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

Twenty-first Meeting
Montreal, 18-20 February 1997

1997 WORLD BANK BUSINESS PLAN

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

COMMENTS

1. The World Bank's business plan does not provide the requisite sector information in Tables 1 and 2 and data on activities to be completed after 1998 in Tables 1, 2, and 5 as requested which made it difficult to assess performance on the basis of sector/sub-sector information.

2. In its 1996 business plan, the Bank targeted the speed of delivery of first disbursement as six months after approval. In its 1997 plan, the Bank stated that the average time for first disbursement after approval for projects approved in 1995 was 10 months. The Bank stated that the cost of project preparation in 1996 was 2.2 per cent of project value.

3. According to disbursement data provided through November 1996, the Bank achieved 72 per cent of its 1996 targeted disbursements; however, it is expecting to increase disbursements in 1997 beyond its 1996 target.

4. The amount of phase-out targeted for 1997 for Bank projects is 23,045 ODP tonnes. Through June 1996, the Bank had only phased out 3,865 tonnes of 11,768 ODP tonnes targeted in its 1996 business plan.

5. About 90 per cent of the Bank's targeted funding and ODP for 1997 is for activities in high consuming countries.

6. Aside from project preparation, the World Bank is requesting two non-investment projects in 1997.

7. Data on cumulative administrative costs was not provided.

8. The World Bank is requesting over US $2 million for project preparation activities. Several of project preparation requests may raise policy issues. In 1996, the World Bank did not meet its targeted funding levels, due in large part to anticipated funding of activities which raised policy issues that could not be resolved in 1996, i.e., halon, production, and tobacco sector guidelines. Some of the potential policy issues that the project preparation requests may raise are requesting project preparation to:

- Reimburse incremental operating costs for projects that have been implemented but were originally funded without operating costs. This represents potentially over US $4 million in investment project requests;
- Develop retrofitting projects for the commercial refrigeration sector in the absence of guidelines for such projects.
- Change the technology of approved foam projects with a possible request for additional funding;

- Prepare sector strategies when the halon sector strategy has already issues that the Committee has yet to resolve in 1997;
- Prepare production sector projects in advance of the adoption of guidelines for these sectors; and
- Prepare projects that have yet to be identified by the Government or Ozone Unit.

RECOMMENDATIONS

The Executive Committee may wish to consider:

1. Requesting the World Bank to provide sectoral information in its business plans.

2. The potential policy issues that planned 1997 project preparation and project submissions raise to determine if the World Bank's 1997 business plan should be revised or approved as submitted.

WORLD BANK 1997 BUSINESS PLAN

INVESTMENT OPERATIONS FUNDED BY THE MULTILATERAL FUND OF THE MONTREAL PROTOCOL

January 1997

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I. Meeting Executive Committee Targets

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

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

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

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

4. As of December 1996, the Bank's Montreal Protocol portfolio consisted of over 300 projects. When fully implemented, these projects will eliminate about 41,000 ODP tons of Annex A, Group I chemicals (CFCs) and approximately 5,600 ODP tons of other controlled chemicals (mainly halons). As of June 1996, almost 10,000 tons of controlled substances had been phased out through projects implemented by the World Bank.

5. In its 1996 business plan, the Bank had anticipated preparation of new projects to phase out about 13,000 tons of ODP. Total ODP for projects submitted through the 20th Meeting while meeting the Bank's funding allocation fell short on ODP. Two main factors accounted for this outcome. First, about 6,700 tons of ODP in the Bank's 1996 business plan were accounted for by projects in the production and halon sectors which were not submitted in 1996. In addition, beneficiary Parties have placed a high priority on converting enterprises in the refrigeration sector. These conversions are driven both by changes in the international markets (suppliers and consumers) as well as recognition that build-up of CFC-based refrigeration equipment would burden economies with high retrofit costs in the future. (Fierce local competition , especially among MAC manufacturers, is also a factor as noted

in the Bank's 1996 business plan.) Thus, when project preparation lagged in certain sectors, there was always a refrigeration project (which tend to be less cost effective) ready for submission. This also highlights the increasing importance of policy formulation by the Fund's Executive Committee (EC) as a catalyst for new approaches to ODS phaseout in both the consumption and production sectors.

