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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

1997 WORLD BANK REVISED BUSINESS PLAN

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. The total value of projects to be submitted by the World Bank in 1997 is expected to be US $84.3 million (excluding agency fees) from project preparation of US $2.0 million (2.4 per cent of value). This level of funding is expected to result in the phase-out of 14,818 ODP tonnes. The largest amount of funding is targeted for the commercial refrigeration sub-sector (US $26 million) followed by the domestic refrigeration sub-sector (US $24 million).

2. For the US $203.9 million of investment projects approved through 1996, the World Bank expects that US $118 million will have been disbursed by the end of 1997 and 19,190 ODP tonnes will be phased out from projects to be completed in 1997.

3. The World Bank's business plan indicates that the cost of project preparation as a percentage of planned project submissions in 1997 will be from 2 to 3 per cent. Projects approved in 1995 are expected to begin disbursing 10 months after they were approved. The Bank expects refrigeration projects to be completed 30 months after approval and all other projects to be completed 24 months after approval. Table 3 of the Bank's business plan indicates that five non-investment projects will be completed in 1997 although the Bank expects requests for the renewal of institutional strengthening during the course of the year.

COMMENTS

4. About 25 per cent of the World Bank's investment activities in 1997 are dependent upon the Executive Committee approving the halon strategy of China and finalizing guidelines for the halon sector, domestic refrigeration compressor projects and retrofitting commercial refrigeration projects. While some of the guidelines will be in place before the 23rd Meeting, others including those for retrofitting in the commercial refrigeration sector will not be ready until the 24th Meeting. The Bank has included projects in its business plan for these sectors valued at US $21.6 million including US $10 million for China's halon sector project, US $5.6 million for incremental operating costs for the domestic refrigeration compressors, and US $5 million for retrofitting projects in the commercial refrigeration sector. There is a possibility that some or all of these projects will not be able to be submitted in 1997, thereby preventing both the World Bank and the Multilateral Fund from meeting their 1997 business planning targets.

5. As with its 1996 business plan, the World Bank did not provide information for project preparation by sector, data on project submissions after 1997, or non-investment project objectives. The Secretariat was informed last year that data by sector would be provided starting with the 1997 business plan.

6. The World Bank did not provide all of the data required in the agreed format for business plans. Some of the Bank's country data and sector data do not agree on future year's disbursements and ODP phase-out.

RECOMMENDATIONS

The Executive Committee may wish to consider:

1. Approving the World Bank's revised 1997 business plan with the understanding that the approval of the plan does not constitute the approval of the levels of funding contained therein.

2. Requesting the World Bank to advise the Executive Committee on how it intends to meet its 1997 budget share if some of the projects envisioned in its business plan are not considered in 1997.

WORLD BANK
REVISED 1997 BUSINESS PLAN

PRESENTED TO THE 22ND MEETING OF THE EXECUTIVE COMMITTEE

INVESTMENT OPERATIONS FUNDED BY THE MULTILATERAL FUND OF THE MONTREAL PROTOCOL

April 1997

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I. Meeting Executive Committee Targets

A. Meeting the Goals of the Three-Year Rolling Business Plan

1. The primary objective of the Multilateral Fund's Three-Year Plan and Budget for the 1997 - 1999 period is to assist Article 5 countries to meet their first ODS phaseout obligation under the Montreal Protocol in a cost-effective manner. This first obligation is to freeze consumption of Annex A chemicals by 1999 at, or below, the average consumption levels of 1995-1997. During the preparation of this Business Plan, extensive consultation has been made with the client countries to identify countries that may have difficulties meeting the freeze in 1999. To reflect the importance of helping countries meet this target with the resources being made available (US$540 million for the next triennium), efforts have been made during the preparation of the Bank's 1997 Business Plan to give priority to those countries which have indicated a need for assistance and to provide for adequate resource allocation to those countries that have not yet made sufficient investments to meet their 1999 target. This will be done while continuing to support those countries which have adopted a more aggressive ODS phaseout program.

2. The Bank's strategy will be to continue to focus on the implementation of approved investment projects, and to assist large and medium ODS-consuming countries to develop new investment projects and programs to eliminate ODS consumption and production with a high level of cost-effectiveness. The Bank has, in the past year, developed a monitoring and evaluation system which will enable it and its counterparts (local financial intermediaries and ozone units) to improve investment project implementation. In addition, experience gained from implementing these projects will be used to improve the design and delivery of new investment projects and programs.

3. Furthermore, the Bank will continue to work on innovative and more cost-effective approaches to ODS phaseout. During the coming three years, this will mean the implementation of sector-wide ODS phaseout projects (such as the one being developed in China for the halon sector), an increased focus on the ODS production sector (given the inherent links between production, consumption and the enterprise-level incentive for taking ODS phaseout actions) and an on-going emphasis on policy-based dialogue with the larger ODS-consuming countries.

4. As of December 1996, the Bank's Montreal Protocol portfolio consisted of over 300 projects. When fully implemented, these projects will eliminate about 40,000 ODP tons of Annex A, Group I chemicals (CFCs) and approximately 6,000 ODP tons of other controlled chemicals (mainly halons). As of December 1996, more than 13,000 tons of controlled substances had been phased out through projects implemented by the World Bank.

