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

Twelfth Meeting
Montreal, 28-30 March 1994

1994 WORLD BANK WORK PROGRAMME

This document includes:

- Comments and recommendations of the Fund Secretariat
- 1994 World Bank Work Programme

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

COMMENTS

1. The World Bank's work programme contains information about activities planned for 1994 and a request for their funding. The work programme does not provide information concerning the total targeted amount of ODS to be phased out during 1994 or descriptions of slippages in project approval/implementation schedules. Activities are anticipated 18 countries. The work programme indicates that 10 to 13 additional grant agreements are planned for signature by the middle of the year.
2. Based on the US \$2.1 million of work programme residuals and the US \$1.7 million in interest income from Fund transfers, if the total US \$6.5 work programme budget is approved, the cash requirement will be approximately US \$2.7 million.

Requested level of funding for 1994 work programme activities

3. Through its work programme, the World Bank is seeking the Executive Committee's approval for the following expenditures:

Project preparation	US\$ 4,467,000
Project supervision	US\$ 350,000
Country programme preparation	US\$ 344,000
Administrative, legal and financial costs	US\$ 1,119,000
OORG	<u>US\$ 300,000</u>
 Total request	 US\$ 6,580,000
 Minus residual	 US\$ 2,100,000
Minus 1993 interest income	<u>US\$ 1,737,000</u>
 Cash requirement	 US\$ 2,743,000

Project preparation

4. While in the past, the Bank has used project preparation funds for administrative purposes pertaining to preparation of projects, it is now also using project preparation for project supervision, grant agreement preparation, Project Preparation Advances, technical assistance, workshops and training of financial intermediaries and institutional strengthening units. The more activities included as project preparation, the more difficulty the Committee has in

monitoring actual progress before and after the project approval. All agencies have, historically, listed these activities separately.

5. Since Project Preparation Advances require separate letter agreements, this request should be separated as a project costing below US \$500,000, as was the practice in the past.

6. US \$50,000 is included in the project preparation request for training Financial intermediary in Indonesia. An unspecified amount is included in the project preparation request for the financial intermediary in India. The training of financial intermediaries should also not be included in project preparation requests. However, the practice of training financial intermediaries to receive the Fund's resources to monitor projects should be borne by the financial intermediary itself, since usually three per cent of project costs is allocated for the financial intermediary.

Project supervision

7. Project supervision is estimated at US \$350,000 which represents an increase over 1993 efforts according to Figure 2. Project supervision is not currently identified for each country or project. While estimates have been made of project supervision expenditures in terms of man hours, project accounts do not currently track supervision expenses. Since funds are allocated for the supervision of projects to financial intermediaries, the separate project supervision roles of the intermediaries and the Bank are not clear.

Country programme and administrative costs

8. Both country programme and administrative budgets are increased over 1993 levels. Country programme activities are anticipated in six countries at a cost of US \$344,400. Administrative costs in 1994 will increase by almost US \$300,000 which is attributable to new staff and an overall cost increase of three per cent.

Ozone Operations Resource Group (OORG)

9. The OORG budget request has increased from its actual 1993 expenditure of US \$85,000 to US \$300,000. One additional cost is expected to be the result of adding a pre-review to the technical reviews to enable technical reviewer input earlier in the project preparation process. Also, more working group meetings are expected to be held in 1994 although only two are currently scheduled. However, since essentially a similar level of investment projects are expected to be funded this year, it is not clear why funds should be more than tripled.

Pipeline budget requirements and the Three-Year Plan and Budget

10. As stated in the work programme, the goal of US \$80 to 109 million is less than the range prepared for the Three-year Plan and Budget in March 1993 by US \$16 to 70 million. However, the Bank's capacity has increased since March 1993 because it has: trained more consultants, hired additional staff, formulated umbrella agreements and internal operational guidelines. Also, Article 5 countries in which Bank activities are planned have also increased their capacities to handle Fund projects since most of the investment activity will be in countries that will be proceeding with their second and maybe even third operation and are able to fully utilize their experience in project identification, preparation and appraisal.

Coordination and monitoring

11. The country level work programmes do not address coordination efforts with the other implementing agencies. Providing comments on the agencies expected areas of responsibilities in country level work programme presentations may prevent potential overlaps of effort.

Promissory notes and umbrella agreements

12. The work programme states that projects processed through umbrella agreements that are in place will require funding immediately after approval and funding through a new grant or umbrella agreement will require funds to be transferred five months after approval. It is not clear how this opinion from the Bank's legal staff will impact the Bank's ability to accommodate the Executive Committee's general consensus of having transfers tied to disbursements.

RECOMMENDATION

13. The Secretariat recommends that the costs for funding the training of financial intermediaries in India and Indonesia should not be funded and the costs requested for the work programme in the amount of US \$6.5 million should be adjusted accordingly. The Treasurer should be directed to transfer the cash requirement of US \$2.734 million to the World Bank's account. The costs included for financial intermediary training should be subtracted from future requests for work programme activities.

MONTREAL PROTOCOL

1994 WORK PROGRAM

BANK-IMPLEMENTED MONTREAL PROTOCOL OPERATIONS

February 1994



THE WORLD BANK
GLOBAL ENVIRONMENT COORDINATION DIVISION
ENVIRONMENT DEPARTMENT

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Attachment

Attachment 1: Country-Level CY94 Work Programs



EXECUTIVE SUMMARY

1. 1994 will represent the World Bank's third full year as an implementing agency of the Multilateral Fund for the Implementation of the Montreal Protocol. There has been substantial investment by the Bank and its clients in building streamlined procedures and in establishing sustainable ozone depleting substance (ODS) phaseout mechanisms in major ODS consuming countries over the period 1991-1993. The Bank and its clients are now in a position to take full advantage of their experience to further expand their Montreal Protocol investment operations in response to an increasing demand.

2. The estimated volume of new investment projects is in the range US\$80-105 million. New Montreal Protocol investment operations for 1994 are planned in 10 countries, including Argentina, Brazil, China, India, Indonesia, Malaysia, Philippines, Slovenia, Thailand and Venezuela. In addition to the above-mentioned countries, project identification and preparation is also planned in the following countries: Algeria, Egypt, Mexico, Pakistan, Tunisia, Turkey, Venezuela and Uruguay. The Bank will be active in 22 countries. New clients in 1993 included Argentina, Slovenia and Pakistan while in 1994 the Bank is adding Algeria and Uruguay to the list of countries where it will be active. Additions in 1993 and 1994 represent an increase of 30 percent in the number of clients. Assistance to Morocco should also be initiated during the course of the year.

3. The pipeline of projects identified or under preparation includes projects in all sectors which utilize ozone depleting substances (ODS), namely aerosols, foams, halons, refrigeration, solvents, mobile air conditioning and production of substitutes. The Bank will continue to implement its strategy to identify projects in those sectors which represent the most cost-effective means of ODS phaseout, while continuing to respond to the priorities and strategies established locally by its clients for sectoral ODS phaseout. Hence, additional projects in the aerosol and halon sectors will be prepared and presented to the Fund Executive Committee during 1994. Refrigeration (insulation foam and cooling cycle) will remain an important sector for new investment operations, and 1994 will see the first projects in the production sector.

4. Assistance for the preparation of Country Programs is also planned in Argentina, Brazil, Malaysia, Nigeria and Slovenia. Supervision of project implementation will also increase in importance with such activities planned in 15 countries.

5. The continued increase in the Bank's investment operations brings to light certain organizational issues. In order to deliver such a large number of projects, the Bank has undertaken measures to increase its capacity to support the project preparation activities including: (1) identification and training of additional sector-experts in the project identification and preparation procedures of the Bank; (2) the preparation of boiler-plate workshops for the training of local consultants; and (3) the preparation of a 2-day workshop for new Bank clients focusing on the process and procedures of project identification, preparation, funding and execution. Furthermore, the Bank will continue mobilizing Project Preparation Advances for those clients who wish to undertake the bulk of project identification and preparation activities or where the work program is so large that local involvement in project preparation is essential.

6. The World Bank Work Program for 1994 has been estimated to cost US\$6.5 million, an increase of 10 percent over 1993 Work Program and amendments. With the carry over of funds from Work Program amendments obtained in 1993 of about US\$2.1 million, the Bank's request for its 1994 work program is therefore about US\$4.5 million. Interest earned on cash balances totalling US\$1.74 million therefore bring the cash requirement to US\$2.5 million.

7. Another shift in the nature of the Bank's assistance to developing countries for Montreal Protocol operations will be an increased focus on supervision of project implementation. To support an effective project supervision program, the Bank will prepare during the course of the year guidelines on monitoring and evaluation of projects funded by the Multilateral Fund. These monitoring and evaluation guidelines will also provide the necessary framework for enhanced reporting on project implementation, effectiveness and lessons learned.

I. INTRODUCTION

1. Implementation of ozone-depleting substance (ODS) phaseout investment operations funded by the Multilateral Fund for the Implementation of the Montreal Protocol (Fund or MFMP) continued actively in 1993. Initial CY93 Work Program allocation of US\$4 million for Country Program (CP) support, project preparation and implementation was fully utilized during 1993 and additional work program support sought during the year. This is indicative of the high level of activity which was sustained throughout 1993. Although project presentation to the Executive Committee did not meet the 1993 objective of US\$85 million, projects prepared by the Bank did total over US\$70 million (about 80 percent of the stated target), with a substantial pipeline of project concepts and project proposals at various levels of preparedness. This represents a significant improvement over 1992, when the Bank delivered 37 percent of stated target. The achievement in 1993 is due largely to the increase in operational efficiencies. Those new investment operations which were not presented to the Executive Committee in 1993 will be presented during the course of CY94.

2. In 1994, the Bank will continue to concentrate its efforts on larger developing country clients for strategic and cost-effectiveness reasons. In 1994, further emphasis will be placed on establishing the required local capacity and ODS phaseout policy which have emerged as key prerequisites for sustained ODS phaseout. In response to demands from several developing country clients, greater emphasis will be placed on equipping them to play the dominant role in project preparation as opposed to relying heavily on teams of consultants under Bank supervision. More project preparation advances will be sought to serve this objective.

