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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-seventh Meeting  
Bangkok, 16-20 July 2012

**PROGRESS REPORT OF THE WORLD BANK AS AT 31 DECEMBER 2011**

This document includes:

- The comments and recommendations of the Fund Secretariat
- The 2011 annual progress report on World Bank implemented Montreal Protocol operations (January-December 2011)

## COMMENTS OF THE FUND SECRETARIAT

### Introduction

1. This document presents the comments and recommendations of the Fund Secretariat on the progress report of the World Bank for activities up to 31 December 2011. The progress report is attached. The data has been included in the Consolidated Progress Report database that is available upon request.

### Snapshot of issues

- Of the US \$635.04 million that has been approved for multi-year agreements (MYAs) for World Bank implementation there remains a balance of US \$56.98 million as at 31 December 2011.
- US \$44.96 million was approved for the World Bank's implementation in 2011 while administrative costs amounted to US \$5.09 million (11.3 per cent of projects approved).
- Thirty-one MYAs are under implementation; less than 10 per cent of the funds approved have been disbursed for four MYAs (approved over a year ago).
- HCFC phase-out management plan (HPMP) preparation has been delayed on average by 19 months.
- The implementation delay in the national CFC phase-out plan (NPP) in Thailand due to insufficient staff at the National Ozone Unit (NOU) and severe floods.
- The five ongoing HPMP activities have been approved by the Executive Committee but agreements have not been signed yet.
- Possible cancellation of one project preparation activity.
- Delays in submitting one HPMP.
- Two projects classified with implementation delays that are subject to procedures for project cancellation.

### Status of implementation

2. During the reporting period (January–December 2011), the Executive Committee approved five investment projects for the World Bank's implementation, valued at around US \$44.4 million, which should result in the phase-out of 81.4 ODP tonnes. During 2011, the Bank disbursed around US \$9.11 million, which is US \$14.2 million less than in the previous year.

3. In 2011, the World Bank completed 10 investment projects. Cumulatively, 96 per cent (581 projects) of the 604 investment projects approved for the Bank's implementation were completed by the end of 2011. It phased out 302,671 ODP tonnes, including 174,895 ODP tonnes of production and is implementing projects that, when completed, will phase out 298,732 ODP tonnes, including 174,826 ODP tonnes of production. By the end of 2011, the Bank had disbursed 93.2 per cent (US \$913.02 million) of the resources approved for it (US \$979.43 million) by the Executive Committee, excluding agency support costs.

4. The World Bank is currently implementing 31 multi-year performance-based agreements for which US \$635.04 million had been approved up to the end of 2011. The Bank has not renewed any institutional strengthening (IS) activity during 2011. The agency has also completed one demonstration activity, nine project preparation activities and three technical assistance programmes during 2011.

5. The total value of all projects approved in 2011 for the World Bank was US \$44.96 million plus administrative costs amounting to US \$5.1 million (US \$3.37 million in agency fees and US \$1.72 million in core unit costs).

## Progress during 2011 at the country level

6. Annex I provides an assessment, by country, of the World Bank's 2011 activities. The Bank had planned disbursements in 12 countries, and achieved a rate of disbursement of over 85 per cent in two countries. Based on revised planned completion dates submitted by the World Bank as per decision 53/38 and the results presented in the 2011 progress report, the Bank completed 92 per cent of the projects it had planned to complete in 2011 and met 100 per cent of the targeted phase-out.

## Multi-year performance-based agreements

7. There are 31 annual tranches of 31 MYAs under implementation by the World Bank with balances remaining to be disbursed. These MYAs are indicated in Table 1.

Table 1

### MULTI-YEAR AGREEMENTS

Agreement	Approved Funding plus Adjustments (US\$)	Funds Disbursed (US\$)	Balance (US\$)	Funds Obligated (US\$)	Estimated disbursement in 2012 (US\$)	Difference to be disbursed after 2012 (US\$)	Date Completed	Planned Date of Completion
<b>Antigua and Barbuda CFC Phase-Out</b>	<b>97,300</b>	<b>0</b>	<b>97,300</b>	<b>62,987</b>	<b>62,987</b>	<b>34,313</b>	<b>Dec-11</b>	
<b>Argentina CFC Phase-Out</b>	<b>500,000</b>	<b>11,250</b>	<b>488,750</b>	<b>488,750</b>	<b>93,400</b>	<b>395,350</b>		<b>Jul-12</b>
Argentina CFC Production Phase-Out	10,600,000	10,600,000	0	0		0	Dec-09	
Bahamas (the) CFC Phase-Out	530,946	530,946	0	0		0	Jan-09	
<i>China HCFC Phase-Out</i>	<i>38,859,000</i>	<i>0</i>	<i>38,859,000</i>	<i>38,859,000</i>	<i>19,429,500</i>	<i>19,429,500</i>		<i>Dec-16</i>
China CFC Production Phase-Out	150,000,000	150,000,000	0	0	0	0	Dec-10	
China Foam Phase-Out	53,846,000	53,846,000	0	0	0	0	Dec-10	
China Halon Phase-Out	62,000,000	62,000,000	0	0	0	0	Dec-11	
China Process Agent Phase-Out (Phase I)	65,000,000	64,500,000	500,000	500,000	500,000	0	Dec-11	
China Process Agent Phase-Out(Phase II)	46,500,000	46,285,000	215,000	215,000	215,000	0	Jul-10	
China TCA Production Phase-Out	2,100,000	2,100,000	0	0		0	Nov-10	
Ecuador CFC Phase-Out	1,194,471	1,194,471	0	0		0	Sep-09	
<b>India Accelerated CFC Production Phase-Out</b>	<b>2,113,000</b>	<b>0</b>	<b>2,113,000</b>	<b>2,113,000</b>	<b>2,113,000</b>	<b>0</b>		<b>Jul-12</b>
India CFC Production Phase-Out	82,000,000	82,000,000	0	0	0	0	Nov-11	
India CTC Phase-Out	38,100,954	37,204,080	896,874	896,874	896,874	0		Dec-12
<i>Indonesia HCFC Phase-Out</i>	<i>1,500,000</i>	<i>0</i>	<i>1,500,000</i>	<i>1,500,000</i>	<i>15,000</i>	<i>1,485,000</i>		<i>Jul-19</i>
Indonesia Aerosol Phase-Out	371,910	371,910	0	0		0	Jun-10	
Indonesia Foam Phase-Out	2,957,564	2,957,564	0	0		0	Jun-10	
Indonesia MAC Phase-Out	4,317,000	4,317,000	0	0		0	Mar-10	
<i>Jordan HCFC Phase-Out</i>	<i>1,070,100</i>	<i>0</i>	<i>1,070,100</i>	<i>1,070,100</i>	<i>45,000</i>	<i>1,025,100</i>		<i>Nov-17</i>
Malaysia ODS Phase-Out	11,517,005	11,441,013	75,992	0	0	75,992	Dec-10	
Mexico CFC Phase-Out	500,000	500,000	0	0		0	Feb-06	
Philippines (the) CFC Phase-Out	10,216,876	8,381,671	1,835,205	0	0	1,835,205	Dec-11	
Thailand Methyl Bromide Phase-Out	2,901,600	1,019,351	1,882,249	1,882,249	1,097,187	785,062		Dec-13
Thailand ODS Phase-Out	14,728,626	11,738,930	2,989,696	2,989,696	1,058,430	1,931,266		Dec-12
Tunisia ODS Phase-Out	1,135,395	122,434	1,012,961	1,012,961	996,763	16,198		Dec-12
Turkey CFC Phase-Out	8,565,903	8,565,903	0	0	0	0	Apr-08	
Venezuela (Bolivarian Republic of) CFC Production Phase-Out	16,500,000	16,500,000	0	0		0	Nov-09	
<b>Viet Nam HCFC Phase-Out</b>	<b>3,054,423</b>	<b>0</b>	<b>3,054,423</b>	<b>3,054,423</b>	<b>1,610,000</b>	<b>1,444,423</b>		<b>Apr-15</b>
Viet Nam Methyl Bromide Phase-Out	1,000,000	609,341	390,659	390,659	330,659	60,000		Nov-15
Viet Nam ODS Phase-Out	1,260,000	1,259,448	552	0	0	552	Dec-10	
<b>Total</b>	<b>635,038,073</b>	<b>578,056,313</b>	<b>56,981,760</b>	<b>55,035,698</b>	<b>28,463,799</b>	<b>28,517,961</b>		

Note: Entries in bold are for projects approved over one year ago with disbursements of less than 10 per cent. Entries in italics are for projects approved less than one year ago with disbursements of less than 10 per cent.

8. Out of US \$635,038,073 in approved funds for annual tranches of MYAs, the Bank has disbursed US \$578,056,313 (91 per cent) leaving a balance of US \$56,981,760. Of this, US \$28,463,799 (50 per cent) is expected to be disbursed in 2012.

*MYAs excluding HPMPs*

9. The Bank has completed 20 MYAs as at December 2011. It plans to complete three MYAs for CFC phase-out in 2012. For India, both the accelerated CFC production phase-out and the CTC phase-out projects will be completed in 2012. The remaining two MYAs, excluding HPMPs, are for methyl bromide (MB) phase-out of which Thailand is planned for completion in 2013 and Viet Nam in 2015.

10. Three countries excluding HPMPs (those in bold in Table 1) have reported disbursements below 10 per cent of the funds approved: Antigua and Barbuda (CFC phase-out), Argentina (CFC-chiller) and India (accelerated CFC production phase-out).

11. Under the CFC phase-out management plan in Antigua and Barbuda (ANT/PHA/44/INV/10 and ANT/PHA/61/INV/13), the World Bank indicated that these projects had been completed on 31 December 2011. Full phase-out of CFCs is achieved and the financial closure is underway (to be completed by 31 May 2012). The first disbursement took place in March 2012 and was scheduled to end in April 2012 upon financial closure of the umbrella grant agreement. The extension for financial closure one month later (May 2012) was granted.

12. Of the US \$500,000 approved to-date, only US \$11,250 has been disbursed for the NPP in the chiller sector in Argentina (ARG/PHA/47/INV/148). The Bank indicated that four chillers are being replaced under two separate subproject agreements which were signed during the fourth quarter of 2011. The proposed disbursement for 2012 is lower than planned in 2011 because necessary paperwork to permit disbursement from enterprises was pending. The World Bank provided its non-objection to disbursement to chiller beneficiaries in early 2012. Disbursement is expected by April 2012. Some additional delays in disbursement as well as delays in entering into additional chiller subproject agreements may occur due to significant changes in the organization at Ministry of Industry and a new project director. It is expected that the project will resume operating normally by June 2012.

13. No funds have been recorded as disbursed by the World Bank for the accelerated CFC production phase-out in India (IND/PRO/59/INV/435). The World Bank indicated that the Ministry of Environment and Forests signed the agreement with producers in December 2011. Funds were disbursed to the country in January 2012. The next and final tranche for funding was submitted to the 67<sup>th</sup> Executive Committee meeting.

