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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 WORK PROGRAMME

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

COMMENTS

1. The World Bank is requesting approval of the Executive Committee for US $2,107,000 for 19 work programme activities as indicated in Table 1.

2. Several of the requests were discussed with the World Bank. While the Bank noted the Secretariat's concerns regarding these requests, it nevertheless requested that the Work Programme be forwarded to the Committee as submitted.

Table 1

1997 World Bank Work Programme and corresponding funding levels

Country	Activity/Project	Type	Completion Date	Amount Requested (US $)	Amount Recommended (US $)
Argentina	Project preparation	PRP	March 1998	45,000	45,000
Brazil	Strategic approach to ODS phaseout	TAS	Dec. 1997	60,000	0
Chile	Project preparation	PRP	March 1998	60,000	0
China	Project preparation	PRP	March 1998	475,000	250,000
China (halon sector)	Project preparation	PRP	March 1998	133,000	0
Colombia	Project preparation	PRP	March 1998	85,000	Pending
Colombia	Country programme update	CPG	Dec. 1997	40,000	0
Ecuador	Project preparation	PRP	March 1998	15,000	15,000
India	Project preparation	PRP	March 1998	312,000	150,000
Indonesia	Project preparation	PRP	March 1998	179,000	179,000
Malaysia	Project preparation	PRP	March 1998	27,000	27,000
Mexico	Project preparation	PRP	March 1998	120,000	60,000
Pakistan	Project preparation	PRP	March 1998	45,000	Pending
Thailand	Project preparation	PRP	March 1998	125,000	125,000
Turkey	Project preparation	PRP	March 1998	96,000	96,000
Uruguay	Project preparation	PRP	March 1998	20,000	20,000
Venezuela	Project preparation	PRP	March 1998	10,000	10,000
IFC (Conc. Financing)	Concessional financing study	PRP		60,000	0
Un-allocated	Project preparation	PRP		200,000	Pending
Sub-total				2,107,000	Pending
Agency support costs	(13%)			274,000	Pending
Total				2,381,000	Pending

3. The World Bank's work programme included progress report and business plan data in a 55-page document. The Committee may wish to consider if the Bank's work programme should focus on work programme funding requests or include the other elements of business plan performance and progress reporting. The Committee might also consider establishing a format for work programme requests as all agencies approach this differently.

4. The US $60,000 request for a Strategic approach to ozone phase-out in Brazil is intended to offer the government assistance in developing and gaining domestic support for a policy framework that begins addressing Brazil's commitments under the Protocol while giving industry a planning horizon for ODS phase-out. It is not clear that a project to gain domestic support for a policy framework is eligible for funding. It is also not clear that the Government of Brazil has yet provided the Bank a "positive response" to the Bank's offer to conduct such a project.

5. In approving Phase II of Chile's Montreal Protocol implementation programme, the Executive Committee decided to approve US $1 million of the US $5.1 million requested for Phase II and that no additional funding would be provided until there had been an evaluation of the project as funded to-date (decision 19/15). No evaluation of the project has been submitted. The evaluation should be conducted from the funds provided through the agency fee. Additional project preparation seems unwarranted since the Phase II project has already been formulated and additional funding for Phase II is contingent upon an evaluation that should not incur any additional project preparation funds.

6. The Bank is requesting US $475,000 for project preparation in China. The Secretariat is recommending a reduced level of funding because of the uncertain nature of the project preparation request. The Bank stated that if the Committee approves production sector guidelines and, depending upon the implementation progress of approved aerosol and MAC sub-projects, the Bank may start investigating the probability of projects in these sectors. Also, the Bank indicated that several of its approved foam projects may change to more expensive technologies. This may require re-submission of the use of project preparation funds for this purpose.

7. The Bank is requesting US $133,000 for the halon sector approach in China. At its 20th Meeting, the Executive Committee decided to approve half of the US $265,000 requested for the halon sector approach in China and that the second 50 per cent would be considered after delivery of a written report by the World Bank detailing how the initial US $350,000 had been expended and how the additional amounts related to the initial expenditures (decision 20/17). A written report has not yet been submitted by the World Bank and consequently, the Secretariat cannot recommend approval for this request.

8. The Bank is requesting US $40,000 for a country programme update in Colombia. Colombia's country programme was approved by the Committee at its March 1994 meeting. At the same meeting, the Committee approved an institutional strengthening project which should equip Colombia with the necessary experience to update its country programme at a cost much less than the amount requested. The Executive Committee has already approved all of the domestic refrigeration projects (including compressor projects) in the country, more foam phase-

out than was indicated in the country programme, and it is our understanding that the methyl bromide sector has already been phased out. The Bank has indicated that it will be investigating the commercial/industrial refrigeration sector for a possible sector strategy and has requested US $85,000 for project preparation. It has also indicated that retrofitting may be considered for this sector. The Executive Committee may wish to give guidance for projects involving retrofitting. Therefore, the request for a country programme update or sector strategy preparation or project preparation for retrofitting seems premature at this time.

9. US $349,000 in project preparation is requested for India. The Bank has identified two household refrigeration projects, one MAC project, and two compressors projects. US $32,000 of the request is to prepare a sector strategy. This appears to be premature since there remain issues to be resolved for the Bank's approach to sectoral strategies. The remaining funds are intended for projects in the halon sector if implementation modalities and an agreement with UN-OPS can be reached and in the aerosol sector if policy issues are resolved by the Executive Committee. It also seems premature to seek funding for these activities until the remaining issues are resolved.

10. The US $120,000 requested for project preparation in Mexico includes retrofitting projects in the commercial refrigeration sector, a project in the production sector, and projects in the MAC sector. As mentioned above, in the absence of guidelines for projects involving retrofitting of existing facilities, it appears premature to seek project preparation funding at this stage. UNIDO has received an official request from the Government of Mexico to prepare the production sector. UNIDO has withdrawn its request for project preparation in this sector until such time as guidelines are approved by the Committee.

11. The Bank is requesting US $45,000 for project preparation in Pakistan. The Executive Committee has already approved projects to phase-out consumption in the foam sectors in all but one company. The cost of phase-out for the remaining company, according to the country programme, is US $32,000 to phase-out the company's consumption of five tonnes. The Bank indicates that the enterprise has a higher level of consumption than that reported in the country programme. The Committee may wish to decide the level of funding needed for the preparation of this project.

12. The Executive Committee has not approved funding to the implementing agencies for the preparation of policy papers in the past. The request for US $60,000 for IFC to prepare a policy paper on concessional loan financing should be covered by the agency fee provided to the World Bank.

RECOMMENDATION

1. The Executive Committee is requested to approve the amounts recommended in Table 1, and to decide, in light of the comments listed above, on the amounts listed in the same table as pending.

1997 WORK PROGRAM

BANK-IMPLEMENTED
MONTREAL PROTOCOL OPERATIONS

January 1997

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EXECUTIVE SUMMARY

1. This 1997 Work Program for Bank-Implemented Montreal Protocol Operations outlines the country-by-county details which form the basis of the Bank's 1997 Business Plan. This Work Program should therefore be considered as the main document supporting the Bank's 1997 Business Plan.

2. During the next triennium (1997-1999), Article 5 countries will be striving to meet their first ODS phaseout obligation under the Montreal Protocol (MP) which is to freeze their consumption and production of Annex A chemicals by 1999 to the average level of 1995-1997.

3. The Bank's strategy for the next triennium, therefore, is to assist, on a priority basis, countries that might otherwise have difficulties in meeting their 1999 freeze target. The Bank plans to allocate about 75 percent of its total allocation to these countries. The Bank will also increase its engagement in policy dialogue with interested countries to assist in the development of necessary measures to support and stimulate more rapid ODS phaseout in the industrial sector in order to fulfill their obligations.

4. The 1997 Work Program includes project preparation activities in 15 countries: Argentina, Brazil, Chile, China, Colombia, Ecuador, India, Indonesia, Jordan, Malaysia, Mexico, Pakistan, Thailand, Turkey, Uruguay, and Venezuela. It is anticipated that at least 71 projects which are already in the pipeline will be finalized and submitted to the Executive Committee (EC) in this coming business year. Project preparation funds for several countries will be used to prepare investment projects for submission in early 1998 or as substitutes for other projects which may drop out of the pipeline during the course of the year.

5. It is expected that the projects to be submitted in 1997 will result in ODP phaseout of over 12,000 tons: 6,000 tons of Annex A chemicals and 6,000 tons of halons. It is anticipated that to support these projects about US$63.5 million (including agency support cost) will be requested from the Multilateral Fund for the Implementation of the Montreal Protocol (MFMP). Total project preparation during 1997 will amount to US$73 million when including the 15 percent over-programming which has been agreed to on an interim basis. In addition to 71 projects already in the pipeline, the Bank also has a number of project prospects already identified with a total estimated value of US$35.5 million.

6. The Bank is requesting approval of US$1.907 million (not including agency support costs) to support its 1997 project preparation and related work program activities. The small surplus from the 1996 project preparation funds (US$107,000) will be carried over into 1997. The total budget available for project preparation activities is therefore US$1.914 million.

7. The pipeline of projects identified includes projects in all sectors: aerosol, foam, halon, commercial and domestic refrigeration, MAC, and solvents. The Bank also

intends to submit a halon sector project for China in 1997. The first funding tranche for China project of US$10 million will eliminate approximately 6,000 ODP tons of halons by the end of 1998.

8. In addition to the China halon sector approach, the Bank will pursue other special initiatives. Given the recent success with conversion of supermarket servicing operations to blends in Mexico, the Bank and Mexico expect to proceed with a new project which may eventually be replicated in a number of other countries.

9. Another special initiative to be carried out in 1997 is to explore the feasibility of concessional financing for Montreal Protocol related projects. The first phase of this activity will involve a market review and needs analysis. To finance this study, the Bank will request the MFMP to provide US$60,000 to supplement funds that are likely to be made available to this study by the Swiss Trust Fund.

10. To accelerate implementation of projects after funding approval the Bank will work closely with its consultants to ensure that information essential for project appraisal is gathered as much as possible during the project preparation phase. All consultants working for the Bank will be requested to use Bank's prepared standard project documents (templates) as guidelines for developing new projects. This will enable financial agents to complete their appraisal within a few weeks after the projects are approved by the EC.

11. The World Bank's 1997 Work Program will be funded in part by a project preparation allocation from the Fund and partly from the support costs which the Bank will receive from approved projects. While the support costs will be allocated to the Bank at the time of project approvals, the total project preparation funds of US$1.807 million (not including agency support costs) and US$ 100,000 for other Work Program activities will be requested by the Bank at the 21st meeting of the EC.

12. The Status of the Bank's MP portfolio and key indicators of the 1997 Work Program are presented below. These are also presented in more detail in the Business Plan.

Table I. World Bank's 1997 Work Program at a Glance	
As of November 30, 1996, unless otherwise noted:	Number of country clients: 21 Size of portfolio: US$204 million Number of subprojects: 318 Cumulative Disbursement: US$63.6 million Cumulative ODS Phaseout: 9,487 tons (as of 6/30/96)
1997 Work Program indicators (as per the Business Plan)	Planned disbursements: US$57.5 million Planned ODP Phaseout: 23,045 tons New Projects: 71 Value of New projects: US$73 million ODP to be captured by new projects: 12,505 tons

I. INTRODUCTION

1. The objective of the Three-Year Rolling Business Plan is to assist Article 5 countries to reduce their consumption and production of Annex A Group I chemicals by 1999 to the average level of 1995-1997. More focused attention will be provided to investment operations in countries which may still have difficulties meeting the freeze target even should all approved projects to date be implemented according to schedule. Resources should be used to phase out ODS in the sectors that yield the highest ODP phaseout.

2. The 1997 Work Program and Business Plan are prepared on the assumptions that US$540 million pledged by the Parties at their last Meeting in Costa Rica will be equally distributed for the next three years at the level of US$180 million, and that the Bank's allocation will stay at the same level of 45 percent of the investment project budget. Considering the carry-over of US$74 million from the last triennium, the Bank's total allocation for 1997 becomes US$63.5 million (including agency support costs).

