EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sub-Committee on Monitoring, Evaluation and Finance
Twentieth Meeting
Montreal, 14 -15 July 2003

PROVISIONAL ANNOTATED AGENDA

1. **Adoption of the agenda and organisation of work**

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

2. **Final report on the evaluation of the halon sector**

   Document UNEP/OzL.Pro/ExCom/40/8 presents the findings and recommendations resulting from evaluation missions to five Article 5 countries (P.R. China, India, Brazil, Venezuela and Malaysia) and to UNEP/DTE. Its structure reflects the heterogeneous composition of projects in the halon sector. A number of completed and some on-going projects in all areas of the Fund’s intervention in the sector were analyzed. For the first time, sector plans (in China and India) were evaluated. The results presented pertain only to what has been so far achieved since the implementation of these plans is still ongoing. The same applies for on-going technical assistance and halon banking projects as well as UNEP’s current activities in support of halon phase-out.

   **Issues to be addressed:**

   - Evaluation Approach;
   - Halon Production Sector Phase-out;
   - Fire Extinguisher and System Manufacturers;
   - Development and Revision of National Standards and Codes of Practice;
   - Halon Banking, Recovery and Recycling (HBR&R); and
   - Halon-related Activities Implemented by UNEP.
Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to take note of the information provided in Document UNEP/OzL.Pro/ExCom/40/8, including the recommendations which are aimed at the countries visited and the implementing agencies with respect to enhancing the implementation of on-going projects.

3. Desk study on the evaluation of the implementation of CFC-production sector agreements

Document UNEP/OzL.Pro/ExCom/40/9 presents the results of a desk study on the implementation of CFC-Production Sector Agreements. It describes the main features of the agreements, the modalities of their implementation, the results achieved so far and their verification. At the end, issues for further analysis during field evaluation missions are identified.

Issues to be addressed:

- Implementation modalities of CFC production sector agreements;
- Content and procedures of annual verification reports;
- Result achieved so far and prospects for sustainability; and
- Issues proposed for further analysis during field evaluation missions.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to take note of the information provided in Document UNEP/OzL.Pro/ExCom/40/9, including the proposed evaluation issues for further analysis during field evaluation missions.

4. Sources of information on procurement procedures of implementing agencies: follow-up to Decision 39/11 (b)

Document UNEP/OzL.Pro/ExCom/40/10 describes, as requested in Decision 39/11 (b), in some detail the procedures used by implementing agencies in establishing and using rosters of potential supplier companies and consultants.

Issues to be addressed:

- Rosters presently used by the implementing agencies;
- Registration procedures for new supplier companies and consultants; and
- Sources of information and citations provided by the implementing agencies.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to take note of the information provided in Document UNEP/OzL.Pro/ExCom/40/10.
5. **Revised resource allocation for the 2003-2005 triennium (Decision 39/5)**

Document UNEP/OzL.Pro/ExCom/40/11, Add.1 and Add.2: provides information on additional business plans and amendments received from contributing Parties since 39th Meeting and resource availability to maintain momentum and accelerate ODS phase-out, as follow-up to Decision 39/5 (f-i).

**Issues to be addressed:**

- Additional bilateral activities since 39th Meeting

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

1. To note with appreciation the 2003-2005 business plan letters submitted by the Governments of Spain and the United States of America and the amendments to the 2003-2005 business plans of Canada, the Czech Republic, France, Germany and Hungary as contained in UNEP/OzL.Pro/ExCom/40/11, Add.1 and Add.2.

2. To redeploy US $7.9 million from the bilateral allocation to a funding window for maintaining momentum and accelerating ODS phase-out.

6. **Secretariat’s proposal on criteria for project funding to accelerate phase-out and/or to maintain momentum (Decision 39/6 (c) (ii))**

Document UNEP/OzL.Pro/ExCom/40/12: proposes a process for identifying funds not required in the current business plan year for possible allocation to the next business plan year and proposes criteria for the redeployment of identified funds to additional projects designed to meet additional compliance needs of Article 5 Parties to assist in early phase-out and/or maintaining momentum, as follow-up to Decision 39/6 (c)(ii).