5. In its 1996 business plan, the Bank had anticipated preparation of new projects to phase out about 13,000 tons of ODP. Total ODP for projects submitted through the 21st Meeting while meeting the Bank's funding allocation fell short on ODP. Two main factors accounted for this outcome. First, about 6,700 tons of ODP in the Bank's 1996 business plan were accounted for by projects in the production and halon sectors which were not submitted in 1996. In addition, beneficiary Parties have placed a high priority on converting enterprises in the refrigeration sector. These conversions are driven both by changes in the international markets (suppliers and consumers) as well as recognition

that build-up of CFC-based refrigeration equipment would burden economies with high retrofit costs in the future. (Fierce local competition, especially among MAC manufacturers, is also a factor as noted in the Bank's 1996 business plan.) Thus, when project preparation lagged in certain sectors, there was always a refrigeration project (which tend to be more expensive) ready for submission.

6. The China halon sector work has proceeded on schedule. The Bank submitted the program on an information basis to the 20th Meeting of the Executive Committee (EC). The first funding request will be submitted at the 22nd or 23rd Meeting as the guidance for sector based financing applicable to China's halon sector strategy was already approved at the 21st Meeting. Due to the need to establish sector approach modalities, the planned 1996 halon phaseout has been pushed over into the Bank's 1997 business plan, but ODP savings in 1997 will be even greater than planned. The first funding request under China's halon sector approach is expected to result in a phaseout of about 6,000 ODP tons by the end of 1998. CFC production-sector work has been stalled due to a lack of policy guidelines for this sector, although recent developments seem encouraging. In addition, it now appears unwise to proceed on a project-by-project basis in this sector as conversion/closure cost savings can best be captured at the sector level. The merits of moving ahead with one or two projects must be assessed in the context of an overall strategy.

7. Thus, given the ODP phaseout for China's halon sector, slow movement on production sector work and the proposed pipeline for 1997, the Bank expects to expand its program to include an additional 14,800 tons of ODP phaseout during the coming year. This includes an additional 8,800 tons of CFCs that will be captured through the projects now under development.

8. Although a very preliminary estimate, the Bank expects to prepare new projects during 1998-1999 to phase out an additional 10,500 ODP tons of CFCs and 12,000 ODP tons of halons[1]. Within this triennium, the Bank will continue to work closely with its counterparts in Article 5 countries to ensure that implementation of approved subprojects is progressing as scheduled, and 34,000 ODP tons of CFCs and up to 16,000 ODP tons of halons are eliminated.

9. The resulting ODS phaseout management plan for the CFC consumption sector, halon consumption sector and halon production sector are presented in Attachment A.

10. The Bank also plans to initiate activities in the CFC production sector as early as 1998. It is expected that by the end of 1999, project proposals to phase out 10,000 ODP tons of CFCs in the production sector will be submitted and approved by the EC. The resulting tentative ODS phaseout management plan is presented in Attachment A.

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[1] The amounts of CFCs and halons to be phased out in 1998 and 1999 were calculated based on the following assumptions:
(a) the Bank's allocation for 1998 and 1999 would be in the range of US$55-65 million per year; and
(b) an average cost-effectiveness of US$6.70/kg is conservatively estimated for 1998 and 1999 projects.

B. Resource Allocation

11. The Bank's Revised 1997 Business Plan for Montreal Protocol investment operations is consistent with the broad and specific guidelines that the EC has established for resource allocation and the business planning process. The World Bank's Revised 1997 Business Plan, as well as its indicative budgetary requirement for 1998 and 1999 (Table B), were prepared on the basis of the EC's decision (Dec 21/3) in which US$466 million in new pledges will be equally distributed for the next three years at the level of US$155 million while the entire US$74 million carried over from the previous years will be allocated to the 1997 budget.

12. The Bank's delivery of new investment projects will not exceed 45 percent of the 1997 allocation for investment projects, in line with the agreement reached by the implementing agencies at the 17th Meeting. Based on the three year budget plan of US$229 million for 1997, US$155 million for 1998 and US$155 million for 1999, and the Bank's 45 percent allocation of the investment project portion, the Bank's total allocation for investment operation for this triennium, except 1997, would be in the US$55-65 million per year range (including 13 percent agency support costs). Considering the carry-over of US$74 million from the last triennium programmed for Multilateral Fund's 1997 activities, the Bank's allocation for its 1997 investment operation has been estimated at US$82.4 million which includes the prevailing agency support costs. With the 15 percent over-programming which has been agreed to on an interim basis, (the level of over-programming will be reconsidered after the 22nd Meeting), the Bank will work on the preparation of projects totaling US$95 million during 1997. Of this amount, about US$10 million (12 percent of the total allocation) would be allocated to the halon sector ODS phaseout project in China as a first tranche installment.

13. The Bank plans for an additional allocation to be made to the China halon sector in 1998 and 1999. It is anticipated that in addition to the US$10 million provided in 1997, another US$16 million will be required to eliminate another 12,000 ODP tons of halons in both the consumption and production sectors in the last two years of this triennium.

14. In order to eliminate CFCs effectively in the consumption sector, it is important that the supply of CFC be reduced concurrently. A growing number of Article 5 countries realize that CFC production sector phaseout (and the resulting limits on CFC availability) plays a pivotal role in the sustainability of national and global CFC phaseout programs. Therefore, the Bank plans to initiate its production sector investment projects as soon as 1998. It is anticipated that US$10 million will be needed for supporting these activities to phase out about 10,000 ODP tons of CFC production in 1998 and 1999.

15. The Bank has not included any methyl bromide demonstration projects in its 1997 Business Plan. However, the Bank anticipates that a few demonstration projects may be submitted to the EC in 1998 and 1999. During the 1997 business year, the Bank will assist a few countries in updating their country programs to include methyl bromide, including strategies for control and possible phaseout of its use. The Bank considers this an important pre-requisite to the successful design of demonstration projects that will meet the needs and conditions of individual countries.