3. In order to reflect the implementation performance in various countries in 1996, this year's Work Program includes information relating to key performance indicators in the Country-Level Work Programs. The proposed implementation targets are also included in the Country-Level Work Programs.

4. The 1997 Work Program provides, on a county-by-country basis, details on the following activities:

(a) new and on-going project preparation activities;

(b) country-level strategies for project implementation;

(c) supervision, training and streamlining activities;

(d) OORG Work Program; and

(e) overview of the Bank's operational strategy and special initiatives.

II. Scope of 1997 Work Program

Work Program Summary

5. A country-by-country review of the CY97 Work Program is provided in Attachment A. The proposed 1997 Work Program is based on the best available information at the time of preparation.

6. The 1997 Work Program makes provision for the following:

(a) project preparation, with activities planned in 15 countries; and

(b) new investment project operations planned in 7 countries; more projects will be included during the year if additional allocation is made to the Bank, or if the pipeline projects can be delivered at a higher level of cost-effectiveness.

7. A summary of the proposed activities on a country-by-country basis and sector-by-sector basis is provided in Table II. As outlined in the Business Plan, an additional 23,045 ODP tons are expected to be phased out during 1997 and disbursement should reach US$57.4 million.

8. The Work Program budget request is US$1.907 million (includes non-investment activities). This amount plus the surplus of 1996 project preparation funds of US$107,000 will be used to prepare projects for submission in 1997 and some for 1998. US$100,000 is requested for updating Colombia's Country Program and to prepare a Strategic Approach to ODS Phaseout for Brazil. Another US$60,000 will be used to supplement the resources likely to be provided by the Swiss Trust Funds to support the study on concessional financing. Project supervision and the budget for the Ozone Operations Resource Group (OORG) will be funded by the agency support costs.

9. Project preparation activities will generate about 71 projects for a total value of US$73 million (including agency support costs and 15 percent overprogramming) for submission in 1997. These projects will result in the phaseout of over 12,000 ODP tons. Average cost-effectiveness of these projects will be about US$4.50-5.50/kg. At present, the Bank has an additional pool of identified projects with an estimated value of US$35.5 million. Many of these projects will be prepared in 1997 and ready for submission in 1998. A few of them could be prepared and submitted in 1997 if the Bank's allocation is increased or the pipeline projects can be delivered at lower costs, i.e., higher cost-effectiveness level. If that is the case, the Bank will return to the EC during 1997 to request additional project preparation support of US$200,000.

10. This Work Program does not include projects which will be submitted to the 21st EC Meeting in February 1997 as these are considered carry-over from the 1996 Business Plan.

Table II.: WORLD BANK MONTREAL PROTOCOL OPERATIONS SUMMARY OF ACTIVITIES FOR CY97

Country	Preparation of New Investment Operations								Ongoing Activities		
	CY97 (US$ million) *(indicative only)*	Aerosol	Foam	Halons	Refrigeration	Solvents	MAC	Production/ Other	Country Program	Supervision of Project Impl.	Proj. Prep.
Argentina										X	
Brazil								(3m)		X	X
Chile										X	X
China	16.5	1	(10m)		7					X	X
China - halon	10			1							
Colombia	0										
Ecuador	0							Rec (0.3m)		X	
Egypt	0									X	
India	22	13		10	12		1 (1m)			X	X
Indonesia	4.925	1	4 (1.25m)	1	3			Rec (2.4m)		X	X
Jordan	0									X	X
Malaysia	0									X	X
Mexico	2.5				1(6m)		1			X	X
Nigeria	0										
Pakistan	3.1		(0.4m)		2					X	X
Philippines	0									X	
Thailand	0				(1m)					X	X
Tunisia	0									X	X
Turkey	5.52	1	6		3	1		IOC(4m)		X	X
Uruguay	0				(1m)		(0.5m)			X	X
Venezuela	0						(0.6m)			X	X
Zimbabwe	0									X	
Solid	**64.55**	**4.9**	**6.4**	**12**	**29.57**	**0.07**	**11.6**				
Likely	**31.5**		**11.7**		**8**		**2.1**	**9.7**			
TOTAL	**96**	**4.9**	**18.1**	**12**	**37.57**	**0.07**	**13.7**	**9.7**			

Note: Costs of likely (non-solid) projects are in brackets.

11. As part of the Bank's continuing efforts to further accelerate implementation of approved investment projects, the Bank organized a workshop for its financial agents for the first time in October 1996. The objective of this workshop was to familiarize financial agents with the Bank's procurement process and the policies and guidelines related to investment projects established by the EC. As many financial agents had been involved with Montreal Protocol projects for a few years, they were able to share their experience and lead substantive discussions with their colleagues in other countries. A number of recommendations were made at this workshop. In order to follow up on those recommendations and to continue improving the disbursement rate of Bank projects, the financial agent workshop may be held on an annual basis.

OORG Work Program Summary

12. The principal theme and major goal of the CY97 OORG Work Program is to greatly advance the pace of consolidating, communicating and disseminating operational lessons learned and other technical guidance for ODS phaseout project design. This will be achieved by: (a) updating and expanding sectoral applications, as appropriate, of project templates and related equipment procurement guidelines; and (b) proactively exploring opportunities for more efficient, timely, and useful technical information exchange and communication with local and international technical experts and industry technology suppliers engaged in ODS phaseout project preparation and implementation. These possibilities could involve the Bank's new Knowledge Network and/or creation of an active website on the internet.

13. This Work Program presents a summary outline of principal OORG and inter-agency activities which are under consideration for 1997. These include:

(a) <u>Develop New Templates and Amend or Expand Existing Templates</u>. An OORG Interagency Foams Sector Working Group produced a set of recommendations which included proposals for developing several new templates to cover recently proven technical options, as well as advice to amend and/or expand existing templates. While still tentative, current plans anticipate completion of the following outline of template preparation in time for the next OORG Meeting scheduled for April 29, 1997:

(i) to prepare new templates for:

a) Liquid Carbon Dioxide (LCD) technology in flexible PU slabstock foam applications;

b) LCD technology in molded PU foam applications;

c) Methylene chloride technology in flexible PU boxfoam applications; and

d) water technology in integral skin PU foam applications (open molds - LP/HP dispensing relative to capacity; and closed molds - HP dispensing)[1].

(ii) To prepare amended and/or expanded templates (including IOC) for existing templates for rigid PU foam applications, including,

a) amending the HCFC-141b template to include IOC and establish a relationship between the use of a premixer and its effect on the IOC;

b) amending the (cyclo) pentane template to include nitrogen flushing and IOC;

c) adding a template for continuous operations, including IOC, and based on high pressure technology;

d) adding a template for water based technology, including IOC and based on high pressure technology: and

e) adding a template for water based technology in flexible molded PU foam applications to allow consideration of low pressure dispensers.

A further recommendation of the Working Group calls for preparation of a supplemental study and report on new and rapidly evolving liquid HFC foam blowing applications. This report, to be undertaken by Dr. Michael Jeffs, is also anticipated to be completed in advance of the next OORG Meeting in April 1997.

(b) <u>Convene OORG Interagency Domestic Refrigeration Working Group Meeting</u>. The UNEP Refrigeration Technical Options Committee (TOC) has established a Flammable Refrigerants Subcommittee which is developing a report on flammable options, reliability of refrigerant options (such as certain blends), safety standards and risk assessments. Although this report deals with all types of equipment, it could be used as specific input for an interagency Domestic Refrigeration Working Group Meeting and an appropriate time to review and update the existing sector recommendations. The deadline for the report is the end of March 1997 and it will form part of

1 Polyurethane integral skin foams are key materials in the passenger cabins of cars and other vehicles. They perform both mechanical and safety roles and have to meet specifications laid down by the automotive manufacturers. In terms of CFC-11 replacement, there are a number of technologies being developed and implemented. There is an expectation that, eventually, water (CO2) blown foams will be the ultimate choice but such foams cannot currently meet all of the specifications. Consequently, a number of additional technologies are being developed including those based on HCFCs, HFCs and hydrocarbons. Some of these can incur high implementation costs or have environmental consequences.

The aim of the Working Group will be to establish the cost effectiveness, environmental and performance characteristics of the current CFC replacement technologies, determine which specifications cannot currently be met by water (CO2) technology, and prepare a set of recommendations to guide in the selection of appropriate technologies for ODS phaseout in related MFMP projects.

the UNEP TEAP Progress Report which will be distributed to the Parties by April 20, 1997. Since the TOC Meeting is now most likely to take place on Friday, May 3, 1997, in Geneva, the Working Group Meeting would be convened on either May 29,1997 or May 31, 1997. The fallback venue for the TOC Meeting is Trondheim, Norway, in which case the Working Group would convene there instead on Monday, May 12, 1997 (which would also be in conjunction with an International Institute of Refrigeration Conference at the time).

(c) Convene OORG Interagency Commercial Refrigeration Working Group Meeting. The UNEP TOC Report cited above would also provide input for an Interagency Commercial Refrigeration Working Group Meeting to review and update the existing sector recommendations. However, information from other conferences and TOC Refrigeration Meetings, relevant to the commercial refrigeration sector, which will take place late in the year, make a date in the late October 1997 timeframe most likely (in conjunction with the International CFC Conference being held at that time in Baltimore).

(d) Convene Regular OORG Meetings:

(i) Tenth OORG Meeting, April 29, 1997, Washington, D.C.

(ii) Eleventh OORG Meeting, October, 1997, Washington, D.C.

(e) Organize World Bank Montreal Protocol Consultants Workshop. ODS phaseout project preparation experience to date indicates that there are several areas in which the process can be made more efficient, awareness and exchange of best practice approaches can be improved, and learning accelerated. The quality of preparation is uneven at best and documentation in terms of both content and format is sometimes out of date and thereby subject to otherwise avoidable delays.

In order to remedy this situation the Bank has undertaken to convene the key technology transfer agents(international and local consultants) responsible for facilitating the project preparation process through their advice to enterprises and governments, technical review and evaluation, etc., for a one-day workshop on April 30, 1997, at World Bank Headquarters, in Washington, DC, to address the issues. Relevant issues will include at minimum:

(i) sector-based incremental cost criteria, thresholds, exclusions, etc.;

(ii) the use and routine up-dating of existing and planned project templates; and

(iii) related equipment selection and procurement guidelines.

Possibilities for optimizing and promoting the use of modern communications technology during the project preparation cycle (possibly through a web site on the internet in conjunction with the Bank's evolving knowledge networks) will be explored.

(f) Publish OORG Documents. Regular OORG Meeting Minutes, OORG Working Group Meeting Reports, and other special studies are published and disseminated widely to developing countries, enterprises, consultants, industry associations, NGOs, implementing agencies, the Fund Secretariat, meetings of the Open-Ended Working Group, meetings of the Parties of the Montreal Protocol, etc.

III. Operational Strategy and Special Initiatives

Implementation of Approved Projects

14. Implementation of approved projects continues to be a top priority for the Bank's Montreal Protocol operations. The disbursement record indicates that time elapsed before the first disbursement made to enterprises has 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, six months improvement as compared to those projects approved in 1994. The Bank will continue to improve the speed of disbursement by front loading information at the project preparation stage and by strengthening the capacity of its financial agents.

15. Outlined below is the Bank's operational strategy for 1997 which focuses on: (a) development and demonstration of innovative approaches to low-cost ODS phaseout; and (b) quality improvement of both approved and newly developed projects.

Innovative Strategies for Low-Cost ODS Phaseout

16. Special efforts were launched in CY96 to design and pilot new operational instruments which would both expedite and reduce the cost of ODS phaseout. These two instruments are:

(a) Sector-Based Approaches. The Bank and China have prepared a halon phaseout project based on the sector-wide approach. This program was submitted on an information basis to the EC at its 20th Meeting. The Bank intends to submit a funding request to the EC at its 21st Meeting. According to the preliminary findings of this halon sector project, it is clear that the sector-based approach could indeed yield a much higher level of cost-effectiveness than similar projects prepared on a project-by-project basis. The Bank will seek permission from the EC to start pursuing this approach in other ODS-consuming sectors.