**Issues to be addressed:**

- Process for identifying funds not required in the current business plan; and
- Criteria for project funding to accelerate phase-out and/or to maintain momentum.

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

1. To adopt the following process for identifying funds for a funding window to accelerate phase-out and maintain momentum:

   (a) Funds that are not required in the current year’s business plan are defined as the difference between the value for each activity in the business plan and the amount approved for them by the Executive Committee;

   (b) Funds that are returned from balances, cancellations, and changes in ownership
from projects approved during the triennium; and
(c) Funds from annual tranches that are not approved during the business plan year due to a delay in submission approval.

2. To adopt the following criteria to accelerate phase-out and maintain momentum in descending order for projects/agreements from:
   (a) New Parties to the Montreal Protocol and its amendments;
   (b) Countries with low levels of consumption in methyl bromide, halon and CTC;
   (c) Countries to phase-out ODS production;
   (d) LVC countries who have received an RMP pursuant to Decision 31/48; and
   (e) Countries for which project preparation has been approved and utilized.

7. Progress reports as at 31 December 2002:
   (a) Consolidated progress report

   Document UNEP/OzL.Pro/ExCom/40/13: summarises the progress and financial information of the implementation of projects and activities supported by the Fund through 31 December 2002.

   Issues to be addressed:

   • Status of implementation at the country level and for countries found to be in non-compliance;
   • Signatures of agreements and project documents;
   • Financial information in progress reports; and
   • Late submission of bilateral progress reports.

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

   1. Note the Consolidated Progress Report of the Multilateral Fund as contained in UNEP/OzL.Pro/ExCom/40/13.

   2. Request the implementing agencies to take measures to reduce the amount of time taken for obtaining signatures of agreements and project documents and to report on those measures to the 41st Meeting and require that signatures from Governments indicating the acceptance of the projects/agreements in the amount approved prior to final approval.

   3. Request implementing agencies to resubmit the financial information in their progress reports to the Fund Secretariat no later than eight weeks prior to the 41st Meeting and
should be encouraged to submit the audited financial accounts for no later than 1 September 2003.

4. Request bilateral agencies to submit their annual progress reports on 1 May of each year.

(b) Bilateral cooperation

Document UNEP/OzL.Pro/ExCom/40/14: contains the progress report on activities implemented under bilateral cooperation by: Australia, Belgium, Canada, France, Germany, Israel, Italy, Japan, Poland, Sweden and the United Kingdom.

Issue to be addressed:

- Progress reports that were not received from Finland and Switzerland;
- Adjustments to net funds received for bilateral contributions;
- Possible cancellation of the methyl bromide demonstration programme in Kenya;
- Additional monitoring for projects not subject to procedures for project cancellation;
- Request to transfer the technical assistance project in air-conditioning in Jordan from France to the World Bank;
- Possible request to Germany to return balances from projects in Tanzania and Zimbabwe; and
- Possible request to Japan to report on a completed project with balances.

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

1. Note with appreciation the progress reports submitted by the Governments of Australia, Belgium, Canada, France, Germany, Israel, Italy, Japan, Poland, Sweden and the United Kingdom.

2. Request the Governments of Finland and Switzerland to provide their progress reports to the 41st Meeting of the Executive Committee.

3. Note that the Treasurer made adjustments prior to the 40th Meeting to the total net value of bilateral contributions of Australia and Canada (US $1,208,219 and US $6,448,438, respectively) based on the data submitted in their progress reports that agreed with the data in the Secretariat’s Inventory of Approved Projects.

4. Request the Governments of Canada, France, Germany and Japan to provide reports on the projects with implementation delays to the 41st Meeting of the Executive Committee.

