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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-fifth Meeting
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IMPLEMENTATION DELAYS

Overview

1. This document is a follow-up to decisions taken at previous meetings of the Executive Committee concerning projects with implementation delays.
2. The reports from the implementing and bilateral agencies on these projects are available to Executive Committee members upon request.
3. Section I of this document addresses the root causes for delays. Section II addresses the projects for which reports were requested. Implementing agencies have requested additional projects to be cancelled. Section II of this document addresses these requested project cancellations.

Delays and 2002 Business Plan

4. In the context of its consideration of the evaluation of the performance of the implementation of the 2000 business plans of the implementing agencies, the Executive Committee decided to note that the Multilateral Fund had not achieved its 2000 phase-out target and, for the purposes of the 2002 draft business plans, to request the implementing agencies to concentrate on the implementation of approved but unimplemented projects and to reduce the number of investment and non-investment projects with implementation delays; (Decision 34/11(c)). The Secretariat requested the agencies to indicate how their 2002 business plans would address projects with implementation delays. The World Bank indicated in its business plan that it has increased its supervision missions to expedite implementation. UNEP is proposing a change in the project completion dates for several projects in its 2002 draft business plan as part of its planned Compliance Assistance Programme.

5. The Executive Committee also requested UNEP to provide a status report on its Pacific Island Country Strategy and if no progress was reported, the Committee would consider alternative means of implementing those activities (Decision 34/7(i)). UNEP provided a status report in its business plan.

Section I: Root causes for implementation delays

6. At its 34th Meeting, the Executive Committee requested implementing and bilateral agencies to provide reports to the 35th Meeting on 327 projects with implementation delays and to further elucidate their reasons for such delays, including any reasons linked to Executive Committee decisions (Decision 34/4(b)) and that agencies should identify, after consultations with Article 5 countries, the root causes of delays more clearly (Decision 34/3(e)). Information was provided for all projects with delays except those for Tunisia where the World Bank is the implementing agency.

7. UNDP provided further explanatory reasons for the general categories currently used, UNIDO and the World Bank added information on root causes for some of their projects in their reports. For all of the implementing agencies, the root causes of delays can be derived from a comprehensive assessment of the project histories.

8. The root causes were assessed according to the categories of implementation delays and with a view towards actions that the Committee could take. Pursuant to Decision 34/4(b), an additional category for Executive Committee decisions was added to the existing six categories.

9. Implementing and bilateral agencies categorised the causes for implementation delays according to seven categories (A through G). An additional category of causes for delays was added for delays due to pre-conditions set by the Executive Committee. If more than one reason was provided, the cause of the delay was assigned to category A, to indicate, where possible, firstly, if the delays were caused by the agency, then the enterprise, etc. The results of this analysis are provided in the following table:

Category Number	Category	Australia	Canada	Finland	France	Germany	World Bank	UNDP	UNEP	UNIDO
A	Implementing or Executing Agencies		4				16	1	16	3
B	Enterprise				2		34	31		27
C	Technical Reasons						4	10	4	5
D	Government	1	1		2		2	9	41	6
E	External							1	5	1
F	ExCom Decisions		3							
G	Not Applicable						12	30	10	7
N/A	Not Available			4	1	1	6	2	10	
Total		1	8	4	5	1	74	84	86	49

Category A

10. Delays caused by implementing agency delays are generally related to scheduling difficulties, availability of consultants, internal processes leading to the signature of grant/sub-grant agreements, and difficulties with financial intermediary or executing institution. Implementing agencies rarely choose this category alone in their self-assessments. The Executive Committee reviewed the internal multi-staged process used by the Bank to reach what the Bank calls grant effectiveness—the time when disbursements can begin. This resulted in a reduction of a few of the Bank's several stages. There remain over 10 stages for the Bank to achieve to reach grant effectiveness. The Bank indicated that it is seeking further ways of expediting this process for countries where it does not have agreements in place.

Category B

11. Many of the reasons that enterprises cause delays have already been addressed by the Executive Committee through its decisions on counterpart funding, changes in technology, safety, and submission of projects before the enterprises were ready for their immediate implementation. Other reasons for delays include the time taken by the enterprise to endorse equipment specifications, to conduct additional product quality trials, to complete local works, and for different management to review the project. The Committee has sent notices of possible cancellation to enterprises to expedite these types of delays.

