



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/36/22
20 February 2002



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-sixth Meeting
Montreal, 20-22 March 2002

2002 WORK PROGRAMME OF THE WORLD BANK

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. In its Work Programme for 2002, the World Bank is requesting approval from the Executive Committee of US \$981,133 for project preparation and institutional strengthening plus agency support costs of US \$127,547. A project preparation advance for the World Bank 2002 work programme was approved at the Executive Committee's 35th Meeting in the amount of US \$203,400 (including support costs). The total amount of funds to be transferred to the World Bank will be adjusted by the amount of the advance.

2. The activities proposed in the World Bank's 2002 Work Programme are presented in Table 1 below:

Table 1: World Bank 2002 Work Programme

Country	Activity/Project	Date of completion(*)	Amount Requested (US\$)	Amount Recommended (US\$)
SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL				
Brazil	Project preparation in the process agent sub-sector	September 2003	50,000	50,000
Colombia	Project preparation in the CTC solvent sector	April 2003	20,000	20,000
Ecuador	Project preparation of a national CFC phase-out plan	September 2003	80,000	80,000
Mexico	Project preparation in the MAC sector	April 2003	25,000	25,000
Pakistan	Assistance for the country programme update	April 2003	45,000	45,000
Tunisia	Project preparation in the foam sector	April 2003	10,000	10,000
Turkey	Project preparation in the methyl bromide sector (storage of hazelnut)	April 2003	40,000	40,000
Global	Unallocated project preparation	April 2003	180,000	180,000
SECTION B: INSTITUTIONAL STRENGTHENING RENEWAL				
Philippines	Renewal of institutional strengthening project (Phase III)	March 2004	181,133	181,133
SECTION C: ACTIVITY FOR INDIVIDUAL CONSIDERATION				
Indonesia	Preparation of two sector plans in the aerosol and in the foam sectors	September 2003	130,000	Issue
SECTION D: ACTIVITIES RECOMMENDED FOR DEFERRAL				
Argentina	Project preparation for 3 projects in the MDI aerosol sub-sector	April 2003	30,000	Defer
Indonesia	Improvement of import/export control of ODS substances	September 2003	100,000	Defer
Venezuela	Project preparation in the chiller sub-sector	April 2003	35,000	Defer
Yemen	Project preparation in the chiller sub-sector	April 2003	35,000	Defer

Country	Activity/Project	Date of completion(*)	Amount Requested (US\$)	Amount Recommended (US\$)
SECTION E: ACTIVITY WITHDRAWN				
Region: LAC	Exploration innovative financing options to support implementation of refrigerant management plans	April 2003	20,000	Withdrawn
Sub-Total			981,133	
Agency support costs:			127,547	
Total			1,108,680	
Minus	Project preparation advance from the 35 th Meeting		(203,400)	(203,400)
Grand total:	Amount to transfer to agency		905,280	

*The date of completion is for the project preparation activity, not the submission of the investment project. The dates extend to April 2003, a year from the date of its approval.

3. The Fund Secretariat reviewed the 2002 Work Programme of the World Bank in light of the business plan for the year 2002 of the World Bank (UNEP/OzL.Pro/ExCom/36/13), the 2002 Work Programmes of UNDP (UNEP/OzL.Pro/ExCom/36/20) and UNIDO (UNEP/OzL.Pro/ExCom/36/21), and the 2002 Work Programme Amendments of UNEP (UNEP/OzL.Pro/ExCom/36/19).

SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

4. The Fund Secretariat recommends blanket approval of the projects listed in Section A of Table 1 at the level of funding indicated in the column "Amount Recommended".

SECTION B: INSTITUTIONAL STRENGTHENING RENEWAL

Philippines: Renewal of the institutional strengthening project (US \$181,133)

5. Section C of Table 1 contains a proposal for renewal of the institutional strengthening project for the Philippines. The description of the project is presented in Annex I to this document.