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

7. Thus, given the ODP phaseout for China's halon sector, slow movement on production sector work and the proposed pipeline for 1997, the Bank expects to expand its program to include an additional 12,000 tons of ODP phaseout during the coming year. This includes an additional 6,000 tons of CFCs that will be captured through the projects now under development.

8. Although a very preliminary estimate, the Bank expects to prepare new projects during 1998-1999 to phase out an additional 9,400 ODP tons of CFCs and 12,000 ODP tons of halons[1]. Within the next triennium, the Bank will continue to work closely with its counterparts in Article 5 countries to ensure that implementation of approved subprojects is progressing as scheduled, and 32,000 ODP tons of CFCs and up to 16,000 ODP tons of halons are eliminated.

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

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

[1] The amounts of CFCs and halons to be phased out in 1998 and 1999 were calculated based on the following assumptions:

(a) the Bank's allocation for 1998 and 1999 would be in the range of US$50-55 million per year; and

(b) an average cost-effectiveness of US$6.70/kg is conservatively estimated for 1998 and 1999 projects.

B. Resource Allocation

11. The World Bank's 1997 Business Plan, as well as its indicative budgetary requirement for 1998 and 1999 (Table B), are derived from the assumption that the replenishment of the Multilateral Fund will be equally distributed for the next three years at the level of US$180 million a year. The Bank's 1997 Business Plan for Montreal Protocol investment operations is consistent with the broad and specific guidelines that the EC has established for resource allocation and the business planning process.

12. The Bank's delivery of new investment projects will not exceed 45 percent of the 1997 allocation for investment projects, in line with the agreement reached by the implementing agencies at the 17th Meeting. Based on the US$180 million annual replenishment level and the Bank's 45 percent allocation of the investment project portion, the Bank's total allocation for investment operation for this triennium, except 1997, would be in the US$55-65 million per year range. Considering the carry-over of US$74 million from the last triennium programmed for Multilateral Fund's 1997 activities, the Bank's allocation for its 1997 investment operation has been estimated at US$63.5 million which includes the prevailing agency support costs. With the 15 percent over-programming which has been agreed to on an interim basis, (the level of over-programming will be reconsidered after the 22nd Meeting), the Bank will work on the preparation of projects totaling US$73 million during 1997. Of this amount, US$10 million (16 percent of the total allocation) would be allocated to the halon sector ODS phaseout project in China as a first tranche installment.

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

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

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

16. As a result of the new activities introduced in the halon and production sectors, financial resources available for investment projects in the consumption sector will be reduced. Although the average cost-effectiveness of the Bank's existing portfolio is approximately US$4.39/kg, a more conservative value of US$6.70/kg is used in this calculation. Based on these assumptions, it is anticipated that in 1998 and 1999 the Bank's investment projects in the consumption sector would

capture approximately 4,700 ODP tons per year. The Bank will continue to explore all possible options to make its investment projects in the consumption sector even more cost effective which would allow for more ODP tons to be phased out.

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

C. Special Initiatives

18. The Bank has had early success with conversion to blends of supermarket servicing operations in Mexico. Retrofitting equipment for use with blends appears to be a cost-effective option and may be more practical (and less costly) than elaborate recycling schemes, especially for countries which lack sophisticated servicing infrastructure. The Bank expects to proceed with the Mexico project and anticipates replication in other countries.

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

20. The Bank also proposes to undertake, through the International Finance Corporation, a study to evaluate the need for, and possible modalities of, an ODS Financing Facility that would provide concessional financing using funds made available by bilateral and multilateral donors. The first phase would consist of a market review and needs analysis. To finance this activity, the Bank will request the Multilateral Fund to provide US$60,000 to supplement funds being made available from the Swiss Trust Funds.

II. Planned Business Activities

A. Funded Activities

21. Investment Projects and Activities: As of December 1996, investment projects worth US$204 million had been approved by the Executive Committee for Bank implementation. The detailed information pertaining to the actual disbursement to enterprises for this same period is not yet available given that the next reporting period for the actual disbursement to enterprises will take place only in early 1997 as part of the March 1997 Progress Report. However, the last Progress Report (June 30, 1996) indicated that 42 activities funded for US$32 million had achieved ODS phaseout and were about 60 percent disbursed. The country-level cumulative disbursement data (which is available through the end of November 1996) indicates that total disbursements exceed US$63 million. Even though a portion of the country-level disbursements are in the project accounts, the figure indicates a marked acceleration in the disbursement rate.

