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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Twenty-second Meeting
Nairobi, 28-30 May 1997

UNDP PROGRESS REPORT

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. During the reporting period, UNDP phased out 677 ODP tonnes from completed projects. Disbursements since the last reporting period may be misleading since UNDP eliminated unliquidated obligations totaling US \$16 million from funds disbursed per decision 20/13. To-date, UNDP has completed 209 investment projects that has phased out 3,560 ODP tonnes and disbursed 38 per cent of funds approved through 1996.

COMMENTS

2. Decision 21/28 requested agencies to identify projects for which there had been no significant activities for the last two years. UNDP indicated that the two projects that qualified under the decision had been canceled during the reporting period.

Delays

3. The Secretariat identified 59 UNDP projects that are expected to be completed over six months later than forecast in the last progress report. Fourteen projects are expected to be delayed by a year or more. These delays were either explained in the remarks or the narrative. UNDP mentions seven reasons for delays including: renegotiation of projects after Executive Committee approval, the beneficiary needs time to obtain counterpart funding, beneficiary decides to change project specifications, enterprises desire to wait to convert until their competitors' projects are approved by the Committee for phase-out, enterprises want government regulations passed before allowing implementation to proceed, and the bidding process resulting in higher costs than the project's equipment budget.

4. The remarks in the database also identified other reasons for delays. In some cases (COL-12, COL-14, VEN-29, and VEN-40) delays are attributed to a desire of the beneficiary companies to deplete their stockpile of CFC before converting. UNDP allows enterprises who have remaining stocks of CFCs about six months after commissioning to deplete its old CFC stock.

Slow Disbursements

5. Of the 233 ongoing projects under UNDP implementation, 55 did not disburse during the reporting period and 63 had negative disbursements. The negative disbursements are a result of UNDP excluding unliquidated obligations from its reporting on funds disbursed per decisions 20/13.

6. EGY-10 (Al-Sharif foam) was approved in March 1993 and 4 per cent of the funds have been disbursed. According to UNDP, the Government did not want the project to proceed until the Executive Committee approved the other two projects in the sector according to UNDP.

While substantial funds are planned for expenditure this year, not all funds are expected to be expended through the end of the year. The current expected date of completion is 42 months later than what was originally proposed.

7. The TAS project to assist China in revising its design standards for cold storage (CPR-39) was approved in June 1993. Only 17 per cent of the approved budget has been disbursed and only about 60 per cent of the balance is expected to be disbursed this year. This project is expected to be completed 39 months later than originally proposed. The last progress report indicated that this project was supposed to be completed by the end of 1996. The only progress reported during the reporting period was that a seminar was held.

8. Several projects approved at the 12th Meeting in March 1994 have had no or minimum (less than 10 per cent) disbursements including: CPR-65 & 61, EGY-28, 29, 30, and 31, GHA-7, and PHI-26. None of these projects are expected to fully utilise their budgets by the end of 1997 but all are to be completed by December 1997. The Egyptian projects appear to be underway, but CPR-65 has just finalized bid specifications, PHI-26 has yet to receive agreement on technology choice, and missions are being mounted to assess progress on GHA-7 and CPR-61. For PHI-26, national implementation was chosen to expedite the project, but the project is still in its initial stages of obtaining agreements from enterprises and the project is forecast to be delayed six months more since the last progress report. For GHA-7, the Secretariat inquired about this project in its comments on UNDP's last progress. UNDP stated that the beneficiary companies were informed in June 1996 that if there was no progress made by the end of the year that the funds may be returned.

9. The following four projects approved at the 12th Meeting in June 1994 have had no or little (1 per cent) disbursements: PHI-34, IND-29, CPR-74, COL-10. PHI-34 is expected to be completed two years late apparently due to local works and procurement. The Secretariat inquired about this project in its comments on the last progress report. UNDP stated that US \$28,000 had been disbursed, but this report still has no disbursement for this project. IND-29 is intended to develop a strategy and action programme for the elimination of CFCs in the manufacture of foams, but no funds have been disbursed, the status says that the project will be implemented rapidly but it is not expected to be completed until the end of 1997 which is 1.5 years later than originally proposed. CPR-74 is on hold pending agreement on technology choice and the beneficiary for COL-10 has not responded to communications.

Other Matters

10. UNDP reports that it will be making available approximately US \$3.8 in interest to be offset against UNDP approvals at this meeting.

11. UNDP identified two projects which were canceled during the reporting period. The project preparation in Ethiopia, ETH-2, was closed because another project approved by the Committee will eliminate 97 per cent of Ethiopia's ODS consumption. UNDP is returning the approved funds, US \$30,000, for this project to the Committee for reallocation. Also, UNDP is

closing the project, IDS-25, because the company had phased out on its own and does not wish to seek retroactive financing. UNDP is returning the US \$88,000 approved for this Indonesian project.

12. Per decision 20/13, funds disbursed report in UNDP's progress report do not include unliquidated obligations for the first time. This has resulted in some reductions in the amounts listed for funds disbursed in the previous progress report when unliquidated obligations were included in funds disbursed.

RECOMMENDATIONS

1. The Fund Secretariat recommends that:

- The Executive Committee take note, with appreciation, of the progress report of UNDP;
- US \$118,000 plus agency fees should be offset against future approvals for UNDP's cancellation of projects ETH-2 and IDS-25 and the Treasurer should be so informed; and,
- US \$3.8 million (the precise figure to be provided by UNDP at the Meeting) in accrued interest should be offset against future UNDP approvals and the Treasurer should be so informed.

**EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR
THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**
(22nd Meeting, 28-30 May 1997, Nairobi)

UNDP PROGRESS REPORT NARRATIVE

I. PROJECT APPROVALS AND DISBURSEMENTS

A. Annual Summary Data

- o As of 31 December 1996, UNDP had a total of 512 approved projects of which 209 or 41% have been completed. UNDP's overall programme will eliminate 17,427 ODP tonnes, of which 3,560 ODP tonnes (20.4%) have already been eliminated.
- o As of 31 December 1996, UNDP had received a net of \$138.8 million in project approvals, of which \$52.13 million has been disbursed (37.6%) excluding all obligations. An additional \$16 million of obligations were outstanding, representing orders placed but final payments not yet made; this would show that the level of committed resources is actually around \$68.1 million (49.1% delivery).

B. Interest

- o Interest income earned under UNDP's Montreal Protocol Trust Fund during 1991-95 amounting to \$6,290,385 was credited against UNDP project approvals at previous Executive Committee Meetings.
- o Interest income earned in 1996 amounting to around \$3.8 million would be available for offset against UNDP project approvals at the 22nd Executive Committee Meeting in May 1997. The exact interest figure would be available before that Meeting.

C. Summary Data By Type (CPG, DEM, INS, INV, PRP, TAS, TRA)

The tables "Annual Summary" and "Summary Data by Project Type" present this data. It can be further summarized as follows:

TYPE	NO. OF PROJECTS		BUDGETS		DISBURSEMENTS	
	Approved	Completed	\$ '000	Percent	\$ '000	Rate
CPG	15	15	923.9	0.7%	923.9	100.0%
DEM	8	4	1,042.9	0.8%	593.3	56.9%
INS	28	9	7,043.0	5.1%	3,041.6	43.2%
INV	286	61	114,068.7	82.1%	37,198.1	32.6%
PRP	68	65	3,508.1	2.5%	3,438.1	98.0%
TAS	74	38	10,675.1	7.7%	5,757.1	53.9%
TRA	33	30	1,562.2	1.1%	1,179.0	75.5%
TOTAL	512	222	138,823.9	100.0%	52,131.1	37.6%

Note: The listing of project approvals and project completions includes eight training projects that were transferred from UNDP to UNEP, four investment projects that were canceled and funds returned to the Executive Committee, and one country programme preparation for which no funds were requested from the Executive Committee.