(b) Use of Market-Based Incentives to Support ODS Phaseout. The first MP project implemented in Chile involves a flat compensation payment of US$2.00/kg ODP phaseout. This approach allowed for the capture of the lowest cost conversion projects. In Phase 2, the compensation payment will be determined based on a grant auction mechanism. This approach to ODS phaseout is easy to manage and implement given that there is no implementing agency involvement at the subproject implementation level. Implementation is expected to be initiated shortly.

(c) Quality Improvement. In 1996, the Bank began implementation of its guidelines on monitoring and evaluation (M&E) of MP projects and the project document templates. These new tools help facilitate the work of

Bank's consultants and financial agents in terms of improving quality of new projects and implementing approved projects. These tools also enable the Bank to provide the EC with the necessary information to assess the performance of the approved funds.

(d) Monitoring and Evaluation. A series of monitoring and evaluation steps are laid out in the completed monitoring and evaluation guidelines. Among others, financial agents are required to provide the Bank with two half-yearly progress reports per year. All financial agents are using the same reporting format to ensure that all key indicators be collected. As a number of investment projects are to be completed in the near future, it is important that information pertaining to actual implementation and lessons learned from these projects be well documented. Therefore, the Bank, in cooperation with the Fund Secretariat and its financial agents, will develop a standard completion report format.

(e) Project Documents (Templates). Five model sector-specific project specification and design packages (templates) have been completed. These templates are now being employed in the preparation and technical review of all relevant sub-sector projects prepared by the World Bank. All consultants will be required to use these templates to ensure greater uniformity and consistency in technical approaches to MP project development. Because of the rapid development of non-ODS technology, these templates should be updated occasionally to keep up with the changing technology. In 1997, the OORG Interagency Working Group will review the existing templates and amend or expand them if necessary. In addition, the OORG Interagency Working Group will also prepare new templates to cover recently proven technical options.

Attachment I

COUNTRY LEVEL WORK PROGRAMS

CY97

Global Environment Division,
Environment Department
THE WORLD BANK

January 1997

ARGENTINA

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	3.0	6(i)	45	1.0	3	47	21.27
ACTUAL*	0	0	13(ii)	45	2.22	2	198	11.21

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
*** only for subprojects approved in 1996
(i) time from approval to first disbursement was set at 6 months.
(ii) elapsed time (no subprojects approved in 1995 have been appraised).

Argentina received funding for two projects during 1996 bringing total commitments under the umbrella agreement to US$22.1 million. The project preparation funds allocated for CY96 were fully spent as the size and complexity of one of the two projects prepared required a higher level of effort than expected.

Implementation of Funded Activities

The final version of the Grant Agreement was sent to the Government in December 1995. Approval of the Grant Agreement in Argentina requires a Presidential Decree to authorize the Minister of Economy to sign on behalf of the nation. A series of changes were introduced at the Government's request. The Grant Agreement was edited once more in August 1996 to introduce a change in the name of the executing agency (Secretaría de Industria), following a realignment of the Ministry of Economy. The Presidential Decree was issued on November 12, 1996 and the Minister of Economy signed the Grant Agreement on January 9, 1997. In addition, the government is proceeding with the establishment of the project's account and associated administrative procedures for financial controls. Some of the projects will require a reassessment to verify that the approved activities remain as described in the original project documents.

Disbursements and ODS Phaseout

Disbursements in CY96 could not take place because the Grant Agreement had not been signed. For CY97, the disbursement forecast has been set at US$4 million, since the initiation and pace of disbursements depends on administrative efficiency of both beneficiary firms and the Secretaría de Industria which is difficult to assess at this time.

II. Program Expansion and CY97 Outlook

The Bank plans to concentrate its efforts on the implementation of already approved projects and towards the second half of CY97 will begin identifying projects for delivery in CY98. The target would be to prepare about US$3-4 million worth of projects for CY98 to fully commit the value of the umbrella grant agreement.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	4	8	45	TBD	TBD	TBD	N/A
ACTUAL								

* only for subprojects approved in 1996.

BRAZIL

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost Effectiveness (US$/kg ODP)
TARGET	250	3.2	6(i)	100	4.3	8	702	N/A
ACTUAL*	0	0.201	13(ii)	100	3.77	7	304	12.4

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
*** only for subprojects approved in 1996
(i) time from approval to first disbursement was set at 6 months.
(ii) based on the assumption that the remaining subprojects will be approved by end 1996.

Status of Activities Already Funded

The implementation of approved projects has been disappointingly slow as signing of subgrant agreements for all of the projects approved since November 1995 (13 projects) is pending. The Termolar company desisted from implementing the approved project because it cannot finance the balance of the project (as a small company, the cost-effectiveness threshold values severely limit the share of MFMP funding). The impediment associated with import duties reported in last year's Business Plan was resolved by mid-year as the Government waived these duties upon FINEP's request. The removal of this impediment was a positive sign; however, other implementation issues remain (see next section for explanation).

The implementation pace of the two projects with signed subgrant agreements (Metalfrio and Refripar-Sao Carlos) did not meet the projections made in the CY96 Business Plan. Metalfrio has begun to purchase equipment and disbursements by the end of 1996 will be about US$225,000 from a total of US$1,496,841 approved for this company (value was reduced on the basis of increased non-Article 5 ownership share). Disbursements for the Refripar-Sao Carlos project stand at US$56,100 of the total US$158,637 approved for the company. The Recycling Project (US$2 million approved in 1992) was restructured to minimize recurrent (coordination) costs by encouraging participating firms to administer their modules self-sufficiently. New participants have been proposed (CETESB-Sao Paulo's environment agency, air conditioning servicing firms) and the Bank is evaluating the technical and implementation feasibility of the overall proposal.

Disbursements and ODS Phaseout

Disbursements did not achieve the CY96 objective because:

(a) FINEP had serious difficulties in preparing satisfactory subgrant agreements in a timely fashion; and

(b) firms lack of incentives to co-finance these projects when CFC prices remain very low, demand for finished products is high, and competition (with low-cost inputs) continues to exist. Regarding (a), Bank management has raised the poor performance results with FINEP's management, the Environment Ministry, and, more recently, the Ministry of Industry and Commerce (the chair of the PROZON, the inter-government body in charge of Montreal Protocol follow-up). Improvements in FINEP's administrative capacity are needed to accelerate the pace of implementation. As for (b), the yet unrestricted supply of CFCs in Brazil (about 60 percent of the 16,000 MT consumed in Brazil are domestically produced and imports for the balance are readily available at prices significantly lower than the ODS substitutes) and the lack of government signals indicating that CFCs will be phased-out in Brazil in the future explain the short-term cost-minimizing attitude of the private sector.

II. Program Expansion and CY97 Outlook

The Bank will continue to work with FINEP to improve administrative efficiency with the goal of signing all pending subgrant agreements in early 1997. The disbursement target for CY97 will be US$3.5 million projecting that the Metalfrio and both of Refripar's projects will be fully implemented, and at least part of other projects will be initiated. The ODS phaseout target would be the same as last year, 250MT. The implementation difficulties experienced in this operation are also related to the lack of government policies directed to signal a gradual phaseout of ODS. The Bank plans to offer the government assistance in developing and gaining domestic support for a policy framework that begins addressing Brazil's commitments under the Protocol while giving industry a planning horizon for ODS phaseout. Provided with a positive response from the Goverment to this offer, US$60,000 in preparation resources would be devoted to this task with a policy paper and discussion in Brazil as its main output.

<u>1997 Performance Indicators</u>

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	250	3.5	8		TBD	TBD	TBD	N/A
ACTUAL								

* only for subprojects approved in 1996.

CHILE

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be-Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	100	0.86	6(i)	70	1.0	1	93	N/A
ACTUAL*	32	0.337	N/A	32	1.0	1	93	10.75

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.

The Project is expected to exceed phaseout targets and meet 86 percent of CY96 disbursement targets.

The success of the grant auction scheme which will be implemented in CY97 will be reported and judged based on the following performance indicators:

(a) Comparison of grant funding with EC thresholds (90 percent or better);

(b) Comparison of grant funding with "EC-eligible" financial project costs (less than 100 percent);

(c) Comparison of grant funding with EC approvals for similar projects (equal or better than comparable projects elsewhere);

(d) Commitment time (from EC approval to commitment of funds to companies; depends on timing of EC approval and auctions);

(e) Implementation time (from commitment of funds to companies to project completion; 8 months or less).

Project Implementation

Three out of five components of the MP I Project (Publicity Campaign, Ozone Seal and Institutional Strengthening) have been completed and fully disbursed while the remaining two components are nearing completion:

(a) The Ozone Seal has been offered to companies in CY96; one company has received certification, several other requests for certification are under analysis. The Ozone Seal could become an important incentive instrument. However, adoption is relatively slow since competitive bidding for the certification contract has resulted in a relatively high price for certification that exceeds the willingness to pay of many small and medium ODS consumers. This component is completed.

(b) The public relations campaign was successfully implemented between September 1995 and February 1996. The public awareness campaign has proven very effective in mobilizing public opinion and also alerting ODS-consuming companies of the need for phaseout and the active role of the national environment agency (CONAMA). Pending a formal evaluation of the campaign impacts, this component is completed.

(c) The Institutional Strengthening Phase I was completed in October 1996. The Ozone Team has provided an implementation report to the EC, which has subsequently approved continued financing for institutional strengthening through October 1998.

(d) A detailed agenda for a training seminar for various sectors has been prepared. In order to link this training program to the planned grant auctions, the date has been moved to March 1997.

(e) The TECFIN component is proceeding well and nearing completion. Ten subprojects for a total of US$425,000 and the phaseout of 118 tons ODP have been approved. Two of these have been completed and the remaining eight are expected to be completed and fully disbursed during CY96. Subprojects to be financed from the remaining US$71,000 of TECFIN funds are identified in CY96. After long initial delays, TECFIN is proving to be a very effective and flexible instrument to finance the phaseout of ODS consumption in small and medium size consumers at low cost. Due to the participation of a large number of very small consumers in TECFIN, average cost-effectiveness is lower than initially expected but in line with revised targets and much better than average cost-effectiveness in typical small ODS phaseout projects. The average cost effectiveness of the Phase I Project is US$3.60 per kg ODP phaseout.

<u>ODS Phaseout</u>

ODS phaseout in CY96 is expected to reach 118 tons ODP (50 tons in commercial refrigeration, 64 tons in rigid foams and 4 tons in domestic refrigeration recycling).

<u>Disbursement</u>

As of November 14, 1996, US$679,000 had been disbursed out of a grant total of US$1,206,000. The remaining balance of the Chile MP I grant is expected to be disbursed during CY97.

II. Program Expansion and CY97 Outlook

The CY97 work program focuses on preparing Chile for attaining the first phaseout obligation under the Montreal Protocol for the year 1999. The first element of the country strategy for compliance focuses on the implementation of the grant auction program to finance the conversion of ODS-consuming companies. Given funding limitations and thresholds, the grant auction scheme alone will not ensure adequate phaseout. Thus, to improve the grant auction outcome and to ensure compliance of Chile with the agreed aggregate phaseout targets, the development and implementation of a regulatory framework restricting the import and use of ODS will gain critical importance.

Beyond the completion of the residual elements from the Phase I TECFIN and training programs, the main objective for CY97 is the implementation of the grant-auction scheme approved and funded by the EC in May 1996. It is expected that the already approved funds for the grant auctions (US$970,000) will be committed during two auctions in CY97 (May and October 1997). Given the successful implementation mechanism of TECFIN I, this mechanism will be used to the extent possible for the grants awarded under the grant auction scheme foreseen for CY97.

Disbursements in CY97 are expected to include the remaining balance of Phase I and additional US$730,000 (US$650,000 from projects approved at the March 1997 grant auction and US$80,000 for institutional strengthening).

Given the uncertainty about the exact outcome of the grant auctions, ODS phaseout for CY97 cannot be predicted with precision. Given the built-in thresholds, ODS phaseout associated with the disbursement forecast will be at least 61 tons.

