COM	<b>ONG</b>	Phased reduction and closure of the entire CFC production: 2004 annual programme	VEN/PRO/44/INV/101	Dec-04	Dec-05	<b>Dec-08</b>	Dec-05
ONG		National CFC production closure plan (second tranche)	VEN/PRO/46/INV/106	Jul-05	Jul-06	<b>Dec-08</b>	
ONG		National CFC production closure plan (third tranche)	VEN/PRO/48/INV/107	Apr-06	Apr-07	<b>Dec-08</b>	
COM	<b>ONG</b>	Sector plan for phase-out of CFC-11 in the China foam sector: 2003 annual programme	CPR/FOA/38/INV/396	Nov-02	Dec-03	<b>Dec-10</b>	Dec-03
COM	<b>ONG</b>	Sector plan for phase-out of CFC-11 in the China foam sector: 2004 annual programme	CPR/FOA/41/INV/405	Dec-03	Dec-04	<b>Dec-10</b>	Dec-04
COM	<b>ONG</b>	Sector plan for phase-out of CFC-11 in the China foam sector: 2005 annual programme	CPR/FOA/44/INV/424	Dec-04	Dec-05	<b>Dec-10</b>	Dec-05
ONG		Sector plan for phase-out of CFC-11 in the China foam sector: 2006 annual programme	CPR/FOA/47/INV/434	Nov-05	Dec-06	<b>Dec-10</b>	
COM	<b>ONG</b>	Phase-out of residual CFCs in the foam sector (advancement)	IDS/FOA/42/INV/160	Apr-04	Dec-05	<b>Dec-09</b>	Dec-05
ONG		Indonesia: Phase-out of residual CFCs in the foam sector (second tranche)	IDS/FOA/48/INV/172	Apr-06	Apr-07	<b>Dec-09</b>	
ONG		Process agent sector plan (phase I): 2005 annual programme	CPR/PAG/46/INV/432	Jul-05	Jul-06	<b>Jul-10</b>	
ONG		Sector plan for phase-out of ODS process agent applications (phase II) and corresponding CTC production (first tranche)	CPR/PAG/47/INV/437	Nov-05	Dec-10	<b>Dec-10</b>	
ONG		Process agent sector plan (phase I): 2006 annual programme	CPR/PAG/48/INV/440	Apr-06	Apr-07	<b>Jul-10</b>	
ONG		Sector plan for phase-out of ODS process agent applications (phase II) and corresponding CTC production: 2006 annual programme	CPR/PAG/48/INV/441	Apr-06	Apr-07	<b>Dec-10</b>	

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COM	<b>ONG</b>	Sector phase-out plan for elimination of CFCs in the refrigeration (MAC servicing) sector: 2004 annual programme	IDS/REF/41/INV/156	Dec-03	Dec-04	<b>Dec-09</b>	Dec-04
COM	<b>ONG</b>	Phase-out of CFCs in the refrigeration sector (MAC) (third tranche)	IDS/REF/44/INV/165	Dec-04	Dec-05	<b>Dec-09</b>	Dec-05
ONG		Phase-out of CFCs in the refrigeration sector (MAC) (third tranche)	IDS/REF/48/INV/173	Apr-06	Apr-07	<b>Dec-09</b>	
ONG		Total phase-out of CFCs plan: 2006 annual programme	TUR/REF/47/INV/87	Nov-05	Dec-06	<b>Dec-09</b>	
ONG		National methyl bromide phase-out plan (first tranche)	THA/FUM/44/INV/143	Dec-04	Dec-06	<b>Dec-12</b>	

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