5. Cancel the methyl bromide demonstration programme in Kenya (KEN/FUM/26/DEM/20) under Canadian implementation pending a report on the status at the 40th Meeting.
6. Monitor the following projects as projects with implementation delays and note their slow progress:

(a) Assistance in the design of policies and regulations in St. Kitts and Nevis (STK/REF/24/TAS/04) under Canadian implementation;

(b) Halon bank in Algeria (ALG/HAL/35/INV/51) under German implementation;

(c) Halon banking management plan in West Asia (AFR/HAL/35/INV/29) under German implementation;

(d) National recovery and recycling project in Egypt (EGY/REF/29/TAS/75) under German implementation;

(e) National recovery and recycling project in Syria (SYR/REF/30/TAS/59) under German implementation;

(f) Establishment of a regional halon bank for Eastern and Southern African countries (Botswana, Ethiopia, Kenya, Lesotho, Namibia, Tanzania and Zimbabwe) (AFR/HAL/35/INV/29) under German implementation;

(g) Implementation of RMPs for 14 low volume consuming countries in eastern and southern Africa (GLO/REF/26/TAS/172) under German implementation;

(h) Recovery and recycling project in Kenya (KEN/REF/28/TAS/24) under German implementation; and

(i) Customs training project in Viet Nam (VIE/REF/34/TAS/37) under Polish implementation.

7. Offset US $127,314 in project savings against future approvals of the Government of France for bilateral cooperation as indicated below:

(a) US $19,257 from project preparation for phase out of methyl bromide used in grain fumigation in Costa Rica (COS/FUM/29/PRP/21);

(b) US $5,121 from technical assistance in air conditioning (GHA/REF/27/TAS/11);

(c) US $2,381 from documentary on traffic in second-hand refrigerators in Cote-d’Ivoire (IVC/REF/27/TAS/14);

(d) US $31,575 from technical assistance in air-conditioning in Jordan (JOR/REF/27/TAS/46);

(e) US $495 from project preparation and technical assistance in Lebanon (LEB/FOA/19/TAS/07);

(f) US $235 from conversion to non-CFC technology in the manufacture of flexible
moulded foam at Meuble Mode Sarl in Lebanon (LEB/FOA/20/INV/10);

(g) US $7,224 from conversion to non-CFC technology in the manufacture of flexible foam (slabstock) at Plastiflex Sarl in Lebanon (LEB/FOA/20/INV/12);

(h) US $950 from conversion to non-CFC technology in the manufacture of flexible foam (slabstock) at Merza Foam Sarl in Lebanon (LEB/FOA/20/INV/13);

(i) US $2,258 from conversion to non-CFC technology in the manufacture of flexible foam (slabstock) at Fomaco Sarl in Lebanon (LEB/FOA/20/INV/15);

(j) US $13,443 from conversion of commercial refrigeration production facilities in Lebanon (LEB/REF/23/INV/22);

(k) US $3,019 from country programme preparation in Madagascar (MAG/SEV/21/CPG/01);

(l) US $4,538 from no clean improvement training for electronic assemblers who phased out CFC-113 in Malaysia (MAL/SOL/22/TRA/97);

(m) US $12,891 from institutional strengthening in Mauritania (MAU/SEV/14/INS/02);

(n) US $544 from training and awareness of personnel involved in the task of codifying and identifying ODS and ODS-containing material in Mauritania (MAU/SEV/14/TR/03);

(o) US $1,000 from project preparation in foam sector in Mali (MLI/FOA/25/PRP/04);

(p) US $248 from project preparation for projects in the hotel and fisheries industries and recycling in Senegal (SEN/REF/19/PRP/06);

(q) US $8,828 from project preparation in commercial refrigeration in Syria (SYR/REF/26/PRP/35);

(r) US $4,018 from project preparation in the air conditioning sector in Syria (SYR/REF/26/TAS/37);

(s) US $2,140 from No clean process improvement training for electronic assemblers in Thailand (THA/SOL/29/TRA/124); and

(t) US $5,500 from technical assistance on alternatives technologies for cold storage in Viet Nam (VIE/REF/20/TAS/12).