Recommendation

6. The Fund Secretariat recommends approval of the above project with associated support costs at the funding level shown in Table 1. The Executive Committee may also wish to express the following views to the Government of the Philippines:

7. The Executive Committee has reviewed the information presented with the institutional strengthening project for the Philippines and takes note with appreciation of the fact that the 2000 CFC consumption reported to the Ozone Secretariat is below the CFC baseline for compliance. In its submission, the Philippines reported on a number of initiatives, including its ratification of the Copenhagen Amendment; issuance of a legal instrument (Chemical Control Order) to control import and use of ODSs and CFC-based equipment; follow up on implementation of on-going and completed investment activities to ensure sustainable phase out of CFC from all projects financed by the Multilateral Fund; and its continuing efforts to promote

public awareness of the ozone depleting issues. These and other activities reported are encouraging, and the Executive Committee appreciates the effort of the Philippines to phase out ODSs. Over the next two years, the Philippines intends to focus on the development and implementation of its national CFC phase-out plan and associated refrigeration management plan which are the key strategies of the Philippines to achieve sustainable reduction of its national aggregate ODS consumption. The Executive Committee notes with appreciation that the new management structure of the Ozone Unit, within the Department of Environment and Natural Resources, will continue to have full access to the highest levels of decision-making in the Government and will ensure full compliance with the obligations of the Montreal Protocol.

SECTION C: ACTIVITIES FOR INDIVIDUAL CONSIDERATION

8. In Section C of Table 1 one activity is listed for individual consideration. The issue is outlined below.

Indonesia: Preparation of two sector plans in the aerosol and foam sectors (US \$130,000)

9. There are data discrepancies in both the foam and aerosol sectors in Indonesia. Under Decision 30/23 such project preparation requests are to be referred for individual consideration. Additionally, in the context of UNIDO's 2002 business plan, the Secretariat pointed out that Decision 35/2(b) requested agencies to resolve data discrepancies before including projects in the final business plans. The Secretariat advised the World Bank to ensure that Indonesia was aware of the discrepancy but still wanted the projects put forward in the context of their aggregate national consumption eligible for funding under Decision 35/57, because Indonesia had significant levels of fundable CFC consumption.

10. In regard to the proposed aerosol sector project, the Secretariat informed the Bank that Indonesia banned the use of CFCs in 1997 and the last aerosol sector project approved for Indonesia indicated that any additional funding would be provided by the recipient enterprise, PT Candi, per the PT Candi project proposal, UNEP/OzL.Pro/ExCom/22/36, para. 10. The Bank acknowledged that the project proposal stated that "it is virtually certain that this 30% conversion will drive the remainder of the small fillers to HAPs; some companies will convert to HAP technology with their own capital, while other fillers could require a future expansion of the filling service centre, which PT Candi has pledged to do without further financial assistance from the Multilateral Fund". The Bank also noted that any filler can use the PT Candi facility instead of converting its own facility. Moreover, the Bank indicated that if there is any need to expand this facility, PT Candi would do so without further financial assistance from the Multilateral Fund as PT Candi is still maintaining the pledge it made in 1997. However, due to the financial crisis in the region following the project's approval, the Bank indicated that the remaining companies do not have access to additional capital required for the conversion. The sector plan that the Bank included in its business plan is intended to reach out to remaining CFC users in this sector and to provide them with financial assistance to overcome the financial barrier preventing them from converting to HAP technology.

Recommendation

11. The Executive Committee may wish to consider whether to approve the above proposal at the level of funding indicated in Table 1, on the basis that the consumption in the resulting projects will be considered in the context of Decision 35/57.

SECTION D: ACTIVITIES RECOMMENDED FOR DEFERRAL

12. Section D of Table 1 contains 4 proposals which are recommended for deferral by agreement between the Fund Secretariat and the World Bank. For the information of the Executive Committee, comments on projects for which deferral is recommended are presented below.

Argentina: Project preparation for 3 projects in the MDI aerosol sub-sector (US \$30,000)

13. The Executive Committee decided at its 35th Meeting to request the Secretariat, in co-operation with the implementing agencies, to prepare a paper for the Executive Committee's consideration on the issues associated with developing projects for the CFC metered-dose inhaler (MDI) sub-sector to give effect to Decision XIII/9 of the 13th Meeting of the Parties (Decision 35/4 (c)).

14. The World Bank agreed to defer this activity, pending the adoption of MDI aerosol guidelines by the Executive Committee.

Indonesia: Improvement of import/export control of ODS substances (US \$100,000)

15. The World Bank advised in its Work Programme submission that this activity will entail comprehensive surveys and interviews with key stakeholders in the country including chemical suppliers, distributors, custom officials, Ministry of Industry and Trade, and other relevant agencies. However no other project documentation was included with the World Programme.

16. The World Bank agreed to defer this activity, pending receipt of a project submission.

Venezuela: Project preparation in the chiller sub-sector (US \$35,000)

17. The project is intended to maintain the momentum of Venezuela's CFC phase-out programme. However, UNIDO has requested US \$95,000 for the preparation of a national ODS phase-out plan for Venezuela.