16. As a result of the new activities introduced in the halon and production sectors, financial resources available for investment projects in the consumption sector will be reduced. Although the

average cost-effectiveness of the Bank's existing portfolio is approximately US$4.50/kg, a more conservative value of US$6.70/kg is used in this calculation. Based on these assumptions, it is anticipated that in 1998 and 1999 the Bank's investment projects in the consumption sector would capture approximately 5,300 ODP tons per year. The Bank will continue to explore all possible options to make its investment projects in the consumption sector even more cost effective which would allow for more ODP tons to be phased out.

17. The Bank will maintain its activities in the smaller countries where it has on-going investment projects, and initiate a limited number of cost-effective interventions in new countries. The Bank will continue to focus its activities, wherever and whenever possible, on the sectors which offer good cost-effectiveness and which are strategically important for the countries, especially with regard to meeting Montreal Protocol freeze and other control targets.

C. Special Initiatives

18. One of the most important new initiatives in 1997 will be the expansion of "the sector approach" to China's CFC production sector and possibly its aerosol sector. The complexities of the CFC production sector mean that phaseout activities, with the possible exception of one closure project, would not begin until 1998. However, as CFC phaseout is well underway in the aerosol sector, this program may be ready for submission by the end of 1997.

19. The Bank has had early success with conversion to blends of supermarket servicing operations in Mexico. Retrofitting equipment for use with blends appears to be a cost-effective option and may be more practical (and less costly) than elaborate recycling schemes, especially for countries which lack sophisticated servicing infrastructure. As the EC decided at the 21st Meeting that no retrofitting projects should be prepared until guidelines for projects in this sub-sector are approved, the World Bank will work with the Secretariat to prepare such guidelines for the EC's consideration in 1997. The Bank expects to have these guidelines approved in 1997 so it could proceed with the Mexico project and possibly replicate it in other countries in this calendar year.

20. The Bank's request to undertake, through the International Finance Corporation, a study to evaluate the need for, and possible modalities of, an ODS Financing Facility that would provide concessional financing using funds made available by bilateral and multilateral donors, was approved by the EC at its 21st Meeting. US$60,000 already approved by the EC and the supplemented resources made available from the Swiss Trust Funds will be used to finance this activity.

II. PLANNED BUSINESS ACTIVITIES

A. Funded Activities

21. Investment Projects and Activities: Country-level and cumulative expected project-related disbursements and ODP phaseout for 1997 are presented in Table 4. Total ODP to be phased out by the Bank's investment projects is 45,250 tons (39,470 tons of CFCs and 5,780 tons of halons and other controlled chemicals). As of December 1996, more than 13,400 tons (about 8,200 tons of CFCs and 5,200 tons of halons and other controlled chemicals) had already been eliminated. Information pertaining to actual disbursement to enterprises is shown in Table 4.

22. As of December 1996, investment projects worth US$204 million had been approved by the EC for Bank implementation. Cumulative disbursement data to enterprises exceed US$60 million at the end of 1996. In 1996, actual disbursement to enterprises increased by US$30 million representing more than 50 percent of total disbursement over previous five years. The figure indicates a marked acceleration in the disbursement rate.

23. Umbrella agreements are now in place in Brazil, China, India, Indonesia, Jordan, Malaysia, Philippines, Thailand, Turkey and Uruguay. Similar umbrella agreements have recently been signed by Argentina and Pakistan. Following the signing of the Grant Agreement in Argentina, a World Bank mission was sent to the country to discuss project implementation with key ministries. The Bank was assured that a local executing agency within the Ministry of Industry will be established. The Bank has now been in close communication with the Government of Argentina. In addition, the Bank has offered training and other necessary support to Argentina to strengthen capacity of the local agencies. At present, the Bank feels that implementation difficulties experienced in the past years have been resolved to a very satisfactory degree.

24. In 1997, 100 percent of project funding requests will be for countries with effective umbrella agreements. Even the China halon sector approach will be implemented through an umbrella agreement. This means that the Bank and its beneficiary party partners expect implementation performance to continue to accelerate in 1997.

25. Non-Investment Operations: As of December 31, 1996, non-investment projects for about US$34 million had been approved by the EC (excluding funding for administrative costs beginning in December 1995). US$15 million worth of these activities were completed in the first half of 1996 with 100 percent fund disbursement. US$13 million in activities are under way with aggregate disbursement of 15 percent. The balance of funds represent savings returned to the funds or canceled or transferred activities.

26. Project Preparation: The EC provided US$985,000 to support the Bank's project preparation activities in 1996 in addition to a carry-over from the previous year. An estimated US$878,000 of the 1996 allocation was utilized. The balance of funds are being used to complete preparation of projects for submission in 1997. The total value of all projects submitted by the Bank and approved by the EC in 1996 amounted to over US$40 million. According to the decision of the EC at the 20th meeting, a

few investment projects which had been prepared by the Bank in 1996 were approved by the EC at the February 1997 Meeting as part of the Bank's 1996 Business Plan deliverables.