22. Umbrella agreements are now in place in Brazil, China, India, Indonesia, Jordan, Malaysia, Philippines, Thailand, Turkey and Uruguay. The umbrella grant agreements for Argentina and Pakistan have been cleared for signature following successful resolution of outstanding issues. In 1997, 100 percent of project funding requests will be for countries with effective umbrella agreements. Even the China halon sector approach will be implemented through an umbrella agreement. This means that the Bank and its beneficiary party partners expect implementation performance to continue to accelerate in 1997.

23. Country-level and cumulative expected project-related disbursements and ODP phaseout for 1997 are presented in Table 4. Total ODP to be phased out by the Bank's investment projects is 46,470 tons (40,818 tons of CFCs and 5,652 tons of halons and other controlled chemicals). As of June 1996, about 5,361 tons of CFCs and 4,150 tons of halons and other controlled chemicals had already been eliminated. As information pertaining to actual disbursement to enterprises will not be available until the next reporting period, early next year, the figures on disbursement shown in Table 4 are based on the amounts that were disbursed to the project accounts and includes balances not disbursed to enterprises. Cumulative project-related disbursements as of November 30, 1996 stood at US$63.6 million.

24. Non-Investment Operations: As of June 30, 1996, non-investment projects for about US$34 million had been approved by the Executive Committee (excluding funding for administrative costs beginning in December 1995). US$15 million worth of these activities were completed in the first half of 1996 with 100 percent fund disbursement. US$13 million in activities are under way with aggregate disbursement of 15 percent. The balance of funds represent savings returned to the funds or canceled or transferred activities.

25. The only self-standing, non-investment activity in the Bank's portfolio is the Country Program for Nigeria.

26. Project Preparation: The Executive Committee provided US$985,000 to support the Bank's project preparation activities in 1996 in addition to a carry-over from the previous year. An estimated

US$878,000 of the 1996 allocation had already been utilized (Table 3). The balance of funds are being used to complete preparation of projects for submission in 1997. The total value of all projects submitted by the Bank and approved by the Executive Committee in 1996 amounted to over US$40 million. According to the decision of the Executive Committee at the 20th meeting, a few investment projects which were prepared by the Bank in 1996 will be submitted for the Executive Committee's approval at the February 1997 Meeting as part of the Bank's 1996 Business Plan deliverables.

B. Program Expansion

27. Project Preparation: New project preparation activities are planned in 16 countries (Argentina, Brazil, Chile, China, Colombia, Ecuador, India, Indonesia, Malaysia, Mexico, Pakistan, Thailand, Turkey, Uruguay, and Venezuela.) The Bank is requesting the Executive Committee to approve US$1,807,000 (not including agency support costs) to support project preparation activities for 1997. Country-level details are provided in Table 5. With this new support plus the balance of US$107,000 from the 1996 project preparation funds which will be carried over to 1997, these project preparation activities will deliver about 71 projects for a total value of US$73 million (including 15 percent overprogramming and agency support costs) during 1997 and generate additional projects which will be carried over into 1998. These 71 projects, which will eliminate about 11,000 to 12,000 ODP tons, are already identified and in the pipeline. For a few countries, 1997 project preparation funds will be used to prepare investment projects for submission in 1998. The only self-standing, non-investment activities the Bank will undertake in 1997 are the preparation of Colombia's Country Program Update and the Strategic Approach to ODS Phaseout in Brazil. A total of US$100,000 which constitutes a small percentage of the total budget of the Bank's 1997 Work Program will be set aside for these activities.

28. Most of the resources will be allocated to countries that would have difficulties meeting their 1999 freeze without additional investments. In fact, about 75 percent of Bank's total allocation is given to address ODS phaseout in those countries.