8. Request the Treasurer to modify the total amount of France’s bilateral assistance through the 39th Meeting to US $8,592,195 based on the data submitted in France’s progress report that agreed with the data in the Secretariat’s Inventory of Approved Projects.
9. Note the transfer of funds from France for the technical assistance project in air-conditioning in Jordan (JOR/REF/27/TAS/46) to the World Bank.

10. Request the Government of Germany to return the balance of funds from the project to provide assistance in the design of policies and regulations in Tanzania (URT/REF/26/TAS/12) and Zimbabwe (ZIM/REF/26/TAS/15).

11. Offset US $81,000 against future approvals of the Government of Germany for bilateral cooperation from the methyl bromide project in Egypt (EGY/FUM/26/DEM/69).

12. Request the Treasurer to modify the total amount of Germany’s bilateral assistance through the 39th Meeting to US $21,254,824 based on the data submitted in Germany’s progress report that agreed with the data in the Secretariat’s Inventory of Approved Projects.

13. Request the Government of Japan to report to the 41st Meeting on the project preparation in the solvent sector in China (CPR/SOL/29/PRP/307) in the context of completed projects with balances.

(c) UNDP


Issue to be addressed:

- Monitoring the Garabouli foam project in Libya as a project with implementation delays;
- Project preparation activities in Libya; and
- Financial matters and data inconsistencies.

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

1. Note UNDP’s progress report contained in UNEP/OzL.Pro/ExCom/40/15.

2. Monitor the Garabouli foam project in Libya (LIB/FOA/32/INV/06) as a project with implementation delays and note its slow progress.

3. Note that UNDP will report on up to 51 projects with implementation delays including 29 projects that were so classified last year.

4. Note that the US $9,121 disbursed from the US $20,000 which was approved at the 36th Meeting to prepare foam projects in Libya (LIB/FOA/36/PRP/19) should be offset against the US $40,000 received by UNIDO at the 38th Meeting to prepare a national
ODS phase-out project (LIB/SEV/38/PRP/21) and request UNDP to provide all
information collected and project proposals to UNIDO following the 40th Meeting.

5. UNDP had 364 projects that it had classified as completed for over one year with
remaining balances totalling US $4,774,693.

6. Request UNDP to address the financial inconsistencies in the context of the
Reconciliation of Accounts pursuant to Decision 38/9, para. d. noting that overruns
should not be allowed pursuant to Decision 17/22.

(d) UNEP

Document UNEP/OzL.Pro/ExCom/40/16: contains the progress report of UNEP for activities
through 31 December 2002 and the comments and recommendations of the Fund Secretariat on
the Report.

Issues to be addressed:

- Possible target of CAP for data reporting;
- Monitoring the training project in the refrigeration sector in Uruguay as a project with
implementation delays;
- Slow implementation in 9 institutional strengthening projects;
- Possible cancellation of Country Programme/RMP for Liberia; and
- Financial matters and data inconsistencies.

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

1. Note UNEP’s progress report contained in UNEP/OzL.Pro/ExCom/40/16.
2. Set as a target for UNEP’s CAP the full data reporting including missing data needed to
determine compliance baselines.
3. Monitor the Training in hydrocarbon technology in the refrigeration sector in Uruguay
(URU/REF/34/TAS/36) as a project with implementation delays and note its slow
progress.
4. Request the submission of additional status reports to the 41st Meeting including actions
taken by UNEP and the NOU since the 40th Meeting on the following institutional
strengthening projects:
   (a) Dominica (DMI/SEV/26/INS/04);
   (b) Korea DPR (DRK/SEV/32/INS/13);
   (c) Cambodia (KAM/SEV/36/INS/03);
(d) Grenada (GRN/SEV/30/INS/02);
(e) Mozambique (MOZ/SEV/15/INS/03);
(f) Myanmar (MYA/SEV/29/INS/02);
(g) Saint Kitts and Nevis (STK/SEV/21/INS/02);
(h) Tanzania (URT/SEV/20/INS/07); and
(i) Zambia (ZAM/SEV/30/INS/11).