Once the approved funds for the grant auction are committed (expected for October 1997), Chile will return to the EC with a request for funding of the remaining US$3.8 million from the original project proposal for the Phase II project.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	>61	0.85	14	60	TBD	TBD	TBD	N/A
ACTUAL								

* only for subprojects approved in 1996

CHINA

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	8,995	13	6[(i)]	30	15	21	7,390	N/A
ACTUAL*	3,019	7.63	9.75[(ii)]	20.9	18	15	1,847	9.75

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.
(ii) based on the assumption that the remaining subprojects will be approved beyond 1996.

Status of Project Implementation

ODS I and II. As of November 10, 1996, 98 percent of ODS I (total of five subprojects with Grant amount of US$6.925 million[1]) and 51 percent of ODS II (total of nine subprojects with Grant amount of US$4.421[2] million) were disbursed. Under ODS I, one subproject was completed in 1995, and two will be completed by the end of 1996. The remaining two are expected to be completed by early 1997. Under ODS II, three subprojects were completed in 1995, three expected to be completed by end of 1996 and the remaining three by mid-1997. ODS I + II projects are expected to be completed as scheduled by June 30, 1997. However, ODP reporting in the aerosol subprojects under ODS I were inadequate, with a resulting impact on ODS phaseout target. Cumulative ODP phaseout totals about 3,000 MT as of end of October 1996.

ODS III. ODS III has an umbrella Grant Agreement of US$90.1 million. It was signed on June 29, 1995 and became effective on October 31, 1996. To date, EC has approved 46 subprojects totaling US$54.6 million. As of early November 1996, the Bank has approved 29 subprojects, of which 23 beneficiaries have signed subgrant agreements with China Investment Bank (CIB) and all have started implementation. Disbursements to date total US$6.7 million. Based on current implementation status, disbursement in the next six month is expected to be around US$7 million and for 1997, cumulative disbursement is expected to be about US$14 million

PPAs. The first three project preparation advances (PPAs), PPA I, II and III (US$1.5 million, US$300,000, and US$320,000 respectively) were fully disbursed in 1995 and 1996 as scheduled. As for PPA IV and V (US$200,000 and

1 Grant amount for the five subprojects totaled US$7.825 million, of which US$0.9 million is covered under PPA I.
2 Grant amount for the original ten subprojects totaled US$5.465 million, of which US$0.6 million is covered under PPA I. Due to change in project scope in one subproject (The Tianjin Polyurethane Plastic Factory), an amount of US$443,100 was canceled and funds were returned to Montreal Protocol ExCom.

US$100,000), about 18 percent and 17 percent respectively have been disbursed and the remainder will be disbursed in the next few months.

CY96 Targets and Achievements

Sector approach. The main focus in 1996 was the development of the sector approach with halon as the pilot sector. The concept was endorsed in the Bank during the Project Concept Review meeting at the end of June. A halon sector proposal was presented to EC at its 20th meeting in mid-October 1996 and was well received.

Work program. In 1996, six foam subprojects totaling US$1.9 million were cleared for funding during the 19th EC meeting in May 1996. Another nine subprojects were approved during the 19th and 20th meetings, totaling US$13.4 million. Together, they amounted to US$15.3 million, fulfilling the target funding approval of US$15 million in CY96.

ODS I to III implementation. Intensive supervision of approved subprojects was another 1996 target. Together with Chinese agencies, significant progress was made in project implementation during 1996 and brought ODS I near to completion. Capital investment of ODS II had been completed and outstanding balance under ODS II is for incremental operating costs only, expected to finish disbursing by mid-1997. Most approved subprojects under ODS III have started implementation. As of early November, 1996 disbursement for the three projects totaled US$10.9 million.

II. Program Expansion and CY97 Outlook

CY97 Strategy and Perspectives, Considering Lessons Learned from Current Activities

Streamlining of appraisal procedures and reporting. Possible streamlining procedures were discussed with the two financial agents (FAs) during the October 1996 FA workshop in Washington D.C. The FAs made proposals which would expedite subproject appraisal and it was agreed to discuss these with NEPA during the next mission:

(a) FA to be selected as soon as NEPA endorses the subprojects to the Bank. The FA could then work with Bank consultants when project summaries are prepared. This would give the FA time and opportunity to know the enterprises well and subproject appraisal would be much faster. CITIC was only introduced to the ODS program in May 1996 and currently, NEPA selects FAs only after EC approval of subprojects. This adds a few months to completion of subproject appraisal;

(b) the subproject appraisal report to be as similar to the project summary as possible;

(c) procurement agencies to be appointed as soon as subprojects are approved by EC;

(d) FA to be provided with project summaries when subprojects are submitted to EC; and

(e) one completion report required for EC, World Bank and NEPA.

ODS phaseout target. Actual ODP reduction achieved in 1996 will be only 45 percent of the 9,000 ton ODP target. This shortfall is largely caused by the slower than expected subproject implementation and due in part to the cumbersome local administrative procedures in appraisal and procurement arrangements. The two aerosol subprojects in ODS I are major contributing factors to the shortfall. ODP reduction from these two enterprises in the surrounding areas were expected to be significant. However, this is not well documented. We are working with NEPA and once the market survey is satisfactorily carried out, the realized ODP would be much higher than currently reported. We expect NEPA to complete the market survey by early next year.

Foam sector. There are 20 foam subprojects under ODS III designed for CFC-free technology. However, rapid change in foam technology and the insufficient levels of approved funding to cover imported technology equipment have caused many enterprises to delay implementation. Several subprojects have switched technology to CO_2 which is much more expensive. During the July 1996 mission, a detailed work program was prepared and a number of foam subprojects are expected to start implementation in the early half of 1997.

Intensive supervision of approved subprojects continues to be essential to timely implementation of approved subprojects.

CY97 Targets

Completion of ODS I and II. The two projects are expected to be completed by mid-1997. Projected ODP phaseout is expected to be 14,800 tons.

ODS III implementation. Intensive supervision would be needed for timely implementation of approved subprojects and ODS phaseout target achieved. About US$14 million is expected to be disbursed. ODP phaseout is expected to be 3,000 tons. About 12 subprojects would be prepared for EC approval totaling US$16 million.

ODS IV. The project will be brought from appraisal to effectiveness, and at the same time, EC funding for the halon sector will be requested for approval at the 22nd meeting, currently scheduled in May 1997. China would be assisted by the Bank to start the halon phaseout program in mid-1997.

CFC production sector. If the EC approves preparation funding and production guidelines are established during the year, work on this sector will begin in CY97. Depending on implementation progress of the approved aerosol and mobile air conditioning (MAC) subprojects, we may start investigating the possibility of including these two sectors in ODS IV after the halon sector program has started.

Institutional strengthening. It is important that additional training are provided to client agencies, including NEPA , the financial agencies, and other local implementing agencies.

ODS video production. It would be extremely useful if we could extend our efforts to promote ODS phaseout objectives through mass communications. An ODS video for consumers would help achieve this goal very effectively.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	17,800	14	9	608	26.5**	9**	8,670	3.10
ACTUAL								

* only for subprojects approved in 1996

** new projects also include the halon sector approach project with the cost of US$10 million

COLOMBIA

I. Background

The Government of Colombia (GOC) has formally requested Bank support for an update of its country program. At GOC's invitation, a Bank mission recently attended, a seminar in Bogota which focused on commercial/industrial refrigeration. One-on-one meetings took place with 8 of the participants and these meetings revealed a readiness to proceed with project preparation as soon as possible for funding consideration by the 22nd Meeting in May/June of 1997. The mission also took the opportunity to brief these enterprises on the Bank's mode of operation with country-clients, which is different from other agencies, i.e., local implementation.

Colombia has an Ozone Unit that was established in 1993. The responsibilities of the unit are typical of ozone teams in other countries. Colombia is presently working with UNDP (total project cost US$9 million.) in the domestic refrigeration and foam sectors among 12 beneficiaries. To further facilitate MP operations, GOC has recently eliminated VAT taxes on equipment funded by these resources.

II Rationale for Bank Involvement

Even though Colombia does not produce CFC, it is one of the largest consumers in Latin America (3,500 tons per year). GOC has requested Bank support given its extensive experience in large MP operations and Colombia's desire to replicate the Bank-Mexico program in industrial/commercial refrigeration, especially in retrofitting. Also, the Bank has presently under implementation an urban environment technical assistance project and a Bank-executed MP program will provide interesting synergies and linkages with Colombia's overall environment strategy.

III Program Expansion and CY97 Outlook

Activities in 1997 will focus on updating Colombia's CP and building its project pipeline. The fact that Colombia has a well functioning Ozone Unit with a three-year track record in MP implementation will facilitate project evaluation, save on start-up expenses and lower transaction costs.

Funding proposals for program initiation will be requested for CY97. The disbursement target, based on UNDP disbursement record of about US$1 million for the first year of operation, is conservatively estimated at US$0.5 million. The estimated administrative budget for identification and preparation work is US$125,000, of which, US$40,000 will be used for completing country program update, and US$85,000 for developing a pipeline of about US$10 million which would be delivered mostly in 1998.

ECUADOR

I. CY96 Status and Implementation of Funded Activities

1996 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	30	0.65	6	0	0	0	0	N/A
ACTUAL*	30	0.206	N/A	0	0	0	0	

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)

Project implementation continued smoothly in 1996. The umbrella aerosol project is complete. The umbrella foam project which was originally approved to cover 50 percent phaseout at three enterprises, was expanded (within approved budget) to cover four enterprises for 100 percent phaseout. Conversion of this additional enterprise will be completed in early 1997. Disbursement targets and ODP targets were exceeded.

II. Program Expansion and CY97 Outlook

During 1997, Phase II of the Country Program will be initiated. A project for MAC recycling will be prepared and presented to the EC for financing. Ecuador continues on the ODS phaseout schedule set forth in its country program and expects to be completely out of ODS by 2000.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	0.54	5	15	TBD	TBD	TBD	N/A
ACTUAL								

* only for subprojects approved in 1996

EGYPT

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	1.1	6[(i)]	N/A	N/A	N/A	N/A	N/A
ACTUAL*	0	0.85	N/A				N/A	N/A

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.

Two disbursements totaling of US$1.85 million have been made to the MCMC investment subproject. Significant progress has been made in the conversion of the compressor lines and completion is expected in CY97.

II. Program Expansion and CY97 Outlook

Supervision of the MCMC investment subproject will be undertaken in early 1997. The grant should be fully disbursed in CY97 (i.e., the remaining balance of US$250,000 will be disbursed in one additional tranche). The project itself is expected to be completed in CY97 with the company producing both HFC-134a and hydrocarbon compressors.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	0.25	N/A	N/A	N/A	N/A	N/A	N/A
ACTUAL								

* only for subprojects approved in 1996.

INDIA

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	54	3.8	6(i)	300	14.5	28	1,800	N/A
ACTUAL*	517	0.651	6.42(ii)	191	10.6	15	1,723	6.15

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.
(ii) based on the assumption that the remaining subprojects will be approved by end 1996.

CY96 Status

To date, cumulative disbursements for ODS I and ODS II totaled US$0.7 and US$3.9 million respectively. Under the Umbrella Grant Agreement for ODS II, there are now 52 subprojects approved by the EC of the MFMP of which 15 were approved in 1996 and 29 in 1995. The following activities were accomplished in 1996:

(a) About US$118,344 was disbursed for the two pilot subprojects under ODS I.

(b) Under the Umbrella Grant Agreement for ODS II, a total of fifteen subprojects were approved - six in the foam sector, eight in commercial refrigeration and one in the household refrigeration sector. These approvals amount to around US$5 million with phaseout of Ozone Depleting Potential (ODP) - mainly CFCs - targeted at about 960 tons. Total commitment under ODS II amounts to about US$17 million.

(c) Seventeen (17) appraisal reports have been completed by Industrial Development Bank of India (IDBI) and 21 subgrant agreements (SGA) have been signed between IDBI and beneficiary enterprises to date.