29. At present, the Bank has also identified a number of potential investment projects with a total estimated value of US$35.6 million. These projects could not be included as a core part of the Bank's business plan because the projects that are in the pipeline have already exceeded Bank's 1997 allocation. However, if those 71 projects already in the Business Plan could phase out ODS at a higher cost-effectiveness level, more projects could then be submitted in 1997. Therefore, the Bank may return to the Executive Committee during 1997 to request additional funding of US$200,000 (in addition to US$1,807,000 which is being requested at the 21st meeting) in order to prepare more projects for 1997 submission or initiate preparation for submission in 1998. This amount has nevertheless been included as part of the 1997 Business Plan.

30. The project pipeline now under preparation includes projects in all major sectors of ODS usage, but the final profile may change over the year as some of the currently identified projects come forward. Projects to be delivered in 1997 will also include a halon sector phaseout project. The pipeline of projects is expected to phase out over 12,000 ODP tons resulting in an average cost-effectiveness in the range of US$4.50-5.50/kg.

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

Sector	**US$000**	**ODP Phaseout**
Aerosols	4,900	1,860
Foams		
General	500	50
Flexible Polyurethane	300	50
Integral Skin	450	30
Polystyrene/Polyethylene	200	10
Rigid Polyurethane	4,950	1,063
Halon		
Recycling	500	
Non-Recycling	1,500	250
Refrigeration		
Commercial	18,775	2,065
Commercial (Hydrocarbon)	0	0
Domestic	10,800	942
Domestic (Hydrocarbon)	0	0
MACs and Compressors	11,600	181
Recycling	0	0
Solvent	70	4
Production		
Several Sectors		
Other-Halon sector project	10,000	6,000
Sub-Total	64,545	12,505
Support Costs	8,391	
Total	72,936	12,505

32. The total request for non-investment activities, technical assistance and country programme preparation, programmed for 1997 is US$ 100,000 (not including agency support costs). The total request for project preparation funds is US$1,807,000 (not including agency support costs).

III. Performance Indicators

33. The Bank expects to continue to use the performance indicators listed in its 1996 Business Plan in 1997 to emphasize how performance is changing over time. Performance of the Bank's operation in 1996 can be summarized as follow:

(a) Speed of Delivery: The disbursement record indicated that time elapsed before the first disbursement made to enterprises has been significantly reduced for projects approved in the last two years. At present, average time for first disbursement of all investment projects approved in 1995 is about 10 months, a six months improvement as compared to projects approved in 1994. The Bank has already introduced a number of measures to streamline its appraisal process in order to accelerate the disbursement rate. In addition, the Bank will ensure that its consultants will use the project templates which are already available as a guideline for developing new investment projects. Information related to enterprises and their baseline consumption and baseline equipment will be collected as much as possible during the project preparation stage. Financial agents will use this information as a basis for their appraisal after the projects are approved by the Executive Committee. This will reduce the time required for completion of the appraisal process which will directly improve the speed of first disbursement.

(b) Cost of Delivery: Financial resources of US$0.985 million were allocated to the Bank's 1996 project preparation activities. A small balance will be carried over to 1997. The value of approved projects by the Executive Committee in 1996 (including expected approvals in February 1997) is US$45.26 million. The average project preparation cost in 1996 was about 2.2 percent of the project value. The cost of delivery or project preparation cost in 1997 is likely to remain within the range of 2 to 3 percent.

(c) Amount and Speed of ODP Phaseout: As of June 1996, the total amount of ODP phaseout during 1996 had already exceeded 5,000 ODP tons which is approximately 37 percent of the target set for 1996. The total ODP phaseout to date is about 20 percent of the ODP to be phased out from projects in the Bank's portfolio. The target for ODP to be phased out in 1997 (about 23,000 ODP tons) will account for 49 percent of the ODP to be phased out from projects in the Bank's existing portfolio.

(d) Cost-Effectiveness: As of June 1996, the average cost-effectiveness of the Bank's portfolio was about US$4.39/kg. The 1997 Business Plan proposes to submit new projects with costs of US$73 million (including 15 percent overprogramming and agency support costs) which will phase out approximately 12,500 ODP tons. Costs of these new projects which are already in the pipeline will be revised during the project preparation stage. The overall cost-effectiveness of new projects to be submitted in 1997 will be in the range of US$4.50-5.50/kg depending on the final amounts to be approved by the Executive Committee. It is important for the Bank to have modalities pertaining to the halon sector approach and that guidelines for the production sector be established as soon as possible in order to achieve the proposed level of cost-effectiveness.