14. With respect to the NPP in Thailand (THA/PHA/60/INV/154), the Bank indicated that implementation of proposed activities in the 2010-2012 annual work plan and procurement for the Department of Vocational Education have experienced delays due to insufficient staff at the NOU and severe floods in the country from September to December 2011. The NOU scheduled consultations with the Bank procurement specialist for April 2012 to discuss the procurement process for all remaining activities to speed up the project implementation. The next World Bank mission to evaluate implementation progress is scheduled for June 2012. The Executive Committee may wish to request an additional status report on implementation progress and the staffing of the NOU for the NPP in Thailand.

*MYAs for HCFCs*

15. The World Bank is implementing five HPMP activities in four countries. All of these projects were approved less than one year ago except Viet Nam (VIE/PHA/63/INV/56 and VIE/PHA/63/TAS/58).

Grant agreements have not been signed yet for these projects and funds have not been disbursed. The Executive Committee may wish to request additional status report to the 68<sup>th</sup> meeting to monitor the signing of the agreements for two HPMP activities in Viet Nam.

### **IS, halon banking, demonstration and preparation projects**

16. IS, demonstration, halon banking and project preparation activities are not subject to monitoring through implementation delay reports and therefore do not fall under the procedures for project cancellation. All of the World Bank's halon banking projects have been completed.

#### IS

17. The Secretariat reviews progress report database information provided by the agencies to determine if all IS units are operational or whether they are experiencing difficulties. The World Bank is implementing IS projects, which established NOUs in the following three countries: Jordan, Thailand and Tunisia. The World Bank reported that the activities implemented in 2011 under the IS project in Jordan (JOR/SEV/62/INS/88) include the management and coordination of the HCFC survey and HPMP preparation, the control of illegal ODS trade, and issues related to management and enforcement of the quota and licensing systems. Currently, activities related to public awareness, consultation with enterprises and project monitoring are being implemented. Under the Thailand IS project (THA/SEV/58/INS/153), the Bank indicated that NOU officers' capacities have been enhanced to meet Ozone Secretariat and Multilateral Fund data reporting requirements. For the Tunisia IS project (TUN/SEV/61/INS/52), the following activities have been achieved: monitoring of enterprises that have converted operations; collaboration with Customs and Ministry of Commerce on specific issues; overseeing implementation of the national ODS phase-out plan including procurement, HPMP and specific report preparation; and public awareness activities. The IS project in Tunisia was renewed at the 66<sup>th</sup> Executive Committee meeting, and transferred to UNIDO as per the Government's request.

#### Demonstration projects

18. The World Bank has one MB demonstration project in Argentina under implementation (ARG/FUM/29/DEM/93), which was approved in November 1999. The project has been delayed for over ten years. The planned date of completion is June 2012 and 51 per cent of funds have been disbursed. The World Bank indicated that the Instituto Nacional de Tecnología Agropecuaria (INTA) carried out an analysis on the viability of the application of cold/heat treatment. In order to complete the procurement of the necessary equipment and carry out the tests needed, an additional 18 months is required due to the seasonality of the citrus crops. This timeframe was considered too long and the cold/heat technique does not guarantee success. The project will therefore be closed. INTA is in the process of determining the unused funds to be returned, after which the project will be closed.

19. Regarding the foam demonstration project in China (CPR/FOA/59/DEM/491), which was approved in November 2009, the World Bank indicated that Phase II of the project started in early 2011. The system house made the plant explosive-proof and purchased pre-mixing facilities and a storage tank that were delivered in June 2011. Plant alterations were done August 2011, trials began and c-pentane pre-blended polyol was provided to Zhongshan Minea in September 2011 following Minea's plant conversion by August 2011. Two other pre-blended polyol firms began equipment bidding after signing the project implementation in July 2011. A fourth enterprise (Zhongshan Jinli) was changed to a new one (Guangdong Vanward) following the 65<sup>th</sup> meeting. Implementation will start in 2012. Zhongshan Minea had already completed its conversion and trial production in February 2012. Foshan City Ouqi Environmental Heat Energy Technology and Zhanjiang Aowei Refrigeration Equipment signed project implementation contracts with the Project Management Office in July 2011. The Executive Committee agreed with the proposal to replace Zhongshan Jinli with Guangdong Vanward at the 65<sup>th</sup> meeting (decision 65/10(k)(ii)). An additional disbursement of US \$383,671 was made in March 2012.

20. The World Bank is implementing the global chiller demonstration project (GLO/REF/47/DEM/268). Only US \$887,898 of the US \$6,884,612 has been disbursed. The Bank indicated that for India, the project became effective in November 2009 and the Emissions Reduction Purchase Agreement (ERPA) was signed in early 2010. The Industrial Development Bank of India (IDBI) has actively undertaken intensive marketing activities, which have resulted in the registration of 54 chillers and another 24 are under discussion. For the Philippines, the project has been under implementation since June 2010, and a workshop was launched in May 2011. The ERPA is being revisited by the Government of the Philippines, while validation is being awaited. An outcome is being expected by May/June 2012. For Jordan, 16 chillers have been replaced and 5 sub-grant agreements (SGAs) have been signed. Technical assistance on maintenance and performance monitoring has also been completed. Dissemination of materials on chillers was completed in February 2012. It is expected that the remaining four chillers will be replaced in October 2012 once the new airport is opened. For Indonesia, the World Bank indicated that the chiller inventory report was prepared but progress with Global Environment Facility/Montreal Protocol (GEF/MP) grants depends on the resolution of an on-granting issue. Preparation will resume now that the on-granting issue has been addressed. Regarding Argentina, the Executive Committee approved the addition of the country to the global chiller project at its 65<sup>th</sup> meeting. The Executive Committee may wish to consider requesting the submission of additional status reports to the 68<sup>th</sup> meeting on the Bank's global chiller demonstration project in light of the fact that low disbursement has been reported to-date.

#### ODS disposal project preparation

21. The World Bank is preparing ODS disposal projects in Mexico (MEX/DES/58/PRP/143), Indonesia (IDS/DES/57/PRP/187) and the Philippines (PHI/DES/57/PRP/85).

22. For the ODS disposal project proposal in Mexico, the World Bank indicated that the report had been finalized by January 2012 and endorsed by the Government of Mexico in March 2012. This report was subsequently submitted as an information document to the 66<sup>th</sup> meeting.

23. With respect to the preparatory work in Indonesia and the Philippines, the Bank did not disburse any funds in 2011. The Bank indicated that the terms of reference (TORs) for the study, which will be undertaken in tandem with the study in Indonesia and the Philippines, have been finalized and peer-reviewed. The process to identify experts to guide the study experienced some delays but is now underway. The study is scheduled to be completed by the end of the second quarter or the beginning of the third quarter of 2012. The Executive Committee may wish to request an additional status report to the 68<sup>th</sup> meeting on the ODS disposal preparatory activities if these projects are not submitted to that meeting.

#### HPMP and HCFC sector plan preparation

24. The World Bank is preparing HPMPs and HCFC sector plans, and has 8 on-going projects in 4 countries.

#### *HPMP preparation*

25. Three on-going HPMP preparation activities are undertaken in the following countries: China (CPR/PHA/55/PRP/467), Philippines (the) (PHI/PHA/55/PRP/84) and Thailand (THA/PHA/55/PRP/151).

26. The project preparation in China (CPR/PHA/55/PRP/467) resulted in the submission of the HCFC production phase-out management plan (HPPMP) in China, submitted to the 67<sup>th</sup> meeting. The project preparation in the Philippines (PHI/PHA/55/PRP/84) resulted in the HPMP for the Philippines, which was resubmitted to the 66<sup>th</sup> meeting but withdrawn by the World Bank on behalf of the country's Government in order to crosscheck HCFC consumption data through a consumption verification audit

which is underway. The HPMP for Thailand resulting from the project preparation (THA/PHA/55/PRP/151) was submitted to the 66<sup>th</sup> meeting but the Executive Committee deferred its consideration to the 67<sup>th</sup> meeting.

#### *HCFC sector plan preparation*

27. The World Bank is also preparing five HCFC sector plan preparation projects for the following countries: Argentina (ARG/FOA/64/PRP/166 and ARG/FOA/65/PRP/167), Philippines (the) (PHI/REF/59/PRP/88) and Thailand (THA/FOA/61/PRP/155 and THA/REF/61/PRP/157).

28. Project preparation for HCFC phase-out investment activities in the foam sector for Argentina (ARG/FOA/64/PRP/166) was approved at the 64<sup>th</sup> meeting. Additional funds were approved under project number ARG/FOA/65/PRP/167 for HCFC phase-out investment activities in the foam sector. The World Bank indicated that preparation and submission of the foam sector plan has been suspended following the Secretariat's recommendation to wait until stage II of the HPMP. It should be noted that US \$11,439 has already been disbursed early in 2012 to cover travel expenses and work completed to-date.

29. As regard to the project preparation related to HCFC phase-out investment activities (domestic air-conditioning sector) in the Philippines (PHI/REF/59/PRP/88), the World Bank reported that data from the overall HPMP survey indicate that HCFC phase-out covered by the foam sector plan would be sufficient to enable the Philippines to meet the freeze and 10 per cent reduction targets; therefore, additional sector plans are not needed. Consequently, the World Bank decided not to pursue sector plan preparation as survey results at present are likely to be inapplicable to the next few years as consumption patterns will change over time. The Executive Committee may wish to consider whether the project in the Philippines (PHI/REF/59/PRP/88) should be cancelled and funds balance returned to the Multilateral Fund Secretariat, or redirected to other HCFC phase-out activities.

30. Concerning project preparation activities for the HCFC foam sector plan (THA/FOA/61/PRP/155) and the HCFC air-conditioning sector plan (THA/REF/61/PRP/157) in Thailand, the HPMP was submitted to the 66<sup>th</sup> meeting but the Executive Committee deferred its consideration to the 67<sup>th</sup> meeting.

#### **Other individual projects**

31. This section addresses individual projects with implementation delays subject to procedures for project cancellation.

#### Implementation delays

32. There are two projects with implementation delays, after taking into consideration any projects that are no longer subject to monitoring, related to decisions of the Executive Committee as shown in the Appendix to Annex II of the Consolidated Progress Report (UNEP/OzL.Pro/ExCom/67/10). These projects were also classified as having had implementation delays in 2010. In 2011, the World Bank had fewer projects classified with implementation delays than in 2010, when four had been classified as such. The Executive Committee may wish to note that the World Bank will report to the 68<sup>th</sup> meeting on up to two projects with implementation delays.