(d) Implementation of 8 subprojects commenced (which will bring the number of active subprojects to 29). A total of about US$1.3 million has so far been disbursed under ODS II in CY96. A subproject in the foam sector (Industrial Foams Ltd. with ODP of 35 tons) is likely to be the first to be completed by the end of the year as over 90 percent of its funds has already been disbursed.

(e) The Refrigeration and Air Conditioning (R&AC) sector strategy paper was just completed by the Confederation of Indian Industries (CII). The final report is being submitted to Ministry of Environment and Forestry (MoEF) for its review and possible clearance.

The work program for CY97 will include: (i) implementation of a portfolio of 54 subprojects already approved; (ii) completion of the solvent sector strategy paper: and (iii) preparation of investment projects (in several sectors) which are to be processed in 1997.

The CY96 program was quite ambitious as a pipeline of around US$15 million was projected against actual delivery of US$5 million. This was due to the factors mentioned above and the following additional factors:

(a) the business plan did not anticipate one less meeting of the EC at which approvals would have been considered this year. Actually, the projection included submission of two (additional) subprojects - MAC and a household refrigeration subproject - had that meeting taken place. The estimated funding for this was around US$12 million;

(b) the widening of the gap between the anticipated and approved funding in R&AC sector, e.g. at least US$5 million in the case of the Godrej subproject;

(c) the protracted discussion on the level of funding for Godrej subproject discouraged other similar enterprises from submitting proposals; and

(d) all the requests from the Ozone Cell were accommodated.

Implementation of Approved Subprojects

Besides the activities mentioned above, seven appraisal reports and nine subgrant agreements for subprojects approved prior to 1996 have yet to be completed by IDBI. It was anticipated that in 1996 IDBI would have been able to clear this backlog. Despite their efforts the target was not fully accomplished due to the following reasons: (a) GOI normally awaits formal notification from the MFMP before informing the enterprise of EC's approval and this takes much longer to be issued than the Bank's notification, thus delaying the start of implementation; (b) there were unavoidable administrative and bureaucratic complications in processing of SGAs; (c) resolution of issues associated with retroactive financing for two enterprises which had already completed conversion of their projects, was awaited; (d) delay by enterprises in furnishing the financial information required by IDBI to complete the appraisal reports; and (e) technical complications encountered in procurement.

Both the Bank and MoEF/IDBI are considering areas for improvement to remove some of these bottlenecks, such as: (a) the Bank has expressed to GOI/IDBI its willingness to assist enterprises with procurement and technical issues; (b) GOI has agreed to notify the enterprises regarding their approved grant on the basis of the Bank's notification; (c) the Bank and IDBI agree (but are yet to convince GOI that if within a year of GOI's issuance of notification, the enterprise has not made significant progress on implementation, steps should be taken to cancel the subproject and return the funds to MF; and (d) collecting more detailed baseline information (including certificate of ODS consumption) for each enterprise during the project preparation stage. These improvements are likely to help us meet the disbursement targets for CY97 of US$0.5 million and US$3.0 million of ODS I and ODS II respectively.

Moreover, preparation of some investment projects in the solvent and halon sectors was included in CY96 Business Plan. With regard to the solvent sector, the possibility of preparing these types of projects will be re-examined after the completion of the sector strategy paper. Also, subprojects in this sector tend to be expensive and the Bank's experience has been that (a) subprojects categorized as process agent were submitted for funding and are still awaiting the MFMP's decision/guidelines on eligibility; and (b) other subprojects in this sector are not cost-effective. Therefore, unless the enterprises are willing to absorb a major portion of the conversion cost, project preparation in this sector is unlikely to start in the near future. In the case of the halon sector, the Bank, through its consultants, has maintained an active dialogue with the enterprises, and a group of subprojects has been identified. However, due to the low threshold of cost-effectiveness for halon (US$1.48/kg) and little consumption of halon by most of these enterprises, funding of each of these subprojects would be below US$100,000 and thus below the minimum size to be covered under the present Bank and IDBI arrangement.

To overcome this constraint, the Bank's India team has been exploring the possibility of: (i) grouping a number of these enterprises and preparing a large project, and (ii) developing a new implementation modality such that while it allows subprojects to be implemented by an entity other than IDBI, it could still fit within the Umbrella Grant Agreement. However, overall responsibility and channeling of the funds would remain with IDBI. In September 1996, the consultants identified a government agency which was willing to assume responsibility for implementing this group project, but IDBI rejected the idea on the grounds that it cannot sign a legally binding agreement with a government organization. Since then, and after internal consultation within the Bank (ENVGC, Legal and Loan Departments), the Bank's India team has discussed with the United Nations Office for Project Services (UNOPS) the possibility of establishing implementation modalities through them.

A detailed letter describing the Bank and UNOPS position has been sent to IDBI for comments. The outstanding issues are whether UNOPS which normally signs agreements directly with the government can sign an agreement with IDBI, and whether IDBI would be comfortable delegating responsibilities to UNOPS, while still being accountable to the Bank under the Umbrella Grant Agreement. As soon as the Bank's India team receives positive signals from both IDBI/GOI and UNOPS on these outstanding issues, the project preparation process can be initiated.

II. Program Expansion and CY97 Outlook

Preparation of Investment Projects

The work program in CY97 will contain investment projects in the R&AC sector (two in household refrigeration, one in mobile air conditioning (MAC) and a number of commercial refrigeration subprojects). There is some possibility of delivering a group of halon subprojects if the implementation modalities and agreement between IDBI/GOI and UNOPS can be arranged. Furthermore, a package of aerosol subprojects amounting to about US$1 million is pending the resolution of a policy issue between EC and GOI. GOI has indicated that the matter is likely to be resolved in CY97. The sectoral distribution of subprojects, ODS expected to be phased out and anticipated grant requirements are presented in the table below.

Investment Program for CY97

Sector	No. Of Projects	Expected Funding Request (US$ million)	ODS Phase Out (tons)
Aerosol	13	1.2	350
Halon	10	1.5	150
R&AC			
Household Refrig	2	6.9	706
Commerc. Refrig.	10	1.8	130
Mobile AC (MAC)	1	1.6	181
Compressors	2	9	N/A
TOTAL	38	22	1,617

Therefore, it is projected that CY97 program for India would require about US$22 million in grants and would phaseout over 1,600 tons of ODS. This program is in line both with EC's guidelines in terms of most cost-effective sectors, and with GOI's priorities in terms of high consumers of ODS.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	300	3.5	12	349**	22	38	1,617	N/A
ACTUAL								

* only for subprojects approved in 1996
** of which, US$32,000 is for sectoral strategy work

INDONESIA

I. CY96 Status and Implementation of Funded Activities

1996 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$ M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	800	5.0	6(i)	30	5.0	12	470	N/A
ACTUAL*	770	1.91	6.25(ii)	20	1.14	4(iii)	130	8.77

* as of November 30, 1996

** time between EC approval and Bank's approval (only for subprojects approved in 1995)

(i) time from approval to first disbursement was set at 6 months.

(ii) based on the assumption that the remaining subprojects will be approved by end 1996.

(iii) twelve subprojects were prepared, but only four were funded by the EC.

In addition to the 18 subprojects already funded when CY96 Work Program was prepared (Oct. 1995), 6 more subprojects were approved for funding at the 18th Meeting in November 1995, and 4 more at the 20th Meeting in October 1996, bringing the total number of approved subprojects up to 28.

Implementation of Funded Activities

CY96 - Status of Project Implementation-Targets, Achievements and Lessons Learned

After the slow start-up experienced during 1995, project implementation accelerated significantly during 1996. Bank UPPINDO, the Financial Intermediary, was able to start appraisal work only after the Umbrella Grant Agreement became effective in February 1995, when there was already a backlog of 18 approved subprojects: hence the gap between the dates of subproject approval and the beginning of appraisal work. Only 5 Subgrant Agreements (SAs) were signed during 1995. During 1996, however, Bank UPPINDO appraised 20 subprojects, 17 of which signed SAs as of November 1996. One subproject in the solvent sector was completed in June, and a technical audit/completion certification was conducted in October 1996.

As appraisal work and signing of SAs only started picking up in CY96, disbursement naturally followed only in the latter part of CY96. The disbursement target of US$5 million originally set for CY96 was revised down to US$4.5 million at mid-year. As of November 25, 1996, over US$1.91 million has been disbursed.

Apart from legal agreements and disbursement, project implementation on the ground advanced significantly during CY96. As of June 1996, nearly 770 MT of ODS had been phased out, and by the end of December, 1996, actual phaseout amount will probably exceed the CY96 target of 800 MT. One important lesson learned during CY96 is that often actual project implementation goes ahead of paperwork, such as preparation and signing of Subgrant Agreements and getting invoices and application forms ready for disbursement.

Project Preparation Activities Funded in Previous Years

Under PPA I, 18 subprojects were prepared during CY93-94 for phaseout of 2065 MT of ODS. PPA II was utilized for a feasibility study for the establishment of a HAPs production facility in Indonesia. Also under PPA II, 13 investment projects were prepared over CY95 and CY96. Of these, 6 were approved for funding at the 18th Meeting, 4 were approved at the 20th Meeting, one MAC project was prepared but was withdrawn by the enterprise, and 2 will be submitted to the 21st Meeting in February 1997. Outside of PPA II, one aerosol project was prepared as a product of the Aerosol Safety TA Project which is currently being implemented. The project preparation funds allocated for Indonesia for CY96 had been fully utilized.

Project Preparation In Previous Years

PPAs		foam	MAC	HHR	aerosol	halons	solvents	tobacco	TA	TOTAL
PPA I $250k	# of projects	11	1	3	1	1	0	0	1	**18**
	phaseout MT	1267	41	292	n/a	465	0	0	n/a	**2065 MT**
PPA II US$170k	# of projects	1	1(a)	6(b)	1(c)	0	4	1(b)	0	**14 (10 already funded)**
	phaseout MT	40	n/a	447.3 (b)	460	0	23.87	90(b)	0	**1061.17 MT**

(a) Project prepared, OORG-reviewed, but was withdrawn by the enterprise.
(b) One HHR (PT Samsung) and one tobacco sector project are not yet approved for funding. These are to be submitted to the 21st Meeting in February 1997.
(c) Project prepared not under PPA II, but as part of the existing Aerosol Safety TA project. Not yet submitted to for consideration by the EC.

II. Program Expansion and CY97 Outlook

CY97 Targets

According to a rapid assessment conducted at the end of CY96, ODS usage and authorized imports of CFCs are already declining rapidly under the government's programs to phase out CFC, due both to projects supported by the MFMP and to market forces. In CY97, technical and financial assistance will be provided to the Government of Indonesia to provide better documentation of ODS usage and imports, and to develop programs to address the unauthorized imports so that they do not hinder Indonesia's meeting the 1999 freeze.

The focus of CY97 Work Program will also continue to be on physical implementation of approved subprojects, and on ensuring that disbursement follows project implementation in a timely manner. The momentum built up during CY96 is expected be carried on in CY97 in both project implementation and disbursement. An additional 1,000 MT is expected to be phased out, and US$4.5 million to be disbursed during CY97. The majority of the 24 subprojects approved at the 18th Meeting and before are expected to be completed during CY97. Technical audits of these subprojects will be carried out by appropriate consultants as part of supervision to ensure that equipment has been installed and training conducted according to subproject appraisals and agreements.

During CY97, the 3 new subprojects (HHR, aerosol, and tobacco expansion) already prepared but not yet approved for funding will be submitted to the EC first, as mentioned above. In addition, eight new subprojects in the foam, halon and refrigeration sectors will be prepared and submitted in CY97. It is estimated that the value of these new projects which will capture 788 MT of ODP will be about US$4.9 million.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	1,000	4.5	6	179	4.9	9	788	N/A
ACTUAL								

* only for subprojects approved in 1996

(i) to support preparation of subprojects to be submitted to the EC in 1997 and 1998.

JORDAN

I. CY96 Status and Implementation of Funded Activities

1996 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	0.7	6(i)	40	0.8	4	190	N/A
ACTUAL*	0	0.29	3(ii)	18.3	0.9	4	294	3.06

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.
(ii) based on the assumption that the remaining subprojects will be approved by end 1996.