IV. Policy Issues

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

- Halon Sector Projects: The China Halon Sector Approach had already been submitted to the 20th Meeting of the Executive Committee on an information basis. The Executive Committee is expected to formally consider the program and the related policy implications at its 21st Meeting. A decision on these matters will lead to project funding in 1997.

- Sector Approach in Other ODS Consuming Sectors: The policy decision of the Executive Committee to extend the sector approach to other ODS consuming sectors would enable the Bank to deliver its projects with a higher level of cost-effectiveness.

- Establishment of Tobacco Sector Guidelines: The Bank had already provided comments to the draft tobacco guideline. The Government of Indonesia had also submitted their information on the actual ODS conversion in the tobacco industry to the Fund Secretariat. After the above input is incorporated into the draft guidelines, the Bank expects the guidelines be submitted and approved by the Executive Committee as soon as possible.

- Equipment Cost Database: The Executive Committee had already requested that an equipment cost database be developed. It is important to have this database completed in an expeditious manner as it will enable agencies to improve the quality and cost-effectiveness of future investment projects.

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

V. Administrative and Financial Matters

35. Administrative and financial matters will be discussed in the actual business plan.

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

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

ATTACHMENT A

Table A-1: ODS PHASEOUT MANAGEMENT PLAN

CFC Consumption Sector

ODS approvals (ODP tons)	1996	1997	1998	1999	TOTAL
Opening balance	-	35,457	18,817	19,240	
+ new approvals	-	6,405	4,717	4,717	15,839
- phaseout	-	23,045	4,294 [1]	4,643 [2]	31,982
= ending balance	35,457	18,817	19,240	19,314	

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

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

Table A-2: Halon Consumption Sector

ODS approvals (ODP tons)	1996	1997	1998	1999	TOTAL
Opening balance	-	1,138	4,138	3,500	
+ new approvals	-	6,000	6,000	6,000	18,000
- phaseout	-	3,000 [1]	6,683 [2]	6,285 [3]	15,968
= ending balance	1,138	4,138	3,500	3,215	

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

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

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

Table A-3: Halon Production Sector

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

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

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

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

Table A-4: CFC Production Sector

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

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

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

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

Sector	1997				1998				1999				Total			
	Tonnes	%	$ in mil.	%	Tonnes	%	$ in mil.	%	Tonnes	%	$ in mil.	%	Tonnes	%	$ in mil.	%
Consumption	6,405	52	46.00	72	4,717 **	30	31.60	60	4,717 **	30	31.60	60	15,838	36	109.20	65
Production					5,000*	32	5.00	9	5,000	32	5.00	9	10,000	23	10.00	6
Halons	6,000	48	10.00	16	6,000	38	8.00	15	6,000	38	8.00	15	18,000	41	26.00	15
M.Brom							2.00	4			2.00	4			4.00	2
LVCs																
Agency Fee			7.50	12			6.06	12			6.06	12			19.62	12
Total	12,405	100	63.50 *	100	15,717	100	52.66 ***	100	15,717	100	52.66 ***	100	43,838		168.82	100

Note: (i) It is assumed that $175 million, $146 million and $ 146 million in cash will be available in 1997 -1999, respectively
(ii) In 1997, total allocation for investment projects is $141 million.
(iii) In 1997, $19 million will be allocated to non-investment projects ($3 mil for methyl bromide, $4 mil for UNEP's WP, $6 mil for WPs of other three agencies, $2 mil for Secretariat's budget, and $4 mil for IS and training.
(iv) The total budget for bilateral activities is set equally at $15 mil for the next three years.
(v) In 1998 and 1999, total allocation for investment projects is $ 112 million.
(vi) In 1998 and 1999, $19 mil ($146 mil - $112 mil - $15 mil) will be allocated to non-investment projects.

* Total allocation for the Bank is assumed to remain the same as previous years (45%)
** The amount of ODP tons is derived from the budget available for projects in the consumption sector and the average CE of $6.7/kg.
*** $2 million for methyl bromide is not included as part of the total allocation of $50.4 million. This $2 million is drawn from the allocation for non-investment projects.