Annual Summary

UNDP, table 1

17 April 97

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Summary Data by Project Type

UNDP, table 2
17 April 1997

Type	Number of Approvals	Number Completed	Per Cent Completed	Approved Funding (US \$)	Adjustment (US \$)	Funds Disbursed (US \$)	Per Cent of Funds Disbursed	Balance (US \$)	Planned Commitments in Current Year (US \$)
Country Programme Preparation	15	15	100.0	925,534	-1,611	923,923	100.0	0	0
Demonstration Projects	8	4	50.0	1,042,866	0	593,340	56.9	449,526	114,706
Institutional Strength. Projects	28	9	32.1	6,533,522	509,500	3,041,554	43.2	4,001,468	1,936,378
Investment Projects	286	61	21.3	116,369,948	-2,301,228	37,198,107	32.6	76,870,613	31,128,967
Project Preparation	68	65	95.6	3,513,735	-5,599	3,438,136	98.0	70,000	32,000
Technical Assistance Projects	74	38	51.4	10,696,563	-21,454	5,757,123	53.9	4,917,986	2,357,494
Training Projects	33	30	90.9	1,835,290	-273,047	1,178,993	75.5	383,250	87,747
SUB-TOTAL	512	222	43.4	140,917,458	-2,093,439	52,131,176	37.6	86,692,843	35,657,292
ADMINISTRATIVE SUPPORT				18,319,270	-272,147				
GRAND TOTAL				159,236,728	-2,365,586				

D. Sector Phaseout By Country

This is shown in the table titled "ODP Tonnes/yr Phaseout for Ongoing and Completed Projects". It shows that in total UNDP has eliminated 3,560 ODP tonnes with 193 tonnes in the aerosols sector, 2,485 tonnes in the foams sector, 806 tonnes in the refrigeration sector and 76 tonnes in the solvents sector.

II. PROJECT COMPLETIONS SINCE LAST REPORT

A. ODP Phased Out Since Last Report

This data is presented in the summary table titled "Completed Since Last Report". It can be seen that the following 22 projects (19 investment projects and 3 technical assistance projects that had ODP phaseout) were completed between 1 July and 31 December 1996, eliminating 677 ODP tonnes in the foams, refrigeration and solvent sectors:

NO.	DATE	COUNTRY	SECTOR	ENTERPRISE/USAGE	ODP (t)
1.	July 96	Mexico	FOA	Galvamet (panels)	89
2.	Aug. 96	Malaysia	FOA	Pulai Lamipak (XPE foam sheet)	50
3.	"	Mexico	SOL	Processadora (dry cleaning)	3
4.	Sept. 96	China	SOL	Dalian (precision parts cleaning)	30
5.	"	India	FOA	Eagle Flask (rigid thermoware)	20
6.	"	Malaysia	FOA	Nian Aik (cold cured flexible PUF)	30
7.	"	Philippines	FOA	Himalaya (insulation foam)	17
8.	"	"	REF	Unimagna (com. ref. & iceboxes)	30
9.	"	"	REF	Mepco (home refrigerators)	47
10.	Oct. 96	Guatemala	REF	Refrigua (home refrigerators)	24
11.	"	Indonesia	FOA	Perdana Delima (coolers/thermoware)	27
12.	"	Malaysia	FOA	Shaga Cooling (rigid PUF panels)	24
13.	Dec. 96	Argentina	FOA	Mentvil (slabstock)	19
14.	"	Malaysia	FOA	Eversoft (flexible moulded PUF)	30
15.	"	"	FOA	Pangkat (panels for com. ref.)	20
16.	"	"	FOA	Allied Foam (cold cured PUF)	25
17.	"	Thailand	FOA	Modular Compound (rigid PUF)	30
18.	"	"	FOA	Thai Union (cold cured PUF)	45
19.	"	Uruguay	FOA	Rigid PUF spray (7 plants)	71
20.	"	"	REF	TA/demo on recovery/recycling	22
21.	"	Venezuela	REF	Pilot prog. CFC-12 recov/recyl	8
22.	"	"	REF	Pilot prog. MACs (Phase 2)	16
				TOTAL ODP ELIMINATED	677

Note: The three technical assistance projects that had associated ODP phaseout are No.20 (Uruguay: TA/demo project on recovery/recycling), No. 21 (Venezuela: Pilot programme in CFC-12 recovery/recycling) and No. 22 (Venezuela: Pilot programme in MACs: Phase II).

ODP Tonnes/yr phased out for ongoing and completed projects								
Country_Name	ARS	FOA	FUM	HAL	REF	SEV	SOL	Total
GLOBAL	0	0		0	0	0	0	0
REGIONAL		0	0	0	0			0
ARGENTINA		19		0	0	0		19
BANGLADESH	0					0		0
BOLIVIA					0	0		0
BRAZIL		0			0	0	0	0
C.AFR.REP		0			0	0		0
CHILE					0			0
CHINA	0	340	0	0	0	0	49	389
COLOMBIA		0			0	0		0
CONGO					0	0		0
COSTA RICA		0			0	0	0	0
CUBA					0	0		0
DOMINICAN R					0	0		0
ECUADOR						0		0
EGYPT		656		0	18	0		674
ETHIOPIA						0		0
GHANA		0			0	0		0
GUATEMALA					24	0		24
INDIA	0	160		0		0		160
INDONESIA		27				0	0	27
IRAN						0		0
JAMAICA					0	0		0
JORDAN	0							0
KENYA					0	0		0
MALAWI					0	0		0
MALAYSIA	13	781		0	50	0	24	868
MAURITIUS	25				3			28
MEXICO		89		0	588	0	3	680
MOROCCO		0						0
NIGERIA		0				0		0
PAKISTAN						0		0
PANAMA		0			0	0		0
PERU		0			0	0		0
PHILIPPINES		32		0	77	0	0	109
SRI LANKA	0				0	0		0
TANZANIA						0		0
THAILAND	155	300			0	0		455
TRIN/TOBAGO						0		0
UGANDA					0	0		0
URUGUAY	0	81		0	22	0		103
VENEZUELA				0	24	0		24
VIET NAM	0				0	0		0
ZAMBIA					0	0		0
TOTAL	193	2,485	0	0	806	0	76	3,560