3. In parallel to a further increase in the volume of business during 1994 there will be a significant increase in the amount of time and effort invested in the supervision and reporting of implementation performance of investment projects. Supervision activities are now anticipated in 15 countries where grant agreements have already been signed or where such agreement will be signed in early 1994.

4. Signature of grant agreements will continue at a rate of approximately one per month over the next 6-8 months. Delays which were accumulated on 1992 approved projects were fully reconciled in 1993, with final Grant Agreement signature for Turkey and Tunisia anticipated shortly.

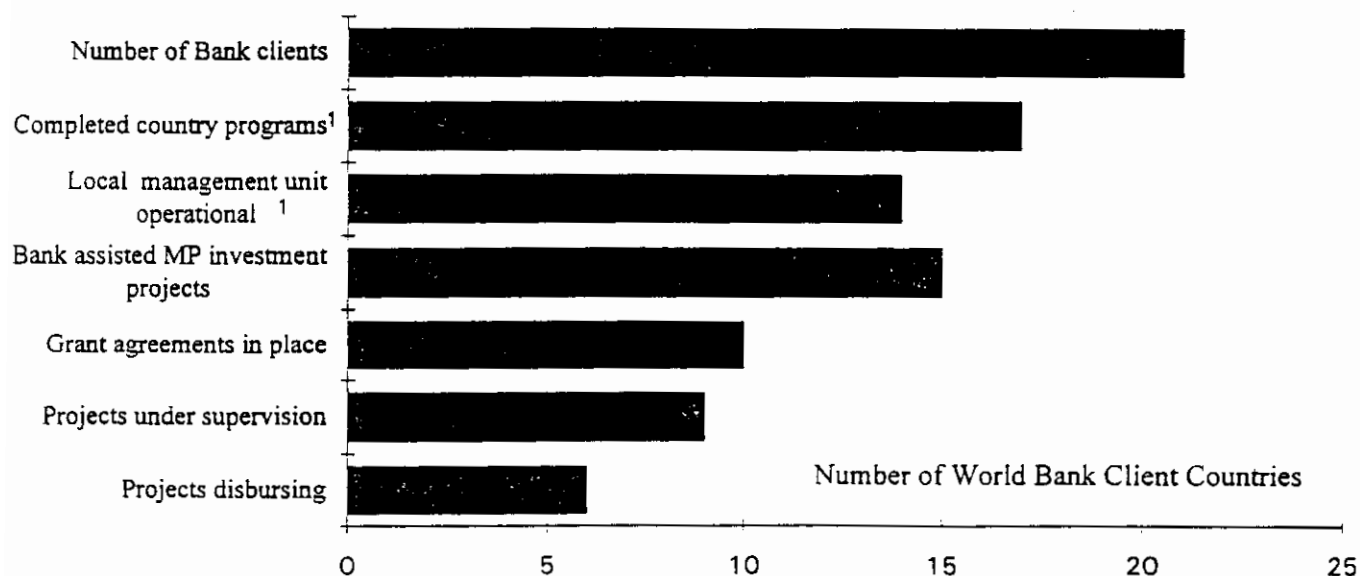
5. The targeted level of new investment operations is conservative compared to the Bank's three-year plan and budget presented to the Multilateral Fund last year. This is a reflection of our growing understanding of our own and our clients' capacity constraints and the need to invest considerable time in establishing in-country capacity to handle an increasing volume of MP related activities. The Bank is proposing to expand its support base to its clients by adding a high level staff to the Montreal Protocol Operations Team. The project preparation pipeline is very healthy when compared with the end of 1992, but operational uncertainties remain which could adversely affect the Bank's capacity to deliver more than US\$80 million in 1994. At an average cost of about US\$1 million per subproject, the 1994 work program remains ambitious

as it would require the preparation and completion of over 80 subprojects, equivalent to what has been achieved in the period 1991-1993.

6. Except for one or two CFC to HCFC conversion and plant closure projects, there are presently no large-scale investment operations anticipated in the chemical production sector this year, although substantial progress on project identification and preparation is expected. This is consistent with uncertainties regarding Multilateral Fund eligibility and incremental costs for this sector of ODS economic activity.

7. The status of the Bank's MP activities and of the key steps to project related disbursements is presented in Figure 1. Most of the Bank's clients have completed their Country Programs, and some will be updating their program in 1994. Institutional strengthening activities have been initiated in most of the countries where the Bank is active, either through the Bank or other implementing agencies. Although not presented in Figure 1, most financial intermediaries needed for the implementation of the subprojects have been identified and have received training (or will receive it soon), and are therefore ready to initiate project implementation, which will lead to a significant increase in disbursements.

Figure 1: Status of World Bank Montreal Protocol Activities
(as of December 31, 1993)



II. SCOPE OF 1994 WORK PROGRAM

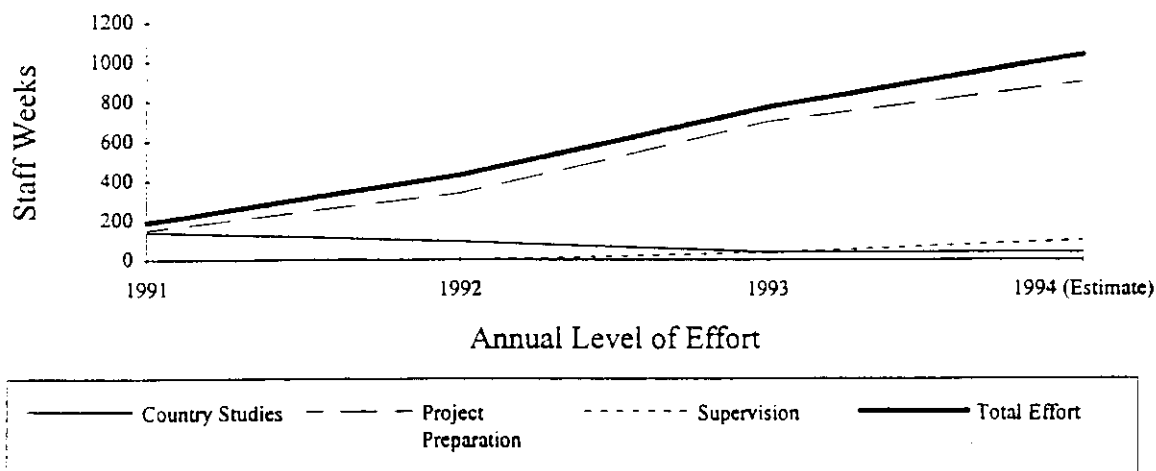
A. Work Program Summary

8. The Bank will have MP-related activities in 22 countries in 1994, an increase of 2 over 1993 work program. New clients in 1994 will include Algeria and Uruguay. The present number of clients was anticipated and is in line with Bank's strategy to concentrate on assistance to larger countries where scale-effects keep administrative costs low and the Bank's comparative advantage in policy review and investment operations can be fully utilized. Of course, the Bank is always responsive to smaller ODS-consuming countries which seek our assistance with ODS phaseout actions.

9. The nature of the Bank's assistance under the Montreal Protocol changed significantly between 1992 and 1993. While the Bank will continue to focus its attention on new investment projects in 1994, increased time will be devoted to project supervision, monitoring and evaluation, and reporting. The increased emphasis on monitoring and evaluation and the establishment of a project database are key management information and reporting tools for increasing operational productivity. This will also allow the confirmation of unit cost effectiveness and absolute ODS phaseout impact of Montreal Protocol operations.

10. Figure 2 illustrates the changing nature of the Bank's assistance over the last 3 years. Whereas support for country programs was most important in 1991, the shift since 1992 has been towards the identification and preparation of ODS phaseout investment operations. In 1993, the first supervision work was initiated and this important activity will increase significantly in 1994. Project preparation activities carried out in-country by the Bank's clients will also increase in 1994.

Figure 2: Level of Bank MP-Related Assistance Measured in Staff Weeks



11. The country-by-country overview of the CY94 work program is presented in Attachment A. This provides a brief overview of the status of MP implementation in each country and a summary of the activities which are planned for 1994 in the areas of country program, institutional strengthening and technical assistance. The nature of the activities is subject to adjustments in order to reflect the dynamic nature of the business and the requests of the clients. The proposed 1994 work program is based on the best available information at the time of preparation. It is not a definitive or limitative document. Discussions on the nature of the assistance and requirements for Bank support are ongoing with many countries, as this is a dynamic process. Work Program amendments in 1993 totalled over US\$2 million, an indication of the dynamic nature of the business and the growing interest on the part of the Bank's clients. Proposed activities and new investment operations should be considered as indicative of what can be best estimated at this point in time.

12. The 1994 Work Program makes provisions for the following:

- (a) support for the preparation or finalization of country programs for Argentina (schedule for presentation at 12th Executive Committee Meeting), Brazil (draft CP now scheduled to be finalized in March 1994), Malaysia (update of CP, funded as a work program amendment in 1993), Nigeria (work delayed due to in-country difficulties), and Slovenia;
- (b) supervision of project implementation for all projects approved through grant agreements, establishment of monitoring and evaluation guidelines, project-related database and enhanced reporting;
- (c) project preparation will continue to be a major focus in 1994, with activities planned in 18 countries; and
- (d) new investment operations are planned for 10 countries: Argentina, Brazil, China, India, Indonesia, Malaysia, Philippines, Slovenia, Thailand and Venezuela. Except for Argentina and Slovenia, all these countries already have ongoing MP projects with the Bank. Project preparation is also planned in the following countries: Algeria, Egypt, Guatemala, Mexico, Pakistan, Tunisia, Turkey and Uruguay.