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

Sector	Sub-Sector	No. Of Countries	Approvals by the Executive Committee				Disbursement by the Agencies (US$000s)			ODP Phase Out		
								Planned		Actual	Planned	
			Amount (US$000s)	ODP to be Phased Out [4]	Number of Projects	Cost Effective-ness (Average)	To date (as of 06/30/96)[5]	Year of Plan (1997)	Following Years	To-date[3] as of 06/30/96	Year of Plan(1997)	Following Years
Aerosols		7	10,031	17,933	17	0.56	5,499			508		
Foam	General	6	6,369	1,309	16	4.87	508			67		
Foam	Flexible Polyurethane	6	12,811	2,830	43	4.53	1,576			339		
Foam	Integral Skin	0	-	0	0	0.00	-			0		
Foam	Polystyrene/Polyethylene	3	4,906	1,833	10	2.68	2,255			659		
Foam	Rigid Polyurethane	10	11,013	1,732	29	6.36	2,201			415		
Halon	Recycling	1	720	900	1	0.80	-			0		
Halon	Non-Recycling	3	1,497	2,127	3	0.70	701			1,662		
Refrigeration	Commercial	8	33,459	3,387	40	9.88	170			32		
Refrigeration	Domestic	8	33,478	1,915	30	17.48	3,250			882		
Refrigeration	Domestic (hydrocarbon)	5	25,275	3,818	27	6.62	6,663			1,008		
Refrigeration	Domestic - Compressors	2	2,908	143	4	20.33	352			0		
Refrigeration	MACs and Compressors	7	30,105	2,910	20	10.35	3,287			558		
Refrigeration	Chillers	2	1,073	112	5	9.55	69			3		
Refrigeration	Recycling	7	5,323	285	10	18.71	317			265		
Solvent		7	10,703	926	30	11.56	3,241			689		
Methyl Bromide												
Production		2	3,694	3,426	8	1.08	1,781			2,400		
Several		11	5,254	480	22	10.95	1,163			0		
Other		2	5,445	405	3	13.44	813			0		
Sub-Total			204,063	46,470	318	4.39	33,844			9,487		
Support Costs												
Total			204,063	46,470	318	4.39	33,844	57,462	112,757	9,487	23,045	13,938

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

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

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

(4) The amount of ODP in the proposal that led to the approval.

(5) Actual disbursement to enterprises. Data available at the end of each 6-month period only.

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

Sector	Sub-Sector	No. Of Countries	Project Preparation Funds [6] (US $000s)		Projects to be Submitted					
					Year of Plan (1997)			Following Year (1998)[3]		
			Surplus from Previous Approvals (as at 12/31/96) [6]	To be Requested in 1997	Number of Projects [4]	ODP to be Phased Out	Value [5] (US$000s)	Number of Projects	Value (US$000s)	ODP to be Phased Out
Aerosol		4			16	1,860	4,900			
Foam	General	1			1	50	500			
Foam	Flexible Polyurethane	1			1	50	300			
Foam	Integral Skin	1			1	30	450			
Foam	Polystyrene/Polyethylene	1			1	10	200			
Foam	Rigid Polyurethane	2			6	1,063	4,950			
Foam	Rigid Polyurethane (hydrocarbon)									
Halon	Recycling	1			1		500			
Halon	Non-Recycling	1			10	250	1,500			
Refrigeration	Commercial (7)	5			23	2,065	18,775			
Refrigeration	Domestic	3			5	942	10,800			
Refrigeration	Domestic (hydrocarbon)									
Refrigeration	MACs and Compressors	2			4	181	11,600			
Refrigeration	Recycling									
Solvent		1			1	4	70			
Production										
Several Sectors										
Other	Halon Sector Project	1			1	6,000	10,000			
Un-allocated				200						
Sub-Total				2,007			64,545			
Support Costs				261			8,391			
Total			107	2,268	71	12,505	72,936			

(1) Data provided for those sectors/categories for which there are funded or planned activities.
(2) Includes project preparation advances.
(3) Projects prepared with 1997 project preparation funds but expected to be submitted in the first part of 1998. It is likely that some projects will slip into the 1998 work program but it is presently impossible to make any projections.
(4) Excludes projects submitted to the 21st Meeting.
(5) Over-programming is not included in this estimate.
(6) Project Preparation funds were requested on country basis and therefore cannot be allocated on sectoral basis.
(7) For most refrigeration sub-sectors, includes foam component as well.