#### Resource mobilization project

33. The World Bank is implementing one resource mobilization project that was approved in April 2011 (GLO/SEV/63/TAS/309). The World Bank indicated that the Executive Committee, in approving the proposal, had requested it to provide a final report on the study for consideration by the

Executive Committee at its 69<sup>th</sup> meeting; therefore the completion date should be in 2013. Given that many aspects of the work relate to carbon markets and that there was much uncertainty on the future of carbon markets pending the outcomes of the 17<sup>th</sup> Session of the Conference of the Parties of the United Nations Framework Convention on Climate Change in November 2011, work would start in 2012. A draft revised concept note was prepared in December 2011 following the meeting, and would be used to develop a TOR for hiring a consultant by the second quarter of 2012. A draft study is expected by the end of 2012 and the final study will be submitted to the 69<sup>th</sup> meeting.

#### Metered-dose inhaler (MDI) conversion and pharmaceutical projects

34. The World Bank is implementing one MDI conversion project in Argentina (ARG/ARS/56/INV/159) that was approved in November 2008. The World Bank indicated that from the laboratories committed to the change in formula for MDIs, only Laboratorio Pablo Cassará (LPC) continues with the works. It is carrying on with the long-term stability studies in commercial lots. Filling equipment for the pilot plant was delivered. Additional disbursement is pending the registration of the formula at ANMAT (National Authority for Medicines, Food and Medical Technology) and is expected by November 2012. The remaining plant to convert, Cassara (LPC) is currently installing the filling line for production tests of pilot lots. The project is planned to be completed by December 2014.

35. The World Bank is also implementing one project in the pharmaceutical aerosol sector in China (CPR/ARS/51/INV/447) that was approved in March 2007. It indicated that all contracts with pharmaceutical companies have been signed including the largest, Yunban Baiyao, which contributed to the overall project delay as its originally proposed alternatives failed and time was needed to identify another. As soon as a proposed alternative was identified, the company entered into a phase-out contract with FECO (March 2011). The trial period continues until the new application for registering this drug is submitted to the State Food and Drug Administration (SFDA). Out of 49 non-CFC-based aerosol products, the SFDA has received 34 registration applications and will receive another 15 applications by the end of 2012, which means that alternatives will be found for all 49 aerosol products by the end of the year. It takes 2 to 3 years for the SFDA to review and approve the re-registration application. Two out of 14 technical assistance activities have been completed. Four additional technical assistance activities (establishment of Quality Standard of HFC-134a, HFC-227, CO<sub>2</sub>, HC-600a for the non-MDI sector) will be finished by the end of 2012. TORs for an additional 3 technical assistance activities have been approved by the Bank. The next disbursement will take place in 2013, and the project is being planned for completion by December 2013.

#### *Foam and refrigeration investment projects*

36. For the foam conversion project in China (CPR/FOA/59/INV/493) that was approved in November 2009, the World Bank indicated that Tianshuo signed the equipment contract in March 2011. Installation of the pre-mixing machine was done in September 2011; trials started in 2011 and expected to be completed in February 2012. The remaining funds (incremental operating costs) of US \$105,808 were disbursed in March 2012. The project was planned for completion by March 2012.

37. The refrigeration conversion project in Argentina (ARG/REF/18/INV/39) approved in November 1995 has a delay of 15 years. The World Bank indicated that baseline equipment is ready for disposal however the expert in charge of supervising the disposal has undergone a medical surgery and cannot travel to the site. Once the travel restriction is lifted by the doctors, he will organize and supervise the disposal. It should be noted that equipment has been installed, and the company has been producing foam with cyclopentane since July 2011. The Bank indicated that no CFCs are being used, and the project is planned to be completed by June 2012.



**RECOMMENDATIONS**

38. The Executive Committee may wish to:

- (a) Note:
  - (i) The World Bank's progress report contained in document UNEP/OzL.Pro/ExCom/67/15;
  - (ii) That the World Bank would report to the 68<sup>th</sup> meeting on a total of two projects with implementation delays, which were classified as such in 2010;
- (b) Request the submission of additional status reports to the 68<sup>th</sup> meeting:
  - (i) To monitor implementation progress and the staffing of the National Ozone Unit for the national CFC phase-out plan in Thailand (2010-2012 annual implementation plan) (THA/PHA/60/INV/154);
  - (ii) To monitor the signing of the agreement for two HCFC phase-out management plan (HPMP) activities in Viet Nam (VIE/PHA/63/INV/56 and VIE/PHA/63/TAS/58) which were approved over one year ago;
  - (iii) On the global chiller demonstration project (GLO/REF/47/DEM/268) in light of the fact that low disbursement has been reported to-date;
  - (iv) On the ODS disposal preparatory activities in Indonesia (IDS/DES/57/PRP/187) and the Philippines (PHI/DES/57/PRP/85), if these projects are not submitted to the 68<sup>th</sup> meeting; and
- (c) Consider whether the project preparation activities related to HCFC phase-out investment activities in the domestic air-conditioning sector in the Philippines (PHI/REF/59/PRP/88) should be cancelled and fund balance returned to the Multilateral Fund Secretariat or redirected to other HCFC phase-out activities.

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Annex I

WORLD BANK PROJECT IMPLEMENTATION BY COUNTRY

Country	Phased Out in 2011	Percentage of Planned Phase-out Achieved in 2011	Estimated Funds Disbursed in 2011 (US\$)	Funds Disbursed in 2011 (US\$)	Percentage of Funds Disbursed over Estimation in 2011	Percentage of Planned Projects Completed in 2011
Algeria	0.0			0		
Antigua and Barbuda	0.0		97,300	0	0%	100%
Argentina	0.0		1,221,061	721,478	59%	0%
Bahamas (the)	0.0		0	0		
Bangladesh	0.0			0		
Brazil	0.0			0		
Chile	0.0			0		
China	249.8	100%	3,825,440	2,147,800	56%	100%
Colombia	0.0			0		
Ecuador	0.0		0	0		
Egypt	0.0			0		
Ghana	0.0			0		
Global	0.0		540,000	385,699	71%	100%
Guatemala	0.0			0		
India	0.0		5,833,000	3,370,000	58%	100%
Indonesia	0.0		60,000	10,000	17%	100%
Iran (Islamic Republic of)	0.0			0		
Jordan	0.0		172,672	169,098	98%	100%
Kenya	0.0			0		
Malaysia	0.0		0	0		
Mexico	0.0		40,000	33,000	83%	0%
Nigeria	0.0			0		
Oman	0.0			0		
Pakistan	0.0			0		
Philippines (the)	0.0		2,880,701	865,025	30%	100%
Serbia	0.0			0		
Sri Lanka	0.0		0	0		
Thailand	0.0		3,412,412	655,720	19%	
Trinidad and Tobago	0.0			0		
Tunisia	0.0		1,153,755	271,474	24%	100%
Turkey	0.0		0	0		
Uruguay	0.0			0		
Venezuela (Bolivarian Republic of)	0.0		0	0		
Viet Nam	5.2		494,525	483,844	98%	100%
Zimbabwe	0.0			0		
<b>Grand Total</b>	<b>255.0</b>	<b>100%</b>	<b>19,730,866</b>	<b>9,113,138</b>	<b>46%</b>	<b>92%</b>

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# ANNUAL PROGRESS REPORT

BANK-IMPLEMENTED  
MONTREAL PROTOCOL OPERATIONS

January - December 2011

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## List of Attachments

- Annex I: Country Developments
- Annex II: Progress & Financial Reporting Database
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## I. PROJECT APPROVALS AND DISBURSEMENTS

### A. Annual Summary Data

1. Implementation of World Bank Multilateral Fund activities has advanced in the calendar year 2011. Maintaining a cumulative ODP phaseout of over 302,000 metric tonnes (MT), over 100 percent of the total ODP to be phased out through World Bank conversion and closure projects has been achieved since 2010. Disbursement for the entire World Bank portfolio in the year 2011 is US\$913 million. Eleven new project approvals by the MLF have increased the number of active projects in the Bank's portfolio to a total of 1016. The cumulative number of ongoing multi-year projects in the Bank's portfolio, including newly approved multi-year HCFC phaseout projects, was 16 in 2011.

2. Implementing Agency performance is measured by a set of nine weighted performance indicators in accordance with Executive Committee Decision 41/93. In 2011, five annual programs associated to existing and new multi-year agreements were submitted and approved out of 8 planned in the approved table of World Bank 2011 performance targets, which is 63 percent of the target of this "approval" indicator. In regards to the ODP phaseout target which is covered in two of four "implementation" indicators that deal with multi-year projects on the one hand, and with individual projects on the other, the World Bank can claim phaseout of a total of 250 tonnes in ODP consumption and production for 2011. In the context of multi-year projects, the indicator of milestone activities was 100% completed. World Bank performance for all four implementation indicators is highlighted in Section IV of this annual report.

3. The World Bank had mixed performance relative to the three "administrative" indicators for 2011. The 2011 Progress Report was submitted on time. In its 2011 Business Plan, the Bank committed to submit to the Executive Committee 100 percent of PCRs for the number of projects completed in the 2011 PCR reporting period. In the PCR reporting period (July 2010-June 2011), 4 individual investment projects completed which required PCRs. Eleven PCRs were submitted in that period. If these are counted against the PCR target set with the Senior Monitoring and Evaluation Officer then the Bank achieved this target by 85%. In terms of speed of financial completion, a third administrative indicator, the actual speed was double of the 2011 target of 33 months primarily because of the impact of tranches of multi-year agreement tranches. This is explained further in Section IV.

4. According to Decision 41/93, the MLF Secretariat was requested to continue to monitor traditional indicators of performance on the basis of trend analysis. These indicators include disbursement, value of projects approved, cost of project preparation, cost-effectiveness, distribution of projects among countries, speed of first disbursement, speed of completion and net emission due to delays. 2011 outcomes in relation to these traditional indicators are also provided in Section IV.