B. Program Expansion

27. Project Preparation: New project preparation activities are planned in 15 countries (Argentina, Brazil, China, Colombia, Ecuador, India, Indonesia, Malaysia, Mexico, Pakistan, Thailand, Turkey, Uruguay, and Venezuela.) The Bank requested the EC at its 21st Meeting to approve US$1,807,000 (not including agency support costs) to support project preparation activities for 1997. Only US$1,263,000 (not including agency support costs) was approved with the understanding that additional project preparation funds could be requested when certain issues affecting submission of proposed projects were resolved. To meet additional allocation for 1997 the Bank will submit its first Work Program Amendment to request additional project preparation funds of US$640,000 (not including agency support costs) at the 22nd Meeting. Country-level details are provided in Table 5. With this new support plus project preparation funds already approved at the 21st Meeting and the balance of US$107,000 from the 1996 project preparation funds which will be carried over to 1997, these project preparation activities will deliver about 109 projects for a total value of US$95 million (including 15 percent overprogramming and agency support costs) during 1997 and develop a pipeline of projects for submission in 1998. These 109 projects, which will eliminate about 14,000 to 15,000 ODP tons, are already identified and in the pipeline.

28. Most of the resources will be allocated to countries that have indicated that they may have difficulties meeting their 1999 freeze without additional investments. In fact, more than 50 percent of Bank's total allocation is given to address ODS phaseout in those countries.

29. The project pipeline now under preparation includes projects in all major sectors of ODS usage, but the final profile may change over the year as some of the newly identified projects may come forward. Projects to be delivered in 1997 will also include a halon sector phaseout project. The pipeline of projects is expected to phase out over 14,000 ODP tons resulting in an average cost-effectiveness in the range of US$5.50-6.00/kg.

30. The proposed sectoral allocation for projects is as follows:

Sector	US$000	ODP Phaseout
Aerosols	2,550	900
Foams		
General	5,575	580
Flexible Polyurethane	1,223	160
Integral Skin	880	59
Polystyrene/Polyethylene	600	60
Rigid Polyurethane	7,655	1,466
Halon		
Recycling	500	
Non-Recycling	500	300
Refrigeration		
Commercial	26,375	2,640
Commercial (Hydrocarbon)	0	0
Domestic	24,000	2,282
Domestic (Hydrocarbon)	0	0
MACs and Compressors	3,936	341
Recycling	300	20
Solvent	234	10
Production		
Several Sectors		
Other-Halon sector project	10,000	6,000
Sub-Total	84,328	14,818
Support Costs	10,963	
Total	95,291	14,818

31. The total request for non-investment activities, technical assistance and institutional strengthening, programmed for 1997, as outlined in the Work Program Amendment, is US$666,000 (not including agency support costs). Of which, US$60,000 for conducting a study on concessional financing was approved at the 21st Meeting. The total request for project preparation funds is US$1,903,000 (not including agency support costs). Of which, US$1,263,000 was approved at the 21st Meeting. The balance of US$640,000 is a new project preparation request to be submitted at the 22nd Meeting as part of the World Bank's Work Program Amendment.

III. PERFORMANCE INDICATORS

32. A list of performance indicators included in the Bank's Revised 1997 Business Plan is developed on a basis of the set of performance indicators proposed by the Secretariat. These indicators are intended to provide a basis for evaluation of the performance of the implementing agencies in the context of annual business planning.

33. Performance Indicators for Investment Projects

(a) Actual ODS Phased Out from Completed Projects: As of December 1996, the total amount of ODP phaseout during 1996 had exceeded 9,000 ODP tons, 77 percent of the target set for 1996. The total ODP phaseout to date is about 30 percent of the ODP to be phased out from projects in the Bank's portfolio. The target for ODP to be phased out in 1997 (about 19,000 ODP tons) will account for 42 percent of the ODP to be phased out from projects in the Bank's existing portfolio.

(b) Speed of First Disbursement: The disbursement record indicated that time elapsed before the first disbursement made to enterprises has been significantly reduced for projects approved in the last two years. At present, average time for first disbursement of all investment projects approved in 1995 is about 10 months, a six months improvement as compared to projects approved in 1994. The Bank has already introduced a number of measures to streamline its appraisal process in order to accelerate the disbursement rate. Information related to enterprises and their baseline consumption and baseline equipment will be collected as much as possible during the project preparation stage. Financial agents will use this information as a basis for their appraisal after the projects are approved by the EC. This will reduce the time required for completion of the appraisal process which will directly improve the speed of first disbursement and accelerate ODS phaseout. The Bank's target for speed of first disbursement of projects approved in 1997 is conservatively set at 10 months.

(c) Disbursement: The Bank plans to disburse about US$57 million in 1997. Detailed breakdown of planned disbursement is listed in Tables 1 and 4.

(d) Speed of ODS Phaseout: Two targets are set for investment projects approved in 1997. For projects in the refrigeration sector and compressor projects, the Bank anticipates that it would take about 30 months to complete. Another target of 24 months is set for projects in other sectors.

(e) Cost of Project Preparation: Financial resources of US$0.985 million were allocated to the Bank's 1996 project preparation activities. A small balance will be carried over to 1997. The value of approved projects by the EC in 1996 is US$45.26 million. The average project preparation cost in 1996 was therefore about 2.2 percent of the project value. The cost of delivery or project preparation cost in 1997 is likely to remain within the range of 2 to 3 percent. About 90% of the total funds approved for project preparation activities will be disbursed in 1997.

(d) Cost-Effectiveness of Project Submission: As of December 1996, the average cost-effectiveness of the Bank's portfolio was about US$4.46/kg. The 1997 Business Plan proposes to submit new projects with costs of US$95 million (including 15 percent overprogramming and agency support costs) which will phase out approximately 14,800 ODP tons. Costs of these new projects which are already in the pipeline will be revised during the project preparation stage. The overall cost-effectiveness of new projects to be submitted in 1997, after deducting the 13 percent agency support costs, will be in the range of US$5.50-6.00/kg depending on the final amounts to be approved by the EC.