Completed Since Last Report

UNDP, table 4
17 April 1997

Project Title	Region	Project Number					ODP Phased Out	Date Appro- ved	First Dis- burse- ment Date	Date Complete d (Actual)	Date of Finan- cial Com- pletion	Approved Funding (US \$)	Adjust- ment (US \$)	Funds Disburs- ed (US \$)	Per Cent of Funds Dis- bursed	Balance (US \$)	Planned Commit- ment in Current Year (US\$)
TA: aerosols	GLO	GLO	ARS	06	TAS	024	0	Feb-92	Mar-93	Jul-96		60,000	0	60,000	100.0	0	0
3 national policy workshops	GLO	GLO	SEV	06	TRA	011	0	Feb-92	Oct-93	Dec-96		45,000	0	45,000	100.0	0	0
Reg MAC train/demo prog (Asia)	ASP	ASP	REF	06	TRA	003	0	Feb-92	Jun-96	Aug-96		45,000	0	45,000	100.0	0	0
MACs: Phase I (Argentina, Colombia)	LAC	LAC	REF	18	TAS	015	0	Nov-95	Dec-95	Dec-96		207,000	0	207,000	100.0	0	0
Mentvil S.A: Conversion to non-CFC	LAC	ARG	FOA	18	INV	028	19	Nov-95	Dec-96	Dec-96		115,000	0	6,434	5.6	108,566	108,566
TA for national halons programme	LAC	ARG	HAL	13	TAS	007	0	Jul-94	Sep-94	Dec-96		50,000	0	50,000	100.0	0	0
Project preparation assistance	LAC	ARG	SEV	17	PRP	025	0	Jul-95	Jul-95	Jul-96		60,000	0	60,000	100.0	0	0
Project preparation assistance	LAC	ARG	SEV	18	PRP	041	0	Nov-95	Dec-95	Dec-96		25,000	0	25,000	100.0	0	0
Project preparation assistance	ASP	BGD	SEV	14	PRP	003	0	Sep-94	Nov-94	Dec-96		35,000	0	35,000	100.0	0	0
Project preparation assistance	LAC	BOL	SEV	18	PRP	003	0	Nov-95	May-96	Nov-96		20,000	0	20,000	100.0	0	0
Project preparation assistance	LAC	BRA	SEV	18	PRP	041	0	Nov-95	Nov-95	Aug-96		55,000	0	55,000	100.0	0	0
Project preparation assistance	AFR	CAF	SEV	18	PRP	003	0	Nov-95	Feb-96	Nov-96		15,000	0	15,000	100.0	0	0
GUANGDONG: aerosols project TA	ASP	CPR	ARS	06	TAS	002	0	Feb-92	Jun-93	Dec-96		75,000	0	75,000	100.0	0	0
Institutional strengthening	ASP	CPR	SEV	06	INS	010	0	Feb-92	Apr-94	Dec-96		150,000	300,000	444,848	98.9	5,152	5,152
DALIAN: precision parts cleaning	ASP	CPR	SOL	07	INV	019	30	Jun-92	Apr-96	Sep-96		495,000	0	445,081	89.9	49,919	49,919
Project preparation assistance	ASP	CPR	SEV	18	PRP	153	0	Nov-95	Dec-95	Nov-96		100,000	0	100,000	100.0	0	0
Project preparation assistance	LAC	COL	SEV	18	PRP	020	0	Nov-95	Nov-95	Nov-96		28,000	0	28,000	100.0	0	0
Project preparation assistance	AFR	PRC	SEV	18	PRP	003	0	Nov-95	Nov-95	Nov-96		25,000	0	25,000	100.0	0	0
Institutional strengthening	LAC	COS	SEV	08	INS	003	0	Oct-92	Aug-93	Dec-96		213,160	0	180,900	84.9	32,260	32,260
Seminar/workshop in solvents	LAC	COS	SOL	08	TRA	006	0	Oct-92	Nov-96	Dec-96		21,120	0	6,770	32.1	14,350	14,350
Institutional strengthening	LAC	CUB	SEV	10	INS	002	0	Jun-93	Oct-93	Dec-96		172,000	0	93,201	54.2	78,799	78,799
Project preparation assistance	LAC	DO	SEV	18	PRP	007	0	Nov-95	Mar-96	Nov-96		15,000	0	15,000	100.0	0	0
Institutional strengthening	AFR	GHA	SEV	08	INS	005	0	Oct-92	Jun-93	Dec-96		160,000	23,200	106,342	58.0	76,858	76,858
REFRIGUA: CFC-11/12 in com. ref.	LAC	GUA	REF	15	INV	008	24	Dec-94	Nov-95	Oct-96		194,866	0	109,520	56.2	85,346	85,346
EAGLE FLASK: rigid PUF inv proj	ASP	IND	FOA	12	INV	018	20	Mar-94	Dec-95	Sep-96		365,000	0	364,989	100.0	11	11
Institutional strengthening (1)	ASP	IND	SEV	08	INS	002	0	Oct-92	Jun-94	Dec-96		430,600	0	156,440	36.3	274,160	274,160
ODS small-scale plant survey	ASP	IND	SEV	11	TAS	011	0	Nov-93	Nov-94	Dec-96		120,000	0	108,167	90.1	11,833	11,833
Project preparation assistance	ASP	IND	SEV	18	PRP	067	0	Nov-95	Dec-95	Nov-96		100,000	0	100,000	100.0	0	0
PT Merah Delima: PUF for coolers	ASP	IDS	FOA	18	INV	034	27	Nov-95	May-97	Oct-96		173,000	0	2,516	1.5	170,484	170,484
Project preparation assistance	ASP	IDS	SEV	18	PRP	041	0	Nov-95	Dec-95	Nov-96		50,000	0	50,000	100.0	0	0
Project preparation assistance	LAC	JAM	SEV	14	PRP	002	0	Sep-94	Oct-94	Dec-96		30,000	0	30,000	100.0	0	0
Project preparation assistance	AFR	ML	SEV	18	PRP	004	0	Nov-95	Dec-95	Nov-96		7,000	0	7,000	100.0	0	0
PULAI-LAMIPAK: XPE foam sheet inv	ASP	MAL	FOA	12	INV	023	50	Mar-94	Aug-94	Aug-96		355,000	0	333,077	93.8	21,923	21,923
EVERSOFT: flex molded PUF inv	ASP	MAL	FOA	13	INV	039	30	Jul-94	Oct-95	Dec-96		185,000	0	127,583	69.0	57,417	57,417
NIAN AIK: cold cure flex PUF inv.	ASP	MAL	FOA	13	INV	040	30	Jul-94	Jan-95	Sep-96		245,000	0	173,850	71.0	71,150	71,150
PANGKAT: com. ref. PUF panels	ASP	MAL	FOA	13	INV	041	20	Jul-94	Dec-95	Dec-96		210,000	0	169,663	80.8	40,337	40,337
ALLIED FOAM: cold cure PUF inv.	ASP	MAL	FOA	13	INV	043	25	Jul-94	Dec-95	Dec-96		276,000	0	203,785	73.8	72,215	72,215
SHAGA COOLING: rigid PUF panels	ASP	MAL	FOA	15	INV	056	24	Dec-94	Nov-95	Oct-96		190,000	0	177,257	93.3	12,743	12,743
Project preparation assistance	ASP	MAL	SEV	18	PRP	083	0	Nov-95	Dec-95	Nov-96		18,000	0	18,000	100.0	0	0

Completed Since Last Report

UNDP, table 14
17 April 1997

Institutional strengthening	ASP	MAL	SEV	09	INS	008	0	Mar-93	Oct-93	Dec-96		322,520	0	293,873	91.1	28,647	28,647
Galvamat: insulated construction	LAC	MEX	FOA	18	INV	042	89	Nov-95	Jun-96	Jul-96		195,500	0	187,736	96.0	7,764	7,764
Institutional strengthening: Phase II	LAC	MEX	SEV	17	INS	040	0	Jul-95	Nov-95	Oct-96		47,500	47,500	95,000	100.0	0	0
Project preparation assistance	LAC	MEX	SEV	17	PRP	039	0	Jul-95	Aug-95	Nov-96		40,000	0	40,000	100.0	0	0
Project preparation assistance	LAC	MEX	SEV	18	PRP	045	0	Nov-95	Dec-95	Dec-96		10,000	0	10,000	100.0	0	0
PROCESADORA: solvents inv. proj.	LAC	MEX	SOL	15	INV	037	3	Dec-94	Oct-95	Aug-96		71,337	0	61,161	85.7	10,176	10,176
Project preparation assistance	AFR	NIR	SEV	17	PRP	009	0	Jul-95	Mar-96	Dec-96		50,000	0	50,000	100.0	0	0
Project preparation assistance	LAC	PAN	SEV	18	PRP	007	0	Nov-95	Sep-96	Nov-96		10,000	0	10,000	100.0	0	0
HIMALAYA Mfg Rigid Foam	ASP	PHI	FOA	19	INV	043	17	May-96	Dec-96	Sep-96		101,000	0	96,121	95.2	4,879	4,879
UNIMAGNA: com. ref. inv. proj.	ASP	PHI	REF	13	INV	033	30	Jul-94	Jul-95	Sep-96		1,015,700	0	949,143	93.4	66,557	66,557
MEPCO commercial refrigeration project.	ASP	PHI	REF	18	INV	039	47	Nov-95	Jun-96	Sep-96		112,244	0	86,282	76.9	25,962	25,962
ODS survey: small-scale industry	ASP	PHI	SEV	11	TAS	022	0	Nov-93	Jun-94	Sep-96		100,000	0	100,000	100.0	0	0
Project preparation assistance	ASP	PHI	SEV	18	PRP	042	0	Nov-95	Dec-95	Nov-96		45,000	0	45,000	100.0	0	0
MODULAR COMPOUND: rigid PUF inv.	ASP	THA	FOA	12	INV	029	30	Mar-94	Dec-95	Dec-96		508,000	0	446,104	87.8	61,896	61,896
THAI UNION: PUF/cold cure inv.	ASP	THA	FOA	15	INV	041	45	Dec-94	Dec-95	Dec-96		525,000	0	404,429	77.0	120,571	120,571
Project preparation assistance	AFR	UGA	SEV	18	PRP	004	0	Nov-95	Dec-95	Nov-96		5,000	0	5,000	100.0	0	0
Rigid PUF (spray) inv (7 plants)	LAC	URU	FOA	13	INV	006	71	Jul-94	Jan-95	Dec-96		665,000	0	589,451	88.6	75,549	75,549
TA/demo prog on recovery/recycle	LAC	URU	REF	12	TAS	004	22	Mar-94	Sep-94	Dec-96		175,000	0	175,000	100.0	0	0
Institutional strengthening: Phase I	LAC	URU	SEV	10	INS	003	0	Jun-93	Oct-93	Dec-96		173,800	29,000	202,468	99.8	332	332
Pilot prog CFC-12 recov/recycle	LAC	VEN	REF	09	TAS	017	8	Mar-93	Dec-94	Dec-96		100,000	0	100,000	100.0	0	0
Pilot Project MACS (phase 2)	LAC	VEN	REF	15	TAS	032	16	Dec-94	May-95	Dec-96		220,000	0	191,670	87.1	28,330	28,330
Institutional strengthening: Phase I	LAC	VEN	SEV	09	INS	013	0	Mar-93	Jun-93	Dec-96		329,192	109,800	361,017	82.2	77,975	77,975
Project preparation assistance	LAC	VEN	SEV	18	PRP	045	0	Nov-95	Dec-95	Dec-96		43,000	0	43,000	100.0	0	0
Project preparation assistance	AFR	ZAM	SEV	17	PRP	004	0	Jul-95	Oct-95	Jun-96		20,000	0	20,000	100.0	0	0
Project preparation assistance	AFR	ZAM	SEV	18	PRP	005	0	Nov-95	Dec-95	Nov-96		5,000	0	5,000	100.0	0	0
GRAND TOTAL							677					10,025,539	509,500	8,842,878	83.9	1,692,161	1,692,161