5. Cancel the preparation of the country programme for Liberia (LIR/SEV/27/CPG/01) under UNEP implementation and invite Germany to submit the RMP as the country programme to the 41st Meeting.

6. Note that UNEP has 15 projects classified as projects with implementation delays, including 3 projects that were so classified last year, and that a report on these projects should be submitted to the 41st Meeting.

7. Note that through May 2002, UNEP had 56 projects that it had classified as completed for over one year with remaining balances totalling US $377,865.

8. Request UNEP to address any financial inconsistencies between the progress report data and the audited UNEP accounts in the context of the Reconciliation of Accounts pursuant to Decision 38/9, para. d. noting that overruns should not be allowed pursuant to Decision 17/22.

(e) UNIDO


Issues to be addressed:

• Possible monitoring of methyl bromide demonstration projects not subject to the procedures of project cancellation; and
• Financial matters and data inconsistencies.

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

1. Note UNIDO’s progress report contained in UNEP/OzL.Pro/ExCom/40/17.

2. Monitor the following projects as projects with implementation delays and note their slow progress:
(a) Methyl bromide phase-out plan in Turkey (TUR/FUM/35/INV/74);
(b) Methyl bromide phase-out project in Uganda (UGA/FUM/34/INV/08);
(c) Methyl bromide demonstration project in Botswana (BOT/FUM/25/DEM/05);
(d) Methyl bromide demonstration project in Cameroon (CMR/FUM/25/DEM/16);
(e) Methyl bromide workshop in Mali (MLI/FUM/26/TRA/12); and
(f) Methyl bromide demonstration project in Thailand (THA/FUM/25/DEM/97).

3. Note that UNIDO will report on up to 26 projects with implementation delays including
   15 projects that were so classified last year to the 41st Meeting.

4. Note that UNIDO had 90 projects that it had classified as completed for over one year
   with remaining balances totalling US $2,951,018.

5. Request UNIDO and the Secretariat to address the financial inconsistencies between the
   UNIDO’s progress report and the Secretariat’s Inventory of Approved Projects in the
   context of the Reconciliation of Accounts to be submitted to the 41st Meeting.

(f) World Bank

Document UNEP/OzL.Pro/ExCom/40/18: contains the progress report of the World Bank for
activities through 31 December 2002 and the comments and recommendations of the Fund
Secretariat on the Report.

Issues to be addressed:

• Possible monitoring of project with implementation difficulties;
• Implementation of SME foam projects in Indonesia;
• Possible cancellation of methyl bromide demonstration project in Ecuador and project
  preparation activities in Tunisia; and
• Financial matters and data inconsistencies.

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

1. Note the World Bank’s progress report contained in UNEP/OzL.Pro/ExCom/40/18.

2. Note that 68 projects under World Bank implementation were classified as projects with
   implementation delays.
3. Monitor the following projects as projects with implementation delays and note their slow progress:
   (a) Terminal phase-out management plan in the Bahamas (BHA/PHA/35/INV/08);
   (b) MAC recovery and recycling project in Thailand (THA/REF/07/TAS/07);
   (c) Chiller project in Thailand (THA/26/REF/INV/104);
   (d) Halon fire extinguisher project in Thailand (THA/HAL/32/INV/34); and
   (e) Halon bank in Thailand (THA/HAL/29/INV/121)

4. Request the World Bank to implement the two SME foam projects in Indonesia (IDS/FOA/23/INV/77 and 78) as per the original project document and return any funds and agency fees associated with the remaining 31 enterprises that were closed or did not provide required data in IDA/FOA/23/INV/78.

5. Cancel:
   (a) The methyl bromide demonstration project in Ecuador (ECU/FUM/26/DEM/23) in the light of the methyl bromide investment project that was already approved (ECU/FUM/38/INV/31) and request the World Bank to return all approved funds and agency fees; and
   (b) The foam project preparation activity in Tunisia (TUN/FOA/36/PRP/42) and request the World Bank to return all approved funds and agency fees.