34. Performance Indicators for Non-Investment Projects

(a) Number of Non-Investment Projects Completed: The Bank only has one country program preparation activity in its portfolio. This activity is due to complete in 1997. In addition, the Bank will have four institutional strengthening projects completed in 1997. Jordan has already requested to have its institutional strengthening project renewed. Other countries may submit their request for renewal of their institutional strengthening projects during the course of the year.

(b) Disbursement: The Bank has only sixteen non-investment projects within its overall program. The total approvals of these projects are US$2.3 million. As of December 1996, US$1.3 million was already disbursed. The Bank plans to disburse another US$604,000 in 1997.

(c) Speed of Project Completion and First Disbursement: For all non-investment projects approved in 1997, the Bank intends to have these projects completed and first disbursement made to these projects within the same timeframe achieved by other implementing agencies.

IV. POLICY ISSUES

35. To support the implementation of the agencies Business Plans, the following policy issues need to be considered and resolved by the EC of the Multilateral Fund during 1997:

- Equipment Cost Database: The EC had already requested that an equipment cost database be developed. It is important to have this database completed in an expeditious manner as it will enable agencies to improve the quality and cost-effectiveness of future investment projects. The World Bank has already provided its information on costs of equipment procured under its investment projects to the Secretariat.

- Determination of Incremental Costs in the Production Sector: Guidelines for the production sector should be developed and adopted as soon as possible. Implementing agencies and countries concerned would then be able to move forward their ODS phaseout projects in the production sector which is essential to the efforts of those countries in meeting the 1999 freeze.

- Guidelines for Retrofitting Projects in the Commercial Refrigeration Sub-sector: As requested by the EC at its 21st Meeting, the World Bank is working with the Secretariat to prepare draft guidelines for this sub-sector. These guidelines would enable the Bank to proceed with its proposed activity to expand the conversion program for supermarket servicing operations in Mexico and to replicate this similar program in other countries in the Latin American region. It is expected that guidelines will be submitted and approved by the EC at its 24th Meeting.

- IOC for Compressor Projects: It is important that guidelines for financing of IOC of compressor projects in countries which have production facilities for both compressors and refrigerators be established as soon as possible. This will enable three pending compressor projects which have been submitted by the Bank since the 20th Meeting to move forward. These guidelines would also determine how future compressor projects be formulated.

V. ADMINISTRATIVE AND FINANCIAL MATTERS

36. The Bank has successfully managed the transition from a cost reimbursement to a fixed agency support cost system. There are no outstanding issues.

37. With the assistance of UNEP's Treasurer, many of the initial difficulties encountered with the promissory note mechanism. The Bank issues a promissory note encashment schedule with its biannual progress report.

ATTACHMENT A

Table A-1: ODS Phaseout Management Plan

CFC Consumption Sector

ODS approvals (ODP tons)	1996	1997	1998	1999	TOTAL
Opening balance	-	31,186	20,815	19,471	
+ new approvals	-	8,818	5,254	5,254	19,326
- phaseout	-	19,190	6,598 [1]	9,070 [2]	34,857
= ending balance	31,186	20,815	19,471	15,655	

1 This figure is based on projects approved before 1997 and expected to be completed in 1998.

2 ODS to be phased out in 1999 is equal to ODP to be phased out by projects approved before 1997 and expected to be completed in 1999, plus 60 percent of ODP approved in 1997.

Table A-2: Halon Consumption Sector

ODS approvals (ODP tons)	1996	1997	1998	1999	TOTAL
Opening balance	-	572	3,572	3,229	
+ new approvals	-	6,000	6,000	6,000	18,000
- phaseout	-	3,000 [1]	6,343 [2]	6,143 [3]	15,486
= ending balance	572	3,572	3,229	3,086	

1 ODP to be phased out in 1997 is equal to 50 percent of ODP tons captured in 1997 from China's halon sector work.

2 ODP to be phased out in 1998 is equal to 60 percent of ODP approved before 1997 plus the balance of ODP approved in 1997 (3,000 ODP tons) and half of ODP just approved in 1998.

3 ODP to be phased out in 1999 is equal to 25 percent of ODP approved before 1997 plus the balance of ODP approved in 1998 (3,000 ODP tons) and half of ODP just approved in 1999.

Table A-3: Halon Production Sector

ODS approvals (ODP tons)	1996	1997	1998	1999	TOTAL
Opening balance	-	-	3,000	3,000	
+ new approvals	-	6,000	6,000	6,000	18,000
- phaseout	-	3,000 [1]	6,000 [2]	6,000 [3]	15,000
= ending balance	-	3,000	3,000	3,000	

1 ODP to be phased out in 1997 is 50 percent of the amount of ODP approved in 1997.

2 ODP to be phased out in 1998 is the balance of ODP approved in 1997 plus 50 percent of the amount of ODP approved in 1998.

3 ODP to be phased out in 1999 is the balance of ODP approved in 1998 plus 50 percent of the amount of ODP approved in 1999.

Table A-4: CFC Production Sector

ODS approvals (ODP tons)	1996	1997	1998	1999	TOTAL
Opening balance	-	-	-	5,000	
+ new approvals	-	-	5,000	5,000	10,000
- phaseout	-	-	- [1]	- [2]	-
= ending balance	-	-	5,000	10,000	

1 It is assumed that the amount of ODS to be phased out in 1998 is 60 percent of the opening balance in 1997.

2 ODS to be phased out in 1999 is equal to 25 percent of (1997 opening balance - 1997 phaseout) plus 60 percent of ODP approved in 1997.