13. A summary of the proposed activities on a country-by-country basis and sector-by-sector basis is provided in Table 1. The details of the budget requirements for the Work Program, including carry-over from 1993, are presented in Table 2. The Work Program budget totals US\$6.58 million, an increase of about 10 percent from the cumulative 1993 Work Program. A carry-over/balance of US\$2.1 million from 1993 (mainly from Work Program Amendments and the Global Projects) results in a Work Program request of US\$4.5 million. The 1994 Work Program is comparable in size and scope to the 1993 Work Program. The increase in Work Program budget reflects the larger number of countries where the Bank is active and a focus on project preparation activities, an expensive undertaking. Table 2 provides a breakdown of budget request by country and Project ID, which allows the reader to get a much clearer sense of the allocation of costs for Country Program and studies, project supervision and project preparation. The Bank administrative expenditures in 1993 (including OORG) were

approximately US\$1.1 million (including actual disbursements and commitments made in 1993), or about 10 percent less than the estimated budget. The budget for administrative expenditures for 1994 has been estimated at US\$1.3 million. This increase is in large part due to an increased level of activity by the OORG and for the addition of one high level staff to the MP Operations Team in the Global Environment Coordination Division. This additional capacity is needed to support an increased volume of business and for the establishment of management instruments and business tools required for further streamlining and consolidation of MP operations.

The allocation of the budget to its various components is approximately as follows:

- Country Program and Studies: US\$350,000
- Project Supervision: US\$500,000
- Global Studies: US\$650,000 (already funded)
- Project Preparation: US\$3.7 million (partially funded)
- Administration/Legal/Financial: US\$1.4 million
(including US\$320,000 for OORG)

14. The tentative list of new investment operations is presented in Table 1. Project preparation for new investment operations in Brazil, China, India, Indonesia, Philippines and Thailand will, to a large extent, be undertaken and coordinated by the countries themselves through Project Preparation Advances. The Bank will contract consultants for the support of these activities and for project preparation in all other countries where such activities are planned. This approach will increase the capacity of the Bank and its clients to prepare a large number of new investment operations.

15. Furthermore, the International Finance Corporation (IFC), which is part of the World Bank Group, has expressed an interest in significantly increasing its participation in the identification, preparation and implementation of ODS phaseout efforts. IFC will focus on those countries where its portfolio of investment operations is most important (countries such as Turkey, India and Brazil) and in sub-saharan Africa, where it has greater ability to implement stand-alone operations, especially with small and medium-scale enterprises.



Table 2
Multilateral Fund of the Montreal Protocol
SUMMARY OF CY1994 WORK PROGRAM BUDGET

COUNTRY	PROJECT ID	BALANCE/CARRYOVER FROM			CY1994 PLAN/BUDGET			CY1994 WORK PROGRAM BUDGET REQUEST		
		CP/ STUDIE	PROJECT PREP/SUPN	TOTAL	CP/ STUDIE	PROJECT PREP/SUPN	TOTAL	CP/ STUDIE	PROJECT PREP/SUPN	TOTAL
Algeria	5ALGMT001	0	-676	-676	0	100,000	100,000	0	100,676	100,676
Argentina	6ARGMT001	0	-36,476	-36,476	30,000	192,929	222,929	30,000	229,405	259,405
Brazil	6BRAMT001	28,528	20,388	48,916	48,400	164,380	213,780	20,872	143,992	164,864
Chile	6CHLMT001	0	10,881	10,881	0	30,208	30,208	0	19,327	19,327
China	4CHAMT001	0	48,667	48,667	0	79,000	79,000	0	30,333	30,333
China	4CHAMT002	0	848	848	0	110,000	110,000	0	109,152	109,152
China	4CHAMT003	0	136,024	136,024	0	660,000	660,000	0	523,976	523,976
Ecuador	6ECUMT001	0	-13,231	-13,231	0	30,000	30,000	0	43,231	43,231
Egypt	7EGTMT001	0	69,976	69,976	0	50,000	50,000	0	-19,976	-19,976
Egypt	7EGTMT002	0	0	0	0	25,000	25,000	0	25,000	25,000
Guatemala	8INDMT001	0	13,488	13,488	0	55,000	55,000	0	41,512	41,512
India	8INDMT002	0	39,042	39,042	0	70,837	70,837	0	31,795	31,795
Indonesia	4INSMT001	0	40,719	40,719	0	775,000	775,000	0	734,281	734,281
Indonesia	4INSMT002	0	-1,805	-1,805	0	128,899	128,899	0	130,704	130,704
Jordan	5JORMT001	0	0	0	0	167,312	167,312	0	167,312	167,312
Malaysia	4MAYMT001	0	-916	-916	0	72,900	72,900	0	34,253	34,253
Malaysia	4MAYMT002	25,000	58,343	83,343	25,000	66,610	91,610	0	8,267	8,267
Mexico	6MXCMT001/2	0	65,386	65,386	0	52,286	52,286	0	-13,100	-13,100
Mexico	6MXCMT003	0	0	0	0	100,000	100,000	0	100,000	100,000
Nigeria	0DSI	11,028	62,500	73,528	150,000	100,000	250,000	138,972	37,500	176,472
Pakistan	4PHLMT001	0	91,044	91,044	0	133,191	133,191	0	42,147	42,147
Philippines	4PHLMT002	0	0	0	0	0	0	0	0	0
Philippines	4PHLMT003	0	129,221	129,221	0	136,027	136,027	0	6,806	6,806
Philippines	4PHLMT004	0	150,000	150,000	0	94,900	94,900	0	-55,100	-55,100
Slovenia	7SLOMT001	50,000	100,000	150,000	50,000	100,000	150,000	0	0	0
Thailand	4THLMT001	0	10,781	10,781	0	0	0	0	-10,781	-10,781
Thailand	4THLMT002	0	104,309	104,309	0	129,433	129,433	0	25,124	25,124
Thailand	4THLMT003	0	-6,760	-6,760	0	81,302	81,302	0	88,062	88,062
Tunisia	5TUNMT001/2	0	3,866	3,866	0	76,296	76,296	0	72,430	72,430
Turkey	7TURMT001	0	-42,681	-42,681	0	30,000	30,000	0	72,681	72,681
Uruguay	6VENMT001/2	0	0	0	0	100,000	100,000	0	100,000	100,000
Venezuela	FAACA	0	-23,305	-23,305	40,040	83,236	123,276	40,040	106,541	146,581
Venezuela	AANSA	0	0	0	0	47,190	47,190	0	47,190	47,190
Venezuela	Air Conditioners	0	0	0	0	47,190	47,190	0	47,190	47,190
Solvents & Refrig.	1WLDMT001	0	313,499	313,499	0	28,665	28,665	0	28,665	28,665
Global Aerosol	1WLDMT002	0	349,931	349,931	0	313,499	313,499	0	0	0
S-T Work Program Costs		114,556	1,731,710	1,846,266	344,440	4,817,036	5,161,476	225,884	3,085,326	3,315,210
Adm/Legal/Financial Costs				273,941			1,418,946			1,145,005
GRAND TOTAL				2,120,207			6,580,422			4,460,215

16. Whenever appropriate, the Bank will utilize the out-of-meeting project approval procedures to maintain continuity in field level dialogue and operations. The first projects submitted for approval through this new approval mechanism were submitted in mid-January (2 projects for Thailand). Once the operational modalities of the out-of-meeting approval procedures have been established, it is anticipated that an increasing number of projects will be channeled through this new mechanism.

17. **Relationship to Three-Year Plan and Budget.** At the request of the Fund Executive Committee at its Ninth Meeting, the implementing agencies were asked to provide additional input on the working paper prepared by the Fund Secretariat on a "Proposed Three-year Plan and Budget of the Multilateral Fund (1994-1996)." The Bank provided its input, highlighting the large number of variables considered in preparing the estimates. In this paper, the Bank reported that it expected that the total number of client countries would level off at about 20-25 countries over the period under consideration, which is where this number now stands. The Bank also estimated that the potential demand of its clients would be in the order of US\$475 million over the three year period. This estimate was based on a top to bottom approach, i.e. based on the total ODS consumption levels. The Bank confirmed that by working closely with its clients, it could identify and help prepare projects in the order of US\$125-150 million per year, on the basis that the Bank's clients must have the institutional arrangements and human resources capacity to coordinate with the Bank throughout its project cycle and oversee implementation of ODS phaseout programs and policies in their countries. The upper limit of the estimate (US\$150 million) cannot be accommodated by the present funding level for the next three-year period and it therefore seemed that US\$100-125 million per year might be a realistic objective for 1994.

18. The proposed 1994 investment projects total US\$85-105 million, a more conservative estimate than made in early 1993. One must also remember that 1994 is the first year of the new three-year cycle. As indicated earlier, the lower estimate takes into account capacity needs of both the Bank and its clients in a completely new business with many small operations. In its presentation to the Fund Secretariat of the Three Year Plan and Budget, the Bank identified the following factors which most influence the ability of the Bank, its clients (and perhaps the other implementing agencies) to handle a growing volume of MP business activities:

- (a) ability to streamline the project cycle and provide resources to the countries for project preparation;
- (b) ability to reduce red-tape by packaging small projects into large umbrella-type operations;
- (c) ability to define and develop generic ODS phaseout interventions which can be replicated and adapted in other countries; and
- (d) ability of the Bank's clients to assume an increasingly active role in project identification and preparation and, through local financial intermediaries, to handle project appraisal, funds disbursements and supervision.



19. Substantial progress has been achieved on all fronts during 1993. The actions taken and impact of the Bank's MP activities were documented in a paper titled "Impact of the World Bank's Activities as an Implementing Agencies of the Multilateral Fund for the Implementation of the Montreal Protocol." The Bank's Plan and Budget also identified the most significant elements which remained to be addressed:

- (a) the development of adequate capacities to coordinate with the Bank and oversee in-country ODS phaseout operations; and
- (b) demonstrating new Bank and Multilateral Fund procedures to expedite the flow of funds.

20. The work program and stated strategy for 1994 will require continued focus on the remaining bottlenecks in countries where the Bank has MP activities. This is part of the business and remains a factor which cannot always be fully accounted for, hence the conservative estimate on new investment projects for 1994.

21. **Implementation of a Sectoral Approach.** In its 1993 Work Program, the Bank provided a comprehensive sectoral summary of its portfolio and planned investment operations. This was included in the work program at the request of the Executive Committee, which was seeking a sector-based representation of implementing agency work programs. 1993 saw a more comprehensive and effective development and implementation of sector-based approach at the national and global levels. The details on sectoral breakdowns of projects and their respective costs are updated regularly and provided in the Bank's Monthly Operations Report on Bank Implemented Montreal Protocol Investment Operations. A review will not be undertaken here as the Bank reports regularly on this subject.