B. Non-Investment Project Completions Since The Last Report

This data is also presented in the summary table titled "Completed Since Last Report". It can be seen that during the period 1 July thru 31 December 1996, UNDP completed 41 non-investment projects as detailed below:

NO.	DATE	COUNTRY	TYPE	DESCRIPTION
1.	July 96	Global	ARS	Technical advisory services in aerosols
2.	"	Argentina	PRP	Two foam projects formulated/approved
3.	Aug. 96	ASP	TRA	Reg. MAC training/demo workshop (Brunei)
4.	"	Brazil	PRP	1 ref. and 5 foam projects formulated
5.	Sept. 96	Philippines	TAS	ODS survey for small-scale industry completed
6.	Oct. 96	Mexico	INS	Completion of Phase II (Inst. Streng.)
7.	Nov. 96	Bolivia	PRP	Recovery/recycling project formulated/approved
8.	"	Cen.Afr.Rep.	PRP	Foam and Recov/Recycl projects formulated/approved
9.	"	China	PRP	1 foam, 2 ref., 6 solvents projects approved and several other identified and visited for 1997 approvals
10.	"	Colombia	PRP	Ref. projects prepared and other costs
11.	"	Congo	PRP	Recovery/Recycling project formulated/approved
12.	"	Dom. Rep.	PRP	Com. Ref. project prepared for 22nd ExCom
13.	"	India	PRP	21 foam projects formulated and approved
14.	"	Indonesia	PRP	3 foam projects formulated and approved
15.	"	Malawi	PRP	Visit by foam sector consultant
16.	"	Malaysia	PRP	Identification of SMEs for umbrella projects
17.	"	Mexico	PRP	2 foam projects formulated and approved
18.	"	Panama	PRP	Foam project formulated for 22nd ExCom
19.	"	Philippines	PRP	1 foam, 1 ref, 1 solvent project approved
20.	"	Uganda	PRP	Foam sector consultant visit
21.	"	Zambia	PRP	Foam sector consultant visit
22.	Dec. 96	Global	TRA	Completed 3 national policy workshops
23.	"	LAC	TAS	MACs Phase I tech. assist. for Latin America completed
24.	"	Argentina	TAS	National halons alternatives study completed
25.	"	"	PRP	5 foam and 2 com. ref. projects prepared
26.	"	Bangladesh	PRP	Recovery/Recycling project formulated
27.	"	China	TAS	Tech. assist. for Guandong aerosols project provided
28.	"	"	INS	Completion of first phase of Inst. Streng.
29.	"	Costa Rica	INS	Completion of first phase of Inst. Streng.
30.	"	"	TRA	Workshop on ODS alternatives in solvents
31.	"	Cuba	INS	Completion of first phase of Inst. Streng.
32.	"	Ghana	INS	Completion of first phase of Inst. Streng.
33.	"	India	TAS	Completion of ODS small-scale plant survey
34.	"	India	INS	Completion of first phase of Inst. Streng.
35.	"	Jamaica	PRP	Foam project formulated for 22nd ExCom

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NO.	DATE	COUNTRY	TYPE	DESCRIPTION
36.	Dec. 96	Malaysia	INS	Completion of first phase of Inst. Streng.
37.	"	Mexico	PRP	Formulation of 2 foam projects
38.	"	Nigeria	PRP	Foam sector strategy, 7 projects formulated and 4 projects approved at 20th ExCom
39.	"	Uruguay	INS	Completion of first phase of Inst. Streng.
40.	"	Venezuela	INS	Completion of first phase of Inst. Streng.
41.	"	"	PRP	Visits by solvents and recovery/recycling consultants; a R/R project formulated

III. GLOBAL AND REGIONAL PROJECT HIGHLIGHTS

A. Global Projects

- o GLO/REF/06/TRA/005: Savings from the Africa MACs training/demonstration workshop held in Accra, Ghana, in June 1996 enable UNDP to organize, within the project budget, an additional MAC training/demonstration workshop for French-speaking countries in Africa which was held in Abidjan, Cote d'Ivoire during 4-5 November 1996.
- o GLO/REF/18/TAS/090: Under UNDP's Global MACs Project II, joint UNDP/USEPA visits were undertaken to Guatemala, Mexico and to several cities within China.
- o GLO/SEV/06/TRA/011: An informal workshop on national ODS phaseout policies was held with representatives from Colombia, Indonesia, Mauritius and the Philippines, in conjunction with the October 1996 International Conference on Ozone Protection Technologies in Washington D.C.

B. Regional Projects

- o AFR/FUM/17/TAS/015: Following 20th ExCom approval, savings from UNDP's other three regional MBr regional surveys allocated for a MBR survey of North Africa and the Middle East. Recruitment of national MBr survey teams ongoing.
- o ASP/REF/06/TRA/003: UNDP and USEPA jointly organized and conducted the Regional Asia/Pacific MAC training/demonstration workshop in Brunei in August 1996 in conjunction with the meeting of the South-East Asia ODS Officers Network Meeting organized by UNEP.

IV. PERFORMANCE INDICATORS

A. UNDP Business Plan Performance Goals

- o In UNDP's 1996 Business Plan, prepared in October 1995, it was estimated that 1991-96 disbursements (including obligations) would total \$72 million. Excluding obligations, UNDP had disbursed \$52.13 million as of end-December 1996; including obligations would have raised the total disbursement figure to \$68.1 million, only 5.5% below the target set in its 1996 Business Plan. This indicated the significant degree to which UNDP has adhered to its 1996 Business Plan.

- o UNDP had targeted in its 1996 Business Plan that the length of time from project approval to first disbursement should, on average, be 9 months. The summary tables show, for 1996 as a whole, that the number of months from project approval to first disbursement was 11 months for completed investment projects, 13 months for ongoing investment projects, 8 months for completed non-investment projects, and 14 months for ongoing non-investment projects. While UNDP met its target for completed non-investment projects, it took somewhat longer than assumed for first disbursements in other projects. While striving to increase its speed of first disbursement, UNDP will incorporate more realistic timeframes in its 1997 Business Plan.
- o UNDP had also proposed in its 1996 Business Plan that it would develop and seek approval for umbrella projects that would, in most cases, close out ODS consumption in specific sectors/subsectors. The Malaysia aerosols closeout project and the first phase of the Philippines solvent sector phaseout were approved at the 19th ExCom Meeting in May 1996, the project proposal to close out the rigid foam thermoware subsector in India was discussed at the 19th ExCom, umbrella projects were submitted to the Secretariat to close out the foam and commercial refrigeration sectors in Egypt and the 20th ExCom Meeting in October 1996 approved an umbrella project to eliminate CFC use in the shoe soles industry in Mexico. UNDP is thus fully meeting its targets here.