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

Country	Region	Type	Title	Project Funding (US$000s)[5]		Disbursement by the Agencies (US$000)			Date of Completion		Objective
				Already Approved	To be Requested in 1997	To-date[7] (as of 6/30/96)	Year of Plan (1997)	Following Years	Activity (mo.-yr.)	Financing (mo.-yr.)	
Brazil	LAC	TAS	Strategic approach to ODS phaseout		60				Dec-97	Dec-97	
Colombia	LAC	CPG	Country program Update [6]		40				Dec-97	Dec-97	
Nigeria	AFR	CPG	Country program	150	0	20	130		Dec-97	Dec-97	
Chile	LAC	INS	Ozone Team	329		166	83	80	Oct-98	Oct-98	
Chile	LAC	INS	CONOMA Ozone Team	114		0	57	57	Oct-98	Oct-98	
Chile	LAC	TAS	Ozone Seal	8		7	1		Dec-96	Mar-97	
Chile	LAC	TAS	Public Awareness	361	0	345	16		Jun-96	Jun-97	
China	ASP	TAS	Technical Assistance	61		48	13		Dec-97	Dec-97	
Ecuador	LAC	INS	Institutional Strengthening	204		150	54		Dec-97	Dec-97	
Jordan	ASP	INS	Institutional Strengthening	170		110	60		Jun-97	Jun-97	
Philippines	ASP	INS	Institutional Strengthening	209		50	159		Jun-97	Jun-97	
Philippines	ASP	TAS	Technical Assistance to FA	100		10	90		Jun-97	Jun-97	
Tunisia	AFR	INS	Implentation of Government action	280		N/A [6]			Jun-97	Jun-97	
Turkey	EUR	INS	Institutional Strengthening	300		N/A [6]			Jun-97	Jun-97	
Total				2,285	100	906	662	136			

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

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

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

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

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

(6) The information will only be available when the next report is due (in March 1997).

(7) Disbursement records on a subproject level are only obtained at the time of progress report preparation. The progress report covering the period of July-December 1997 will be available in March 1997

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

Country	Region	Approvals by the Executive Committee					Disbursement by the Agencies (US$000)			ODP Phase Out			
		Amount (US$000s)	CFC to be Phased Out [(4)]	Other ODP to be Phased Out[(5)]	Number of Projects	Cost Effectiveness (Average)	To date as of 11/31/96[(6)]	Year of Plan (1997)	Following Years	CFC (as of 6/30/96)	Other (as of 6/30/96)	Year of Plan (1997)	Following Years
ARGENTINA	LAC	21,868	700		16	31.25	-	4,000	17,868				700
BRAZIL	LAC	10,372	1,588	1	20	6.53	1,201	3,500	5,671	270		250	1,068
CHILE	LAC	2,321	496	0	10	4.68	679	850	792	35		61	400
CHINA	ASP	66,089	25,124	3,600	65	2.30	17,849	14,000	34,240	857	3,600	17,800	6,467
COLOMBIA	LAC						-						0
ECUADOR	LAC	1,566	341		3	4.59	1,031	535	-	629			0
EGYPT	AFR	2,100	292		1	7.19	1,000	250	850	292		0	0
INDIA	ASP	17,495	2,872	426	55	5.30	4,664	3,500	9,331	91	426	300	2,481
INDONESIA	ASP	12,583	1,847	489	27	5.39	3,236	4,500	4,846	85	1	1,000	763
JORDAN	ASP	2,376	626		14	3.80	709	942	726	0		179	447
MALAYSIA	ASP	10,706	1,154	1,039	18	4.88	3,173	3,000	4,532	689	44	435	30
MEXICO	LAC	4,054	725	50	13	5.23	3,004	1,050	-	699	50	0	26
PAKISTAN	ASP	1,998	287		3	6.97	-	1,000	998	0			287
PHILIPPINES	ASP	12,095	875	8	14	13.70	6,704	4,500	891	261	8	110	504
THAILAND	ASP	14,507	475	40	23	28.19	6,764	6,000	1,742	144	21	1,090	0
TUNISIA	AFR	1,780	1,265		6	1.41	706	600	474	85		1,180	0
TURKEY	EUR	11,205	1,628	1	11	6.88	8,165	4,470	-	950		529	149
URUGUAY	LAC	1,237	52		6	23.80	200	515	522	0		11	41
VENEZUELA	LAC	9,033	436		8	20.70	4,545	3,900	588	275		100	61
ZIMBABWE	AFR	679	36		5	19.12	-	350	329	0			36
Regional Sub-Total													
AFR		4,559	1,593	-	12	2.86	1,706	1,200	1,652	377	-	1,180	36
ASP		137,849	33,260	5,601	219	3.55	43,099	37,442	57,307	2,126	4,100	20,914	10,220
EUR		11,205	1,628	1	11	6.88	8,165	4,470	-	950	-	529	149
LAC		50,451	4,337	51	76	11.50	10,660	14,350	25,441	1,908	50	422	2,008
Support Costs										-			
Total		204,063 [(7)]	40,818	5,652	318	4.39	63,630	57,462	84,401	5,338	4,150	23,045	13,938