22. At the global level, the Bank has adopted a two-pronged approach to the identification and implementation of sector-based strategies. The first approach has been through the Global Projects (the Bank is implementing the Global Solvents and Global Aerosol projects while UNDP is implementing the global MAC and halon projects). The objective of each of these projects is to identify technologies and approaches which can be replicated throughout the world and also to identify constraints to achieving ODS phaseout in the respective sectors. The Global solvent project (being implemented by the International Cooperative for Ozone Layer Protection) has succeeded in identifying some of the challenges which the solvent sector will have to face in achieving ODS phaseout. These challenges include:

- (a) the very large number of small users and how to reach these; and
- (b) the varied nature of solvent use compared to the other ODS using sectors.

23. The lessons from the implementation of the Global Projects must provide for strategies and mechanisms for implementing sectoral approaches at the national level. A purely sectoral approach at the global level (for large scale investment operations in any event) is not feasible, given the implementation arrangements which must be established (and which are required) at

the national level. An important criterion for recommendations stemming from the global projects is therefore their implementation and replicability on a national level, consistent with the regional environment.

24. The second avenue to identifying and implementing sectoral approaches has been the establishment of clear technical guidance by the Ozone Operations Resource Group (OORG). The OORG has provided guidance, both through its regular meetings and also through the Working Groups which have been established and which have issued definitive recommendations on the following subjects:

- (a) domestic refrigeration;
- (b) insulation foam for domestic refrigerators and freezers;
- (c) production sector; and
- (d) insulation foam for district heating pipes.

The guidelines provided by the OORG have significantly contributed to the higher quality and consistency of projects within a given sector, as has been reflected by Executive Committee project approvals during 1993.

25. At the national level, sectoral approaches have been increasingly utilized to provide equitable funds to be transferred to enterprises. Examples of projects which have adopted this approach include the Philippines refrigeration sector, Thailand refrigeration sector, Indonesia foam and aerosol sectors. The implementation of sectoral approaches is particularly important in countries where regulations are being introduced. The global trends in regulations for ODS phaseout have been in adopting sector-based, not substance-based phaseout dates. The major advantage of the sector-based approach at the national level is the sense of fairness perceived by the enterprises and, increasingly, by the governments. Nevertheless, it is not always possible to achieve a perfect sector approach in large countries where there is a large number of enterprises. Typically, the government would then need to step in and provide guidance.

26. Again this year, the pipeline of projects includes projects in all the sectors covered in 1993, with the addition of the chemical production sector. The pipeline also includes an increasing number of halon (the most damaging to the ozone layer) phaseout projects.

B. Fund Receipts, Uses, Balances and Cash Flow Requirements

27. Table 3 provides an update on the receipts, uses and balances of funds received from UNEP Treasurer into the Ozone Projects Trust Fund (OTF). As in previous years, the OTF will be audited by an independent external auditor before the Annual Report is prepared. There is presently a balance of US\$56 million in the OTF. This balance will be fully committed during 1994 for investment projects. Interest earnings in 1993 totaled US\$1.737 million, an amount

which has been added to the funds receipt column for 1993. Therefore, the only transfer of funds requested is as follows:

- US\$2.72 million, to complete the Work Program budget for 1994 of US\$6.58 million of which US\$2.120 is being carried over from 1993 and US\$1.737 has been earned in interest.

28. The Multilateral Fund is now moving to a system which will accommodate the use of promissory notes by some Parties to the MP, and on transfers to the implementing agencies based on cash flow requirements. The cash flow requirements of the Bank will be planned in such a way as to minimize the cash balances that it presently holds. At the invitation of UNEP Treasurer, the Bank has been discussing means by which it can participate in the revised funds flow mechanism. At the time of writing, the provisions and operational modalities of this new operating system had not been fully established. The Treasurer's proposal will also be reviewed at the 12th Meeting of the Fund Executive Committee. The general modalities which are being proposed in the interim are as follows:

- (a) the Bank will indicate in its progress reports when the funds will be required; and
- (b) for a project processed through an umbrella agreement that is in place, the funds will be required immediately upon approval; and
- (c) for projects which are being processed through a new grant agreement or new umbrella agreement and which are subject to appraisal by the Bank, the funds will be required on average 5 months after the Executive Committee decision, unless otherwise indicated by the Bank in its Progress Report.

29. The Bank will therefore not require, in 1994, full advance of the costs of projects which are approved by the Executive Committee until it is ready to sign a grant agreement with its client. There is an exception where projects or subprojects are being channelled through an umbrella agreement. Under such circumstances, the funds approved by the Executive Committee are made available almost immediately to the country. Discussions within the Bank are continuing to determine whether additional steps can be taken to move to a complete cash flow requirement based on disbursement schedule and not only project approval schedule.

30. **Disbursement.** Disbursements will continue to accelerate throughout 1994 as projects move into implementation. Project preparation and implementation arrangements are now being designed to allow and facilitate early disbursements. The progress on disbursement is provided in the Monthly Operations Report issued by the Global Environment Coordination Division.



Table 3

MULTILATERAL FUND OF THE MONTREAL PROTOCOL

World Bank Work Program

Fund Receipts, Uses and Balances

(In US\$ million)

As of December 31, 1993

	CY91/92 Actuals	CY93 Actuals a/	Cumulative Actuals from Inception thru end-CY93	CALENDAR YEAR 1994	
				Planned CY94 Work Prog.	Estim.Cum.Uses thru end-CY94 b/
I. FUND RECEIPTS (through 12/31/93)					
Contributions	\$42.315	\$43.553	\$85.868		\$85.868
Investment Income	\$0.747	\$1.737	\$2.484		\$2.484
TOTAL FUND RECEIPTS	\$43.062	\$45.290	\$88.352		\$88.352
II. FUND USES					
A. Workprogram Costs					
- CPs and Studies	\$1.015	\$0.127	\$1.142	\$0.344	\$1.487
- Project Preparation	\$2.006	\$2.650	\$4.656	\$4.817	\$9.473
- Administrative Costs	\$1.157	\$0.820	\$1.977	\$1.119	\$3.096
- OORG	\$0.080	\$0.085	\$0.165	\$0.300	\$0.465
Sub-total WP Costs	<u>\$4.258</u>	<u>\$3.682</u>	<u>\$7.940</u>	<u>\$6.580</u>	<u>\$14.520</u>
B. Project Commitments					
- Pre-inv. Activities	\$2.470	\$0.550	\$3.020	\$0.550 c/	\$3.340 d/
- Project Financing	\$5.630	\$15.100	\$20.730	\$80.000 c/	\$73.420 d/
Sub-total Project Costs	<u>\$8.100</u>	<u>\$15.650</u>	<u>\$23.750</u>	<u>\$80.550</u>	<u>\$76.760</u>
TOTAL FUND USES	\$12.358	\$19.332	\$31.690	\$87.130	\$91.280
III. FUND BALANCES					
EXCESS OF RECEIPTS (USES)	\$30.705	\$25.958	\$56.662		(\$2.928)
FUND BALANCE AT BEGINNING OF PERIOD		\$30.705	\$0.000		
FUND BALANCE AT END OF PERIOD	\$30.705	\$56.662	\$56.662		(\$2.928)

a/ Financial data as of December 31, 1993; includes the additional contribution of \$11.14 m received on December 16, 1993.

Final report on actuals will be included in the audited financial report in April.

b/ Cash requirement projected for CY94 is shown in fund balances, i.e. surplus or deficit in brackets; Additional fund transfer from the UNEP Treasurer is necessary when a deficit is indicated in this column and when a grant agreement is to be signed.

c/ Planned projects to be presented to the MP Executive Committee during CY1994.

d/ Actual workprogram costs and project commitments thru CY93 and planned project approvals/commitments by Bank Management (see Table 4: CY94 Planned Approvals/Commitments) during CY1994.

C. CY94 Approvals and Grant Agreements

31. In 1993, grant agreements were signed with Brazil, Chile, China, Ecuador, Jordan, and Venezuela. The schedule for grant agreement signatures in 1994 is presented in Table 4. Approvals which were not concluded in 1993 (Turkey and Tunisia) are anticipated in 1994, while delays in approval for Philippines and Thailand are also expected to be resolved in 1Q94. The Monthly Operations Report provides a regular progress report on the approval of all MP investment operations.

32. The use of umbrella agreements will add another dimension to the present method of monitoring project approvals and commitments. Projects which will be processed through an umbrella agreement will be automatically committed by the Bank (through a notification letter to the recipient Government) once approved by the Multilateral Fund Executive Committee.



World Bank Montreal Protocol Operations

1994 Work Program

Table 4 World Bank Work Program

CY94 PLANNED APPROVALS/COMMITMENTS

(in US\$ million)

As of 31-December 1993

Country	No. of Projs.	Project Type	Total Project Cost	Planned Bank Approvals/Commitments					TOTAL COMMIT.	ACTUAL APPROVALS	
				CY1994				CY93		CY92	
				Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec				
I. EC AUTHORIZED/PROJECTS IN WORK PROGRAM a/											
Brazil	1	Project Financing I	2.93						2.93	c/	
Chile	1	Project Financing I	1.21						1.21		
China	1	Project Financing I	6.60						6.60		
China	1	Project Financing II	5.19		5.19			5.19			1.50
China		Project Financing I (PPA)	1.50								
China		Project Financing II (PPA)	0.30						0.30		
China		Project Financing III (PPA)	0.32	0.32				0.32			
Ecuador	1	Project Financing I	1.57						1.57		
Egypt	1	Project Financing I	2.80	2.80				2.80			
India	1	Project Financing I	1.25		1.25			1.25			
India	1	Project Financing I	2.13		2.13			2.13			
Indonesia		Project Financing I (PPA)	0.25						0.25		
Indonesia	1	Project Financing I	4.56		4.56			4.56			
Jordan	1	Project Financing I	1.50						1.50		
Malaysia	1	Project Financing I	1.63								1.63
Mexico	1	Demonstration Proj.	0.18								0.18
Mexico	1	Project Financing I	4.00								4.00
Philippines	1	Engineering Proj.	0.40								0.40
Philippines	1	Project Financing I	11.93	11.93				11.93			
Thailand	1	Engineering Proj.	0.39								0.39
Thailand	1	Project Financing I	11.67		11.67			11.67			
Tunisia	1	Project Financing I	1.79	1.79				1.79			
Turkey	1	Project Financing I	6.17	6.17				6.17			
Venezuela	1	Project Financing I	1.30						1.30		
Venezuela	1	Project Financing II	1.10		1.10			1.10			
Venezuela	1	FAACA	3.48		3.48			3.48			
Venezuela	1	AISA	0.62		0.62			0.62			
WP Sub-total	23		76.76	23.01	30.00			53.01	15.66		8.10
II. PROJECT PIPELINE b/											
Argentina	1	Project Financing I									
Brazil	1	Project Financing II									
China	1	Project Financing III									
Indonesia	1	Project Financing I									
India	1	Project Financing II									
Malaysia	1	Project Financing II									
Philippines	1	Project Financing II									
Slovenia	1	Project Financing I									
Thailand	1	Project Financing II									
Venezuela	1										
PP Sub-total	10										
GRAND TOTAL	33		76.76	23.01	30.00			53.01	15.66		8.10

a/ As shown in the Bank's CY93 Work Program presented to the MP Executive at its Ninth meeting held on March 8-10, 1993, adjusted for those investment projects approved at subsequent meetings.

b/ Planned projects to be presented to the MP Executive Committee. Amounts to be determined.

c/ These projects were approved in principle by the EC and will be resubmitted for final approval.