18. The Government of Venezuela submitted to the 35th Meeting a strategy in the refrigeration servicing sector, (for which UNIDO had previously received project preparation funding of US \$70,000. Based on issues raised and observations made by the Secretariat, UNIDO agreed to review the strategy and re-submit it at a later Meeting (UNIDO advised the Secretariat that this strategy will now be part of the national ODS phase-out plan).

19. The World Bank agreed to defer this activity, pending consideration of the national ODS phase-out plan for Venezuela by the Executive Committee.

Yemen: Project preparation in the chiller sub-sector (US \$35,000)

20. The project is intended to assist the country in moving towards compliance with the freeze obligation of the Montreal Protocol.

21. The Secretariat pointed out that the Executive Committee approved at its 27th Meeting US \$30,000 for UNEP for the preparation of an RMP project, and at its 33rd Meeting additional US \$15,000 for UNDP for the preparation of the recovery and recycling component. The RMP project has not yet been submitted for the consideration of the Executive Committee.

22. The World Bank agreed to defer this activity, pending consideration of the RMP for Yemen.

SECTION E: ACTIVITY WITHDRAWN

23. Section E of Table 1 contains, for the information of the Executive Committee, one activity in the Latin American and the Caribbean region which was withdrawn by the World Bank.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSAL

Philippines: Renewal of institutional strengthening

Summary of the Project and Country Profile		
Implementing Agency:		World Bank
Amount originally approved:	March 1993 (US \$)	209,000
	July 1999 (US \$)	139,333
Amount requested for renewal (US \$):		181,133
Date of approval of country programme		July 1993
ODS consumption reported in country programme (1991), (ODP tonnes)		2,536.1
Latest reported ODS consumption (2000) (ODP tonnes)		2,905.1
Baseline (1995-1997) (ODP tonnes of CFCs)		3,055.9
Amount approved (US \$)		20,974,720
Amount disbursed (as at December 2000) (US \$):		17,742,452
ODS to be phased out (ODP tonnes)		1,662.1
ODS phased out (as at December 2000) (ODP tonnes)		1609.0

1. The following activities have been approved and funded by the Executive Committee:

		<u>US \$</u>
(a)	Country programme preparation	99,592
(b)	Project preparation	1,357,598
(c)	Training	232,547
(d)	Technical assistance	982,500
(e)	Demonstration	516,500
(f)	Investment projects	17,437,650
	Total:	20,626,387

Progress report

2. The main achievements mentioned in the progress report include: ratifying the Copenhagen amendment (June 2001); updating the country programme; implementing the Chemical Control Order for CFCs and halons; strengthening a database and an information management system of imports and consumption of ODS; following up on activities related to the action plan for control and monitoring of ODS and ODS-based equipment; providing training and accrediting the ODS operators and technicians; monitoring Multilateral Fund-ODS phase-out investment projects approved since 1995; randomly following up on completed projects; completing the halon recovery management bank project; informing the public through newspaper about ODS and about how to become environmentally friendly; and continuing its participation and involvement in ODS-related conferences and workshops. The main lessons learnt during the period under review were that an Administrative and Financial System needs to

be implemented; more personnel and better logistical support is required at the Philippine's Ozone Desk; and additional policies on licensing imports and on banning illegal smuggling need to be issued.

3. The Environmental Management Bureau of the Department of Environment and Natural Resources, is the lead regulatory body in implementing the Montreal Protocol. The Ozone Desk, under the Bureau, is responsible in co-ordinating and monitoring the implementation of the updated country programme. In addition, a Technical Working Group, composed of several Governmental departments, provides policy and technical guidance in the Ozone Desk's operations and activities.

Plan of action

4. The plan of action for the next period includes: ratifying the Montreal and Beijing Amendments; implementing policies to improve monitoring and controlling imports of ODS and ODS-based equipment, and enforcing ODS phase-out regulations by inspecting warehouses and spot checking ODS shipments; drafting an Executive Order to promote the Ozone Desk; maintaining a database on ODS supply and demand; and providing training to personnel in the form of local and international seminars and conferences; preparing the overall National CFC Phase-Out Strategy by finalising sub-projects such as the RMP; preparing a project proposal on halon recovery and recycling; strengthening inter-organisation co-ordination and communication; continuing assessment on completed and on-going projects; developing a phase-out schedule and plan of action for HCFCs and MB; raising public awareness through various projects such as advertising on the radio and television and developing a website; and data reporting to the Multilateral Fund and Ozone Secretariats.