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Table I-1: Annual Summary

Yr. Apprvd./ Impl. Char.	No. of Approvals*	No. Completed	% Completed	Consumption ODP to be Phased Out*	Consumption ODP Phased Out	% of Consumption ODP Phased Out	Production ODP to be Phased Out*	Production ODP Phased Out	% of Production ODP Phased Out	Approved Funding plus Adjustment (US \$)	Funds Disbursed (US \$)	% of Funds Disbursed	Balance (US \$)	Estimated Disbursement in Current Year (US \$)	Support Costs Approved (US \$)	Support Cost Adjustments (US \$)
1991	42	42	100%	536	600	112%	0	0	0%	5,429,404	5,429,404	100%	0	0	820,000	-534,564
1992	76	76	100%	18,441	18,276	99%	0	0	0%	28,047,705	28,047,705	100%	-1	0	1,347,550	-396,573
1993	79	79	100%	2,468	3,054	124%	0	0	0%	42,538,405	42,538,405	100%	0	0	1,179,000	-276,805
1994	91	91	100%	8,894	9,178	103%	1,200	1,200	100%	41,081,267	41,081,267	100%	0	0	1,418,963	113,858
1995	112	111	99%	3,648	3,565	98%	0	0	0%	47,224,186	47,224,186	100%	0	0	5,478,734	-764,883
1996	55	55	100%	3,610	3,312	92%	0	0	0%	29,319,479	29,319,479	100%	0	0	4,465,744	-621,460
1997	95	95	100%	17,308	17,257	100%	11,739	11,739	100%	56,173,103	56,173,103	100%	0	0	8,100,603	-1,156,010
1998	59	59	100%	8,837	8,783	99%	5,826	5,826	100%	36,072,212	35,959,418	100%	112,795	0	4,804,453	-486,965
1999	73	72	99%	8,016	7,992	100%	5,970	5,970	100%	64,235,810	64,053,138	100%	182,672	0	6,207,035	333,465
2000	67	67	100%	2,978	3,260	109%	8,793	8,793	100%	36,982,135	36,982,135	100%	0	0	3,744,868	-182,406
2001	29	29	100%	6,067	6,067	100%	8,384	8,384	100%	55,212,853	55,212,854	100%	0	0	4,482,838	564,673
2002	32	32	100%	6,495	6,699	103%	7,443	7,443	100%	64,357,778	64,357,778	100%	0	0	7,174,301	-69,512
2003	24	24	100%	3,966	3,978	100%	7,421	7,421	100%	72,757,614	72,734,119	100%	23,495	0	7,029,910	255,005
2004	29	28	97%	4,451	4,468	100%	16,065	16,065	100%	77,140,343	76,641,613	99%	498,730	492,317	7,369,146	86,364
2005	28	25	89%	19,359	23,047	119%	46,273	46,342	100%	75,409,341	66,860,263	89%	8,549,078	1,473,400	7,381,049	-65,689
2006	22	19	86%	1,260	1,260	100%	18,444	18,444	100%	65,844,584	63,478,648	96%	2,365,936	1,467,649	6,490,404	-34,306
2007	25	22	88%	2,989	2,749	92%	17,115	17,115	100%	66,573,366	65,555,270	98%	1,018,096	100,000	6,860,290	-380,902
2008	28	23	82%	2,460	2,348	95%	19,463	19,463	100%	40,950,215	39,411,562	96%	1,538,653	657,180	4,834,395	-217,488
2009	23	14	61%	711	629	88%	690	690	100%	27,213,182	21,132,055	78%	6,081,127	5,355,896	3,564,606	-395,206
2010	16	10	63%	674	674	100%	0	0	0%	1,906,918	767,277	40%	1,139,641	776,741	1,868,548	-4,835
2011	11	1	9%	81	0	0%	0	0	0%	44,963,523	57,000	0%	44,906,523	21,332,500	5,099,184	0
Total	1,017	974	96%	123,168	127,195	103%	174,826	174,895	100%	979,433,424	913,016,681	93%	66,416,742	31,655,683	99,721,621	-4,234,237

\* Excludes 93 Closed and 10 Transferred Projects.  
Includes Project Preparation.

## B. Summary of Data by Project Type (CPG, DEM, INS, INV, PRP, TAS, TRA)

5. Table I-2 summarizes the entire portfolio of World Bank project approvals, adjustments and disbursements by type of project or activity. As can be seen from the table, the major proportion of the Bank's approved funding to date has gone for investment projects, US \$946,274,248. The amounts allocated for institutional strengthening and country program development are US \$7,908,667 and US \$2,383,906 respectively.

**Table I-2: Summary of Data by Project Type**

Type	No. of Approvals*	No. Completed	% Completed	Approved Funding (US\$)	Adjustment (US\$)	Funds Disbursed (US\$)	% of Funds Disbursed	Balance (US\$)	Est. Disbursement in Cur. Year (US\$)
Country Programme Preparation	29	29	100%	2,383,906	-756,174	1,627,732	100%	0	0
Demonstration Projects	6	3	50%	10,290,814	-181,624	3,202,713	32%	6,906,478	1,727,092
Institutional Strengthening Projects	43	40	93%	7,908,667	-244,662	7,327,202	96%	336,803	336,804
Investment Projects	604	581	96%	946,274,248	-22,084,662	866,518,304	94%	57,671,282	28,509,607
Project Preparation	276	265	96%	32,691,462	-7,836,026	23,867,956	96%	987,480	822,180
Technical Assistance Projects	55	52	95%	13,602,907	-2,921,199	10,167,008	95%	514,700	260,000
Training Projects	4	4	100%	686,000	-380,234	305,766	100%	0	0
<b>Total</b>	<b>1,017</b>	<b>974</b>	<b>96%</b>	<b>1,013,838,004</b>	<b>-34,404,580</b>	<b>913,016,681</b>	<b>93%</b>	<b>66,416,742</b>	<b>31,655,683</b>

\* Excludes Closed and Transferred Projects.

### C. Multi-year Agreements

6. The World Bank has received approval for a total of 29 multi-year projects as of the end of 2011 with one of these having been cancelled before implementation start in 2006. In addition, the Bank was chosen as a Cooperating Agency for chiller replacements under two multi-year agreements with UNIDO as the Lead Agency (in Argentina and Mexico). The Bank was also a Cooperating Agency for a now completed aerosol sector strategy that was approved with one-time funding but fell under Indonesia's National ODS Phaseout Plan where UNDP is the Lead Agency. Under the 32 multi-year projects, 5 annual programs (or plans) were approved in 2011, for one ongoing national methyl bromide phaseout plans in Vietnam and for four new HCFC phaseout sector and national plans in China, Indonesia, Jordan and Vietnam – all tranches worth a total of US \$44.6 million.

7. As of 2011, there are 25 multi-year projects where full funding has been released by the Executive Committee. Nevertheless a number of these projects will continue to be active in different ways. Decision 56/13 requires that sector plans in the foam, halon and CFC production sectors in China be tracked until the full utilization of the remaining balances. The World Bank continues to cooperate closely with China on monitoring the ongoing implementation of sector plan activities and has consequently extended the grant agreement (ODS IV) under which these sector plans fall from the planned closure in 2011 to 2013.

8. For a number of National CFC Phaseout Plans (NCPPs) or components of NCPPs that have received full MLF funding as per multi-year agreements (MYAs), project implementation will continue into 2012 until all activities focusing on sustainable phaseout and strengthening the institutional framework are completed. This is the case for the NCPPs for Argentina, the Philippines, Thailand, and Tunisia where overarching obligations to the agreement with the Executive Committee (i.e. zero CFC and halon consumption) have been met. However, because of the closing grant agreements in the Philippines (June 2011) further implementation using the savings of the NCPP tranches will be undertaken under UNEP.

9. Two multi-year projects were physically and financially completed in 2011, the India CFC Production Sector Gradual Phase-out Project and the Vietnam National CFC and Halon Phase-out Plan. Eight previously approved multi-year projects were ongoing by the end of 2011. The Vietnam National Methyl Bromide Phaseout Plan received approval of its final funding tranche in November 2011. Only one previously approved MYA awaits approval of its final tranche of funding, the India accelerated CFC production closure project which is expected in 2012.

10. Finally, 2011 marked the first year that HCFC Phaseout Management Plans and HCFC Sector Plans were approved by the Executive Committee for implementation under the World Bank. Three new MYAs will be implemented through the Bank for HCFC phase-out in the PU foam sector in China, Indonesia and Vietnam. In addition, Jordan received approval for its HPMP, including an air-conditioning sector plan with support from the Bank. These four sector plans and HPMP (in the case of Vietnam) are aimed at the countries' Stage I HPMP phaseout targets and are valued in total at US\$87.8 million.

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11. All World Bank partner countries currently implementing multi-year projects, have met their annual consumption and production targets for the 2010 calendar year and have maintained the total phaseout in 2011 according to preliminary information. Verification audits for each plan will provide third-party confirmation. Table I-3 presents a summary of multi-year agreements for projects under World Bank implementation. Additional country information is also found in Annex I of this report.

Table I-3: Multi-Year Projects

Country	Sector Plan/National ODS Phase-Out Plan	Date Apprvd.	Planned Date of Completion (inc. revised)	Actual Date of Completion	Funds Committed by ExCom (US\$)	Funds Released including Present Year by ExCom (US\$)	Funds Disbursed to the Country (US\$)	Total ODP Consumption to be Phased-out for the Plan	ODP Consumption Allowed for the Reporting Year*	Actual ODP Consumption for Reporting Year*	Total ODP Production to be Phased out for the Plan	ODP Production Allowed for the Reporting Year*	Actual ODP Production for Reporting Year*
Antigua Barbuda	CFC phase-out management plan	Dec-04	Dec-11	Dec-11	97,300	97,300	-	1.8	0.0	0.0	0	0	0
Argentina	CFC production closure plan	Nov-02	Nov-09	Dec-09	10,600,000	10,600,000	10,600,000	0	0	0	3,020	0	0
Argentina	National CFC phase-out plan	Nov-05	Jul-12		500,000	500,000	11,250	2	0	0	0	0	0
Bahamas	Terminal CFC Phaseout Plan for The Bahamas	Dec-01	Dec-09	Jan-09	560,000	560,000	530,946	66	0	0	0	0	0
Chile	Phase-out of all the remaining uses of methyl bromide in soil application pest control	Apr-05	NA		2,547,156	691,703	0	136	0		0	0	0
China	Halon Sector	Nov-97	Dec-11	Dec-11	62,000,000	62,000,000	62,000,000	24,480	0	0	30,060	0	0
China	CFC Production Sector	Mar-99	Dec-10	Dec-10	150,000,000	150,000,000	150,000,000	0	0	0	44,931	0	0
China	Foam Sector	Dec-01	Dec-10	Dec-10	53,846,000	53,846,000	53,846,000	14,143	0	0	0	0	0
China	TCA Sector	Jul-04	Nov-10	Nov-10	2,100,000	2,100,000	2,100,000	0	0	0	113	0	0
China	CTC/PA Sector Phase I	Nov-02	Dec-11	Dec-11	65,000,000	65,000,000	64,500,000	11,160	220	tbd	52,162	4,471	0
China	CTC/PA Sector Phase II	Nov-05	Dec-09	Jul-10	46,500,000	46,500,000	46,285,000	6,945	6,945	4,620	0	0	0
China	HCFC Phaseout Foam	Jul-11	Dec-16		73,000,000	38,859,000		916	unlimited	??	0	0	0
Ecuador	National CFC phase-out plan	Dec-03	Nov-09	Sep-09	1,689,800	1,689,800	1,194,471	246	0	0	0	0	0
India	CFC production sector gradual phase-out project	Nov-99	Dec-11	Nov-11	82,000,000	82,000,000	82,000,000	0	0	0	22,588	0	0
India	Accelerated CFC Production Phase-out	4/1/2008 (in principle)	Jul-12		3,170,000	2,113,000	2,113,000	0	0	0	690	0	0