12. Another reason enterprises delay implementation is to wait to begin the operation of the alternative technology until their competitors have converted using the same technology. This reason has become more prevalent than in the past, generally with regard to LCD projects. Implementing agencies can fully install equipment required for the LCD technology but they

cannot complete the projects because the enterprise has not begun the use of the ODS substitute. These projects then appear on the list of delayed projects. This root cause of this type of delay appears to be related to the choice of technology because in some cases, agencies have continued to convince enterprises of the technology after the project is approved and sometimes after the equipment is installed.

Category C

13. The principle causes of delays for technical reasons include equipment order backlogs, time needed to repair equipment not functioning properly, and unavailability of the alternative substance, generally LCD. The equipment order backlog reason reflects perhaps a dependence on a limited number of suppliers, although there are also cost advantages in bulk orders from the same supplier. It is not clear if actions can be taken with regard to delays to repair equipment.

Category D

14. The principle reasons Government actions are indicated for implementation delays include staggered implementation schedules imposed by Governments to prevent market distortions, the lack of the required pre-conditions for project implementation and slow implementation by the NOU. Staggered implementation schedules are related to the cause of delay mentioned in the previous discussion of delays by enterprises, i.e., enterprises waiting until all competitors have converted.

Category E

15. The external causes of implementation delays generally relate to market and/or economic conditions in the country. Sometimes market conditions also have an impact on the viability of the enterprise. The Committee has taken a decision to ensure the financial viability of enterprises at the project preparation stage, however, sometimes economic conditions change after project approval that could affect the enterprise's ability to provide counterpart contributions or complete the phase out due to remaining purchased supplies of ODS.

Categories F

16. The establishment of pre-conditions for implementation by the Government (Category D) is related to delays caused by Executive Committee decisions (Category F). The Committee's decision on disallowing the disbursement of Fund resources for financial transfer to Governments in the form of customs duties has caused some countries to require additional measures to enable duty-free imports.

17. The Executive Committee's decisions to ensure that regulations/legislation should be in place for recovery/recycling and halon banking projects to move forward were taken to ensure the sustainability of these activities. This is because if virgin ODS is still available recycled substances cannot compete. As a consequence, recycling equipment may not be used and fall into a state of disrepair by the time recycled supplies are needed. The Committee has nevertheless approved projects in advance of the necessary pre-conditions being in place. This is often due to the argument that the project needs to be approved to provide an incentive for the Government to establish the necessary regulatory/legislative pre-requisites.

Category G

18. Category G usually applies to projects that are completed or agreed to be cancelled and therefore there is no further reason for delay.

Proposed follow-up Activities

19. Due to the volume of projects with implementation delays and the historical information available to the Secretariat, the Secretariat is proposing to continue its study of the root causes of implementation delays. It also plans to review project completion reports to further understand root causes of delays. The review would be submitted to the 36th Meeting of the Executive Committee in the context of projects with implementation delays.

20. However, the planned review may also impact the current assessment. Therefore the Secretariat is recommending that the Committee authorise it to modify its current assessment for projects with progress or some progress based on the planned review. The reason for this request is that the review may change the assessed status of projects that would have an impact on reporting requirements for the 36th Meeting. Projects with no progress would be sent notices of possible cancellation per the guidelines.

Section II: Projects with implementation delays

21. Implementing and bilateral agencies updated the status of projects with implementation delays and included assessments of whether or not the projects had experienced any progress since their last report. After having provided further clarification on some projects based on questions from the Secretariat, the Secretariat noted disagreement with the agencies over their assessment of the category of progress in their reports to the 35th Meeting. In Decision 33/10(a), the Executive Committee confirmed that the Secretariat's interpretation of progress reflected the understanding of the Executive Committee. The Secretariat applied its same interpretation this time as at the 33rd Meeting. The classification of projects according to their status is available upon request.

Progress in resolving causes of delays

22. Agencies indicated that there have been varying degrees of progress. 54 of the projects listed with delays at the 34th Meeting have been completed. There was evidence that there had been progress from one milestone to another or that the implementation delay had been removed for an additional 33 projects. These projects may be considered back on track and might be removed from future reporting under projects with implementation delays.

Projects with some progress--Projects approved less than 3 years ago

23. 17 projects approved less than 3 years ago were classified with some progress. These projects would continue to be monitored.