6. Note that the World Bank had 34 projects that it had classified as completed for over one year with remaining balances totalling US $5,931,118.

7. Request the World Bank and the Secretariat to address the financial inconsistencies between the Bank’s progress report and the Secretariat’s Inventory of Approved Projects in the context of the Reconciliation of Accounts to be submitted to the 41st Meeting.

8. 2002 accounts of the Multilateral Fund

   Document UNEP/OzL.Pro/ExCom/40/19: This document summarises the audited accounts of the Fund for the years 1991-2001 and the provisional accounts for the year 2002.

   Issues to be addressed:

   • Late submission of audited accounts of the Fund from implementing agencies.

   Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to note the report contained in UNEP/OzL.Pro/ExCom/40/19.
9. Evaluation of the 2002 business plans

Document UNEP/Ozl.Pro/ExCom/40/20: presents the evaluation of the 2002 business plans of the implementing agencies and the recommendations of the Secretariat.

Issues to be addressed:

- Implementing agencies’ performance against their 2002 business plan performance indicators.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to note the evaluation of the implementing agencies’ performance against their 2002 business plans as contained in UNEP/Ozl.Pro/ExCom/40/20.

10. Performance indicators (Decision 38/69)

Document UNEP/Ozl.Pro/ExCom/40/21: outlines the concepts of measuring performance during the compliance period in the light of the model three-year phase-out plan, as a follow-up to Decision 38/69.

Issues to be addressed:

- Measuring performance during the compliance period

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

2. Request the implementing agencies to submit proposals for performance indicators to the Secretariat eight weeks prior to the 41st Meeting of the Executive Committee.
3. Request the Secretariat to prepare a paper based on the concepts outlined in UNEP/Ozl.Pro/ExCom/40/21, comments provided by members of the Executive Committee during the 40th Meeting, and the input of the implementing agencies.

11. Phase-out from cancelled projects

Document UNEP/Ozl.Pro/ExCom/40/22: provides advice on how to deal with the issue of funding levels when reapplying for assistance for projects that had previously been cancelled, as a follow-up to Decision 39/13(c).
Issued to be addressed:

- Specifying reasons for project cancellation in decisions;
- Cancellation due to lack of counterpart contributions; and
- Conditions for resubmission of cancelled projects.

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

1. To note the document on phase-out of cancelled projects (UNEP/OzL.Pro/ExCom/40/22).
2. That reasons for project cancellation should be specified and agreed by Executive Committee in its decisions on project cancellation.
3. That projects that are cancelled due to the non-provision by the beneficiary of its agreed counterpart contributions may not be allowed to be resubmitted.
4. To consider, on a case-by-case basis, the reapplication of cancelled projects in those cases where the completion of such projects enables compliance with control measures, where the enterprise is determined to be financially viable, and where the implementation timeframe is accelerated.
5. That enterprises with cancelled projects that are eligible for reapplication pursuant to Decision 29/8 may be allowed to submit a request to reinstate the cancelled projects with the incremental costs adjusted by the amount of funds disbursed on the cancelled projects, and the level of phase-out based on the original approval as modified by Decision 39/13(b).

12. Project implementation delays

Document UNEP/OzL.Pro/ExCom/40/23: contains an assessment of progress on projects identified with implementation delays based on decisions taken at previous meetings of the Executive Committee, presents additional requests for project cancellations and addresses the impact of delayed and cancelled projects on compliance.

Issues to be addressed:

- Projects where agencies and the Secretariat disagreed on assessment of some progress;
- LCD projects in Morocco; and
- Project cancellations.

Action expected from the Sub-Committee: The Sub-Committee may wish to recommend to the Executive Committee to:
1. Note the document on project implementation delays (UNEP/OzL.Pro/ExCom/40/23).

2. Note with appreciation the reports submitted to the Secretariat on projects with implementation delays provided by Belgium, Germany and the four implementing agencies.