India	CTC phase-out plan for the consumption and production sectors	Jul-03	Dec-12		38,100,954	38,100,954	37,204,080	11,505	0	0	11,553	0	0
Indonesia	Phase-out of residual CFCs in the foam sector	Apr-04	Jun-10	Jun-10	2,957,564	2,957,564	2,957,564	352	0	0	0	0	0
Indonesia	Refrigeration sector phase-out plan: MAC servicing sector	Nov-02	Mar-10	Mar-10	4,317,000	4,317,000	4,317,000	915	0	0	0	0	0
Indonesia	National strategy for phasing out the use of CFC in the aerosol sector	Dec-04	Jun-10	Jun-10	371,910	371,910	371,910	70	0	0	0	0	0
Indonesia	HCFC Phase Out Plan (Stage I): Foam Sector Plan	Jul-11	Jul-19		2,714,187	1,500,000		30	unlimited	n/a	0	0	0
Jordan	HCFC Phase Out Plan (Stage I): Air-conditioning Sector Plan	Nov-11	Nov-17		2,341,150	1,070,100		17	unlimited	n/a	0	0	0
Mexico	National CFC phase-out plan: Chiller Subsector	Apr-05	Apr-07	Feb-06	500,000	500,000	500,000	0	0	0	0	0	0
Malaysia	National CFC phaseout plan	Dec-01	Dec-10	Dec-10	11,517,005	11,517,005	11,441,013	1,911	0	0	0	0	0
Philippines	National CFC phase out plan	Nov-02	Dec-11		10,216,876	10,216,876	8,381,671	2,018	0	0	0	0	0

Country	Sector Plan/National ODS Phase-Out Plan	Date Apprvd.	Planned Date of Completion (inc. revised)	Actual Date of Completion	Funds Committed by ExCom (US\$)	Funds Released including Present Year by ExCom (US\$)	Funds Disbursed to the Country (US\$)	Total ODP Consumption to be Phased-out for the Plan	ODP Consumption Allowed for the Reporting Year*	Actual ODP Consumption for Reporting Year*	Total ODP Production to be Phased out for the Plan	ODP Production Allowed for the Reporting Year*	Actual ODP Production for Reporting Year*
Thailand	National CFC phaseout plan	Dec-01	Dec-12		14,728,626	14,728,626	11,198,930	3,108	0	0	0	0	0
Thailand	National methyl bromide phase-out plan	Dec-04	Dec-13		2,901,600	2,901,600	1,019,351	242	37	n/a	0	0	0
Tunisia	National ODS phase-out plan	Jul-06	Dec-12		1,135,395	1,135,395	138,632	342	0	0	0	0	0
Turkey	CFC Phase-out plan for Turkey	Dec-01	Dec-09	Apr-08	9,000,000	9,000,000	8,565,903	977	0	0	0	0	0
Venezuela	Phased reduction and closure of the entire CFC production	Dec-04	Sep-09	Nov-09	16,500,000	16,500,000	16,500,000	0	0	0	4,400	0	0
Vietnam	National CFC and halon phase-out plan	Apr-05	Jul-10	Dec-10	1,260,000	1,260,000	1,259,448	259	0	0	0	0	0
Vietnam	National phase-out plan of methyl bromide	Nov-06	Nov-15		1,098,284	1,000,000	609,894	85	70	70	0	0	0
Vietnam	HCFC phase-out management plan (stage I, first tranche) (foam sector plan)	Apr-11	Apr-15		9,763,820	3,054,423		140	unlimited	n/a	0	0	0

\*Reporting Year in this case is 2011. However, in line with the agreement reached with the MLF Secretariat and reflected in the 66<sup>th</sup> Meeting decision of the Executive Committee, more recent progress in the current year (2012) is included.

**Table I-3: Multi-Year Projects (cont.)**

Antigua Barbuda	CFC phase-out management plan	National CFC Phaseout Management Plan completed on Dec 31, 2011. Full phase-out achieved. Financial closure underway, to be completed by May 31, 2012.
Argentina	CFC production closure plan	Project completed.
Argentina	National CFC phase-out plan	Four chillers are being replaced under two separate subproject agreements which were signed in Q4 of 2011. The proposed disbursement for 2012 is lower than planned in 2011 because necessary paperwork to permit disbursement from enterprises was pending.
Bahamas	Terminal CFC Phaseout Plan for The Bahamas	Project completed.
Chile	Phase-out of all the remaining uses of methyl bromide in soil application pest control	Project cancelled Jul 06.
China	Halon Sector	Three remaining TA activities (studies) completed and study outputs have or will be used to develop various fire safety standards under the overall halon sector plan. As the issue regarding classifying halons as hazardous waste has been resolved and halons are no longer covered by the hazardous waste regulation, recycling and banking activities have restarted. The halon 1211 recycling center in Guangdong asked to restart its work and establishment of a halon 1301 recycling center is now moving forward. FECO has, in cooperation with Ministry of Public Security responsible for fire and safety fire fighting in China, organized workshops for fire authorities and fire protection industry on the proposed halon banking program to evaluate feasibility and demands for halons. Based on the support from MPS and the participants in the workshops, the program is now moving forward. Sector plan will not be considered financially closed until the China-WB umbrella project (ODSIV) is completed in order to permit monitoring.
China	CFC Production Sector	While CFC production for non-essential uses stopped by July 2007, there is still demand for CFCs for non-MDI pharmaceutical products and for the refrigeration servicing sector. The supply for those applications are from the national stock of CFCs that is managed by FECO and maybe some stocks held by dealers and former producers. Only qualified users can buy CFC from the national stock and stock of former producers - and only through the CFC procurement licensing system. Cost related to management and monitoring of CFC sales are covered by remaining funds of the sector plan. A number of TA activities, especially related to the CFC and halon export/import control system are still ongoing. In addition, new TA activities have been added to the program to ensure long term sustainability.
China	Foam Sector	The sector plan will not be financially closed until the China-WB umbrella project (ODSIV) is completed in order to permit monitoring.
China	TCA Sector	TCA sector plan completed.



China	CTC/PA Sector Phase I	2010 PA I production verification report submitted to the 65th ExCom. All sales and use of CTC in the PAI sector have been phased out, except for that by the CSM producer, Jilin. Jilin will continue to produce CSM. Jilin will undertake a study showing that actual CTC emission is only 0.1 MT of CTC per MT of CSM, while the rest of CTC is converted to chloroform in its production process. This would allow it to procure more CTC than the current limit (with FECO's permission) in order to meet CSM market demand. Remaining tranche of \$500,000 to be disbursed by mid-2012.
China	CTC/PA Sector Phase II	As CTC is co-produced with chloroform and the huge and increasing demand for chloroform, CTC will continue to be a challenge and require ongoing monitoring by FECO and the WB. The on-line CTC production monitoring system, financed under PAII, is now operational, but its reliability still needs to be confirmed. The CTC procurement sales licensing system is the main tool in controlling the feedstock and lab uses of CTC in China (co-financed by PAII). As reported previously, remaining few PAII companies have stopped the use of CTC and conversion or dismantling of their CTC-using production facilities will be verified through on site visit as part of WB/FECO supervision. \$215,000 remaining to be disbursed to China; expected by mid-2012.
China	HCFC Phaseout Foam	WB preparation mission for the new China-WB Grant Agreement for Stage I HCFC Phaseout held Oct. 2011. Draft project implementation manual (PIM) completed by FECO, including some TORs for implementing the foam sector plan. Appraisal mission to assess readiness of project documents (PIM, disbursement and procurement arrangements, subproject implementation arrangements, etc.) done in Feb. 12. Final touches on disbursement arrangements, disclosure requirements and pre-negotiation clearances underway. Grant Agreement signing planned for May 2012.
Ecuador	National CFC phase-out plan	Project completed. Balance of \$495,329 was returned to the MLF at the 62nd ExCom Meeting.
India	CFC production sector gradual phase-out project	Last remaining funds disbursed to India in April 2011. 2010 annual verification audit submitted to the 65th Meeting of the ExCom. CFC production sector plan is now completed physically and financially.
India	Accelerated CFC Production Phase-out	MOEF signed the agreement with producers in Dec 11. Funds released to India for the first tranche in Jan 2012. WB submitted on behalf of India, a request for the second tranche at the 66th ExCom Meeting which was deferred to the 67th Meeting pending conditions from a separate agreement on CFC destruction be fulfilled as well as requirements on production closure and dismantling.
India	CTC phase-out plan for the consumption and production sectors	Some funding for the TA component disbursed. No more disbursement under the consumption sector. Given the current balance in TA, the 66th ExCom requested the WB to provide to the 67th meeting a work plan covering the funds remaining in the CTC phase-out plan.
Indonesia	Phase-out of residual CFCs in the foam sector	Project completed.
Indonesia	Refrigeration sector phase-out plan: MAC servicing sector	Project completed.
Indonesia	National strategy for phasing out the use of CFC in the aerosol sector	Project completed.
Indonesia	HCFC Phase Out Plan (Stage I): Foam Sector Plan	Preparation of the grant agreement (GA) experienced some delay due to the Government's decision on on-granting international assistance to the private sector. NOU has worked with relevant authorities to resolve the issue. Preparation of project has resumed, with initial WB preparation mission held in Mar.12. Preparation of implementation tools and TORs will commence after the concept note meeting in Apr or May. Grant Agreement expected to be signed in Jul-Aug 2012.

Jordan	HCFC Phase Out Plan (Stage I): Air-conditioning Sector Plan	Project newly approved. First WB preparation mission for a new ODS Project/Grant Agreement held in Mar 12. Preliminary outline for the project implementation manual prepared in Mar 12. Draft terms of references for various tasks and consultancies for implementation will be initiated in Apr 12. By-law to apply a quota on HCFC to be issued Jul 12. WB approval of the new GA expected by fall 2012.
Mexico	National CFC phase-out plan: Chiller Subsector	Project completed.
Malaysia	National CFC phaseout plan	All implementation activities under the last remaining tranche completed. NCPP will be financially closed in Apr 12 upon return of the balance of funds.
Philippines	National CFC phase out plan	All activities completed in the CFC-based manufacturing sector. MDI strategy completed - no more CFC-based MDIs are used in the country. Servicing sector component will continue under UNEP starting in 2012 including ongoing TA for the MAC sector, support to RAC/MAC service shops and other stakeholders, training and awareness raising.
Thailand	National CFC phaseout plan	The implementation of the proposed activities in 2010-2012 Annual Work Plan and procurement of RIs for the Department of Vocational Education have experienced delay due to insufficient staff at NOU and severe flooding in Thailand from Sep-Dec 2011. Next WB mission to evaluate implementation progress is scheduled for Jun 12.
Thailand	National methyl bromide phase-out plan	Eight training centers were established to provide training on the phase-out of methyl bromide. All training equipment were completely procured and distributed to these training centers. Severe flooding in Thailand since September 2011 has temporarily ceased sub-project implementation and preparation of investment activities especially those locating in the affected area. However, financial assistance to type-1 beneficiaries has been in progress. Four sub-projects have signed sub-grant agreement, while three sub-projects were being appraised by the Government Savings Bank. The others sub-project proposals were being reviewed by the beneficiaries to officially confirm their participation. All preparation tasks for type-2 beneficiaries were completed in 2011, PMU-DoA had to reschedule training schedule for type-2 beneficiaries to the first quarter of 2012 due to flooding. In the meantime, insecticide Resistance Control Unit has continually collected sample of insects in different regions to determine insect resistance to phosphine.
Tunisia	National ODS phase-out plan	Complete CFC and halon phase-out achieved. 2008-2009 verification audit and 2011-2012 work plan submitted to the 65th ExCom. Bidding for recovery and recycling equipment relaunched in Sep. 11 after the supplier cancelled its contract with GoT in the aftermath of political events in Tunisia in early 2011. Selection process for refrigerant identifiers also reinitiated and contract award expected in Apr 12. Consultancy for a video/tv spot initiated and film expected to be completed by the first half of 2012. Tunisia-WB grant agreement to close in Jun 2012 which will require a transfer of the NOPP to a new IA.
Turkey	CFC Phase-out plan for Turkey	Refrigeration Sector Project (RSP) and overall ODS umbrella project with the World Bank physically and financially completed.
Venezuela	Phased reduction and closure of the entire CFC production	Project completed.