Projects with some progress approved over three years ago

24. Decision 32/4 also requires that projects with some progress that were approved over three years ago should continue to be monitored. 152 projects fall into this category. These projects will continue to be monitored.

Projects where deadlines were not achieved

25. In its consideration of the possible cancellation of some projects, the Executive Committee decided in lieu of cancellation to establish deadlines to achieve milestones specified as achievable by the implementing agencies.

26. At its 34th Meeting, the Executive Committee requested the Secretariat to communicate to the implementing agencies and the governments of the Article 5 countries concerned that the projects listed with deadlines to achieve milestones would be cancelled at the 35th Meeting if the indicated milestones were not met (Decision 34/3(f)). The Secretariat informed Governments and agencies of this decision.

27. The following projects did not achieve the deadline, but the Government or implementing agency does not recommend cancellation for the reasons as indicated:

Code	Agency	Project Title	Reason Not to Cancel
EGY/FOA/12/INV/28	UNDP	Conversion to CFC free-technology at El Fateh	Awaiting one part to complete project
IND/REF/22/INV/123	IBRD	Elimination of CFCs in the manufacture of commercial refrigeration equipment at Hindustan Refrigeration Industries	Procurement underway
IDS/FOA/23/INV/76	IBRD	Elimination of CFC-11 in the manufacture of flexible polyurethane foam (slabstock) at PT Sea Horse Maspion Indonesia	Cost of LCD was high so enterprise decided to change from LCD technology.
IDS/ARS/22/INV/61	IBRD	Conversion and aerosol filling center at PT Candi Swadaya Sentosa	Procurement underway.
MOR/FOA/22/INV/10	UNDP	Phase out of CFC in the manufacture of flexible foam (slabstock) at Dolidol	Awaiting other enterprises to convert.
MAL/ARS/19/INV/85	UNDP	Umbrella Aerosol Small and Medium Industries project	Equipment installed.
ARG/FOA/18/INV/33	UNDP	Elimination of the use of CFC's in the manufacture of sandwich panels and spray foams at Montisol Argentina S.A. and Art Nouveau Puntana, S.A.	Equipment installed.
ARG/FOA/20/INV/48	UNDP	Conversion to non-CFC technology in the manufacture of flexible foam (slabstocks) at Suavestar S.A.	Pending actions of others but moving forward.
CMR/FOA/23/INV/11	UNIDO	Phasing out CFC-11 at Sonopol	Equipment installed.
CMR/FOA/23/INV/10	UNIDO	Phasing out CFC-11 at Scimpos	Equipment installed.
URT/REF/18/INV/06	UNIDO	Phasing out of CFCs at Tanzania Domestic Appliance Manufacturers Ltd.	One of two conditions achieved.
TUN/FOA/23/INV/23	UNIDO	Phasing out CFC-11 at Sud Inter Mousse flexible polyurethane foam plant	Supplier problem.

Projects with no progress

28. The Secretariat with the agreement of the implementing agencies, classified 34 projects with no progress since the 34th Meeting: UNDP (3 projects), UNEP (10 projects), UNIDO (3 projects), the World Bank (17 projects) and France (one project).

29. Under Criterion 1 of the 2nd Procedure for project cancellation, the Executive Committee may wish to request the Secretariat to write, on its behalf, to the implementing agency and countries concerned that these projects may be considered for cancellation at the 36th Meeting if no further progress is reported. This applies to the following projects for which deadlines are recommended as follows:

Code	Agency	Project Title	Assessment
ARG/FOA/15/INV/14	UNDP	CINTER S.R.L. Elimination of CFC use in the manufacture of sandwich polyurethane panels	No Progress
CPR/REF/17/INV/119	UNIDO	Conversion of domestic refrigerator and freezer factories to phase out CFC-12 and CFC-11 by hydrocarbon isobutane and cyclopentane at Hangzhou Xiling Holdings Co.	No Progress
GHA/REF/32/TAS/16	UNDP	Implementation of the RMP: Monitoring of the activities included in the RMP	No Progress
SRL/REF/32/TAS/18	UNDP	Implementation of the RMP: Monitoring the activities included in the RMP	No Progress
SUD/REF/19/INV/06	UNIDO	Phasing out of ODS at 3 small domestic refrigerator factories in Sudan (Coldair Refrigerator Factory, Modern Refrigerator and Metal Furniture co., Sheet Metal Industries Co. Refrigerator Factory)	No Progress
SYR/FOA/26/INV/32	UNIDO	Phasing out CFC-11 in manufacturing of flexible PU slabstock foam through the use of CO2 blowing technology at National Polyurethane Company (N.P.C.)	No Progress

30. The following projects were also classified with no progress however for the reasons indicated below, the Committee may wish to provide deadlines for the accomplishment of milestones to be proposed by the implementing agencies.