Table 8: Targets for ODS Approvals and Expenditure for 1997 -99

Sector	1997				1998				1999				Total			
	Tonnes	%	$ in mil.	%	Tonnes	%	$ in mil.	%	Tonnes	%	$ in mil.	%	Tonnes	%	$ in mil.	%
Consumption	8,818	60	63.00	76	5,254 **	32	35.20	62	5,254 **	32	35.20	62	19,326	41	133.40	68
Production					5,000	31	5.00	9	5,000	31	5.00	9	10,000	21	10.00	5
Halons	8,000	40	10.00	12	6,000	37	8.00	14	6,000	37	8.00	14	18,000	38	28.00	13
M.Brom							2.00	4			2.00	4			4.00	2
LVCs																
Agency Fee			8.50	12			6.27	11			6.27	11			22.03	11
Total	14,818	100	82.50 *	100	16,254	100	56.47 ***	100	16,254	100	56.47 ***	100	47,328		195.43	100

Note. (i) It is assumed that $229 million, $155 million and $ 155 million in cash will be available in 1997 -1999, respectively
(ii) In 1997, total allocation for investment projects is $183 million.
(iii) In 1997, $37 million will be allocated to non-investment projects, bilateral activities, methyl bromide, Fund Secretariat and Monitoring and Evaluation.
(iv) The total budget for bilateral activities is set equally at $15 mil for the next three years.
(v) In 1998 and 1999, total allocation for investment projects is $ 121 million.
(vi) In 1998 and 1999, $19 mil ($155 mil - $112 mil - $15 mil) will be allocated to non-investment projects.

* Total allocation for the Bank is assumed to remain the same as previous years (45%)
** The amount of ODP tons is derived from the budget available for projects in the consumption sector and the average CE of $6.7/kg.
*** $2 million for methyl bromide is not included as part of the total allocation of $54.45 million. This $2 million is drawn from the allocation for non-investment projects.

ATTACHMENT B

Table 1: FUNDED INVESTMENT PROJECTS BY SECTOR [1] [2] [3]

Sector	Sub-Sector	No. Of Countries	Approvals by the Executive Committee				Disbursement by the Agencies (US$000s)			ODP Phaseout		
								Planned		Actual	Planned	
			Amount (US$000s)	ODP to be Phased Out [4]	Number of Projects	Cost Effective-ness (Average)	As of 12/31/96[5]	Year of Plan (1997)	Following Years	As of 12/31/96[3]	Year of Plan(1997)	Following Years
Aerosols		7	10,031	17,771	17	0.56	6,043	2,412	1,576	3,624	10,080	4,067
Foam	General	6	6,369	736	16	8.65	2,385	1,456	2,528	67	475	194
Foam	Flexible Polyurethane	6	12,811	2,830	43	4.53	1,802	4,932	6,077	339	1,751	740
Foam	Integral Skin	0	-	0	0	0.00	-		-	0		-
Foam	Polystyrene/Polyethylene	3	4,891	1,833	10	2.67	3,240	1,251	400	659	1,174	-
Foam	Rigid Polyurethane	11	11,100	1,816	41	6.11	3,445	5,992	1,662	836	846	134
Halon	Recycling	1	720	900	1	0.80	-	620	100	0	900	-
Halon	Non-Recycling	3	1,482	2,127	3	0.70	981	152	348	2,583	9	-
Refrigeration	Commercial	8	33,459	3,328	39	10.05	2,570	6,483	24,406	45	627	2,656
Refrigeration	Domestic	9	33,598	3,422	37	9.82	8,192	13,249	12,157	569	1,301	1,552
Refrigeration	Domestic (hydrocarbon)	5	25,275	2,238	19	11.30	7,047	2,139	16,089	1,060	37	1,140
Refrigeration	Domestic - Compressors	2	2,908	143	4	20.33	1,141	1,246	521	0	18	125
Refrigeration	MACs and Compressors	7	30,105	2,910	19	10.35	9,240	9,563	11,302	558	973	1,379
Refrigeration	Chillers	2	1,073	112	5	9.55	184	782	107	3	109	-
Refrigeration	Recycling	7	6,109	457	17	13.36	2,246	1,573	2,290	305	248	-
Solvent		7	10,703	662	30	16.17	4,028	3,587	3,087	423	159	79
Methyl Bromide									-			-
Production		2	3,866	3,426	8	1.13	2,075	703	1.088	2,400		1,026
Several		11	3,920	137	22	28.61	1,561	945	1,415	0	101	36
Other		2	5,445	403	3	13.51	4,394	700	351	20	383	-
Sub-Total			203,863	45,250	334	4.51	60,573	57,785	85,505	13,492	19,190	12,568
Support Costs			22,278									
Total			226,141	45,250	334	4.51				13,492	19,190	12,568

(1) Data provided for those sectors/categories for which there are funded or planned activities.
(2) Funded activities include only those projects and activities approved by the Executive Committee but for which financial transactions have not been completed.
(3) In some cases, project implementation (e.g. ODS phaseout or workshop completion) has occurred but the financial transactions may not have been completed
(4) The amount of ODP in the proposal that led to the approval.
(5) Actual disbursement to enterprises. Data available at the end of each 6-month period only.