B. Cumulative Completed Investment Projects

- o Of the total listed 61 projects, UNDP has completed 57 investment projects and 4 were closed and the funds returned to the Executive Committee. Of the \$19.6 million in their approved budgets, 91% has already been disbursed. It took an average of 11 months from approval to first disbursement and 19 months from approval to completion. The overall cost-effectiveness of the projects to the Fund was \$8.2/kg.
- o Of these 57 completed investment projects, 39 were in Asia, 11 in Africa and 7 in Latin America/Caribbean. Since UNDP started its programme in Latin America/Caribbean much later, investment project completions in that region will start appearing more frequently in 1997 onwards.
- o Of the 57 completed investment projects, 42 were in foams, 7 in solvents, 5 in refrigeration and 3 in aerosols. The number of completed refrigeration sector projects would rise in 1997, since UNDP entered this sector after it had ongoing work programmes in other sectors. Experience shows that refrigeration projects take longer to implement as compared to foam projects.
- o 53 of the 57 completed investment projects were executed by UNOPS, with the remaining four being under national execution.

C. Cumulative Completed Non-Investment Projects

- o Of the total listed 161 projects, UNDP has completed 152 non-investment projects, with 8 training projects transferred to UNEP and one CPG preparation (Colombia) completed with no MLF assistance. Of the \$11.17 million in their approved budgets, 94% has been disbursed. It took an average of 8 months from approval to first disbursement and 22 months from approval to completion.

**Cumulative Completed Investment Projects
by Region, Sector, and Implementation Characteristics**

UNDP, table 5
17 April 97

	Item	Number of Projects	Approved Funds plus Adjustment (US \$)	Per Cent of Funds Disbursed	Average Number of Months from Approval to First Disbursement	Average Number of Months from Approval to Completion	Overall Cost- Effectiveness to the Fund (US \$/kg.)
GRAND TOTAL		61	19,601,236	90.9	11	19	8.2
Region	Africa	11	4,319,802	96.7	8	21	7.9
	Asia & Pacific	43	12,848,007	90.7	13	19	6.6
	Europe						
	Latin America and Caribbean	7	2,433,427	81.9	11	17	11.8
	Global						
Sector	Aerosol	3	574,663	81.3	14	12	3.0
	Foam	44	14,123,920	91.0	10	19	6.1
	Group						
	Halon						
	Methyl Bromide						
	Other						
	Production						
	Refrigeration	6	2,764,555	88.0	11	17	23.2
	Solvents	8	2,138,098	96.7	21	23	-28.1
Implementation Characteristics	Agency Implementation	57	16,866,236	90.5	11	18	7.0
	National Implementation	4	2,735,000	93.9	24	36	9.1
Time or Objective-sensitive Accounts	Time-Sensitive						
	Objective-Sensitive	61	19,601,236	90.9	11	19	8.2
Disbursement Method	During Implementation	51	16,973,937	92.0	11	21	8.2
	After Implementation	4	1,547,374	89.3	13	13	11.8
	Retroactive Funding	6	1,079,925	77.4	12	10	2.1
Note: The sum of each section (Region, Sector, etc.) equals the Grand Total.							

**Cumulative Completed Non-Investment Projects
by Region, Sector, Type, and Implementation Characteristics**

UNDP, table 6
17 April 97

	Item	Number of Approvals	Approved Fund plus Adjustment (US \$)	Per Cent of Funds Disbursed	Average Number of Months from Approval to First Disbursement	Average Number of Months from Approval to Completion	Overall Cost-Effectiveness to the Fund
GRAND TOTAL		161	11,173,274	94.1	8	22	
Region	Africa	23	748,840	89.7	8	18	
	Asia & Pacific	60	5,203,633	93.4	8	21	
	Europe						
	Latin America and Caribbean	61	3,847,118	94.0	5	21	
	Global	17	1,373,683	100.0	13	29	
Sector	Aerosol	5	321,700	92.0	10	32	
	Foam	12	666,746	100.0	11	21	
	Group	96	7,477,976	92.2	4	20	
	Halon	9	597,522	100.0	10	23	
	Methyl Bromide	2	159,700	100.0	1	8	
	Other						
	Production						
	Refrigeration	34	1,836,681	98.5	14	24	
	Solvents	3	112,949	87.3	21	28	
Type	Country Programme Preparation	15	923,923	100.0	8	18	
	Demonstration Projects	4	313,400	100.0	6	20	
	Institutional Strengthening Projects	9	2,508,272	77.1	10	45	
	Project Preparation	65	3,381,136	100.0	2	14	
	Technical Assistance Projects	38	2,890,200	97.7	8	24	
	Training Projects	30	1,156,343	98.8	19	27	
Implementation Characteristics	Agency Implementation	148	8,248,882	99.3	7	19	
	National Implementation	13	2,924,392	79.5	15	43	
Time or Objective-sensitive Accounts	Time-Sensitive	26	3,836,536	84.4	8	29	
	Objective-Sensitive	135	7,336,738	99.3	8	20	
Disbursement Method	During Implementation	161	11,173,274	94.1	8	22	
	After Implementation						
	Retroactive Funding						
Note: The sum of each section (Region, Sector, etc.) equals the Grand Total.							

- o These 152 activities were fairly well spread out geographically, with 60 projects in Latin America/Caribbean, 58 in Asia/Pacific, 18 in Africa and 16 global projects.
- o These 152 projects comprised 14 country programme preparation activities, 4 demonstration projects, 9 institutional strengthening projects, 65 project preparation activities, 38 technical assistance projects and 22 training projects.
- o 139 of the 152 completed non-investment projects were executed by UNOPS, with the remaining 13, primarily institutional strengthening projects, being under national execution.

D. Cumulative Ongoing Investment Projects

- o UNDP has 225 ongoing investment projects. Of the \$94.5 million in approved budgets, 20.5% has already been disbursed. It takes an average of 13 months from approval to first disbursement and 29 months from approval to project completion.
- o The Asia/Pacific region has 123 ongoing investment projects with budgets of \$48.1 million, Latin America/Caribbean has 76 ongoing projects with budgets of \$37.2 million, and Africa has 26 projects with budgets of \$9.1 million.
- o With respect to the number of approved ongoing investment projects by sector, foams had 57% (130 projects), followed by refrigeration at 30% (67 projects), solvents at 7% (15 projects), aerosols at 4% (8 projects) and halons at 2% (5 projects).
- o Of these 225 ongoing investment projects, 87% (195 projects) are executed by UNOPS while 13% (30 projects) are under national execution.

E. Cumulative Ongoing Non-Investment Projects

- o UNDP has 65 ongoing non-investment projects. Of the \$13.6 million in approved budgets, 32.5% has already been disbursed. It takes an average of 14 months from approval to first disbursement, and 36 months from approval to completion. The greater amount of time for completion is due to: (a) the 19 institutional strengthening projects which have 3 year durations; and (b) past delays in the completion of several technical assistance and training projects, most of which are finally moving to completion. Several projects often remain open waiting for the completion of a last small activity which significantly delays overall project completion.
- o These activities were fairly well spread out geographically, with 27 activities in Asia/Pacific, 20 in Latin America/Caribbean, 14 in Africa and 4 global projects.
- o The refrigeration sector has 25 ongoing technical assistance and training projects, far more than in any other sector.
- o 31 of the 65 ongoing non-investment projects are being executed by UNOPS and 34 projects are under national execution (comprising 19 institutional strengthening and 15 technical assistance and training activities).