Definition of Project Types

Project Financing: Relatively large, multi-million dollar, multi-project, investment packages, meeting Montreal Protocol project criteria and implementation guidelines, which will often be disbursed through financial intermediaries on terms to be determined by country Governments, within the context of the country's Country Program, related policies and institutional arrangements.

Pre-inv. Activities: Activities preceding major project identification and design which are effectively engineering design projects, demonstration or pilot projects or research and development.

D. Coordination

33. **Implementing Agency Coordination.** There were few coordination difficulties between the Bank and the other implementing agencies during in 1993, largely as a result of more frequent meetings and effective coordination, especially during start up operations (such as in India and Pakistan where the Bank and other agencies have initiated work in parallel and in close cooperation). Furthermore, each agency is developing an expertise with certain types of projects and sectors, therefore improving the effectiveness of project preparation as the agencies replicate successful projects and approaches in all the regions of the world.

34. Nevertheless, challenges still exist, especially for the Bank as there are other implementing agencies working in 19 of the Bank's 21 client countries. The Bank will focus its coordination efforts on the South American continent where the growth in MP business is expected to be most significant this year. In-country coordination has generally been smoother when the implementing agencies have been assigned clear responsibilities and/or sectors for project preparation and implementation by the respective governments or coordinating agencies.

35. **Coordination of Bilateral Assistance.** 1993 was very successful as concerns the coordination of activities with countries wishing to provide bilateral assistance. The Bank is actively pursuing this avenue with Canada (for work in Brazil and China), the USA (for work in Argentina and Mexico) and other countries which have expressed such interest (Norway).

E. The Ozone Operations Resource Group

36. The Ozone Operations Resource Group (OORG) was assembled by the World Bank in early 1992 to provide specialized sector-based technical advice and assistance to the Bank, in fulfilling its role as one of the four principal implementing agencies of the Multilateral Fund. Among other things, the OORG routinely undertakes formal written technical reviews of every investment project prepared by the World Bank as a part of the official project documentation.

37. The OORG is comprised of a core group of seven internationally-recognized sector-based expert advisors, one for each of the principal ODS-using or producing sectors, namely: (a) Aerosols; (b) Mobile Air Conditioning Systems (MACS); (c) Refrigeration; (d) Foams; (e) Solvents; (f) Halons; and (g) Production. In addition, each OORG Sector Advisor has identified a similarly qualified colleague as OORG Sector First Peers who are available for additional operational sector support. This summary presents a brief outline of the OORG's planned activities over the next six years.

38. **OORG Project Preparation Training Seminar.** The OORG Project Preparation Training Seminar, which takes place in Washington on February 16, 1994, will be the first of its kind - directed at an audience which will include a number of new OORG peer sector experts as well as other consulting technical experts. This seminar will have particular relevance to new MP Task Managers. In an effort to expand its roster of consultants, the Bank is also inviting a number of consultants and consulting firms to attend the one-day seminar. In addition to a brief review of the Montreal Protocol and World Bank project cycles, the seminar will focus upon a set of case studies drawn from our past experience to help illuminate the process of

project identification, selection, evaluation, and technical review. It will highlight challenges and opportunities for enhancing and expanding our performance in all of these areas as the scale of our investment activities continues to grow.

39. This training exercise will focus the discussion as much as possible upon the actual issues, problems and experience to date of OORG members and other external consultants. New consultants, especially, should benefit from such a "work-oriented" approach. Most of the time will be allocated to case study discussions around:

- (a) ensuring the familiarity of task managers and external consultants with OORG-recommended best-practice technical options in each sector;
- (b) the eligibility and enterprise-level calculation of incremental costs;
- (c) cost-effectiveness considerations and the calculation of unit abatement costs at the project level;
- (d) the preparation of appropriate project documentation at each stage of project development; and
- (e) the preparation and guidelines for OORG technical reviews.

40. **The Fifth OORG Meeting, February 17, 1994.** The OORG meets as a group twice each year to review with Bank staff the Bank's work program, specific projects, planning and project implementation experience, and the emerging strategy for rapid cost-effective phaseout of ODS. The Fifth OORG Meeting will be convened at World Bank Headquarters, in Washington, on February 17, 1994. On this occasion, each of the seven OORG Sector Advisors will update the Bank on new developments and issues in their fields, commercial availability of options and opportunities for technology transfer, the relative cost-effectiveness and environmental benefits of alternative options, and a strategic overview of each sector in the context of underlying technological and regulatory developments pursuant to the Protocol. Observers at this meeting will include representatives from the Montreal Protocol Multilateral Fund Secretariat, UNDP, UNEP, UNIDO, USEPA and non-governmental organizations.

41. The meeting will also update the Bank on Dr. Mike Jeffs' (OORG Foams Advisor) analysis of refrigerator/freezer insulation normalization/equalization among alternative blowing agents, the latest word on progress in the use of cyclopentane, HCFC-141b, including implementation in developed countries (Fuji, Japan), building industry developments, and the proposed agenda for the May Foams Working Group Meeting.

42. Dr. Lambert Kuijpers (OORG Refrigeration Advisor) and Mr. Simon Oulouhojian (MACS Advisor) will lead a discussion on the outcome of a Bank-supported analysis of representative case study illustrations of the tradeoffs facing developing country clients between replacement, retrofitting, and recycling for chiller and MACS equipment.



43. Mr. Art Fitzgerald (OORG Solvents Advisor) will present an ICOLP report on the status of solvent options and Dr. Mike Harris (OORG Production Advisor) will update us on the issues, questions and considerations related to the conversion of existing CFC 11/12 plants to HCFC-22 production.

44. **OORG Working Group Meetings.** Several sector-specific problems and issues were identified as needing additional or special attention at the Fourth OORG Meeting, in October 1993. The OORG Refrigerator/Freezer Insulating Foam Working Group and the OORG Refrigeration Working Group will be convened for this purpose in May 1994, in Washington, DC, and Hannover, Germany, respectively, in order to address these issues. The Production Sector Working Group will also be reconvened sometime during the year.

45. The Sixth OORG meeting will also take place later in 1994, most probably in the fall.

III. SPECIAL INITIATIVES AND CAPACITY BUILDING

46. **Montreal Protocol Operations Team.** The retrospective review undertaken by the Bank at the end of 1993 provided a detailed overview of the prerequisites for establishing sustained ODS phaseout capacity within the country's coordinating bodies. An important conclusion from an operational perspective is that the MP activities are labor intensive and that delivering an increasing volume of business will require sustained effort on behalf of the Bank, especially the MP Operations Team located within the Bank's Global Environment Coordination Division. This specialized business requires significant levels of support for start-up operations and for the establishment of monitoring and effectiveness guidelines. The proposed work program for 1994, therefore, also contains an increased level of funding for increasing the capacity of the MP Operations Team, specifically for the addition of a high level staff and for increased administrative support required to generate an increasing number of reports of increasing complexity.

47. **Capacity Building.** The Bank is taking additional steps to increase its capacity to provide support for project identification and preparation to a larger number of client countries. This will be pursued in the following ways:

- (a) the Bank is identifying and training additional consultants which will be active in supporting the Bank's field work;
- (b) use of Project Preparation Advance to provide resources to the countries wishing to undertake project preparation activities; and
- (c) training of Financial Intermediaries.

48. **MP Program Database.** There will be an important effort to establish a dynamic business tool based on a database system from which key program indicators could be monitored on a regular basis. This database would also provide portfolio statistics which could be of great use in evaluating the cost effectiveness of the sectoral initiatives and cross-regional efforts to phase out the use of ozone depleting substances. For example, a complete compilation of unit abatement costs could be available on a sector-by-sector basis.

49. **Monitoring and Evaluation.** There will be a significant increase in the supervision workload in 1994. The MP Operations team will develop monitoring and evaluation criteria which can be used by Task Managers and Financial Intermediaries in assessing the progress of an ODS phaseout project both during and after implementation. These criteria will also provide valuable feedback from the field on successful approaches to implementation. This monitoring and evaluation effort could also serve to provide enhanced capacity for reporting at the subproject level.



IV. POLICY MATTERS

50. During 1993, the Bank provided the Executive Committee with its views and understanding on certain policy matters which were of interest and relevant to the Bank's work under the Multilateral Fund. This included a workshop on incremental costs which was held prior to the 10th Meeting of the Executive Committee. These notes and papers included:

- Discussion Memorandum on Baseline ODS Prices Used for Calculating Incremental Costs (10th Executive Committee Meeting).
- Note on Production Sector and Project Concepts (11th Executive Committee Meeting).
- In-Kind Contributions to the Multilateral Fund - Note on Methodology and Operational Issues (11th Executive Committee Meeting).