3. Note 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 to and notify governments as required.

4. Assign the assessments of no progress for the following projects, and note that the Secretariat would take the established actions:
   (a) Auction programme in Chile (CHI/MUS/26/INV/37) with a milestone to be provided by the World Bank at or before the 40th Meeting.
   (b) Army Component of the 11 enterprise foam project in Egypt (EGY/FOA/22/INV/64) with a milestone of stopping CFC use by December 2003 to be confirmed by UNDP and Egypt at or before the 40th Meeting.
   (c) Salidor foam project in Morocco (MOR/FOA/23/INV/13) with a letter of possible cancellation to be sent by the Secretariat.
   (d) Bonbino foam project in Morocco (MOR/FOA/25/INV/22) with a letter of possible cancellation to be sent by the Secretariat.
   (e) Kolinton refrigeration project in Nigeria (NIR/REF/26/INV/44) with a milestone to be provide by UNIDO at or before the 40th Meeting.

5. Request the Secretariat to visit the LCD foam projects in Morocco as part of its visits to LCD projects mandated by Decision 39/52 and report on its findings to the 41st Meeting.

6. Cancel the projects through mutual agreement:
   (a) The Handan Huisheng foam project in China (CPR/FOA/29/INV/323) implemented by the World Bank, noting that no funds were disbursed of the US $522,207 (plus US $67,443 support cost) approved for the project and without any ODP phased out.
   (b) The Nobough foam project in Iran (IRA/FOA/32/INV/75) implemented by UNDP, noting that US $179,055 (plus US $23,277 support cost) was disbursed of the US $248,736 (plus US $32,336 support cost) approved for this project and to record 32 ODP tonnes as having been phased out.
   (c) The Friobox foam project in Venezuela (VEN/FOA/31/INV/83) implemented by UNIDO, noting that US $8,815 (plus US $1,146 support cost) was disbursed of the US $128,387 (plus US $16,690 support cost) approved for this projects and to
record 1.1 ODP tonnes as having been phased out.

7. Cancel the project preparation activities implemented by UNIDO:

(a) For aerosol projects in Algeria (ALG/ARS/36/PRP/52), noting that no funds were disbursed;

(b) For CTC solvent sector projects in Brazil (BRA/SOL/33/PRP/205), noting that US $3,183 (plus US $414 support cost) was disbursed of the US $30,000 (plus US $3,900 support cost) approved for this activity;

(c) For soil fumigation projects in Iran (IRA/FUM/33/PRP/78), noting that US $5,147 (plus US $669 support cost) was disbursed of the US $25,000 (plus US $3,250 support cost) approved for this activity;

(d) For commercial refrigeration projects in Lebanon (LEB/REF/36/PRP/47), noting that no funds were disbursed;

(e) For commercial refrigeration projects in Libya (LIB/REF/33/PRP/11), noting that no funds were disbursed;

(f) For solvent sector projects in Mexico (MEX/SOL/36/PRP/108), noting that no funds were disbursed;

(g) For a national ODS phase-out plan in Syria (SYR/PHA/36/PRP/85), noting that US $3,150 (plus US $410 support cost) of the US $60,000 (plus US $7,800 support cost) was disbursed;

(h) For domestic refrigeration projects in Syria (SYR/REF/36/PRP/83), noting that no funds were disbursed; and

(i) For a terminal commercial refrigeration project in Yemen (YEM/REF/36/PRP/14), noting that US $7,639 (plus US $993 support cost) was disbursed of the US $10,000 (plus US $1,300 support cost) approved for this activity.

8. Cancel the following two projects through mutual agreement between the World Bank and the Governments concerned (to be confirmed):

(a) Adzen refrigeration project in Argentina (ARG/REF/19/INV/43), noting that no funds had been disbursed of the US $356,970 (plus US $46,406 support cost) approved for the project and no ODP was phased out; and

(b) Chandra refrigeration project in India (IND/REF/19/INV/92), noting that US $66,787 (plus US $8,682) was disbursed of the US $130,984 (US $17,028 support cost) approved for this projects and to record 9.4 ODP tonnes as having been phased out.
13. Project balances

Document UNEP/OzL.Pro/ExCom/40/24: contains the submission of the implementing agencies on completed projects with balances, the return of funds from cancelled projects, and other project adjustments.