Institutional Strengthening

The EC approved US$170,000 to support the strengthening of the Project Implementation Unit (PIU) for Phase 1 and Phase 2 of the ODS phaseout project. As of August 1996, US$100,000 has been utilized towards operational expenses related to office equipment, rent, staff monthly salaries, consultant fees and others.

Investment Activities - Phase 1

Company	Sector	ODS to be phased out (MT)	Approved funding (US$)	Status of Implementation
Household & Toiletries Mfg. Co.	Aerosol	30 (CFC-12)	135,000	Contract signed with Thermogear Ltd. Co. England on May 7, 1996. Delivery of equipment is underway.
M. Haddad & Sons	Aerosol	85 (CFC-12)	250,000	Contract signed with KP Aerofill England on July 19, 1995. Equipment was delivered on February 1996, but is yet to be installed. The company is preparing the site for the equipment.
Jordan Petroleum Refinery Co.	Liquefied Petroleum Gas (LPG)	200	700,000	All contracts signed. Delivery of equipment is underway.
Kolaghassi Foam & Mattress Factory	Foam	40 (CFC)	152,000	Contract signed. Delivery of equipment is expected by November 1996.

Investment Activities - Phase 2

Under Phase 2, the EC approved four more foam projects and additional funding for institutional strengthening - Phase 2, as listed below. The agreements for these four foam projects have been signed, after the signing of Grant Agreement between Jordan and the Bank in September 1995.

Company	Approved Funding (US$)
1. Arab Foam Factory	125,600
2. Jordan Plastic Company	129,600
3. National Foam	118,400
4. Five Star Polyurethane Foam	66,000
5. Institutional Strengthening	70,000
TOTAL	**509,600**

Project Preparation in CY96

There were three aerosol projects, enumerated below, which the EC approved at its 20th meeting. The EC approved these projects with reduced costs since the LPG price used were different from the project proposals.

Company	Approved Funding (US$)
1. JIPCO	102,855
2. JADICO	65,720
3. JPCCO	203,328

Disbursement

As of November 30, 1996, disbursement had reached US$292,160.

II. Program Expansion and CY97 Outlook

The focus of CY97 Work Program will continue to be on implementation of approved projects. No program expansion is planned for CY97 unless the speed of implementation improves significantly during the year. However, it is not anticipated to have any new projects submitted to the EC before 1998.

It is expected that a total of US$942,000 will be disbursed in CY97 (US$542,000 for Phase 1, and US$400,000 for Phase 2).

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	179	0.942	9	0	0	0	0	N/A
ACTUAL								

* only for subprojects approved in 1996

MALAYSIA

I. CY96 Status and Implementation of Funded Activities

1996 Performance Indicators

	ODP to be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	1,200	2.0	6(i)	30	1.4	1	N/A	N/A
ACTUAL*	963	2.11	11.45(ii)	19.9	1.6	3	63.4	25.24

* based on first 9 months of 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
*** only for subprojects approved in 1996
(i) time from approval to first disbursement was set at 6 months.
(ii) based on the assumption that the remaining subprojects will be approved by end 1996.

Status of Funded Activities

The MAC recycling subproject completion report is expected in early 1997 following the completion of the data collection. The Halon recycling subproject is under implementation with some modifications to the original proposal. It was extended for another year to June 30, 1997 following contract execution in March 1996. Since the central Halon Bank was established in April 1996, about 3 tons of halon had been recovered as of September 1996.

For the ODS phaseout project, preparation of another 11 appraisals has been delayed by difficulties in collecting adequate information from the enterprises. Most of the phaseout projects are still being implemented.

Achievements

Based on the CY96 work program targets, the Malaysian ODS Phaseout projects should have resulted in 1200 MT/year ODP elimination by the end of 1996. Due to the delay in implementing the Halon recycling subproject, the estimated ODP elimination for 1996 will be approximately 963 MT (590 MT for Investment Project, 3 MT for Halon Bank subproject, and 370 MT for MAC subproject).

Under the ODS Phaseout Investment Project, the remaining two proposals were submitted to the 19th EC meeting, completing EC approval for the 16 subprojects identified in the first tranche, for a total value of US$9.2 million. Since declared effective on January 25, 1996, five appraisals were approved, of which two subgrant agreements have been signed and the funds fully disbursed (US$1.18 million). In September/October, CETEC was able to receive sufficient information to prepare five more subproject appraisal reports which should be ready for review by the end of 1996.

Lessons Learned

Generally, the two projects have progressed very smoothly, and the good cooperation between the Department of the Environment, the industries and the consultant eased the administration and supervision of the activities, with the exception of the Halon Recycling subproject. A methodical approach to appraisal and report writing also facilitated ease of approvals. A common problem is that companies find it difficult to provide old information. However, as the time between subproject approval and appraisal continues to be shortened this problem should be alleviated over time. Further time savings have been realized through simplification of the appraisal process and through limiting appraisal reviews within the Bank.

II. Program Expansion and CY97 Outlook

The Bank will continue working on strengthening communications with DOE on the supervision of the Halon Bank, at least through the first quarter of CY97. The Halon recycling project is expected to be completed by June 30, 1997. Once DOE's plan to eliminate the use of Halon 1211 and Halon 1301 is adopted, with the exception of essential users, four regional collection centers are expected to be opened. Upon completion of this subproject, the ODS Recycling Project will be closed.

Six subprojects are expected to be completed by the end of 1997 with an additional 376 MT of ODP phased out in the aerosol, chiller, MAC, and solvent sectors. This will complete the first tranche of subprojects for which completion reports will be prepared.

Malaysian industries have been extraordinarily responsive to environmental issues and many have phased out ODS ahead of the national plan, and without applying for MP funding. Although it will take CETEC some additional time and effort to identify them, there are some small and medium-sized enterprises which are eligible for and could benefit from MP funding. The Bank will support CETEC in its project preparation activities. To support project preparation activities, US$28,000 is being requested to prepare projects for submission in 1998.

1997 Performance Indicators

	ODP to be Phased Out (MT)	Disb. (US$ million)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	435	3.0	6	27.0	TBD	TBD	TBD	N/A
ACTUAL						-		

* only for subprojects approved in 1996.

MEXICO

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	2.55	6(i)	0	0	0	0	N/A
ACTUAL*	476	1.55	N/A	0	0	0	0	N/A

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.

Status of Activities Already Funded

The implementation of approved subprojects was in line with mid-year estimates and represents a turn around of Mexico's previous poor performance. Disbursements have now reached US$3.6 million, accounting for 90 percent of total grant amount. Regarding ODS phaseout about 740 ODP tons (including 450 ODP tons of recycled solvents) were eliminated, also in line with target amount. At present, there are only two subprojects (Gigante & Aurrera) in the final stages of execution, with grant resources fully committed. Full grant disbursement of the US$4.0 million line-of-grant is expected by year-end.

The Pilot Recycling/Training Project (US$180,000) which had two components, CFC-12 Pilot Recycling - US$75,700 and Aerosol Propellants Safety Program - US$104,300, closed in December 1995.

Project and Program Preparation

Activities in 1997 will focus on preparing a follow-up operation under a different implementation mechanism. NAFIN will assume the role of executing and financial agent. INE will have a supportive role in subproject identification, preparation and supervision. Its main functions will be as follows : (a) to track production, exports and imports of ODS; (b) to represent Mexico at international ozone conferences; (c) to maintain and update ODS phaseout statistics; and (d) to continue as an environmental policy-making body.

The categories contemplated under this follow-up operation are as follows : (a) investments (US$13 million over 1997-99); (b) technical assistance (US$0.5 million); and (c) 3 percent financial agency fees. Investments are, tentatively, contemplated in the following sectors, commercial and industrial refrigeration, production, and MACs. Regarding the CFC production sector, the new guidelines approved at the 19th Meeting will be adopted. The technical assistance component will be used to strengthen NAFIN and the newly created Environment Division.

An Implementation Completion Report (ICR) is in the preliminary stages for the Policy/Institutional Strengthening Project (US$4 million).

II. Program Expansion and CY97 Outlook

Funding proposals for program expansion will be requested for CY97. The disbursement target for CY97 is US$1 million. Project preparation work (US$120,000) will also be initiated.

Mexico is interested in developing a phaseout project for the production sector and will be working with the Bank in 1997 to develop an overall plan for conversion and/or shutdown of Mexico's two CFC production facilities.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	1	6	120	2.5	2	200	N/A
ACTUAL								

* only for subprojects approved in 1996

PAKISTAN

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	0.5	6(i)	100	3.65	4	345	10.43
ACTUAL*	0	0	12(ii)	100	0.26	1	17	9.00

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
*** only for subprojects approved in 1996
(i) time from approval to first disbursement was set at 6 months.
(ii) elapsed time (no subprojects approved in 1995 have been appraised).

Country Program

UNEP has been mandated to assist Pakistan with the preparation of the Country Program (CP). The local consulting company hired by the Ministry of Environment, Urban Affairs, Forestry & Wildlife (EUAF&W) to conduct the CP, completed work in July 1996. The CP was submitted and approved at the 20th EC Meeting in October 1996.

Institutional Strengthening

UNDP has provided an Institutional Strengthening (IS) component to EUAF&W consisting of US$259,000 for the next three years. This component will provide resources to EUAF&W's Ozone Cell to expand its capacity by three officers to deal with an increasing volume of business. EUAF&W has now begun implementation of the IS component starting July 1, 1995.

Project Preparation Activities

The focus of the Bank efforts was on the preparation and finalization of legal documents in order to commence project implementation activities. It is anticipated that the Umbrella Grant Agreement will be signed by a GOP representative by January 1997 and conditions of effectiveness are expected to be met by February 1997.

Bank efforts were also expended to prepare ODS phaseout subprojects. The first tranche of subprojects consisted of two foam sector subprojects that were approved at the EC meeting in July 1995. Total budget approved for these two projects is US$1.7554 million. It was anticipated that the second tranche of subprojects would consist of four domestic refrigerator subprojects. However, only one of those subprojects was cost-effective and was approved at the 19th EC meeting in May 1996. This project received US$0.2577 million. The two foam sector subprojects and the one domestic refrigeration subproject were approved by the Fund prior to signing of the Umbrella Grant Agreement. The project preparation funds allocated to Pakistan in CY96 were fully spent.

US$6,500 was spent on Financial Agent (FA) training under the Technical Assistance component of the Pakistan ODS Phaseout Project. The FA attended the ozone-related conferences held in October 1996 in the US in order to gain an overall perspective of MP activities and to discuss all MP project related issues with FAs from around the world. During October - November 1996, the FA also visited the financial intermediary organizations for the Philippine and Indonesia MP projects in order to obtain hands-on practical training of MP project implementation activities. The entire training took approximately three weeks.

The FA, National Development Finance Corporation (NDFC), is in the process of commenting on the model subgrant agreement which will be finalized by the Bank by February 1997.

II. Program Expansion and CY97 Outlook

Project Preparation Activities

The 1997 Work Program is designed to help Pakistan meet the first obligation under the Montreal Protocol - to freeze their consumption of Annex A, Group I chemicals at the average level of 1995 - 1997 consumption by the end of 1999. Bank efforts will continue to focus on the identification and preparation of ODS phaseout subprojects. The third tranche of subprojects will mostly be in the refrigeration sectors. Several enterprises have already been identified, and the Bank is assisting with subproject preparation. An agreement will be reached with UNIDO regarding subproject preparation to avoid duplication.

Of the three domestic refrigerator subprojects, it is anticipated that two of them will be ready for submission to EC in CY97. Currently, these two subprojects are not cost-effective (US$15.42/kg ODP). These two subprojects combined are expected to have an ODP savings of approximately 201 MT per year at a total project cost of US$3.1 million. The enterprises hope to modify their proposals in order to bring them within the cost-effectiveness threshold. It is anticipated that the third tranche of subprojects will be submitted at the 22nd EC meeting in mid-1997.