51. Due to constraints in time and other priorities of the Executive Committee, these notes/papers were not discussed during the course of the Executive Committee meetings. The issues that are identified, nevertheless, are still relevant to the Bank's MP operations.

52. Of particular importance for the Bank in 1994 are the issues concerning the determination of incremental cost for the chemical production sector. Project preparation for such projects was initiated in 1993 and is expected to increase in importance in 1994.

Attachment I

**COUNTRY LEVEL
WORK PROGRAMS
FOR 1994**

Global Environment Coordination Division, Environment Department

THE WORLD BANK



ALGERIA

Algeria's Ministry of Education and Environment has requested World Bank support for the preparation of investment projects for funding by the Multilateral Fund. A reconnaissance mission will visit Algeria as soon as possible to formalize arrangements for initiation of the work program for investment project preparation.

I. MP Implementation Status

Country Program

Algeria's Country Program (CP) was completed in 1993 and was approved at the 11th Meeting of the Multilateral Fund Executive Committee. The CP will serve as the basis for establishing priority investment operations in 1994.

Institutional Strengthening

This activity was planned as a follow-up to the Country Program and is expected to be undertaken by UNEP which has received funds for this purpose.

Other Technical Assistance

The need for additional technical assistance will be determined once project preparation activities have been initiated.

Project Preparation Activities

Once a work program and schedule has been established, it will be possible to estimate the level of new investment operations which might be prepared and presented to the Fund Executive Committee during the year or early next year. Bank efforts will focus on establishing local capacity for sustained project preparation efforts. The proposed budget for these activities is US\$100,676.

II. Investment Activities

The Bank has received a draft project proposal for Algeria's largest manufacturer of domestic refrigerator (ENIEM). A preliminary technical review has been carried out and follow-up work has been identified.

III. Other Activities

A workshop focusing on project preparation and financial intermediation will most likely be organized as part of the work program with Algeria. The Bank will participate in other activities, as appropriate, which might be organized by other implementing agencies.



ARGENTINA

I. MP Implementation Status

Country Program

Argentina's Country Program was finalized in draft format in 1993 and was recently presented and discussed with the Government of Argentina in January 1994. The CP is now being finalized and it is anticipated that the CP will be presented to the first or second Executive Committee meeting in 1994. The Bank will continue providing support for the finalization of the CP as necessary.

Institutional Strengthening

The Country Program will include provision for institutional strengthening support in the amount of US\$400,000.

Other Technical Assistance

Additional technical assistance requirements will be defined by the GOA in March 1994.

Project Preparation Activities

Project identification was initiated during the preparation of the Country Programs. The Bank is currently waiting for the GOA's confirmation of the role of the Bank and their definition of project priorities.

II. Investment Activities

Over 40 potential projects have been identified by the Bank during the preparation of the Country Program. Total grant funding over the next 2-3 years could amount to over US\$45 million. The pipeline includes 12 projects in the refrigeration sectors and 7 projects in foam manufacturing. The proposed budget for these activities is US\$222,929.

III. Other Activities

Other activities will be identified during the course of the year.

The Bank is coordinating its work with the other implementing agencies.



BRAZIL

I. MP Implementation Status

Country Program

The draft Country Program is being prepared by the Interministerial Ozone Technical Group (GTO) and industry associations with UNDP support. The Bank is expected to be reviewing the draft in March 1994. Presentation to the Multilateral Fund is expected shortly thereafter.

Institutional Strengthening

Institutional strengthening activities for ODS phaseout are being funded through UNDP for an amount of US\$400,000 approved by the Multilateral Fund.

Other Technical Assistance

Bilateral assistance from Environment Canada which was initiated in 1993 is expected to continue in 1994. The Bank and Environment Canada are cooperating closely in organizing project identification and preparation activities, mainly with the Brazilian Heating, Ventilation and Air Conditioning Association (ABRAVA).

Project Preparation Activities

Active project preparation was undertaken in late 1993. The Umbrella Grant Agreement signed with the Government of Brazil has also provided resources for local preparation of projects. The Bank is also planning a very active program for support of project preparation. The IFC will be undertaking project identification activities as well, mainly in the refrigeration sector. The proposed budget for these activities is US\$164,864.

II. Investment Activities

New investment projects are actively being prepared in the refrigeration and halon sector. Projects under preparation include Metalfrio (US\$2.9 million), Embraco - Phase I (US\$300,000), Embraco - Phase II (US\$2.4 million) and other projects in various ODS-using sectors.

III. Other Activities

Will be identified during 1994.

CHILE

I. MP Implementation Status

Country Program

Chile's Country Program was approved at the 7th Meeting of the Fund Executive Committee.

Institutional Strengthening

An institutional Strengthening component is included in the approved project and the Ozone Team has been appointed. This activity is ongoing.

Other Technical Assistance

Technical Assistance is presently being channeled through the Grant Agreement.

Project Preparation Activities

A demonstration project for the phaseout of methyl bromide is currently under preparation and could be initiated this year.

II. Investment Activities

ODS Phaseout projects were approved for Chile at the 7th Meeting of the Fund Executive Committee. The Grant Agreement was signed in 1993 and declared effective in November 1993. Implementation was initiated shortly thereafter. There are no new investment projects planned in 1994. The budget for supervision of this project is US\$30,208.

III. Other Activities

There are no other activities to report on.



PEOPLE'S REPUBLIC OF CHINA

I. MP Implementation status

Country Program

China's Country Program was prepared with UNDP support and Bank assistance, and was approved by the Fund Executive Committee in March 1993.

Institutional strengthening

- US\$450,000 was approved by the Executive Committee for UNDP to help the National Environmental Protection Agency (NEPA) in establishing a clearing house and building-up the overall capabilities of the Project Management Office (PMO) to manage and coordinate the country's ODS phase out program and the overall coordination of the ODS phase out projects.
- US\$50,000 requested for financial agent training under the proposed China ODS II Project.

Other Technical Assistance

UNDP is providing technical assistance in the demonstration of ODS phaseout projects in solvent cleaning and other activities.

Project Preparation Activities

Activities in 1994 will focus on the implementation and supervision of approved projects and the identification and preparation of additional projects. The budgets for these activities are as follows:

- for the initiation and supervision of China ODS I : US\$79,000
- for finalization, initiation and supervision of China ODS II: US\$110,000
- for the identification, preparation of projects for ODS III: US\$660,000

II. Investment activities

- The first Project Preparation Advance (PPA I) of US\$1.5 million was approved in November 1992 to help preparation of the six subprojects under ODS I and II.
- The PPA II of US\$300,000 was approved in May 1993 to finance the preparation of several projects in the ODS phase out in the industrial refrigeration subsector. Project identification and preparation has been initiated.

- The first ODS Project, in the amount of US\$6.925 million, was approved by Bank Management in November 1993 for five subprojects in the foam, halon and aerosol subsectors.
- PPA III worth US\$320,000 (taken from the two work program amendments of June 1993) is expected to be signed in March 1994. These funds will be utilized to prepare projects to be included in the proposed ODS III Project in the aerosols, halon substitutes, household refrigeration, foams and production sectors.
- The second ODS Project, in the amount of US\$4.865 million, is in the yellow-cover preparation stage and is expected to be signed before June 1994. The proposed Project provides financing for ten subprojects based on reduced-ODS technology in foam applications.
- Preparation of a larger third ODS Project is already underway. Ten subprojects (about US\$10 million) have already been identified and many have been reviewed and cleared by OORG.



ECUADOR

I. MP Implementation Status

Country Program

Ecuador's Country Program was completed in December 1992 and was approved at the 9th Meeting of the Executive Committee of the Multilateral Fund. The first phase of the country program which includes institutional strengthening, training and technical assistance and ODS phaseout projects in the aerosol and refrigeration sectors is currently under implementation.

Institutional Strengthening

Institutional strengthening activities were approved as part of the first ODS phaseout project and is now being implemented.

Other Technical Assistance

Technical assistance is presently being channeled through the Grant Agreement.

Project Preparation Activities

Additional project preparation activities have been initiated locally with the assistance of the US Environmental Protection Agency.

II. Investment Activities

ODS phaseout projects for Ecuador were approved by the Executive Committee at their 9th meeting. The Grant Agreement with Ecuador became effective in October 1993 and a project kick-off mission was held shortly thereafter. No new investment project activities are in the pipeline at this time. The budget for supervision work has been set at US\$30,000.

III. Other Activities

Will be identified during the course of 1994.



EGYPT

I. MP Implementation Status

Country Program

Egypt's Country Program, prepared with Bank assistance, has been completed, presented and approved by the Fund Executive Committee.

Institutional Strengthening

This activity is under implementation with UNDP.

Other Technical Assistance

No special technical assistance is presently planned by the Bank.

Project Preparation Activities

Egypt's Environmental Affairs Agency has assigned clear project preparation responsibilities to each of the implementing agencies. As requested, the World Bank will focus its efforts on the commercial and industrial refrigeration sectors and will be discussing with the Government of Egypt a work program to initiate work in this sector. The initiation of these activities will be confirmed when a Bank mission visits the EEAA later this year. The proposed budget for this activity is US\$25,000.

II. Investment Activities

There is no indication of the level of investment projects which could be fully prepared this year, as this will become clearer over the next few months.

IFC will be finalizing the processing of the MCMC compressor project. Project supervision will also be initiated this year. The proposed budget for these activities is US\$50,000.

III. Other Activities

To be determined.

GUATEMALA

I. MP Implementation Status

Country Program

Guatemala's Country Program was prepared with UNEP assistance and Bank support.

Institutional Strengthening

This activity is under implementation with UNEP.

Other Technical Assistance

No special technical assistance is presently planned by the Bank.

Project Preparation Activities

The Bank was recently invited to participate in the identification and preparation of ODS phaseout projects. The proposed budget to initiate this activity is US\$55,000.

II. Investment Activities

There is no indication of the level of investment projects which could be fully prepared this year as this will become clearer over the next few months.

III. Other Activities

To be determined.

INDIA

The 1994 Work Program for India is comprehensive and encompasses training, project preparation workshops, technical advisory services and new investment project preparation. The implementation of the 1994 work program for India will set the stage for sustained capacity for ODS phaseout over the next few years. The proposed work program was prepared on the basis of consultation between Bank management and India's Ministry of Environment and Forests (MOEF).