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

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

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

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

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

(6) As the next reporting of the actual disbursement to the enterprises will take place only in early 1997, the statistical data shown in this table representing amounts disbursed to the Special Account.

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

Country	Region	Project Preparation Funds (US$000s)		Projects to be Submitted						
				Year of Plan (1997)				Following Year (1998)[3]		
		Surplus from Previous Approvals	To be Requested in 1997	Number[6] of Projects	Value (US$000s)[4]	Unallocated Value[7] (US$'000s)	ODP to be Captured (MT)[6]	Number of Projects	Value (US$000s)	ODP to be Captured
ARGENTINA	LAC		45	0	-	-	-	TBD	TBD	TBD
BRAZIL	LAC		-	0	-	3,000	-			
CHILE	LAC		60	0	-	-	-	TBD	TBD	TBD
CHINA	ASP		475	8	16,500	10,000	2,670			
CHINA - Halon Sector	ASP		133	1	10,000	-	6,000			
COLOMBIA	LAC		85	0	-	-	-	TBD	TBD	TBD
ECUADOR	LAC		15	0	-	300	-			
EGYPT	AFR		-	0	-	-	-			
INDIA	ASP	37	312	38	22,000	1,000	1,617			
INDONESIA	ASP		179	9	4,925	3,650	788			
JORDAN	ASP		-	0	-	-	-			
MALAYSIA	ASP		27	0	-	-	-	TBD	TBD	TBD
MEXICO	LAC		120	2	2,500	6,000	200			
PAKISTAN	ASP		45	2	3,100	415	201			
PHILIPPINES	ASP		-	0	-	-	-			
THAILAND	ASP	70	125	0	-	1,000	-	TBD	TBD	TBD
TUNISIA	AFR		-	0	-	-	-			
TURKEY	EUR		96	11	5,520	4,000	1,029			
URUGUAY	LAC		20	0	-	1,500	-			
VENEZUELA	LAC	-	10	0	-	600	-			
ZIMBABWE	AFR		-	0	-	-				
IFC (Conc. Finan)			60	0	-	-	-			
Un-allocated			200							
Regional Sub-Total						-				
AFR			-	0	-	-	-	TBD	TBD	TBD
ASP		107	1,296	58	56,525	16,065	11,276	TBD	TBD	TBD
EUR		-	96	11	5,520	4,000	1,029	TBD	TBD	TBD
LAC		-	355	2	2,500	11,400	200	TBD	TBD	TBD
Other		-	60							
Un-allocated			200							
Sub-Total			2,007		64,545	31,465				
Support Costs			261		8,391	4,090				
Total		107	2,268	71	72,936	35,555	12,505	TBD	TBD	TBD

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

(2) Includes project preparation advances.

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

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

(5) TBD: to be determined.

(6) Solid projects only.

(7) Overprogramming may extend to cover some of these unallocated projects. Unallocated projects will also be used to replace firm pipeline projects that could not be submitted in 1997 due to policy issues.