A terminal umbrella project will also be pursued to prepare a subproject under the thermoware foam sector. It is anticipated that this will have an ODP savings of 53 MT at an estimated project cost of US$415,000.

Disbursement activities will begin in early 1997 and disbursement is projected at US$1.0 million. Subgrants of the two approved foam and refrigeration projects would be signed within the first six months of 1997. It is expected that these three subprojects will be implemented in eighteen months resulting in an ODP savings of 282 tons/year by mid-1998.

The Bank will request US$45,000 from the MFMP to cover the costs of project preparation activities in 1997.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	1.0	20	45	3.1	2	201	15.42
ACTUAL								

* only for subprojects approved in 1996

PHILIPPINES

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	245	4.6	6(i)	0	2.5	8	150	N/A
ACTUAL*	204	4.25	N/A	0	0	0	0	N/A

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.

Implementation Status and CY96 Achievements

The Grant Agreement for the ODS Phaseout Investment Project was signed on October 6, 1994 and declared effective on February 2, 1995. Landbank of the Philippines (LBP) is the financial agent for the Project.

So far, 13 subprojects have been approved by the EC, including most recently four refrigeration subprojects which were approved during the 19th meeting. Seven of the 13 approved subprojects are currently under implementation. Appraisals for the remaining six are under preparation or under review. The total approved grant amount is US$11,276,634, of which US$5.7 million has been disbursed. As of November 1996, CY96 disbursements amounted to US$4.25 million, or 90 percent of the annual target. Total ODP phaseout under the Project reached 204 tons, or 85 percent of the CY96 target. Delays in the implementation of the foam conversion subprojects to HCFC-141b in the domestic refrigeration sector were largely responsible for the shortfall while subprojects in the solvent subsector were on target.

Project Preparation Activities

Efforts to prepare a second batch of subprojects were unsuccessful for lack of viable candidate subprojects. Identification efforts had focused on commercial refrigeration, building insulation, and medium-sized solvent users, specifically on CTC users. Potential subprojects were either already covered under the program of one of the implementing agencies or too costly to qualify under the cost-effectiveness guidelines. These findings were documented in the ODP Phaseout Strategy Note which reviewed the status of ODS phaseout in each key sector and recommended steps for the phaseout of remaining ODP consumption. The unused part of the grant for preparing the second batch of subprojects was canceled and the balance will be returned to the EC.

Institutional Strengthening.

The Institutional Strengthening Project (ISP) is Bank implemented and forms part of the Grant Agreement for the ODS Phaseout Investment Project. The Ozone Desk under the Department of Environment and Natural Resources is now operational and partially staffed. A workplan and budget for 1996 was submitted to the Bank and approved.

II. Program Expansion and CY97 Outlook

Project Implementation and Supervision

ODS phaseout in the Philippines has entered into a mature phase where efforts concentrate on the implementation of the existing investment portfolio supported by regulatory measures. The key objectives for the CY97 workprogram, therefore, are: (i) the completion of solvent subprojects already under implementation; (ii) continued implementation of refrigeration foam and tobacco expansion subprojects; (iii) starting implementation of recently approved refrigerant subprojects, and (iv) supporting the Ozone Desk in implementing its regulatory ODS phaseout policies.

Completion of solvent subprojects will involve the following steps: (i) approval of the appraisal report for Integrated Micro-Electronics solvent cleaning subproject; (ii) review of eligibility of one of the solvent subprojects which has undergone an ownership change and which may need to be canceled; and (iii) supervision and preparation of completion reports for the remaining solvent subprojects. Three of the four refrigeration foam subprojects are expected to complete their transition to HCFC and one company is preparing for a complete ODS phaseout based on cyclo-pentane. Full commercial production based on low-ODP or zero-ODP technology is expected for CY98. Implementation of the recently approved four refrigeration phaseout subprojects will involve the preparation and approval of appraisal reports and procurement of the non-ODS equipment.

Given the past experience with delays in the implementation process, disbursement and ODP phaseout projections continue to be cautious. Total disbursement is estimated to amount to US$4.5 million. Expected phaseout in CY97 amounts to 110 MT ODP, all in the domestic refrigeration sector, of which foam blowing accounts for three quarters and refrigeration for one quarter of the ODP. ODP phaseout in CY98 will largely depend on the completion of the tobacco fluffing project (total of 350 MT) and the completion of the PHILACOR refrigeration and foam blowing (2nd phase) subprojects (total of 196 MT), now targeted for the end of 1997.

Work Program and the Country Program

As the investment subprojects near completion and the remaining ODS consumption is widely dispersed among small users, the effective implementation of Philippines regulatory policies, such as import controls and monitoring of actual phaseout becomes more critical. Through the Institutional Strengthening Project, the Bank will support the Government in further developing its policy instruments and training of staff.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	110	4.5	12	0	0	0	0	N/A
ACTUAL								

* only for subprojects approved in 1996

THAILAND

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be-Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	500	5.0	6(i)	20	5.9	12	1,254	4.7
ACTUAL*	161	2.76	13(ii)	0	2.0	5	26	19.15(iii)

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.
(ii) elapsed time (no subprojects approved in 1995 have been appraised).
(iii) cost-effectiveness calculation did not include two compressor subprojects approved in 1996.

Status of Project Implementation

During CY96 the Department of Industrial Works (DIW) took a leading role in implementation of the Project. In the domestic refrigeration sector, several meetings were held with the companies in the industry which has led to Thailand meeting their Country Program target to phase out the use of CFCs in the domestic refrigeration sector by the end of 1996. Also, monthly meetings were initiated by DIW to discuss issues and reach agreements with Industrial Finance Corporation of Thailand (IFCT) (the financial agent) and the Bank. Communication has improved considerably between all parties since the regular meetings began.

Preparation activities suffered by the inactivity of Chula Unisearch, who was contracted to identify enterprises and help prepare proposals for subprojects. It was mutually agreed with Chula to terminate arrangements. Subsequently a contract was negotiated with CETEC, located in Malaysia, which is expected to be finalized by the end of 1996.

Clearance for four appraisal reports and preparation of four proposals in the domestic refrigeration sector were delayed due to insufficient baseline information. A technical mission which visited the industries during the last week of November 1996, has provided the necessary information to DIW in order to proceed. Two subprojects, Thai Airways and CI Group, are in the process of choosing machinery. Thai Airways is working on its appraisal. The financial status of the CI Group is questionable, and if it does not improve by June 30, 1997, we can expect the recommendation that the proposal be withdrawn from the program.

The first effort to develop a subproject in the MAC sector, which commenced in 1992, was terminated in mid-1996 due to lack of progress by the contracted agency. In an effort to revive activity in this sector, DIW identified USEPA and ICF as potential consultants following their successful work on MAC projects in other countries. An identification mission was scheduled for December 1996 to identify a subproject. Any follow-up activity will be determined by the outcome of this mission.

Achievements

The national action plan stated that 500 ODP weighted MT should be eliminated by 1996, only 167 MT have actually been eliminated. This outcome is due to the delays incurred at all stages of processing and efforts are being made to improve phaseout performance significantly in 1997.

Significant progress was made in clearing up the backlog of appraisals for subprojects approved for funding in 1993-1995. By November 1996, of the 21 subprojects approved for funding, 10 appraisal reports had been submitted with 4 more expected to be submitted before the end of 1996, totaling 14 as compared with the target of 16 for CY96. Four subgrant agreements were signed, of which approximately US$3.33 million was disbursed. An additional US$1.2 million is eligible for disbursement following approval of the four appraisal reports for the Phase I refrigeration sector subprojects. The government's firm adherence to the Country Program target to phase out CFC usage in domestic refrigeration by the end of 1996 helped spur relevant industries to cooperate with IFCT in the preparation of their appraisal reports.

Lessons Learned

Unsatisfactory communications, protracted processing and terminology have had a detrimental impact on relations with the clients, which in turn has affected implementation progress. The active participation by the Ozone Layer Protection Unit (OLPU) of DIW, the Bank-financed local consultant to provide administrative assistance, and the proximity of the Task Management responsibility at the Resident Mission in Bangkok (RMB) have contributed to improved communications and some improvements in the processing time.

Because of the missing support in subproject preparation, the Bank tried to assist DIW as much as possible, which resulted in confused lines of responsibility. Information on responsibilities of each player has been provided to IFCT and DIW. The Bank's monitoring and evaluation guidelines and additional efforts will be taken in CY97 to ensure understanding and cooperation among all those involved in the implementation process. While DIW is making progress in this area, it may be limited by insufficient staffing.

II. Program Expansion and CY97 Outlook

A strategy will be developed by the Bank, DIW, CETEC and IFCT, building upon the achievements thus far on improved communications and working relationships, in order to meet performance targets and provide clarity to the enterprises. The Bank will initiate this effort.

CETEC is scheduled to begin work in January and will likely spend the first quarter of 1997 familiarizing itself with the Country Program and identifying enterprises that will participate in the Project. This would be an appropriate time for DIW to reformulate its program for the second tranche of subprojects. The Bank will request the MFMP to provide US$125,000 to support preparation of subprojects for submission in 1998.

The Bank will encourage DIW to evaluate its staffing needs in order to assume full responsibility for this Project, and will support this effort with suggestions or advice upon request. DIW's continued active participation and the regular meetings by all parties should result in continued improvements in performance by IFCT.

If the CI Group's financial performance does not improve significantly during the coming months, it will be recommended that the project be canceled.

Implementation and disbursement of 12 subprojects, in the foam, domestic refrigeration and solvent sectors, are expected to be completed by the end of 1997 with an additional 1,090 MT of ODP phased out and disbursement of US$6 million.

The four refrigeration subproject proposals which were not ready for the 20th EC meeting are expected to be submitted to the 21st meeting for consideration for funding out of the 1996 allotment. The EC will consider at the 22nd meeting the incremental operating costs of the two compressor subprojects which were approved for funding by the EC in October.

The Bank will propose that DIW's phaseout activities include public awareness activities and project preparation in the halon and refrigeration sectors. Only one subproject, Hitachi, remains in the domestic refrigeration sector, which is expected to be completed in 1997. The extent of project preparation in the MAC sector will not be known until after the December identification mission discusses its finding with DIW in early 1997.

1997 Performance Indicators

	ODP to be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	1,090	6.0	9	195	TBD	TBD	TBD	N/A
ACTUAL								

* only for subprojects approved in 1996

REPUBLIC OF TUNISIA

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	300	1.0	6[i]	0	0	0	0	N/A
ACTUAL*	0	0.413	N/A	0	0	0	0	N/A

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
(i) time from approval to first disbursement was set at 6 months.

Funded Investment Activities

The current project of US$1.79 million including four demonstration subprojects and one technician training and recycling component, is currently underway following grant agreement signature and effectiveness.

Subproject agreements between the enterprise and the implementing agency, Agence National de Protection de L'Environnement (ANPE), have been signed for all five technical subprojects. The first non-ODS refrigerator has been produced by Tabrid, the largest domestic refrigerator manufacturer in Tunisia.

Institutional Strengthening

A "Unite de Project Ozone" (UPO) has been established within ANPE in the Ministry of Environment, for which a Project Director and a full-time Project Manager (PM) have been appointed. The PM has been instrumental in assisting the enterprises in moving forward with the implementation of the various components. In addition, the PM has recruited a technician and an accountant for the unit. A professional consultant with 15 years of experience with Bank projects has been identified to work part-time in providing guidance to the PM and contracting for this consultant, as well as for a secretary, is completed. The UPO is fully operational and supporting project implementation.

II. Program Expansion and CY97 Outlook

The focus of CY97 will be to work on implementation and supervision of the current project. No funding proposals for program expansion is contemplated for CY97.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	1,180	0.6	N/A	0	0	0	0	N/A
ACTUAL								

* only for subprojects approved in 1996

TURKEY

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	367	5.15	6	100	3.0	7	520	5.76
ACTUAL*	365	4.36	9[(i)]	30.9	1.16	2	181	6.41

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)

ODS Phaseout I

Institutional and Management Strengthening Component:

In March, a draft report on policy and regulatory options was discussed at the second Ozone Panel meeting. Based on comments received from industry, this report has been revised and the final report will be discussed at the third Ozone panel scheduled for early 1997. One of the purposes of this Ozone Panel meeting will be to agree upon a licensing and import quota system, which will then be promulgated in the Official Gazette by the end of April 1997.