Code	Agency	Project Title	Reasons to Allow Deadlines
CHI/MUS/19/INV/14	IBRD	Montreal Protocol implementation programme - phase II	Funds disbursed—administrative delays.
CHI/MUS/26/INV/37	IBRD	Montreal Protocol implementation program (Phase II, second tranche)	Auction had few bidders. Government against cancellation.
JOR/FOA/22/INV/32	IBRD	Conversion to CFC-free technology in the manufacture of flexible slabstock PUF (box foam) at Baybars	Change in location underway.
MAL/FOA/19/INV/86	IBRD	Elimination of CFC-11 in the manufacture of polyurethane refrigerator panels at Penang Trading Co.	Change in location underway.
ARG/REF/18/INV/39	IBRD	Elimination of CFC in the manufacturing plant of domestic refrigerators of Neba, S.A.	Change of ownership.
ARG/REF/23/INV/69	IBRD	Elimination of CFCs in the manufacturing plant of domestic refrigerators at Lobato San Luis S.A.	Change of technology to non LCD. & market conditions
IDS/FOA/23/INV/77	IBRD	Flexible boxfoam. Technical assistance program for SMEs at Indonesian Foam Association (AFI)	Different organization needed for implementation Government against cancellation

Code	Agency	Project Title	Reasons to Allow Deadlines
IDS/FOA/23/INV/78	IBRD	Technical assistance programme for SMEs for flexible polyurethane foam at Indonesian Foam Association (AFI)	Different organization needed for implementation Government against cancellation
CPR/REF/22/INV/215	IBRD	Conversion of CFC-12 small open type refrigerating compressor production at Ningbo Refrigerating Machinery Factory	Equipment installed lack of familiarity with new technology
ARG/REF/18/INV/37	IBRD	Elimination of CFCs in domestic refrigerator production plant in Autosal, S.A.	Equipment installed supply of alternative current problem.
ARG/REF/15/INV/19	IBRD	Elimination of CFC in two manufacturing plants of domestic refrigerators at Helametal S.A., and Helametal Catamarca S.A.	Market conditions & lack of expertise.
CPR/REF/16/INV/111	IBRD	Conversion of small open-type CFC-12 refrigeration compressor production to HCFC-22 at Anhui Provincial Refrigerating Machinery Factory (APRMF)	Prototypes under development. Government agaisnt cancellation.
IVC/REF/24/TAS/10	France	Implementation of refrigerant management plan	Pre-conditions not in place due to Government
IDS/FOA/15/INV/20	IBRD	Elimination of CFC-11 in the manufacture of polyurethane foam sheet at Multi Karya Makmur	Pre-conditions not in place due to Government
DMI/REF/26/TRA/02	UNEP	Implementation of the refrigerant management plan: Custom training	Pre-conditions not in place due to Government
STV/REF/25/TRA/03	UNEP	Implementation of the refrigerant management plan: Monitoring and control of ODS and ODS based equipment	Pre-conditions not in place due to Government
GUY/REF/23/TRA/07	UNEP	Implementation of the refrigerant management plan: Training on monitoring and control of ODS and ODS using equipment	Pre-conditions not in place due to Government
GUI/REF/30/TRA/06	UNEP	Implementation of the RMP: Training for customs officers	Pre-conditions not in place due to Government
MLI/REF/29/TRA/07	UNEP	Refrigerant management plan: Training programme for customs officers	Pre-conditions not in place due to Government
COL/FOA/26/INV/30	IBRD	Elimination of CFC in manufacture of rigid polyurethane foam through the use of HCFC-141b technology at Indufrio	SGA not signed- financial condition of enterprise being verified.
CPR/FOA/15/INV/86	IBRD	Conversion to CFC-free technology in manufacture of extruded polyethylene and polystyrene foam sheet at Zhengzhou Plastic Plant	SGA not signed- Government against cancellation
ARG/REF/19/INV/43	IBRD	Elimination of CFC in the manufacturing plant of domestic refrigerators at Adzen S.A. C.I.F.	SGA not signed- Government against cancellation
ARG/FUM/29/DEM/93	IBRD	Demonstration project for testing methyl bromide alternatives in post-harvest disinfestation for cotton and citrus (phase I)	SGA not signed- Government against cancellation
GAB/REF/26/TRA/05	UNEP	Implementation of the refrigerant management plan: Customs training	Slow action of NOU
BHA/REF/23/TRA/06	UNEP	Implementation of the refrigerant management plan: Training the trainers of technicians in the refrigeration sector	Slow action of NOU