**Cumulative Ongoing Investment Projects
by Region, Sector, Implementation Characteristics**

UNDP, table 7

17 April 97

Item	Item	Number of Approvals	Approved Funds plus Adjustment (US \$)	Per Cent of Funds Disbursed	Average Number of Months from Approval to First Disbursement	Average Number of Months Currently Expected until Completion	Overall Cost effectiveness
GRAND TOTAL		225	94,467,484	20.5	13	29	6.7
Region	Africa	26	9,080,058	24.7	15	33	6.6
	Asia & Pacific	123	48,144,114	15.9	13	29	6.2
	Europe						
	Latin America and Caribbean	76	37,243,312	25.4	13	29	7.4
	Global						
Sector	Aerosol	8	3,164,038	22.3	13	24	4.0
	Foam	130	40,238,698	21.3	13	29	5.4
	Group						
	Halon	5	511,069	28.2	13	23	0.8
	Methyl Bromide						
	Production						
	Refrigeration	67	46,044,495	21.3	13	31	9.1
	Solvents	15	4,509,184	3.3	20	30	19.0
Implementation Characteristics	Agency Implementation	195	71,457,690	26.6	13	29	6.7
	National Implementation	30	23,009,794	1.5	18	30	6.6
Time or Objective-sensitive Accounts	Time-Sensitive						
	Objective-Sensitive	225	94,467,484	20.5	13	29	6.7
Disbursement Method	During Implementation	210	90,329,111	20.8	13	29	6.9
	After Implementation	11	2,795,833	20.8	16	26	3.4
	Retroactive Funding	4	1,342,540	3.0	22	32	5.8

**Cumulative Ongoing Non-Investment Projects
by Region, Sector, Type, and Implementation Characteristics**

UNDP, table 8

17 April 97

	Item	Number of Approvals	Approved Funds plus Adjustment (US \$)	Per Cent of Funds Disbursed	Average Number of Months from Approval	Average Number of Months Currently Expected until Completion
GRAND TOTAL		65	13,582,025	32.5	14	36
Region	Africa	14	1,906,211	27.7	12	33
	Asia & Pacific	27	6,348,526	29.9	18	37
	Europe					
	Latin America and Caribbean	20	4,382,155	34.9	10	34
	Global	4	945,133	48.4	12	54
Sector	Aerosol	3	357,250	13.6	10	26
	Foam	4	901,120	43.0	30	50
	Group	25	5,164,250	25.3	11	36
	Halon	5	1,260,863	59.2	16	49
	Methyl Bromide	2	266,850	46.6	11	35
	Production					
	Refrigeration	25	5,142,292	34.3	14	34
	Solvents	1	489,400	7.8	24	43
Type	Country Programme Preparation					
	Demonstration Projects	4	729,466	38.4	15	28
	Institutional Strengthening Projects	19	4,534,750	24.4	9	33
	Project Preparation	3	127,000	44.9	12	36
	Technical Assistance Projects	36	7,784,909	37.7	14	37
	Training Projects	3	450,900	9.1	42	64
Implementation Characteristics	Agency Implementation	31	5,224,015	22.1	12	35
	National Implementation	34	8,358,010	39.0	15	38
Time or Objective-sensitive Accounts	Time-Sensitive	29	6,837,500	28.1	13	37
	Objective-Sensitive	36	6,744,525	37.0	15	36
Disbursement Method	During Implementation	65	13,582,025	32.5	14	36
	After Implementation					
	Retroactive Funding					

Active Project Preparation Accounts

UNDP, table 9

17 April 97

Region	Project Number					Project Title	First Disbursement Date	Approved Funding (US \$)	Adjustment (US \$)	Funds Disbursed (US \$)	Per Cent of Funds Disbursed	Balance (US \$)	Planned Commitments in Current Year (US \$)
AFR	ETH	SEV	17	PRP	002	Project preparation assistance		30,000	0	0	0.0	30,000	
AFR	URT	SEV	17	PRP	004	Project preparation assistance	Aug-95	47,000	0	27,000	57.4	20,000	12,000
LAC	COS	SEV	8	PRP	007	Consultants CP Implementation	Oct-93	50,000	0	30,000	60.0	20,000	12,000
SUB-TOTAL								127,000	0	57,000	44.9	70,000	24,000
ADMINISTRATIVE SUPPORT								16,510	0				
GRAND TOTAL								143,510	0				

V. STATUS OF AGREEMENTS AND PROJECT PREPARATION BY COUNTRY

A. Agreements To Be Signed/Executed/Finalized And When They Will Be Ready For Disbursing
 Since UNDP has in place in each developing country a standard legal agreement covering UNDP activities in that country, no additional legal agreement is required. There have, however, been non-technical delays before UNDP project documents were signed due to:

- o Following project approval by the ExCom, often with budgets significantly below those in the original proposal, some enterprises want to reallocate the approved lower budget costs between components (equipment, training, etc.) within the approved budgets so that it better meets their needs. Convincing the enterprises that such flexibility is not an option takes time since the enterprises do not understand MLF procedures.
- o Some delays are consequent on time taken by Governments to sign project documents which can vary from a few weeks to 6-12 months.
- o Since recipient enterprises now often have to provide part of the required project costs in order to have the project qualify within the cost-effectiveness thresholds, it often takes some months for the recipient enterprises to come up with the required counterpart funds in foreign currency.

B. Project Preparation By Country, Approved Amount And Amount Disbursed

Almost all approved project preparation activities had been completed. Only 3 of the 68 activities were still outstanding as of end-1996. One of them - project preparation approved for Ethiopia - is being returned by UNDP to the Executive Committee since UNDP is not able to meet the objectives under which that project was approved.

VI. ADMINISTRATIVE ISSUES (OPERATIONAL, POLICY, FINANCIAL, OTHER)

A. Meetings Attended by UNDP (1 July - 31 December 1996)

DATE	MEETINGS ATTENDED AND PURPOSE
17 July	Visit to UNDP by the MLF consultant involved in development of the paper on monitoring and evaluation for the Fund (New York)
13-16 August	Made a presentation at the UNEP-organized ODS Officers Network Meeting for Southeast Asia and the Pacific (Brunei)
21 August	UNDP's Montreal Protocol team met with UNDP Administrator, Mr. Gus Speth, and briefed him on the MP programme (New York)
23 August	Participated and spoke at the 14th Meeting of the Implementation Committee of the Montreal Protocol (Geneva)
26-29 August	Participated at the 13th Meeting of the Open-Ended Working Group of the Parties to the Montreal Protocol (Geneva)
11 September	Meeting with the visiting Australian Trade Commission team for discussions on involvement in MP projects (New York)
16-17 September	At the China First National Conference on Ozone Layer Protection, Mr. Arthur Holcombe, UNDP ResRep, spoke on behalf of the UN System and Mr. Pinto spoke on the UNDP work programme in China. Discussions with NEPA (Beijing, China)

DATE	MEETINGS ATTENDED AND PURPOSE
19-20 September	UNDP/MPU, UNDP/Delhi and spoke at the meeting "Interaction on the Montreal Protocol" organized by the Govt. of India (New Delhi, India).
21 September	Official commissioning by UNDP/UNOPS and the Govt. of India of the Eagle Flask foam project which eliminated 20 ODP tonnes (Pune, India)
25-27 September	Official commissioning by UNDP/UNOPS and the Govt. of the Philippines of the Unimagna and Mepco commercial ref. projects and the Himalaya foam project, eliminating a total of 94 ODP tonnes (Manila, Philippines)
30 September	Visit to UNDP by team from USEPA for discussions on global halons, global MAC, regional MAC and other projects (New York)
14-18 October	Participated at the Project Review Subcommittee and the 20th Meeting of the Executive Committee (Montreal)
20-23 October	Participated at the UNEP Foams Technical Options Committee Meeting and at the SPI foams Conference (Las Vegas, USA)
21-23 October	Participated and chaired sessions at the 1996 International Conference on Ozone Protection Technologies (Washington, D.C.)
26 Oct. - 5 Nov.	Visit to UNDP/NY by senior staff from NEPA/Beijing for overall MP programme review and discussion of safety and technical issues with UNDP refrigeration and solvents experts; the NEPA team also visited UNOPS for project implementation discussions (New York)
28 October	Participated at the 9th Meeting of the World Bank's Ozone Operations Resource Group (OORG), (Washington, D.C.)
4-5 November	Made a presentation at the UNEP-organized ODS Officers Network Meeting for French-speaking African countries; also made a presentation at the joint UNDP/USEPA Regional MAC Workshop (Abidjan, Côte d'Ivoire)
18-22 November	Participated at the Preparatory Meeting of the 8th Meeting of the Parties to the Montreal Protocol (San José, Costa Rica)
25 November	Participated and spoke at the 15th Meeting of the Implementation Committee of the Montreal Protocol (San José, Costa Rica)
26-28 November	Participated and made a Statement (delivered by Roberto Lenton, Director, SEED/UNDP) at the 8th Meeting of the Parties to the Montreal Protocol at Ministerial-level (San José, Costa Rica)

B. Implementing Agency and Other Cooperation

DATE	MEETINGS ATTENDED AND PURPOSE
2-3 July	Coordination meeting between the Agencies and the Secretariat to plan for second-half 1996 and for inputs to MP meetings (Montreal)
9 August	UNDP hosted the Interagency Working Group Meeting on "The Applicability of Foam Processing Equipment in ODS Phaseout Projects" attended by UNDP, UNIDO, the World Bank, technical experts and industry representatives (New York).
12-13 December	Coordination meeting between the Agencies and the Secretariat in order to discuss draft 1997 Business Plans (Montreal)