Vietnam	National CFC and halon phase-out plan	Project completed.
Vietnam	National phase-out plan of methyl bromide	For Regulations and Capacity Building, the PPD has completed and fully disbursed funds for all planned activities, except for the training workshops for MARD officials. The PPD proposed to carry out further studies on phosphine resistance and develop a National Resistance Management Plan in 2012. For Technical Assistance for Post-harvest Applications, the PPD has signed 9 sub-grants with nine of the larger Fumigation Service Companies. Five regional Plant Quarantine Sub-Departments under PPD/MARD have been selected as training centers to provide trainings for fumigation service companies and storage facility owners. Training manuals have been prepared and necessary equipment to carry out trainings is being purchased. A training-of-trainers workshop for the five training centers will be held early 2012 (done). Trainings for fumigation service companies and storage facility owners will be held in late 2012 and 2013 once the national resistance management plan has been developed. For Technical Assistance for Pre-harvest Applications, field demonstrations of different non-MB options are nearly completed. Preliminary results show that some alternatives have a great potential for the control of soil pests and diseases. It is expected that all these demonstrations will be completed and
Vietnam	HCFC phase-out management plan (stage I, first tranche) (foam sector plan)	WB appraisal mission for finalizing implementation arrangements done in Oct 11. Project implementation manual and TORs completed by GoV by Nov 11. Project is going thru Gov. of Vietnam's approval process. After project is approved by GoV, grant agreement between WB and Vietnam will be negotiated, approved by the WB and signed. Project implementation is expected to start in Jul 12.

#### **D. Sector Phaseout by Country**

12. The Bank has implemented and is implementing several projects that will result in sector-wide or nation-wide ODS phaseout but which are not projects with multi-year agreements. With one-time funding by the Executive Committee, these projects aim, nonetheless, to entirely phase out the consumption of ODS through investment activities and policy measures in a sector or country-wide.

13. Two of these projects, the National Transition Strategy to CFC-free Metered Dose Inhalers (MDIs) in Indonesia and the National Methyl Bromide Phaseout Strategy in the Philippines were successfully completed in 2010.

14. The World Bank is also an Implementing Agency for two other aerosol projects, the China Pharmaceutical Aerosol CFC Phaseout project and the project in Argentina to phase out consumption of CFCs in MDI manufacturing that will continue implementation until 2013 and 2014 respectively. The duration of the projects is directly linked to the time needed for registration of new formulations of the medicinal and pharmaceutical products. The main MDI manufacturer of the Argentina project, Laboratorio Pablo Cassará (LPC) is still undergoing conversion of the manufacturing, having received new filling equipment in 2011, while conducting long-term stability studies of various alternative formulations.

15. Under the China Pharmaceutical Aerosol CFC Phaseout project all contracts with pharmaceutical companies signed including the largest, Yunban Baiyao, which had contributed to overall project delay because its originally proposed alternatives failed testing. The company has signed a subgrant agreement with FECO in March 2011 and is conducting trials of new alternatives. The Chinese State Food and Drug Administration (SFDA) has received 34 registration applications under the project and will receive another 15 applications by end of 2012, which means alternatives will have been found for a total of 49 aerosol products.

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## II. PROJECT COMPLETIONS SINCE LAST REPORT

Projects completed during this reporting period (January 1, 2011 to December 31, 2011) are highlighted in Table II-1 below.

### A. ODP Phased Out Since Last Report

16. The total quantity of ODP phased out in association with the 16 projects completed during the reporting period amounts to 2,175 ODP tonnes of consumption and production. Of this phaseout, 5 ODP tonnes was achieved in 2011 and the majority was eliminated in previous years while the projects were active. Phaseout from ongoing projects in 2011 is 250 ODP tonnes. Completed projects in Table II-1 are 68 percent disbursed, leaving a balance of US\$4,592,028.

### B. Non-Investment Project Completions Since Last Report

17. Country Programs: There were no new completions in 2011 for country programs.

18. Technical Assistance: Five technical assistance projects completed in 2011. These consist of three institutional strengthening (IS) projects in Jordan, Tunisia and the Philippines. Both Jordan and Tunisia had already received approval in 2010 for subsequent phases of there IS projects. In the case of the Philippines, the IS ended upon closure of the overall ODS grant agreement between the World Bank and the Philippines. Future phases of the IS project for the Philippines will be implemented under UNEP.

19. The other two completed technical assistance activities comprise specially commissioned verification audits on the production of CFCs in China and India for essential uses. The audits were completed and submitted to the Committee at its 65<sup>th</sup> Meeting.

20. Training: Through its agency support costs, the Bank hosted its Fifteenth Annual Financial Agents Workshop on 30 March to 1 April 2011 for country counterparts who are responsible for project execution, its financial agents, as well as for government officials, because of their central role in project implementation of sector and national ODS phaseout plans.

21. The main objective of the workshop was to increase the level of country preparedness for completing, submitting, and implementing effective and vigorous HCFC phase-out strategies. This was achieved by listening to the pros and cons of alternative technologies that may be appropriate for Stage I HPMP conversions; learning about opportunities to align HCFC phaseout plans with national energy efficiency and climate mitigation programs; taking stock of practical experiences gained in preparing HPMPs, sector plans and HCFC policies; better understanding the implications of Executive Committee decisions on MLF business planning, HCFC aggregate reductions, cost-effectiveness, technologies and HCFC policy; reviewing guidance for compliant HPMPs and project proposals; and, considering ways to make the case for external assistance and internal buy-in in all steps of HPMP preparation.

22. In addition, the World Bank organized a regional two-day workshop in Bangkok for its East Asia country counterparts in May 2011. The sixth ODS workshop held in the region in the last eight years, it aimed to not only share experiences among countries that are facing similar challenges in implementing the Montreal Protocol, but to provide training on World Bank financial management, procurement and environmental safeguard policies and procedures. The participants benefitted from an additional half foam technology clinic with the presence of the Bank's Ozone Operations Resource Group (OORG) foam experts and private sector participants.

Table II-1: Project Completions During Reporting Period

Project Name	Region	Project Number	ODP Phased Out	Date Apprvd.	Date of First Disbursement	Date Compl. (Actual)	Date of Financial Completion	Approved Funding (US\$)	Adjustment (US\$)	Funds Disbursed (US\$)	% Funds Disbursed	Balance	Planned Commitment in Cur. Year (US\$)
CFC phase-out management plan	LAC	ANT/PHA/44/INV/10	3	Dec-04		Dec-11		69,400	0	0	0	69,400	62,987
CFC phase-out management plan (second tranche)	LAC	ANT/PHA/61/INV/13	0	Jul-10		Dec-11		27,900	0	0	0	27,900	0
Verification of production of CFCs for essential use	ASP	CPR/ARS/62/TAS/505	0	Dec-10	Nov-11	Sep-11	Nov-11	50,000	0	50,000	100	0	0
Conversion of the foam part of Jiangsu Huaiyin Huihuang Solar Co. Ltd. from HCFC-141b to cyclopentane	ASP	CPR/FOA/59/DEM/492	5	Nov-09	Jul-10	Dec-11		786,668	0	716,650	91	70,018	70,018
Sector plan for halon phase-out in China: 2008 annual programme	ASP	CPR/HAL/53/INV/456	0	Nov-07	Dec-08	Dec-11		300,000	0	300,000	100	0	0
Phase-out of the production and consumption of CTC for process agent and other non-identified uses (phase I): 2009 annual programme	ASP	CPR/PAG/57/INV/483	0	Apr-09	Jan-10	Dec-11		1,000,000	0	500,000	50	500,000	500,000
Verification of production of CFCs for essential use	ASP	IND/ARS/62/TAS/438	0	Dec-10	Nov-11	Aug-11	Nov-11	50,000	0	50,000	100	0	0
CFC production sector gradual phase-out: 2009 annual implementation plan	ASP	IND/PRO/59/INV/434	0	Nov-09	Dec-10	Apr-11	Nov-11	6,000,000	0	6,000,000	100	0	0
Accelerated CFC production phase-out (first tranche)	ASP	IND/PRO/59/INV/435	690	Nov-09		Dec-11		2,113,000	0	0	0	2,113,000	2,113,000
Extension of institutional strengthening project (phase VIII)	ASP	JOR/SEV/58/INS/84	0	Jul-09	Dec-10	Mar-11	Mar-11	110,500	0	110,500	100	0	0
National CFC phase-out plan: 2006 annual programme	ASP	PHI/PHA/47/INV/79	149	Nov-05	Dec-06	Jun-11		2,873,197	0	1,189,583	41	1,683,614	0
National CFC phase-out plan: 2007 annual programme	ASP	PHI/PHA/51/INV/81	907	Mar-07	Dec-07	Jun-11		337,717	0	319,621	95	18,096	0
National CFC phase-out plan: 2008 annual programme	ASP	PHI/PHA/54/INV/82	421	Apr-08		Jun-11		110,000	0	0	0	110,000	0
Extension of institutional strengthening project (phase VII)	ASP	PHI/SEV/60/INS/89	0	Apr-10	Dec-10	Jun-11	Nov-11	158,491	-64,471	94,020	100	0	0
Extension of institutional strengthening project (phase V)	AFR	TUN/SEV/55/INS/49	0	Jul-08	Dec-09	Jun-11	Sep-11	247,270	0	247,270	100	0	0
National phase-out plan of out methyl bromide (first tranche)	ASP	VIE/FUM/50/INV/48	0	Nov-06	Dec-09	Nov-11		230,000	0	230,000	100	0	0
<b>Total</b>			2,175					14,464,143	-64,471	9,807,644	68%	4,592,028	2,746,005

### III. GLOBAL AND REGIONAL PROJECT HIGHLIGHTS

#### A. Global Projects

23. The World Bank had one global project in 2011 that was ongoing, the Global Chiller Replacement Project. The project's original objective was to replace CFC chillers in China, India, Indonesia, Jordan, Malaysia, the Philippines and Tunisia. As of the end of 2011, four of these countries had embarked on a national chiller replacement project – demonstrating a number of implementation modalities that meet specific needs of the countries. In addition, with the agreement of the Executive Committee at its 65<sup>th</sup> Meeting in November 2011, Argentina will be included as one of the beneficiary countries of this project.