Code	Agency	Project Title	Reasons to Allow Deadlines
BHA/REF/23/TRA/04	UNEP	Implementation of the refrigerant management plan: Training in monitoring and controlling of ODSs	Slow action of NOU
GRN/REF/30/TRA/04	UNEP	Implementation of the RMP: Training of custom officers, ODS inspectorate and Ozone Unit staff	Slow action of NOU
MOR/REF/27/PRP/32	UNEP	Preparation of a refrigerant management plan	Slow action of NOU

Progress Report from Switzerland

31. All bilateral agencies were requested to submit progress reports to the 34th Meeting. The Government of Switzerland has financially completed two of its projects and has one project listed as ongoing. Switzerland did not submit a progress report to the 34th Meeting, therefore, the Executive Committee requested the Government of Switzerland to provide its progress report to the 35th Meeting of the Executive Committee in the context of projects with implementation delays (Decision 34/5(b)). The Secretariat sent three reminders but a progress report has not been received as of this writing. The project is being conducted with Germany as the lead agency. Germany reported that the project was moving forward. Data on disbursements is pending for the Swiss project.

Section III: Projects proposed for possible cancellation at the 35th Meeting

32. Implementing agencies have requested additional projects to be cancelled, in general, through mutual agreement. Agencies may have reached other agreements for project cancellations that may be reported at the 35th Meeting.

Code	Agency	Project Title
ALG/FOA/19/INV/13	UNIDO	Prosider Berrahal foam project in Algeria
COL/FOA/26/INV/31	World Bank	Elimination of CFC-11 in the manufacture of rigid polyurethane foam through the use of HCFC-22 technology at Master Cooler and Cia Ltd.
PAK/REF/26/INV/31	World Bank	Phaseout of CFC-11 and CFC-12 by conversion to HCFC-141b and HFC-134a in the manufacture of domestic refrigeration equipment at Refrigerators Manufacturing Company Pakistan Ltd.
THA/FOA/27/INV/109	World Bank	Conversion from CFC-11 to water blown and HCFC-141b technology in the manufacture of rigid foam (spray) at Bangkok Integrated Trading Co.

RECOMMENDATIONS

The Sub-Committee on Monitoring, Evaluation, and Finance may wish to consider recommending to the Executive Committee to:

1. Note the reports contained in UNEP/OzL.Pro/ExCom/35/15 on projects that have experienced implementation delays from the four implementing agencies.
2. Agree that the Secretariat and implementing agencies should take established actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress and report and notify governments as required.

3. Note that the Secretariat would be conducting a comprehensive review of the status of projects with implementation and authorise the Secretariat to modify its classifications of progress and some progress based on the results of the assessment and report on this to the 36th Meeting.
4. Consider deadlines for the projects listed in paragraph 30.
5. Cancel the following projects:
 - (a) Prosider Berrahal foam project in Algeria, ALG/FOA/19/INV/13 (UNIDO)
 - (b) Elimination of CFC-11 in the manufacture of rigid polyurethane foam through the use of HCFC-22 technology at Master Cooler and Cia Ltd., COL/FOA/26/INV/31 (World Bank)
 - (c) Phaseout of CFC-11 and CFC-12 by conversion to HCFC-141b and HFC-134a in the manufacture of domestic refrigeration equipment at Refrigerators Manufacturing Company Pakistan Ltd., PAK/REF/26/INV/31 (World Bank)
 - (d) Conversion from CFC-11 to water blown and HCFC-141b technology in the manufacture of rigid foam (spray) at Bangkok Integrated Trading Co., THA/FOA/27/INV/109 (World Bank)