Table 2: PROJECT PREPARATION BY SECTOR [1][2]

Sector	Sub-Sector	No. Of Countries	Project Preparation Funds [6] (US $000s)			Projects to be Submitted					
						Year of Plan (1997)			Following Year (1998)[3]		
			Surplus from Previous Approvals (as at 12/31/96) [5]	Already Approved for 1997	Additional Request for 1997	Number of Projects [4]	ODP to be Phased Out	Value (US$000s)	Number of Projects	Value (US$000s)	ODP to be Phased Out
Aerosol		4				17	900	2,550			
Foam	General	3				11	580	5,575			
Foam	Flexible Polyurethane	3				5	160	1,223			
Foam	Integral Skin	3				3	59	880			
Foam	Polystyrene/Polyethylene	2				2	60	600			
Foam	Rigid Polyurethane	6				17	1,316	6.655			
Foam	Rigid Polyurethane (hydrocarbon)	1				1	150	1,000			
Halon	Recycling	1				1		500			
Halon	Non-Recycling	1				1	300	500			
Refrigeration	Commercial [6]	7				30	2,640	26,375			
Refrigeration	Domestic	5				14	2,282	24,000			
Refrigeration	Domestic (hydrocarbon)										
Refrigeration	MACs and Compressors	3				3	341	3,936			
Refrigeration	Recycling	1				1	20	300			
Solvent		2				2	10	234			
Production											
Several Sectors											
Other	Halon Sector Project	1				1	6,000	10,000			
Sub-Total				1,263	640			84,328			
Support Costs				164	83			10,963			
Total			107	1,427	723	109	14,818	95,291			

(1) Data provided for those sectors/categories for which there are funded or planned activities.

(2) Includes project preparation advances.

(3) Projects prepared with 1997 project preparation funds but expected to be submitted in the first part of 1998. It is likely that some projects will slip into the 1998 work program but it is presently impossible to make any projections.

(4) Excludes projects submitted to the 21st Meeting.

(5) Project Preparation funds were requested on country basis and therefore cannot be allocated on sectoral basis.

(6) For most refrigeration sub-sectors, includes foam component as well.

Table 3: NON-INVESTMENT PROJECTS [1] [2] [3] [4]

Country	Region	Type	Title	Project Funding (US$000s)[5]		Disbursement by the Agencies (US$000)			Date of Completion		Objective
				Already Approved	To be Requested in 1997	As of 12/31/96	Year of Plan (1997)	Following Years	Activity (mo.-yr.)	Financing (mo.-yr.)	
Nigeria	AFR	CPG	Country program	237	0	121	82		Jun-97	Dec-97	
Chile	LAC	INS	Ozone Team	215		211	0	0	Oct-96	Nov-96	
Chile	LAC	INS	CONOMA Ozone Team	114		0	48	66	Oct-98	Oct-98	
Chile	LAC	TAS	Ozone Seal	8		7	0		Jun-96	Jun-96	
Chile	LAC	TAS	Public Awareness	361	0	361	0		Jun-96	Jun-96	
China	ASP	TAS	Technical Assistance	61		61	0		Dec-96	Dec-96	
China	ASP	TAS	Technical Support to ODS Phaseout in the Commercial Refrigeration Industry	0	180				Jun-01	Jun-01	
China	ASP	TAS	Development of Product Licensing and Quality Control System	0	160				Jun-00	Jun-00	
China	ASP	TAS	Preparation of Technical Standards and Codes for Substitute Products	0	130				Jun-00	Jun-00	
Ecuador	LAC	INS	Institutional Strengthening	204		150	54		Dec-97	Dec-97	
Jordan	ASP	INS	Institutional Strengthening	170	136	110	60		Jun-99	Jun-99	
Philippines	ASP	INS	Institutional Strengthening	209		100	100	9	Jun-98	Jun-98	
Philippines	ASP	TAS	Technical Assistance to FA	100		30	30	40	Jun-98	Jun-98	
Tunisia	AFR	INS	Implementation of Government action	280					Jun-97	Jun-97	
Turkey	EUR	INS	Institutional Strengthening	300		130	170		Jun-97	Jun-97	
IFC	GLB	TAS	Study on Innovative Financing	60			60		Dec-97	Dec-97	
Sub-total				2,319	606	1,281	604	115			
Support Costs				301	79						
Total				2,620	685						

(1) Data provided for those sectors/categories for which there are funded or planned activities.

(2) Includes funded activities, i.e., those approved by the Executive Committee but for which financial transactions have not been completed, and planned activities, not yet submitted.

(3) In some cases, project implementation (e.g. ODS phaseout or workshop completion) has occurred but the financial transactions may not have been completed.

(4) Non-Investment Projects listed by type instead of sector.

(5) Agency Support Costs (13%) are not included.

Note: Other non-investment activities completed before June 1996 are not included in this table. Total support cost for all approved non-investment projects is US$1.4 million.

Table 4: FUNDED INVESTMENT PROJECTS BY COUNTRY [1] [2] [3]