I. MP Implementation Status

Country Program

India's Country Program was approved at the 11th Meeting of the Multilateral Fund Executive Committee.

Institutional Strengthening

An institutional strengthening component has been approved for implementation through UNDP.

Other Technical Assistance

The Bank and GOI have agreed upon a comprehensive plan of technical assistance for 1994. This technical assistance will focus on training activities which are to include:

- Training of the Financial Intermediary (IDBI) on Multilateral Fund and World Bank project processing procedures, and subproject appraisal guidelines.
- Training of IDBI staff and consultants in preparing subproject feasibility reports.

Additional training requirements of the Ozone Cell will be evaluated and appropriate measures taken to seek funding for implementation.

Project Preparation Activities

In large countries like India, the World Bank has found that the most effective means of initiating and undertaking project preparation activities is to hold sector-specific workshops targeted to support project preparation activities. The Bank is presently discussing with MOEF the sector-specific priorities for these workshops.

Furthermore, as a means of further building local capacity for project preparation, the Bank will provide a Project Preparation Advance (PPA) to the local FI (IDBI) to allow it to initiate project preparation activities.



The IFC will also be pursuing project identification activities with its project sponsors and will work with IDBI within the framework outlined by the GOI. The IFC is most likely to focus on the refrigeration, air conditioning and solvent sectors.

The budget for the project preparation is outlined below.

II. Investment Activities

The Bank will first finalize the India ODS I project. The proposed budget for this activity is US\$70,837.

These are several projects in the pipeline. Several have been cleared by MOEF for presentation to the 12th Meeting of the Executive Committee. Project preparation will be organized locally with Bank assistance.

III. Other Activities

The total Work Program for India ODS II therefore requires the following budgetary resources:

- Bank's budget: US\$600,000
(this includes workshops,
training, Bank's budget
for staff and consultants)
 - Project Preparation Advance: US\$175,000
- for a total of US\$775,000.

INDONESIA

I. MP Implementation Status

Country Program

The Country Program is being prepared with UNDP support and World Bank participation. Submission to the Multilateral Fund Executive Committee is expected for the March 1994 meeting.

Institutional Strengthening

Institutional strengthening projects for Indonesia are expected to include support both for the newly established Ozone Secretariat at the Ministry of Environment as well as for the World Bank's local financial agent.

- US\$300,000 approved for Ozone Unit through UNDP.
- US\$50,000 requested for financial agent training throughout the Bank (part of work program request)
- US\$30,000 being considered as request for Ozone Secretariat to facilitate its ability to coordinate ODS phaseout investment operations.

Other Technical Assistance

Ongoing technical assistance includes bi-lateral ODS alternative technical options workshops with Japan and Australia, as well as UNEPO and UNDP direct and indirect training of refrigeration service technicians.

II. Investment Activities

A US\$17 million umbrella agreement is being prepared by the World Bank and the GOI to establish a fund transfer mechanism for implementation of the first one to two years of MP financed ODS phaseout investment subprojects through the World Bank.

- Project Preparation Advance of US\$250,000 will finance preparation of about 12 subprojects by July 1994.
- US\$4.55 million approved in November 1993 for five ODS phaseout projects through the Bank. Proposed budget to complete the processing of these projects is US\$128,899.
- US\$17 million umbrella agreement project appraisal undertaken in Jan/Feb 1994. The budget to support the preparation of projects to be processed under the umbrella

grant agreement is US\$167,312, including US\$50,000 for technical assistance for training of financial intermediary.

- Disbursement on the PPA will be completed by 3Q94 and investment project disbursement is expected to begin in 4Q94.

The US\$12 million project pipeline includes subprojects being developed under the PPA by a local consulting firm with international consulting support as well as projects being developed by enterprises with support from the World Bank and Indonesian government.

- US\$2 million first tranche in non-insulating foam and LPG purification by March 1994.
- US\$10 million second tranche in household refrigeration, MAC recycling foams by July 1994.

III. Other Activities

To be determined.

HASHEMITE KINGDOM OF JORDAN

I. MP Implementation Status

Country Program

Jordan's Country Program was approved at the 10th Meeting of the Fund Executive Committee.

Institutional Strengthening

Partial funding for Jordan's Institutional Strengthening project has been approved. Additional funding might be requested through the Bank should there be a second project this year or through another implementing agency.

Other Technical Assistance

Other technical assistance work is being planned by other implementing agencies.

Project Preparation Activities

No new project preparation activities are planned for the first half of 1994. The bank will focus its efforts on the initiation and implementation of the first project.

II. Investment Activities

In 1993, a Grant Agreement for US\$1.5 million was signed with the Government of the Hashemite Kingdom of Jordan (GOJ). In 1994, World Bank activities in Jordan will focus on the initiation and implementation of the subprojects approved through the Grant Agreement. Additional investment activities for Bank implementation are possible in 1994, once the Project Implementation Unit is operational and they initiate the identification and preparation of a second set of projects. The budget to support project preparation and supervision work is US\$72,900.

MALAYSIA

I. MP Implementation Status

Country Program

The Country Program was approved by the Executive Committee in 1992. The Bank is assisting Malaysia in updating the Country Program during the first half of 1994.

Institutional Strengthening

Institutional strengthening activities are being implemented by UNDP.

Other Technical Assistance

Ongoing technical assistance includes bilateral assistance from Swedish and American governments in identifying technical options in the solvent sector.

Investment Activities

The first Grant Agreement for US\$1.6 million in investments in halon and MAC recycling was amended in 1993. The Bank and Malaysia are discussing possible implementation arrangements for an umbrella agreement fund transfer mechanism to cover the investment project pipeline for the next two years.

- Contract for MAC recycling subproject was finalized in December 1993.
- Tenders for Halon recycling subproject are under preparation.

II. World Bank Project Pipeline for 1994

The Bank is assisting in the finalization of a group of projects prepared by Malaysian firms in aerosols, household refrigeration and MACs. US\$75,000 in approved project preparation resources will be used to assist in preparation of about 15 subprojects in solvents, household refrigeration and halons.

- US\$3 million in aerosols, household refrigeration and MACs being finalized for submission in early 1994.
- US\$7 million in foams, household refrigeration and solvents by end of 1994.

The proposed budget for supervision work of the first Malaysia project is US\$35,815. The budget to assist in the review of the country program and preparation of new investment operations is US\$91,610.

III. Other Ongoing or Planned Activities in 1994

Malaysia will more than likely request an additional US\$75,000 from the Multilateral Fund Executive Committee for hiring experienced international consultants to lead the preparation of about 15 subprojects with support of a local consulting group. Coordination was initiated with USEPA to collaborate in the Halon Sector in Malaysia, specifically for the Halon recycling effort.

MEXICO

I. MP Implementation Status

Country Program

Mexico's Country Program was approved in 1992. The Ozone Pilot Recycling and Training Project (US\$180,000) was approved by the Executive Committee in June 1991 while the Line-of-Grant (US\$4 million) was approved in February 1992. The second project includes allocations for a marketable permit system, project feasibility studies and public awareness programs.

Institutional Strengthening

Being implemented through US bilateral assistance.

Other Technical Assistance

UNDP has recently been allocated Fund resources for project identification.

Project Preparation Activities

Bank activities in CY94 will focus mainly on supervision of the first two projects, although the identification and preparation of additional projects is anticipated in the second half of the year. The proposed budgets for these activities are as follows:

- for supervision on the first two Mexico projects: US\$52,286
- for identification and preparation of project
for the third Mexico project: US\$100,000

II. Investment Activities

Projects worth a total of US\$1.1 million have been approved to date by the Bank. New investment operations are likely to be prepared later in the year once the Line-of-Grant resources have been fully committed. The level of new investment operations will be determined at a later date. Likely projects to be financed include expanded use of recycling machines in MAC servicing, chiller purge device conversions, low-CFC foam insulation alternatives and ODS phaseout in the solvent sector.

III. Other Activities

To be determined.

NIGERIA

I. MP Implementation Status

Country Program

The World Bank has undertaken to support Nigeria's efforts to prepare its Country Program for the phaseout of ozone depleting substances. Work in Nigeria was seriously affected in 1993 due to internal difficulties. Nevertheless, progress has been achieved. Nigeria's Ministry of Environment has issued request for bids documents and several international firms have responded with proposals to undertake the Country Program. The Bank is awaiting the report on review of the proposals and final award decision.

Institutional Strengthening

It is expected that an institutional strengthening component will be requested once the Country Program has been completed.

Other Technical Assistance

Additional technical assistance for Bank execution will be identified during the course of CP preparation.

Project Preparation Activities

Project identification and concept preparation will be undertaken as part of the Country Program preparation work. The budget for the Country Program and project identification and concept preparation is US\$250,000.

II. Investment Activities

Preparation of investment operations will be initiated in Nigeria in parallel to the Country Program.

III. Other Activities

To be determined.

PAKISTAN

I. MP Implementation Status

Country Program

UNEP has been mandated to assist Pakistan with the preparation of the Country Program. The Bank will be providing its assistance as appropriate with the emphasis on the establishment of a healthy pipeline of projects.

Institutional Strengthening

It is expected that institutional strengthening requirements will be identified during the preparation of the Country Program. Establishment of the framework for implementation of investment projects will provide an opportunity to identify additional requirements for the local institutions.

Other Technical Assistance

Ongoing discussions with Pakistan will provide the opportunity to identify additional needs for technical assistance. These could include sector-specific project preparation workshops, training of financial intermediaries or others, as appropriate.

Project Preparation Activities

The focus of the Bank efforts will be on the identification and preparation of ODS phaseout projects. An initial reconnaissance mission visited Pakistan in December 1993 to establish a work program. Project identification will be undertaken in parallel with the elaboration of the country program. Several ODS-consuming industries have already been identified. The budget required to support this work is US\$133,191.

II. Investment Activities

The Country Program will be a key requirement for the identification of priorities for ODS phaseout projects. It is anticipated that project preparation will begin in the second half of 1994 with the first project presentation to the Multilateral Fund in 1995.