2002 WORK PROGRAM

PRESENTED TO THE 36th MEETING
OF THE EXECUTIVE COMMITTEE

BANK-IMPLEMENTED
MONTREAL PROTOCOL OPERATIONS

January 2002

WORK PROGRAM FOR THE WORLD BANK-IMPLEMENTED MONTREAL PROTOCOL OPERATIONS

1. This proposed work program for the Bank-Implemented Montreal Protocol Operations is prepared on the basis of the World Bank 2002 Business Plan, as well as the suggestions made by the Executive Committee (ExCom) when it considered the Draft 2002 Business Plan at the 35th Meeting.
2. The Draft 2002 Business Plan of the World Bank was submitted for the ExCom's consideration at the 35th Meeting. The ExCom decided to take note of the draft business plan of the World Bank and to request the Bank to revise its 2002 Business Plan in accordance with Decision 35/7. This decision is used as a basis for the finalization of the World Bank 2002 Business Plan.
3. To ensure that the 2002 deliverables of the World Bank remain within the agreed share of investment activities (45% of US\$130 million available for investment activities in 2002), a major revision of the core deliverables was made to the original pipeline of investment activities that was presented as part of the Draft 2002 Business Plan in December 2001. This revision is necessary as the total funding requirement for forward commitments of sector plans and National CFC Phaseout Plans is significantly higher than the amount anticipated at the time of the preparation of the Draft 2002 Business Plan.
4. Due to the high level of forward commitments in 2002, eighteen investment activities, that were included as part of core activities in the Draft 2002 Business Plan, are removed from the list of core activities of the final 2002 Business Plan. To accommodate delivery of these eighteen investment activities, the World Bank is seeking guidance from the ExCom as to whether its unutilized resources in the previous year could be reprogrammed to support these activities in 2002.
5. The 2002 Work Program for the Bank includes preparation and delivery of projects in the consumption and production sectors. This Work Program proposes to initiate the preparation of the CTC and TCA production closure projects in China, in addition to the delivery of the 2002 annual work programs for the CFC production closure projects in China and India and the 2003 annual work program for the China Halon sector approach. The project preparation requests to support the development of the CTC and TCA production closure projects will be made when the required technical audits are completed. Similarly, the project preparation request to support development of a CTC production closure plan for India will be submitted when the required technical audit is completed. In 2002, the Bank and the Governments of Argentina and Venezuela plan to submit CFC production closure projects for the consideration of the ExCom. No additional project preparation fund will be requested for the development of a CFC production closure plan for Argentina. Only the project preparation request for the CFC production closure project in Venezuela will be submitted to the ExCom when the required technical audit is completed.

6. In addition, the Bank and the Governments of China and India plan to submit sector plans for phasing out ODS in the process agent sectors within this planning period. Based on the request of the Government of Brazil, the World Bank 2002 Work Program includes a request for project preparation funds to support development of a process agent sector plan for Brazil. The plan will be submitted to the ExCom as part of the World Bank's 2003 deliverables.

7. In 2002, funding requests to support implementation of the approved refrigeration sector plan in Turkey and National CFC Phaseout Plans in Malaysia and Thailand, will be submitted for the ExCom's consideration. An additional National CFC Phaseout Plan for the Philippines is expected to be ready for submission in 2002. The submission of this plan will be done in accordance with Decision 32/13 (c). In addition, the Bank includes in its 2002 Work Program a funding request to support preparation of a National CFC Phaseout Plan in Ecuador. This plan will be submitted to the ExCom in 2003 as part of the World Bank's 2003 deliverables.

8. The 2002 Work Program includes funding requests to support preparation of new investment activities in 12 countries and to support implementation of four existing institutional strengthening projects and two new non-investment activities.

9. The breakdown of project preparation funds to support investment and non-investment activities in each client country is shown in Tables 1 and 2.

10. To carry out investment activities included in the proposed 2002 Work Program, the Bank requires additional project preparation funds of US\$ 717,550, excluding project preparation funds for the CTC and TCA production closure projects for China, the CTC production closure project in India, and the CFC production closure project in Venezuela. The breakdown of project preparation requests to be made at the 36th Meeting of the ExCom is shown in Table 1.

11. While the World Bank 2002 Business Plan proposes to include four renewals of existing institutional strengthening projects and two technical assistance projects, this 2002 Work Program includes only funding requests for the renewal of the institutional strengthening project in the Philippines, a technical assistance project in Indonesia, and a UNEP-WB regional technical assistance project to develop an innovative financing approach to support RMP implementation in the Caribbean countries (Table 2). The requests for renewal of the three remaining existing institutional strengthening projects will be made during the course of this planning period through the World Bank Work Program Amendments.