Implementation of the awareness campaign and establishment of a monitoring program have both experienced delays, due in part to changes in personnel at the Ministry of Environment (MOE). An action plan has been agreed with MOE to ensure the prompt implementation of these activities. The extension of MOE's component of PODS-I is contingent upon their adherence to the action plan for the remainder of 1996. Subsequent adherence to the action plan will also be monitored closely and additional steps will be taken if necessary to ensure the timely completion of these activities.

Project Preparation

The Technology Development Foundation (TDF) made significant progress in industry outreach in 1996. In March, TDF conducted a workshop on the preparation of ODS phaseout projects for the Small and Medium Industry Development Organization. In addition, approximately 100 companies participated in awareness seminars for industry which were held in June in Ankara, Istanbul, and Izmir. TDF also sponsored a booth and participated in a panel on ODS phaseout at the HABITAT II conference in Istanbul in June. TDF has been in contact with ESSIAD (Agean Refrigerator Industry and Businessmen's Association) and MESF (Metal Goods Craftsmen's Federation) and is planning to prepare several umbrella projects with their cooperation.

The number of projects which TDF had expected to prepare and submit for funding during 1996 is lower than estimated in the CY96 work program. One reason for this shortfall is that three of the projects TDF had identified were funded by UNIDO; the overall progress toward ODS phaseout in the country therefore remains satisfactory.

Investment Projects

ODS Phaseout I

Arcelik's component of the PODS-I project is expected to be completed by the end of 1996; as of September 30, 86 percent of the funds allocated to Arcelik had been disbursed. By the end of 1996, Arcelik will have phased out a total of 655 tons ODP.

ODS Phaseout II

In 1996, 100 percent of the US$1,500,000 allocated to Profilo was disbursed. Of the US$690,000 approved for Klimasan, 74 percent had been disbursed as of September 30, 1996 and the balance is expected to be disbursed by the end of the year. The funds approved for Pekel were never disbursed as the enterprise became ineligible for support under the project due to a change in foreign ownership. In April, US$1,166,455 was approved for a refrigeration project at UGUR; however, signature of the sub-grant agreement was delayed due to incorrect reporting of the amount approved by the EC.

Two projects SFA (refrigeration/foam) and SUNTAS (foam) have been submitted for OORG review and are currently being revised based on the OORG comments.

The grant agreements for two insulation foam panel projects (Assan and Tek-Iz) which are implemented by IFC have been signed. US$920,000 has been disbursed to the two companies. The remaining balance is US$731,650, of which, US$300,000 may be disbursed to Assan by the end of 1996. Conversion at both companies is underway and a supervision mission was undertaken in December 1996.

II. Program Expansion and CY97 Outlook

There are currently nine subprojects at various stages of preparation: two refrigeration projects are at the technical review stage (SFA and SUNTAS), one solvent project is at the appraisal stage (ASELSAN) and three foam projects are at the identification stage. Two umbrella projects for SMEs in the refrigeration sector are in the conceptual stage, and TDF has also received a request for support from an aerosol manufacturer. Providing support for refrigeration servicing has been identified as a priority, and a project is under preparation to address the needs in this area. One sandwich panel project has already been identified. A project proposal will be prepared and submitted to the EC in CY97.

Arcelik, Profilo, and Klimasan are all expected to apply for reimbursement of incremental operating costs in 1997, for an estimated total of US$4.4 million.

CY97 Strategy and Progress toward Country Program Objectives

The CY97 work program will focus on continued progress in preparation and implementation of investment projects in priority sectors, as well as ensuring that the needs of small and medium enterprises are addressed. The preparation and implementation of projects for smaller enterprises and for the servicing sector will require more intensive involvement on the part of TDF, as approaches to achieve ODS phaseout in these areas are not well proven.

To support preparation of the servicing project, TDF is planning to convene a workshop involving manufacturers, service shop representatives, and a refrigeration technology expert to determine the appropriate approach to addressing the needs of this sector. Lessons learned in the refrigeration servicing projects under implementation in the Czech Republic (GEF-funded) will also be incorporated into the project.

The implementation of the policy and regulatory framework which has been prepared with the support of the PODS-I project will provide critical support for the phaseout of ODS and the achievement of the objectives of the Country Program. In particular, the low price of CFCs in Turkey has made it difficult in some cases to convince consumers to pursue conversion to non-ODS technologies on a priority basis. The implementation of policies which would make CFCs less financially attractive would provide an effective and low-cost means of expediting ODS phaseout activities.

Work Program for 1997

The 1997 work program will involve supervision of the institutional strengthening component of PODS-I as well as project preparation and supervision of the PODS-II investment projects. The budget estimates below reflect the recognition that the smaller scale, dispersed projects which will constitute a substantial portion of the 1997 work program are likely to require relatively more intensive preparation and supervision.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	529	4.47	6	96**	5.52***	12	1,029***	5.36
ACTUAL								

* only for subprojects approved in 1996
** including project preparation request of US$36,000 for IFC to develop one sandwich panel project
*** including one sandwich panel project to be prepared by IFC. This project is expected to eliminate 500 MT of ODS at the cost of US$1 million

ORIENTAL REPUBLIC OF URUGUAY

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	49	0.5	6(i)	30	0.5	3	14	35.72
ACTUAL*	18	0.2	13(ii)	20.3	0.21	1	18	11.70

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)
*** only for subprojects approved in 1996
(i) time from approval to first disbursement was set at 6 months.
(ii) elapsed time (no subprojects approved in 1995 have been appraised).

Investment Activities

The target for CY96 was to have at least three new investment subprojects approved by the EC. However, only one subproject, Nevol, was approved with the funding level of US$141,512. Two remaining subprojects are in the pipeline. They are expected to be ready for submission within CY97.

To date, a total of six subprojects have already been approved and funded by the MFMP. One of these subprojects (TEM - Rigid Foam) was canceled as the enterprise ceased its operation due to poor financial performance. Colder and Nevol domestic refrigerator subprojects have already started their procurement process. Both enterprises plan to complete the conversion process by the end of 1997.

Etchepare-Gil foam subproject suffered a long delay during CY96. A subgrant agreement has not yet been signed. The Government Ozone Technical Commission (COGO) discussed this delay with the enterprise and was assured by the enterprise that the subgrant agreement would be signed before the end of the calendar year.

Indunor commercial refrigeration subproject was also suffered a delay as the enterprise is undergoing restructuring. Progress on this subproject is expected as soon as the restructuring process within the enterprise is completed.

The recovery and recycling subproject is progressing as planned. Full disbursement and subproject completion are expected by the end of 1997.

Disbursement

Due to unforeseen difficulties in the procurement process, CY96 disbursement target could not be achieved. The Bank and COGO are working out solutions to overcome those difficulties. In addition, at the time the projection of CY96 disbursement was made, the disbursement target was assumed to include disbursement to the Special

Account. The combination of the above two factors affected the difference between the projection and the actual results for CY96.

II. Program Expansion and CY97 Outlook

Project Preparation Activities

Two new investment subprojects in the MAC and commercial refrigerator sectors are in the pipeline as previously mentioned (Panasco and Corfrisa). The proposed budget for project preparation activities in CY97 is US$20,000.

Supervision Activities

Three supervision missions will be carried out in CY97. The objective of these missions is to ensure the completion of Colder, Nevol and the recycling subprojects, and the initiation of Etchepare-Gil and Panasco (if it receives final approval from the EC in February). Preparation of Corfrisa subproject will also be carried out at one of these three proposed missions. Corfrisa subproject is expected to be submitted to the EC Meeting in May/June 1997.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	11	0.515	6	20	TBD	TBD	TBD	N/A
ACTUAL								

* only for subprojects approved in 1996

VENEZUELA

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	158	4.25	6(i)	40	0.5	2	50	10
ACTUAL*	0	2.56	N/A	33	0	0	0	N/A

* as of November 30, 1996

** time between EC approval and Bank's approval (only for subprojects approved in 1995)

*** only for subprojects approved in 1996

(i) time from approval to first disbursement was set at 6 months.

Status of Activities Already Funded

The implementation of approved projects fell short of CY96 targets because of the following reasons: (a) AAISA's difficulties in securing a reliable financial agent; (b) AAISA's lack of familiarity with Bank's guaranty of letters of credit; and (c) Central Air Chiller project's (ATIAS) slow submission of withdrawal requests due to disbursement procedures not in accordance with the Bank's. These delays have now been resolved by AAISA banking with a US subsidiary institution in Caracas and using the Special Account and SOE and by FONDOIN's more active involvement in advising ATIAS on Bank's procedures. FAACA was on target with disbursement of US$2.3 million. (74 percent of grant amount) and 9 tons of ODS phaseout. Due to a fall in the market, FAACA is now producing 16,000 units, compared with appraisal estimates of 35,000 units/yr. production. However, it is estimated that the automobile assembly market will recover next year and that FAACA will reach its production target.

Two new MP operations (ROPRATS and DELFA) that were identified for CY96 execution failed to materialized. An IEPS for ROPRATS was issued but after further preparation work a final review of ROPRATS' investment proposal showed the following conclusions: (a) ROPRATS did not have the technical & manufacturing expertise to produce an all aluminum heat exchanger and such expertise therefore needed to be contracted out; and (b) the proposed project was not cost effective in reducing ODS (CFC-12) usage because of manufacturing volumes. Regarding DELFA (sister firm of FAACA), it has not been able to submit a list of eligible tools/equipment required to produce the GM V5 and HTC 6 compressors. However, FONDOIN has requested the project (about US$300,000) be kept in the pipeline for CY97.

II. Targets for 1997

Projected ODS phaseout for CY97 is as follows: FAACA (80 tons per year indirectly); and AAISA (80 tons indirectly) and disbursements of US$0.8 million and US$3.1 million respectively completing these two projects. Full disbursement for the Central Air Chiller project (US$115,000) is expected by year-end.

III. Program Expansion and CY97 Outlook

No funding proposals for program expansion, with the exception of DELFA, is contemplated for CY97. To complete DELFA an additional US$10,000 is requested.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Month)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	100	3.9	6	10	TBD	TBD	TBD	N/A
ACTUAL								

* only for subprojects approved in 1996

ZIMBABWE

I. CY96 Status and Implementation of Funded Activities

Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to Appraisal (Month)**	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	N/A	N/A	N/A	50	N/A	N/A	N/A	N/A
ACTUAL*	N/A	N/A	N/A	32.4	0.7	5	36	19.44

* as of November 30, 1996
** time between EC approval and Bank's approval (only for subprojects approved in 1995)

Towards the end of 1995, the Bank (through IFC), was requested to undertake project identification and preparation in the commercial and domestic refrigeration sectors in Zimbabwe. The Bank sought the appropriate clearances from the government before requesting resources to initiate this work and coordinated closely the initiation of this work with UNIDO who was also active in this sector.

Five subprojects in the domestic and commercial refrigeration sector were submitted to and approved by the EC at the 20th meeting. These subprojects will be appraised and processed during CY97. The implementation of these five subprojects will result in ODS reduction of approximately 36 MT.

II. Program Expansion and CY97 Outlook

Project Preparation Activities

No new investment subprojects are planned for CY97.

Supervision Activities

Appraisal of the 5 projects, followed by management approval and signature of grant agreements will be completed during CY97. It is expected that retroactive portions of the grant amounts will be disbursed during the year, along with any additional expenditures incurred over the next 12 months.

1997 Performance Indicators

	ODP to Be Phased Out (MT)	Disb. (US$M)	Time to 1st Disb. (Months)*	Proj. Prep. (US$000)	Proj. Value (US$M)	# of New Projects	ODP Captured (MT)	Cost-Effectiveness (US$/kg ODP)
TARGET	0	0.350	6(i)	0	0	0	0	N/A
ACTUAL								

* only for subprojects approved in 1996