III. Other Activities

The Bank has identified several financial institutions which could assume the financial intermediation responsibilities. Discussions on financial intermediation issues will be initiated during the course of project identification.

PHILIPPINES

I. MP Implementation Status

Country Program

The Country Program was approved at the 10th meeting of the Executive Committee, June 1993.

Institutional Strengthening

Institutional strengthening projects for Philippines include support both for the newly established Ozone Secretariat at the Department of Environment and Natural Resources, as well as for the local financial agent.

- US\$208k approved for Ozone Unit through the Bank.
- US\$100k approved for financial agent training through the Bank.

Other Technical Assistance

Technical assistance includes an information dissemination program through UNEP.

Project Preparation Activities

Final negotiations for a US\$15 million Grant Agreement between the Bank and the GOP, including investment and institutional strengthening activities, are in process and signing is expected by the end of February, 1994. Final agreement has been delayed due to the difficulty in establishing an efficient mechanism for transferring grant funds which must be treated as part of the Government's budget and processed accordingly. Projects granted permission to proceed at the 9th Executive Committee meeting are expected to be finalized in early 1994.

Budget requirements for 1994 are as follows:

- for the finalization, initiation and supervision: US\$136,027
- for the identification and preparation of new projects: US\$94,900

II. Investment Activities

Due to the complications in finalizing the first Grant Agreement, use of US\$150,000 funds approved for preparation of a second multi-component investment project was delayed. However, project preparation activities are expected to move forward in the second quarter. US\$6 million pipeline is mainly in solvents and refrigeration.

III. Other Activities

To be determined.



SLOVENIA

Through a Work Program amendment approved at the 11th Executive Committee Meeting, the Bank initiated its activities in the Republic of Slovenia in November 1993.

I. MP Implementation Status

Country Program

The Slovenian Chamber of Industries has been contracted by the Bank to prepare the Country Program for ODS Phaseout. The Chamber will be supported by an international consulting firm with experience in Country Program preparation. The draft CP is expected to be completed 1Q94 and presentation to the Fund Executive Committee as early as June 1994. The budget for this activity is US\$50,000.

Institutional Strengthening

The Country Program will identify an institutional strengthening component which will be funded with the first investment projects.

Other Technical Assistance

Additional technical assistance needs will be identified during the CP exercise.

Project Preparation Activities

Project preparation activities have already been initiated with two large manufacturers of domestic refrigerators and freezers. Several additional projects have been identified and preparation is planned to begin in March 1994. The budget for this activity is US\$100,000.

II. Investment Activities

There are several project concepts which are presently being upgraded to full project documents. Investment projects for 1994 are expected in the refrigeration, aerosol and solvent sectors.

III. Other Activities

To be determined.



KINGDOM OF THAILAND

I. MP Implementation Status

Country Program

The Country Program was approved by the 11th meeting of the Executive Committee in November, 1993.

Institutional Strengthening

Institutional strengthening projects are being implemented by UNDP.

Other Technical Assistance

Ongoing technical assistance includes bilateral assistance from Swedish and American governments in identifying technical options in the solvent sector.

Project Preparation Activities

Project preparation activities will continue in 1994. Project implementation will also be undertaken for those projects which are expected to be processed through the umbrella agreement. Budget requirements are as follows:

- for finalization of umbrella agreement, initiation and supervision: US\$129,433
- for identification and preparation of additional projects: US\$81,302

II. Investment Activities

An umbrella agreement for US\$40 million to operate as a fund transfer mechanism, both for projects that received Executive Committee approval in 1993, as well as those under preparation for submission in 1994, is in the final stages of negotiation and will be signed by the end of February 1994.

- US\$1 million for two subprojects in MAC recycle and Thai Airways approved in Jun 1992 through the Bank:
 - feasibility study for MAC project to be completed with UNIDO assistance; and
 - feasibility study for Thai Airways to be completed by February 1994.
- US\$10.7 million for 12 subprojects in household refrigeration, foam and solvents approved in Jun 1993 by Multilateral Fund Executive Committee.
- US\$0.4 million for two subprojects in MAC and solvents submitted for out of meeting approval prior to the 12th meeting of the Executive Committee in March 1994.

The Bank is assisting in finalization of a projects which received permission to proceed at the 10th Executive Committee meeting in June 1993. A local consultant, who will be assisted by foreign experts, has been selected to assist enterprises prepare proposals using the US\$150,000 in approved project preparation resources. The consultant will prepare about 20 subprojects in commercial refrigeration, MACs, solvents, foams and halon.

- US\$10-15 million in commercial refrigeration, MACs, solvents, foams and halon by end of 1994.

III. Other Activities

As required.

REPUBLIC OF TUNISIA

I. MP Implementation Status

Country Program

The Country Program has been prepared with support from the World Bank. The final draft has been translated into French and circulated throughout the relevant ministries and ODS consuming industrial enterprises for comments.

- Presentation of the Country Program by the Government of Tunisia is planned for the March 1994 Meeting of the Fund Executive Committee.

Institutional Strengthening

Institutional Strengthening needs of Tunisia has been incorporated as a component of the first ODS phaseout project. The National Ozone Committee has been established by the GOT and is expected to be convened two to three times a year by the Project Director of the Ozone Projects Implementation Unit (OPIU) throughout project implementation.

Other Technical Assistance

The Bank is planning on providing assistance in the initial set up of the project implementation office.

Project Preparation Activities

Project identification will be undertaken through the OPIU. Activities will focus on project implementation. The budget requirement is US\$76,296.

II. Investment Activities

The first project worth US\$1.79 million is presently being negotiated with the GOT. The project covers demonstration of ODS replacement technology in the refrigeration, foam and aerosol sectors. It also includes a training program for the recycling of CFC refrigerant and supports the establishment of the OPIU. The Grant Agreement with GOT and project agreement with their implementing agency, l'Agence National de Protection de l'Environnement (ANPE) have been prepared and are with the GOT for signature as of December 1993. Project implementation activities are expected to commence in February/March 1994.

A second phase of investment projects to introduce production of selected non-ODS products is expected to be prepared with PPA financing in 1994 through the OPIU with assistance from the Bank. These projects will focus on complete phaseout of production of CFC refrigerators and aerosol conversions.

III. Other Activities

The GOT is planning to send representatives to participate in the aerosol seminar to be conducted by UNEP in Jordan in early 1994. The Bank will also be discussing the inclusion of the GOT in the Global aerosol project which will be initiated in February 1994.

TURKEY

I. MP Implementation Status

Country Program

Turkey's Country program was prepared with Bank assistance and has been approved by the Multilateral Fund Executive Committee.

Institutional Strengthening

The ODS Phaseout project for Turkey includes a component for institutional strengthening.

Project Preparation Activities

Project supervision will be initiated shortly after grant agreement signature. The budget requirement for this activity is US\$30,000.

The IFC will be undertaking project identification work in Turkey and is likely to focus on the halons and solvent-using sectors. A budget allocation for this activity will be provided from the Administrative budget.

II. Investment Activities

New investment projects will be identified by the Technology Development Foundation as part of its responsibilities as the local financial intermediary.

III. Other Activities

The Industry Cooperative for Ozone Layer Protection (ICOLP) is actively pursuing project identification and technical know-how transfer with Turkish enterprises which utilize ODS solvents.



REPUBLIC OF URUGUAY

I. MP Implementation Status

Country Program

The Country Program was prepared with UNDP support. The CP was submitted and approved at the Tenth Executive Committee meeting in June 1993.

Institutional Strengthening

Institutional strengthening projects for Uruguay include support for the newly established Ozone Unit at the Ministry of Housing and Environment.

- US\$173k approved for Ozone Unit through UNDP.

Other Technical Assistance

- Ongoing technical assistance includes bi-lateral support from USEPA for a Halon Bank program. The Ozone Unit is presently finalizing its data survey.
- The Government has submitted a request of financial assistance of US\$164,500, for a Recovery and Recycling project (45 Ton Mts de CFC 12) include direct and indirect training of refrigeration service technicians through UNDP.

Project Preparation Activities

The Government has requested the World Bank to assist them for the identification of investment projects in the areas of foams and refrigeration. A reconnaissance mission visited Uruguay in January 1994 and the Ozone Unit is preparing additional data with the companies, term of reference for a local technical consultant and the schedule of the next activities. Project preparation budget of US\$100,000 will finance preparation of about 2-3 subprojects.

II. Investment Activities

There are no investment projects for Uruguay in the pipeline for CY94 at this time although the identification of such projects has already been initiated.

III. Other Ongoing or Planned Activities in 1994

Discussions have been initiated with the USEPA on a possible joint effort in support of training and technology transfer by the largest manufacturer of refrigerated vending machines. Such an activity would be undertaken at the regional level in Central and South America.



VENEZUELA

I. MP Implementation Status

Country Program

The Country Program is being prepared by FONDOIN, the Venezuelan Foundation mandated with the implementation of the provisions of the Montreal Protocol, with UNDP and Bank support.

Institutional Strengthening

FONDOIN is receiving support for institutional strengthening through UNDP.

Other Technical Assistance

The US Environmental Protection Agency has provide technical assistance for work in recovery/recycling of halons. Environment Canada is also proposing to undertake bilateral assistance in Venezuela. As a supplement to the Country Program, a more detailed study in the refrigeration sector will be undertaken to identify the most appropriate strategy at the national level.

Project Preparation Activities

Project identification and preparation will continue in 1994, with an emphasis on the refrigeration sectors. The refrigeration sector study is expected to lead to identification of potential projects in the refrigeration sector.

II. Investment Activities

Implementation of the Plastics Molanca (US\$1.3 million) is proceeding well and disbursements are expected to be completed this year. Issues concerning the Chiller Retrofit Project (US\$1.1 million) have been mostly resolved and project implementation should be initiated this year. Continuation of preparation of FAACA heat exchanger line project and AAISA compressor line conversion.

New investment projects for 1994 are likely to include a heat exchange line of MAC production by AAISA.

The proposed Produven HFC-134a facility remains in the preliminary stages of preparation, although progress on determining the viability and eligibility is expected during the course of the year.

III. Other Activities

Workshops and seminars are being organized through UNDP.