12. Due to the discrepancy in the ODS sectoral consumption data of Pakistan, the Government of Pakistan requested the Bank to undertake country program update in order to have a better overall understanding of the current state of ODS consumption in the country. Therefore, the Bank will not request any project preparation funds to prepare any investment projects for already identified foam and refrigeration enterprises at this time. Instead, the Bank would like to request the ExCom to approve preparation funds

for development of country program update for Pakistan at this meeting. This request is included as part of the World Bank 2002 Work Program.

Table 1: Project Preparation Requests by Country

Investment Activities

Country	Funding Request (US\$)	Duration	Description	Justification
Argentina	30,000	March – December 2002	To prepare three investment projects in the MDI aerosol sub-sector.	To assist Argentina to maintain the momentum of its CFC phaseout program. As of December 2001, about 70% of the funds already approved by the MLF, is expected to be disbursed.
Brazil	50,000	March 2002 – September 2003	To prepare an investment project in the process agent sub-sector.	In 2000, about 830 ODP tons of CTC were consumed in the process agent sub-sectors. Reduction of CTC consumption in this sector is essential to Brazil's ability to meet the Montreal Protocol obligations.
Colombia	20,000	March – December 2002	To prepare one project in the CTC solvent sector.	To eliminate the remaining consumption of CTC in Colombia.
Ecuador	80,000	March 2002 – September 2003	To develop a National CFC Phaseout Plan for submission in 2003. This activity will cover CFC phaseout in the aerosol, foam, solvent, and refrigeration sectors.	Ecuador has been identified as one of the countries that may have difficulty meeting the 50% CFC consumption reduction target. This project is to assist the country to completely phase out the residual use of CFCs.
Indonesia	130,000	March 2002 – September 2003	To prepare three sector plans in the aerosol, foam and commercial refrigeration sectors. The foam sector plan is scheduled to be submitted to the ExCom in 2002 while the remaining two sector plans will be submitted as part of the World Bank's	It is reported that there are about 3,950 ODP tons of residual eligible consumption based on year 2000 freeze level. These three sector plans are expected to cover most of the residual eligible consumption left in the country.

Country	Funding Request (US\$)	Duration	Description	Justification
			2003 deliverables.	
Mexico	25,000	March – December 2002	To prepare one investment project in the MAC sector.	This is the last MAC conversion project in Mexico.
Tunisia	10,000	March – December 2002	To prepare one investment project in the foam sector.	To assist Tunisia to maintain the momentum of its CFC phaseout program. About 70% of the total funding approved by the MLF has already been disbursed.
Turkey	40,000	March – December 2002	To prepare one investment project in the methyl bromide sector (storage of hazelnut).	To assist Turkey to maintain the momentum of its methyl bromide phaseout program. More than 80% of the total funding approved by the MLF has already been disbursed.
Venezuela	35,000	March – December 2002	To prepare one investment project in the chiller sub-sector.	To assist Venezuela to maintain the momentum of its CFC phaseout program.
Yemen	35,000	March – December 2002	To prepare one investment project in the chiller sub-sector.	To assist Yemen moving towards compliance with the freeze obligation of the Montreal Protocol.
Unallocated project preparation	180,000			
Sub-total	635,000			
Support Cost	82,550			
Total	717,550			
Less	203,400		Project preparation advance approved at the 35 th Meeting.	
Total Request	514,150			

Table 2: Non-investment Activities

Country	Request (US\$)	Duration	Description
Pakistan	45,000	April 2002 – March 2004	To identify remaining users of ODSs in the manufacturing sector and to assess Pakistan's ability to comply with all of the Montreal Protocol obligations.
Philippines	181,133	April 2002 – March 2004	Renewal of the Philippine Institutional Strengthening Project. The funding request includes a 30% increase which is in line with Decision 35/57.

Indonesia	100,000	March 2002 – June 2003	To enable the Government of Indonesia to improve and strengthen its import/export control of ODS substances. This activity will entail comprehensive surveys and interviews with key stakeholders in the country including chemical suppliers, distributors, custom officials, Ministry of Industry and Trade, and other relevant agencies.
Regional	20,000	March – December 2002	To explore innovative financing options to support implementation of RMPs in the Caribbean countries. This activity will be jointly implemented with UNEP.
Sub-total	346,133		
Support Cost	44,997		
Total	391,130		