Country	Region	Approvals by the Executive Committee					Disbursement by the Agencies (US$000)			ODP Phaseout			
		Amount (US$000s)	CFC to be Phased Out [4]	Other ODP to be Phased Out [5]	Number of Projects	Cost Effectiveness (Average)	As of 12/31/96 [6]	Year of Plan (1997)	Following Years	CFC (as of 12/31/96)	Other (as of 12/31/96)	Year of Plan (1997)	Following Years
ARGENTINA	LAC	21,868	700		16	31.25 *	-	4,243	17,625			200	500
BRAZIL	LAC	10,372	1,592	1	20	6.51	903	3,511	5,958	270		1,016	307
CHILE	LAC	2,321	237	1	23	9.77	620	612	1,088	109	0	125	3
CHINA	ASP	66,089	25,124	3,600	65	2.30	19,796	15,440	30,853	4,330	3,600	11,750	9,044
COLOMBIA	LAC						-	-	-	-			0
ECUADOR	LAC	1,566	341		3	4.59	1,042	183	-	629			0
EGYPT	AFR	2,100	292		1	7.19	1,850	250	-	0		292	0
INDIA	ASP	17,495	2,872	426	55	5.30	3,908	3,835	9,752	91	426	673	2,108
INDONESIA	ASP	12,583	1,847	489	27	5.39	3,237	4,084	5,262	20	922	1,786	41
JORDAN	ASP	2,376	626		14	3.80	440	520	1,417	0		608	18
MALAYSIA	ASP	10,706	1,154	1,039	18	4.88	2,277	4,502	3,926	681	47	1,457	0
MEXICO	LAC	4,054	412	177	16	6.88	3,284	775	-	348	177	117	0
PAKISTAN	ASP	1,998	282		3	7.08	-	-	1,998	0			282
PHILIPPINES	ASP	11,895	875	8	14	13.48	5,020	4,523	2,352	237	8	395	243
THAILAND	ASP	14,507	484	40	23	27.72 *	3,498	7,372	3,637	144	28	103	0
TUNISIA	AFR	1,780	530		6	3.36	-	1,160	620	85		445	0
TURKEY	EUR	11,205	1,579	1	11	7.10	8,523	2,443	-	1,065	1	0	514
URUGUAY	LAC	1,237	52		6	23.80 *	-	839	398	0		34	18
VENEZUELA	LAC	9,033	436		8	20.70 *	6,176	2,857	588	275		161	0
ZIMBABWE	AFR	679	35		5	19.39	-	635	43	0		29	6
Regional Sub-Total													
AFR		4,559	857	-	12	5.32	1,850	2,045	663	85	-	766	6
ASP		137,649	33,264	5,601	219	3.54	38,176	40,276	59,196	5,502	5,030	16,772	10,990
EUR		11,205	1,579	1	11	7.10	8,523	2,443	-	1,065	1	-	514
LAC		50,451	3,770	178	92	12.78	12,025	13,020	25,406	1,632	177	1,653	486
Sub-Total		203,863	39,470	5,780	334	4.51	60,573	57,785	85,266				
Support Costs		22,278								-			
Total		226,141	39,470	5,780	334	4.51	60,573	57,785	85,266	8,284	5,208	19,190	12,568

(1) Data provided for those sectors/categories for which there are funded or planned activities.

(2) Funded activities include only those projects and activities approved by the Executive Committee but for which financial transactions have not been completed

(3) In some cases, project implementation (e.g. ODS phaseout or workshop completion) has occurred but the financial transactions may not have been completed.

(4) The amount of Annex A Group I chemicals in the proposal that led to the approval.

(5) The amount of all chemicals excluding Annex A Group I chemicals in the proposal that led to the approval.

(6) Actual disbursement to enterprises.

* Projects approved for these countries include projects in compressor and MAC sectors that do not yield direct ODP phaseout.

Table 5: PROJECT PREPARATION BY COUNTRY [1] [2]

Country	Region	Project Preparation Funds (US$000s)			Projects to be Submitted					
					Year of Plan (1997)			Following Year (1998)[3]		
		Surplus from Previous Approvals	Already Approved for 1997	Additional Request for 1997	Number of Projects	Value (US$000s) [4]	ODP to be Captured (MT)	Number of Projects	Value (US$000s)	ODP to be Captured
ARGENTINA	LAC		45	0	1	1,000	90	TBD[5]	TBD	TBD
BRAZIL	LAC			75	3	2,000	210			
CHILE	LAC			0	0	0	0	TBD	TBD	TBD
CHINA	ASP		250	350	11	20,500	3,085			
CHINA - Halon Sector	ASP		133	0	1	10,000	6,000			
COLOMBIA	LAC		15	0	0	0	0	TBD	TBD	TBD
ECUADOR	LAC		15	0	1	300	20			
EGYPT	AFR			0	0	0	0			
INDIA	ASP	37	243	80	27	15,000	1,373			
INDONESIA	ASP		179	0	16	8,000	1,108			
JORDAN	ASP			30	6	1,459	225			
MALAYSIA	ASP		27	0	0	0	0	TBD	TBD	TBD
MEXICO	LAC		60	0	5	6,000	460			
PAKISTAN	ASP		45	25	8	5,250	466			
PHILIPPINES	ASP			0	0	0	0			
THAILAND	ASP	70	125	0	15	4,700	692	TBD	TBD	TBD
TUNISIA	AFR			0	0	0	0			
TURKEY	EUR		96	0	14	9,520	1,029			
URUGUAY	LAC		20	80	0	0	0	TBD	TBD	TBD
VENEZUELA	LAC	0	10	0	1	600	60			
ZIMBABWE	AFR			0	0	0	0			
Regional Sub-Total										
AFR				0	0	0	0	TBD	TBD	TBD
ASP		107	1,002	485	84	64,909	12,949	TBD	TBD	TBD
EUR		0	96	0	14	9,520	1,029	TBD	TBD	TBD
LAC		0	165	155	11	9,900	840	TBD	TBD	TBD
Other		0	0	0						
Sub-Total			1,263	640		84,329				
Support Costs			164	83		10,963				
Total		107	1,427	723	109	95,292	14,818	TBD	TBD	TBD

(1) Data provided for those sectors/categories for which there are funded or planned activities.

(2) Includes project preparation advances.

(3) Projects prepared with 1997 project preparation funds but expected to be submitted in the first part of 1998. It is likely that some projects will slip into the 1998 work program but it is presently impossible to make such projections.

(4) Excludes new projects presented to the 21st Meeting.

(5) TBD: to be determined.