24. The India Chiller Energy Efficiency Project, which has three separate financing modalities (the MLF, GEF and CDM (through KfW)) continued implementation in 2011. However, it was agreed in November 2011 by KfW and IDBI, the coordinating entity, that the Emission Reduction Purchase Agreement (ERPA) will be terminated because a delay in the registration of the project by the CDM Executive Board makes it unviable. The project will be restructured in 2012 to take this change into account.

25. The Philippines Energy Efficiency Project which was closely modeled on the India chiller project, has also received US\$1 million in MLF funding, GEF funding and KfW financing through an ERPA. The ERPA between KfW and DENR was signed in early 2011 and a launch workshop with chiller suppliers and owners was held in May 2011. Several contracts have been signed with building owners.

26. The Jordan CFC Chiller Replacement Project, that provides a 30% subsidy to building owners based on a nominal value, has seen 16 chillers replaced and 4 subgrant agreements (SGAs) signed. Four chillers at the airport in Amman will be replaced once the new terminal opens, now expected in October 2011. From October until the end of the year, several technical assistance activities were undertaken by Jordan's National Center for Research and Development, including a maintenance manual for chillers and performance monitoring of new chillers.

27. The Indonesia chiller energy efficiency project, which will bring together US \$4 million in GEF funding with US\$1 million from the Global Chiller Replacement Project to leverage additional resources in the form of concessional loans from KfW has been delayed somewhat in 2011 due to an on-granting issue in the Government. This appears to have been resolved and a grant agreement between the Government of Indonesia and the World Bank to channel the GEF and MLF funds and implement the project will be prepared in 2012.

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**B. Regional Projects**

28. The World Bank has no outstanding regional projects.



## IV. PERFORMANCE INDICATORS

### A. Agency Performance Goals

29. Executive Committee Decision 41/93 requests Implementing Agencies (IAs) to employ nine weighted indicators to assess their annual performance. These indicators are classified as approval, implementation and administrative indicators. The basis for setting and measuring these indicators are the annual progress reports and annual plans of multi-year projects as implied in the background document to the new indicator system, UNEP/OzL.Pro/ExCom/41/80, as well as the IA business plans.

30. “Approval” indicators measure projects that received Executive Committee approval against those planned to be delivered as per multi-year agreements (MYAs) and the 2011 Business Plan. For the first approval indicator, 8 annual programs associated with existing and new multi-year agreements were targeted for approval in 2011 according to Executive Committee Decision 63/10(c). The actual number of annual programs submitted was 5 from the 8 annual programs targeted through the decision. This was due to the following reasons: one country could not meet the conditions required in the previous tranche to be able to apply for approval of the next tranche, a second country experienced delays in finalizing its survey data for the HCFC Phaseout Management Plan (HPMP), and another country decided to withhold submission of its HPMP until it could obtain additional clearances that it considered necessary. The target was therefore met by 63%.

31. The second approval indicator, the planned number of new individual projects (investment projects, RMPs, halon banks, institutional strengthening, and technical assistance) for approval was set at 3 in the Business Plan. In 2011, two technical assistance activities were approved, allowing the World Bank to meet the target by 67%.

32. There are four “implementation” indicators. The first implementation indicator measures performance in ongoing multi-year projects, namely whether milestone activities and ODS consumption and production levels were achieved as planned in approved annual tranches. Bank partner countries executing existing multi-year agreements (approved prior to 2011) that were targeted in the business plan met all targeted ODS phaseout and policy milestones (a total of 2).

33. The second implementation indicator focuses on ODS phased out in individual projects versus what was planned in the progress report (this excludes multi-year project phaseout per MLF Secretariat guidance). The World Bank had initially targeted 213.6.3 ODP tonnes of phaseout in 2011 by individual projects based only on what projects were expected to complete in 2011 per the 2010 Progress Report at the time of business plan preparation. A total of 250 ODP tonnes can be claimed to be newly phased out by individual World Bank projects in 2011 (including one ongoing project). Thus the Bank would have met this target. However, Decision 63/10(c) set the 2011 target at 697 ODP tonnes per the recommendation of the Fund Secretariat which utilized the 2009 Progress Report as its basis. Hence, the target does not reflect the knowledge at hand during the business plan preparation and the target was consequently only met by 37%. In addition, another 5 ODP tonnes of consumption phaseout was achieved through one ongoing multi-year project.

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34. For the third implementation indicator, “project completion,” the World Bank expected 5 individual investment and non-investment projects to be completed in 2011 as per its 2011 Business Plan. The number of individual projects reaching completion in 2011 was 6, allowing the Bank to meet the target by over 100%.

35. The fourth implementation indicator, “Percentage of policy/regulatory assistance completed vs. that planned” was achieved as policy and regulatory assistance was provided in the context of all sector and national ODS phaseout plans, as well as institutional strengthening projects.

36. There are three “administrative” indicators. The Bank met one of the three administrative targets. For Speed of Financial Completion, the Bank had anticipated 11 months for the average number of months from project completion to financial completion in 2011. In actuality, the number was 33. The reason that the average time is double of the indicator is because of multi-year agreements which are reaching completion in increasing numbers. Early tranches of these MYAs were, upon use of funds for targeted activities, not declared financially completed because of the World Bank’s position that a multi-year agreement should be treated as one program for a country and only be closed upon 100% completion of all funding tranches. This allows a multi-year project to be monitored at the program level, particularly when disbursement still remains from a country to a beneficiary. In 2011, the India CFC Production Closure Plan was physically and financially completed which significantly skewed the rate of financial completion given that the first tranche completed in November 2000 when the subsequent tranche was approved.

37. The Bank committed to submit to the Executive Committee 100 percent of PCRs for the number of projects completed in the 2011 PCR reporting period in its 2011 Business Plan. In the 2011 PCR reporting period (July 2010-June 2011), one individual investment, one technical assistance project, and two multi-year agreements completed which require PCRs. No PCRs for MYAs were submitted in 2011 given that the template was not finalized. Eleven PCRs were submitted in 2011. If applying the target set with the Senior Monitoring and Evaluation Officer of submitting 13PCRs in 2011, the result is an 85% achievement rate. Finally, the 2011 Progress Report was submitted on time for achievement of the third administrative indicator.

38. Table IV-1 summarizes the World Bank’s performance relative to indicators per Decision 61/10(c) on the Bank’s 2011 Business Plan.

#### **Table IV-1: World Bank Performance Goals**



Category of Performance Indicator	Item	Weighting	2011 Target	2011 Actual
Approval	Number of annual programmes of existing multi-year agreements approved vs. those planned	15	8	5
Approval	Number of individual projects/activities approved vs. those planned	10	3	2
Implementation	Milestone activities completed (e.g., policy measures, regulatory assistance)/ODS levels achieved for approved multi-year annual tranches vs. those planned	20	2/2	2/2
Implementation	ODS phased-out for individual projects vs. those planned per progress reports	15	697	250
Implementation	Project completion (pursuant to Dec. 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	10	5 <sup>(1)</sup>	6 <sup>(2)</sup>
Implementation	Percentage of policy/regulatory assistance completed vs. that planned	10	100%	100%
Administrative	Speed of financial completion vs. that required per progress report completion dates	10	11 months	33.4 months
Administrative	Timely submission of project completion reports vs. those agreed	5	100%	85%
Administrative	Timely submission of progress reports and responses unless otherwise agreed	5	100%	100%

<sup>(1)</sup> Represents the number of projects expected to be completed in 2011.

<sup>(2)</sup> This figure includes completion of all individual investment and non-investment activities in 2011, but excludes annual programs of multi-year agreements. The total number of projects completed in 2011 is 20 excluding the global activity for agency core unit costs.

**Table IV-2: World Bank Indicators of Implementation Progress**

Indicator	Measure	Unit	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Over- all
Delivery Speed	Signing	Mos.	48	35	30	21	15	13	15	13	11	10	8	11	14	0	9	0	0	12	0	0	0	18
	First Disb.	Mos.	47	43	35	27	22	22	27	20	21	24	17	18	18	15	19	21	12	14	13	0	0	24
	Last Disb.	Mos.	52	59	55	58	52	53	51	39	50	50	37	61	39	41	20	38	33	28	8	0	0	51
ODP Phaseout	Amount	Percent- age	77	100	117	103	101	92	100	100	100	102	100	101	100	100	106	100	99	99	95	100	0	101
	Speed	Mos.	62	56	44	50	44	42	43	36	40	43	21	24	16	26	33	33	30	24	25	30	21	39
Cost Effective	Average	US\$ per Kg ODP	8.61	0.92	11.54	3.03	9.69	7.25	1.82	2.13	2.26	3.01	3.34	3.61	5.46	3.17	0.67	2.59	2.45	0.84	5.32	1.08	0.00	2.31

39. Actual cost of project preparation in 2011 was US\$670,900 (excluding support costs), or, nearly 1.5 percent of investment project approvals in 2011. Overall speed of ODS phaseout was, in 2011, 39 months. Actual overall speed of first disbursement is 24 months and total disbursement in 2011 was US\$7.8 million.

40. Five investment projects worth a total of US \$44.6 million (excluding support costs and after negotiation with the Executive Committee) were submitted in 2011. All 5 were approved representing the first tranche funding for four new HCFC multi-year projects, and a tranche of an existing multi-year project. The average cost-effectiveness of the projects approved in 2011 cannot be calculated as there is no ODP phaseout associated with the year of delivery of the five sector plan tranches approved. As far as distribution among countries is concerned, 4 separate countries received approvals in 2011.

41. The Bank completed 6 non-investment projects in the reporting period. The overall speed of first disbursement is 15 months at the end of 2011. Overall speed of completion is 31 months by the end of the reporting period. Total funds disbursed for non-investment activities (excluding project preparation) in 2011 are US\$640,329.

## **B. Cumulative Completed Investment Projects**

42. Since 1991, the World Bank's cumulative total of completed investment projects has grown to 581, resulting in the reduction in consumption of 121,506 tonnes ODP and in production of 174,895 tonnes ODP. Out of a total of US \$856,713,389 of approved Multilateral Fund financing for completed projects, 99 percent of funds have been disbursed. The average number of months from approval to first disbursement has been 24, the average number of months from approval to completion has been 39, at an average cost-effectiveness of US \$2.89/kg. These averages include projects both before and after initiation of the umbrella grant agreement approval process.