C. Adjustments

- 1) For Ethiopia, UNDP had received \$30,000 (ETH/SEV/17/PRP/002) at the 17th ExCom Meeting for project preparation in all sectors. UNDP proposed in August 1995 that its recovery/recycling expert visit during 30 Sept.-5 Oct. 1995 to start project development. The Govt. said the visit was premature since projects would be formulated only after the CP was prepared. When the Ethiopia CP was approved at the 20th ExCom in Oct. 1996, it showed ODS consumption of only 31 ODP tonnes with the Govt. specifying that the 30-tonne recovery/recycling project be developed and implemented by Finland. This project accounts for 97% of all ODP use in Ethiopia. The remaining two tiny projects would: (a) eliminate 0.7 ODP tonne in methyl chloroform in solvents; and (b) eliminate 0.2 ODP tonne CFC-11 in chiller retrofitting. These are not "approvable" at the present time due to cost-effectiveness and eligibility considerations. Since Ethiopia would already have met its 1999 freeze obligations with the recovery/recycling project, UNDP is unable to fulfill the terms under which the project preparation funds were approved and hereby returns that project and monies back to the Executive Committee.
- 2) For Indonesia, the 15th ExCom Meeting in Dec. 1994 approved the solvents project "Elimination of the use of 111 TCA and CFC-113 in manufacture of metal and plastic motorcycle parts at PT KGD Indonesia Inc." The budget was \$88,000 with 4 ODP (11 ODS) tonnes to be eliminated. The enterprise has informed the Govt. that it has, on its own, completed tests and modifications of its manufacturing processes which have enabled it to completely eliminate all use of CFC-113 and TCA. While the enterprise is aware it could qualify for retroactive funding, it does not wish to do so. UNDP thus requests cancellation of this project and will return the funds back to the Executive Committee. UNDP congratulates the enterprise for its environmental outlook and thanks the Government which brought this matter to UNDP's attention.

D. Reasons behind the longer time needed to complete investment projects

As UNDP's progress report shows, whereas investment projects completed as of end-Dec 1996 took on average 19 months for ODS phaseout, UNDP's ongoing investment projects are now estimated to take around 29 months to complete. UNDP/UNOPS have investigated the reasons causing these delays. They fall into three broad categories:

I. Delays due to project-related technical reasons

- a) UNOPS reports that the backlog of orders at several lower-cost suppliers is increasing. For foam equipment, the delivery time has increased from 3 months in 1995 to 6 months at present. For refrigeration equipment, the delivery time has increased from 1.5 months in 1995 to 3 months at present.
- b) Some enterprises take several months to endorse equipment specifications as sent by UNOPS and the experts, thus contributing to implementation delays. In other cases, following the results of the first round of bidding, the enterprise for justifiable technical reasons related to product quality, changes its mind on certain requirements/specifications and a second round of bidding is then required.
- c) In the solvent sector, there is often a lengthy review period for technical plans and testing before the preparation of equipment specifications. Enterprises are cautious and want to ensure that they do not make a costly mistake; the additional months taken during this process add to the implementation delay.

- d) Product quality trials are sometimes unsuccessful, requiring additional technical assistance from experts and suppliers; this contributes to delays. For instance, in the refrigeration sector UNDP/UNOPS have found that pilot scale production and testing takes much longer than originally estimated in the project proposal.
- e) The availability of experts as and when needed is also causing some delays. Experts often have their itineraries tied up for a few months at a time, and projects have to sometimes wait for 1-3 months before the expert can visit.
- f) UNDP/UNOPS have nine ongoing projects where the enterprises have requested and received approval from the ExCom for change in technology. While each case was fully justified, this has resulted in a 9-12 month delay in project implementation.
- g) In some instances, local works and plant modifications take more time than expected; this is sometimes due to the difficult economic situation that the country/industry is facing.

II. Delays due to project-related financial reasons

- a) With the approval of most big and highly cost-effective projects, UNDP finds that new projects coming forward are either at the CE (cost-effectiveness) threshold or exceed it. Since both enterprises and Governments are very anxious to complete their ODS phaseout as soon as possible, often to meet phaseout schedules as set in their respective Country Programmes, enterprises have to put up the balance of funds required over and above what the ExCom approves. Several enterprises have difficulties in raising these additional \$ funds on short notice.
- b) As a result of the bidding process, the lowest-cost qualified bidder in several projects sometimes shows prices/costs well in excess of the project's equipment budget. Enterprises who have started their conversion process cannot afford the 6-9 months necessary to go back to the Executive Committee for additional funding, and even if they did would not be assured of receiving it. It often takes them 3-6 months to raise the additional financing needed.

III. Delays due to other (often external) reasons

- a) There have been increasing delays in the time several Governments have taken to sign project documents. In several cases, while the ozone unit counterparts have moved quickly, the official Govt. counterparts who have to sign these documents (Ministries of Finance/Planning/Development) sometimes take between 3-9 months to sign the documents, thus delaying project start-up.
- b) In some instances enterprises change management, and the new management wants to reevaluate the ODS phaseout programme. In some instances there have been fires and the enterprises had to do reconstruction work. And in some instances a sudden economic downturn has forced enterprises to temporarily stop activities. All these factors contribute to implementation delays, unforeseen when the projects were formulated.
- c) In some sectors/subsectors in mid-sized and larger ODS consuming countries, enterprises whose projects are approved earlier sometimes insist on a common completion date with

enterprises whose projects are approved later, since they do not want their competitors to take over their market share which would happen if they were to convert to non-ODS products earlier than their competitors. This pushes all completion dates back.

- d) In a few countries, enterprises refuse to complete their projects until the Government agrees to pass legislation to: (a) remove excise/sales/customs taxes on non-ODS equipment that the companies would be liable when the equipment is formally transferred to them; and/or (b) prohibit the import of CFC-using appliances that would unfairly compete with the new non-ODS appliances being manufactured under the MLF projects. However, Governments will not pass legislation until their projects are approved and they have a firm idea of sectoral phaseout dates and schedules.
- e) In one country, enterprises in the domestic refrigeration sector are ready to complete their projects, but due to a recently enacted energy efficiency standard they have to queue for product certification at only two labs in the country. This continues to delay project completion but is beyond the control of UNDP, UNOPS or the enterprises concerned.
- f) In Vietnam, for instance, UNDP's aerosols projects could have been converted on schedule, but UNOPS has found that HAP supplies for cosmetic purposes in South-East Asia do not at present meet quality grade standards. This has delayed project completion as the enterprises seek HAP supplies from much further away and at higher cost.
- g) In some countries, local teams (sometimes including Ozone Units) have experienced rapid staff turnover with new appointees unfamiliar with project implementation procedures.

ANNEX I

COUNTRY DEVELOPMENT & INSTITUTIONAL STRENGTHENING UNIT HIGHLIGHTS: 1 July - 31 December 1996

- o In ARGENTINA, the Mentvil factory in Dec. 96 eliminated 19 ODP tonnes used in foam slabstock. Six enterprises are switching to liquid carbon dioxide as the alternative technology following approval in Oct. 96 at the 20th ExCom Meeting for these demonstration projects. Purchase orders for 5 of the 6 companies were placed in Dec. 96.
- o In BANGLADESH, following a change in Government, implementation of the approved aerosols projects has been put on hold as the new Govt. decides how to handle MP projects that aid private sector enterprises.
- o In BOLIVIA, a recovery/recycling project was approved in Oct. 96 and the Government is taking key interest in its implementation.
- o In BRAZIL, purchase orders were placed for seven foam projects and an implementation plan is being finalized for the large Multibras project approved in Oct. 96. Identification efforts were underway to identify a large number of foam projects to be formulated and approved in 1997. UNDP/MPU staff visited Brasilia in early August 1996 to review the ongoing and future MP work programme.