Issues to be addressed:

- Data for the Hitachi refrigeration project in Thailand;
- World Bank request to change the status of a project in Jordan from completed to ongoing;
- Disbursements reported to the 38th Meeting;
- Agencies returning US $2,389,992 plus US $524,214 in agency fees; and
- Balances from projects completed over two years ago.

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

1. Note the report on project balances contained in UNEP/OzL.Pro/ExCom/40/24.

2. Note that the Government of Canada had returned US $2,600 to the Treasurer for the refrigeration project preparation in Cuba (CUB/REF/25/PRP/09).

3. Request that the data concerning the refrigeration project at Hitachi Consumer Products Co. Ltd. in Thailand (THA/REF/10/INV/20) should be addressed in the annual reconciliation of accounts to be presented to the 41st Meeting.

4. Note, with appreciation, the letters from the Administrator of UNDP and the Director General of UNIDO in response to non-reimbursed balances for projects completed two years previously.

5. Consider the Fathai Abu Araj foam project in Jordan (JOR/FOA/23/INV/37) as financially completed and offset the balance as of 31 December 2002 reported in the World Bank’s progress report against World Bank approvals at the 40th Meeting based on Decision 38/72.

6. Note with concern that disbursements reported to the 38th Meeting were inaccurate, and request UNDP, UNEP, and the World Bank to ensure that future balances reports are accurate, comply with Executive Committee financial reporting decisions, and distinguish disbursements from obligated and un-obligated balances.

7. Note the levels of funds being returned to the 40th Meeting totalling US $2,389,992 plus support costs of US $524,214 as follows by agency: US $1,408,378 from UNDP and agency support costs of US $181,335 including reimbursement of funds previously returned in error for two projects by UNDP; US $1,265,686 from UNEP and agency support costs of US $105,255; US $221,769 from UNIDO and agency support costs of US $28,828; and US $(505,841) from the World Bank and agency support costs of
US $208,796 including the reimbursement of funds returned in error by the Bank for two projects and reimbursement of financial intermediary fees for cancelled projects.

8. Note that implementing agencies had balances totalling US $930,834 excluding support costs from projects completed over two years ago: UNDP (US $527,816 plus support costs); and the World Bank (US $403,018 plus support costs).

14. **Report on the status of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol**

Document UNEP/OzL.Pro/ExCom/40/25: contains two parts. Part I is prepared in response to Decision 32/76(b) and presents analyses of potential compliance for CFCs, halons, methyl bromide, carbon tetrachloride (CTC) and methyl chloroform (TCA). Part II contains an analysis of the ODS consumption data by sector presented by Article 5 countries to the Executive Committee on the implementation of their country programmes.

**Issues to be addressed:**

- Status of compliance and data on the implementation of country programmes;
- Need for timely implementation of the 2003 business plans; and
- 2002 data for countries found to be in non-compliance by the XIVth Meeting of the Parties.

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

1. Note the report on the Status of Article 5 countries in achieving compliance with the initial and intermediate control measures of the Montreal Protocol as contained in UNEP/OzL.Pro/ExCom/40/25, which also includes data on the implementation of country programme in Part II.

2. Urge implementing and bilateral agencies as well as the relevant Article 5 countries to adhere to the timely implementation of the 2003 business plans.

3. Note with appreciation that 2002 data reported to the Fund Secretariat was below the CFC freeze baseline levels for the following countries found in non-compliance by the Fourteenth Meeting of the Parties: Bangladesh, Belize, Bolivia, Cameroon, Ethiopia, Namibia, Nepal and Nigeria.

15. **Other matters**

16. **Adoption of the report of the Sub-Committee**