- o In the CENTRAL AFRICAN REPUBLIC, implementation of the approved foam and recovery/recycling project has been delayed due to the security conditions within the country.
- o In CHINA, NEPA organized the China First National Conference on Ozone Layer Protection during 16-17 September 1997 in Beijing which also commemorated International Ozone Day. The Conference heard presentations from the ExCom Chairman (Prof. Onger), the Chief Officer of the Fund Secretariat (Dr. El-Arini), senior officials from the four implementing agencies, and senior representatives from the Ministries and from Chinese industry. Mr. Arthur Holcombe, UN System Coordinator in China, made a statement on behalf of UN System activities and Mr. Pinto made a presentation on the UNDP work programme in China. Mr. Pinto also had discussions with NEPA on the UNDP work programme. "Ozone Action in China" is now a regular publication and is well received. The Dalian precision parts solvents demonstration project was completed in Sept. 96 eliminating 30 ODP tonnes. Senior NEPA staff visited UNDP/NY during 26 Oct.-5 Nov. 1996 for overall MP programme review and discussion of safety and technical issues with our refrigeration and solvents experts; they also visited UNOPS for project implementation discussions.
- o In COLOMBIA, there was significant progress in project implementation. Preparations were made for a key Feb.1997 meeting between UNDP, UNOPS, the Govt. and industry to agree on a final phaseout date for CFC-using domestic refrigerators. Ozone Unit fully operational.
- o In the CONGO, a national consultant was recruited to organize the workshops to start implementation of the national recovery/recycling project approved in Oct. 96.
- o In COSTA RICA, the Ozone Unit is fully operational and played a key role in second-half 1996 in the organization of the 8th Meeting of the Parties to the Montreal Protocol held in San Jose, Costa Rica, in Nov. 1996. A solvents workshop was also held in Nov. 96.
- o In CUBA, the Ozone Unit is fully operational and coordinating implementation of the Country Programme. The recovery/recycling project is operational.
- o In the DOMINICAN REPUBLIC, a demonstration project in refrigeration is being jointly implemented by UNDP and USEPA. A commercial refrigeration project was also identified and formulated by UNDP consultants.
- o In EGYPT, implementation of several foam projects has restarted following resolution of the issue of receipt of counterpart contributions from the enterprises due to higher equipment costs than budgeted for. An umbrella foam sector ODS phaseout programme was discussed with the Secretariat.
- o In GHANA, the Ozone Unit is fully operational and a two-year extension was approved at the 20th ExCom Meeting. Technical implementation problems for the flexible foam projects are being resolved.
- o In GUATEMALA, the Refrigua domestic refrigeration factory was commissioned in Oct. 96 eliminating 24 ODP tonnes. The recovery/recycling programme is on schedule.
- o In INDIA, MOEF during 19-20 Sept. 96 organized the meeting "Interaction on the Montreal Protocol" in New Delhi. Presentations were made by the ExCom Chair (Prof. Onger), the Vice-Chair (Mr. Turner) and the Chief Officer of the Fund Secretariat (Dr. El-Arini). All agencies

and representatives from Indian Ministries and industry participated. UNDP/MPU, UNDP/Delhi and UNOPS made presentations at the Meeting. The official commissioning by UNDP/UNOPS and MOEF of the Eagle Flask foam project took place in Pune on 21st Sept. in the presence of Chief Guest Dr. S.P. Godrej, the ExCom Chair and Vice-Chair, the Chief Officer, all agencies and media representatives. Statements were made by the ExCom Chair, MOEF, UNDP/MPU, UNDP/Delhi, UNOPS (Mr. Reinhart Helmke, Executive Director) and enterprise management.

- o In INDONESIA, the Perdana Delima foam enterprise in Oct. 96 eliminated 27 ODP tonnes in the manufacture of ice coolers and thermoware. Three foam projects were approved in Oct.96. The 1997 workplan of the Ozone Unit stresses development of a legislative framework, tax exemption measures and SME issues.
- o In IRAN, the Ozone Unit is fully operational and coordinating implementation of the CP.
- o In JAMAICA, the recovery/recycling project is fully operational and project preparation in the polystyrene foam sector is ongoing.
- o In KENYA, the Ozone Unit is fully operational and coordinating implementation of the CP.
- o In MALAWI, implementation of the recently approved recovery/recycling project is ongoing.
- o In MALAYSIA, during July-Dec. 1996 six foam projects were completed (Pulai Lamipak, Nian Aik, Shaga Cooling, Eversoft, Pangkat, Allied Foam) which eliminated a total of 179 ODP tonnes. The Ozone Unit is actively coordinating all aspects of the national ODS phaseout effort; a two-year extension was approved at the 20th ExCom Meeting in October 96.
- o In MAURITIUS, the foam parts of the two refrigeration projects were completed in August 96 and the projects are proceeding smoothly. The implementation workplan for the recovery/recycling programme is still under discussion with the Govt.
- o In MEXICO, the Galvamet foam panels project was commissioned in July 96 eliminating 89 ODP tonnes, and in Aug. 96 the Processadora solvents plant eliminated 3 ODP tonnes used in dry cleaning. The foam parts of several domestic refrigeration projects were completed in late-1996 eliminating in total 588 ODP tonnes in the MABE and VITRO Group projects respectively. Several new foam projects were also prepared for submission in 1997. The Ozone Unit is fully operational and actively coordinating implementation of the CP; a two-year extension was approved at the 20th ExCom Meeting in October 96.
- o In MOROCCO, a newer mid-sized ODS consumer, one foam project was approved at the 20th ExCom Meeting, several more were identified and are being formulated for submission in 1997.
- o In NIGERIA, UNDP developed projects to implement the foam sector strategy that it developed, with four projects approved at the 20th ExCom Meeting. The Ozone Unit is operational and is actively coordinating completion of the CP as soon as possible.
- o In PAKISTAN, the Ozone Unit has been established, staffed and is operational, though financial expenditure reports are very slow in arriving.
- o In PANAMA, the recovery/recycling project is operational and project preparation in the foam sector is ongoing.

- o In PERU, implementation for some projects is proceeding slowly, with delays at the recipient company side attributed to sluggish economic growth. The recently approved recovery/recycling project is moving on schedule.
- o In the PHILIPPINES, on 25th September the Govt., UNDP and UNOPS jointly commissioned the Unimagna and Mepco commercial refrigeration projects and the Himalaya foam project, thereby eliminating 94 ODP tonnes. The Under-Secretary for Environment, Mr. Delfin Ganapin, presided and spoke at the commissionings, Mr. Pinto spoke on behalf of UNDP/MPU and UNOPS, and Mr. Murata (Deputy ResRep) spoke on behalf of UNDP/Manila. The ODS survey for small-scale industry was also completed.
- o In SRI LANKA, project implementation suffered due to delayed plant modifications at one plant and a personnel strike at another. Their implementation has now resumed. The Ozone Unit is actively coordinating implementation of the CP and drafted a national CFC recovery and recycling plan as well as legislative measures for regulatory control.
- o In THAILAND, two foam projects (Modular Compound, Thai Union) were completed in Dec. 96 eliminating 75 ODP tonnes. Two enterprises have requested a change to LCD technology and this will be discussed at the 21st ExCom Meeting in Feb. 97. The Ozone Unit is operational and has started drafting regulatory measures for ODS phaseout.
- o In TRINIDAD & TOBAGO, the Country Programme was approved at the 20th ExCom Meeting in October 1996.
- o In UGANDA, purchase orders for the recovery/recycling project approved by the ExCom in May 1996 are awaiting Govt. clearance; project on schedule.
- o In URUGUAY, both the rigid foam spray umbrella project covering seven plants as well as a demonstration programme in recovery/recycling were completed in Dec. 96, eliminating in total 93 ODP tonnes. The Ozone Unit is fully operational and actively coordinating implementation of the CP; a two-year extension was approved at the 20th ExCom Meeting in October 96.
- o In VENEZUELA, the Ozone Unit is fully staffed and is actively monitoring the ODS phaseout programme and coordinating implementing agency work programmes; a two-year extension was approved at the 20th ExCom Meeting in October 96. Two pilot programmes in CFC-12 recovery/recycling and in MACs were completed in Dec. 96 eliminating in total 24 ODP tonnes.
- o In VIETNAM, implementation of the three aerosols projects is moving along smoothly and all three will be completed in second-half 1997. As approved at the 20th ExCom in Oct. 96, UNDP will be working on recovery/recycling with USEPA in the MAC sector and with the Australian EPA in the commercial refrigeration sector.
- o In ZAMBIA, purchase orders for the recovery/recycling project approved by the ExCom in May 1996 are awaiting Govt. clearance; project on schedule.

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