43. The number of investment projects completed in 2011 was 11, including tranches of multi-year agreements. Table IV-3 which follows provides a summary of completed investment projects at both a regional and sectoral level.

**Table IV-3: Cumulative Completed Investment Projects**

Item	No. of Projects	Approved Funds + Adjustment (US\$)	% of Funds Disbursed	Consumption ODP Phased Out	Production ODP Phased Out	Avg. No. of Months from Approval to 1st Dis-	Avg. No. of Months from Approval to Completio	Overall Cost-Effectiveness to the Fund
<b>GRAND TOTAL</b>	581	856,713,389	99%	121,506	174,895	24	39	\$2.89
<b>Region</b>								
Africa	16	4,444,889	100%	435	0	24	49	\$10.22
Asia & Pacific	424	751,847,619	99%	113,954	167,749	24	39	\$2.67
Europe	35	25,729,361	100%	3,498	0	12	19	\$7.36
Latin America and Caribbean	106	74,691,520	100%	3,619	7,146	29	42	\$6.94
Global	n/a	0	0%	0	0	n/a	n/a	n/a
<b>Sector</b>								
Aerosol	30	13,375,883	100%	19,686	0	28	45	\$0.68
Destruction	0	0	0%	0	0	n/a	n/a	n/a
Foam	212	129,774,383	100%	26,100	0	25	42	\$4.97
Fumigants	4	1,671,444	100%	117	0	18	50	\$14.26
Halon	19	68,345,321	100%	38,439	41,958	19	34	\$0.85
Multiple Sectors	4	2,287,376	100%	419	0	28	78	\$5.46
Other	2	5,059,360	100%	404	0	28	41	\$12.52
Phaseout Plan	46	80,423,207	97%	17,513	10,988	19	24	\$2.82
Process Agent	15	113,830,316	99%	5,180	49,344	8	18	\$2.09
Production	40	263,420,120	99%	0	72,605	10	13	\$3.63
Refrigeration	179	168,204,112	100%	13,046	0	27	46	\$12.89
Solvents	28	9,660,640	100%	562	0	29	27	\$17.19
Sterilant	2	661,227	100%	41	0	16	27	\$16.27
<b>Implementation Characteristics</b>								
Agency Implementation	0	0	0%	0	0	n/a	n/a	n/a
National Implementation	581	856,713,389	99%	121,506	174,895	24	39	\$2.89
<b>Disbursement Method</b>								
During Implementation	541	838,346,288	99%	119,616	174,895	24	40	\$2.85
After Implementation	25	11,223,875	99%	1,039	0	29	29	\$10.80
Retroactive Funding	15	7,143,226	100%	851	0	24	1	\$8.40

Note: The sum of each section (Region, Sector, etc.) equals the Grand Total.

### C. Cumulative Completed Non-Investment Projects

44. Since 1991, the World Bank's cumulative total of completed non-investment projects has grown to 128. Out of a total of US \$20,837,344 of approved Multilateral Fund financing, 99 percent of funds have been disbursed. As these are non-investment projects, funds are usually made available quickly, thus the average number of months from approval to first disbursement has been 19; the average number of months from approval to completion has been 35.

**Table IV-4: Cumulative Completed Non-Investment Projects**

Item	Number of Projects	Approved Funds plus Adjustment (US \$)	Per Cent of Funds Disbursed	Average Number of Months from Approval to First Disbursement	Average Number of Months from Approval to Completion
<b>GRAND TOTAL</b>	128	20,837,344	99%	19	35
<b>Region</b>					
Africa	16	2,618,028	100%	14	31
Asia & Pacific	51	11,827,456	99%	18	39
Europe	9	1,632,528	100%	25	43
Latin America and Caribbean	33	4,202,436	97%	22	40
Global	19	556,896	100%	8	14
<b>Sector</b>					
Aerosol	5	627,662	100%	14	26
Destruction	1	250,000	100%	17	22
Foam	3	2,457,681	97%	25	42
Fumigants	4	982,097	100%	29	86
Halon	5	1,632,512	93%	50	106
Multiple Sectors	1	53,792	100%	56	58
Other	0	0	0%	n/a	n/a
Phaseout Plan	1	100,000	100%	12	11
Process Agent	0	0	0%	n/a	n/a
Production	0	0	0%	n/a	n/a
Refrigeration	14	4,847,025	100%	42	58
Several	94	9,886,575	100%	12	26
Solvents	0	0	0%	n/a	n/a
Sterilant	0	0	0%	n/a	n/a
<b>Implementation Characteristics</b>					
Agency Implementation	51	2,484,628	100%	5	14
National Implementation	77	18,352,716	99%	25	49
<b>Disbursement Method</b>					
During Implementation	126	19,835,914	99%	19	35
After Implementation	2	1,001,430	100%	19	39
Retroactive Funding	0	0	0%	n/a	n/a

Note:

(1) Per decision 22/11(a)(vi), project preparation is not included as a non-investment project.

(2) The sum of each section (Region, Sector, etc.) equals the Grand Total.

**D. Cumulative Ongoing Investment Projects**

45. Since 1991, the World Bank's cumulative total of ongoing investment projects is 23 (including tranches of multi-year agreements). Out of a total of US \$66,134,539 of approved Multilateral Fund financing, 21 percent of funds have been disbursed. The average number of months from approval to first disbursement has been 28, the average number of months from approval to the current expected completion date is 60, with an average cost-effectiveness of US \$18.86/kg. Table IV-5 below summarizes ongoing investment projects at regional and sectoral levels.

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**Table IV-5: Cumulative Ongoing Investment Projects**

Item	No. of Projects	Approved Funds + Adjustment (US\$)	% of Funds Dis-bursed	No. of Projects Dis-bursing	% of Projects Dis-bursing	Est. Disbursement + Funds Disbursed	% Funds Expected to be Disbursed by End of 2012	Avg. No. of Months from Approval to 1st Disbursement	Avg. No. of Months from Approval to Planned Completion	Avg. Length of Delay in Project Planned Completion	Overall Cost-Effectiveness to the Fund (US\$/kg.)*
<b>GRAND TOTAL</b>	23	66,134,539	21%	13	57%	38,918,924	59%	28	60	46	\$18.86
<b>Region</b>											
Africa	2	1,135,395	11%	1	50%	1,119,197	99%	29	59	38	\$3.32
Asia & Pacific	17	61,005,900	17%	9	53%	34,507,454	57%	27	50	37	\$20.22
Europe	1	0	0%	0	0%	0	0%	0	60	47	n/a
Latin America and Caribbean	3	3,993,244	79%	3	100%	3,292,273	82%	34	117	92	\$26.82
Global	0	0	0%	0	0%	0	0%	0	n/a	n/a	n/a
<b>Sector</b>											
Aerosol	2	8,806,874	91%	2	100%	8,051,253	91%	17	77	34	\$14.59
Destruction	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Foam	1	193,808	45%	1	100%	193,808	100%	8	28	15	\$114.00
Fumigants	5	3,671,600	38%	4	80%	2,826,538	77%	27	58	37	\$26.76
Halon	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Multiple Sectors	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Other	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Phaseout Plan	14	52,775,887	7%	5	36%	27,160,955	51%	37	50	43	\$19.29
Process Agent	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Production	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Refrigeration	1	686,370	100%	1	100%	686,370	100%	39	199	175	\$23.67
Solvents	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Sterilant	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
<b>Implementation Characteristics</b>											
Agency Implementation	1	1,500,000	0%	0	0%	15,000	1%	n/a	21	n/a	--
National Implementation	22	64,634,539	21%	13	59%	38,903,924	60%	28	61	46	\$18.43
<b>Disbursement Method</b>											
During Implementation	23	66,134,539	21%	13	57%	38,918,924	59%	28	60	46	\$18.86
After Implementation	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a
Retroactive Funding	0	0	0%	0	0%	0	0%	n/a	n/a	n/a	n/a

Note: The sum of each section (Region, Sector, etc.) equals the Grand Total.

\*Based on the ODS to be phased out according to the proposal.

**E. Cumulative Ongoing Non-Investment Projects**

46. The World Bank's cumulative total of ongoing non-investment projects is 9 as captured in the following Table IV-6. Out of a total of US \$9,531,057 of approved Multilateral Fund financing, 21 percent of funds have been disbursed. The average number of months from approval to first disbursement has been 29; the average number of months from the date of approval to the current expected completion date is 49.

**Table IV-6: Cumulative Ongoing Non-Investment Projects**

Item	No. of Projects	Approved Funds + Adjustment (US\$)	% of Funds Disbursed	No. of Projects Disbursing	% of Projects Disbursing	Est. Disbursement + Funds Disbursed	% Funds Expected to be Disbursed by End of 2012	Avg. No. of Months from Approval to 1st Disbursement	Avg. No. of Months from Approval to Planned Completion	Avg. Length of Delay in Project Planned Completion
<b>GRAND TOTAL</b>	9	9,531,057	21%	6	67%	4,209,766	44%	29	49	20
<b>Region</b>										
Africa	1	247,270	64%	1	100%	247,270	100%	17	24	n/a
Asia & Pacific	4	1,844,175	39%	3	75%	1,732,270	94%	12	32	10
Europe	0	0	0%	0	0%	0	0%	0	n/a	n/a
Latin America and Caribbean	1	375,000	51%	1	100%	192,328	51%	57	151	126
Global	3	7,064,612	13%	1	33%	2,037,898	29%	61	45	4
<b>Sector</b>										
Aerosol	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Destruction	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Foam	1	1,214,936	46%	1	100%	1,214,936	100%	8	37	12
Fumigants	1	375,000	51%	1	100%	192,328	51%	57	151	126
Halon	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Multiple Sectors	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Other	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Phaseout Plan	1	221,905	0%	0	0%	110,000	50%	n/a	24	3
Process Agent	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Production	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Refrigeration	1	6,884,612	13%	1	100%	1,887,898	27%	61	97	n/a
Several	5	834,604	38%	3	60%	804,604	96%	15	26	7
Solvents	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Sterilant	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
<b>Implementation Characteristics</b>										
Agency Implementation	2	180,000	0%	0	0%	150,000	83%	n/a	19	6
National Implementation	7	9,351,057	21%	6	86%	4,059,766	43%	29	57	24
<b>Disbursement Method</b>										
During Implementation	9	9,531,057	21%	6	67%	4,209,766	44%	29	49	20
After Implementation	0	0	0%	0	0%	0	0%	n/a	n/a	n/a
Retroactive Funding	0	0	0%	0	0%	0	0%	n/a	n/a	n/a

Note:

(1) Per decision 22/11(a)(vi), project preparation is not included as a non-investment project.

(2) The sum of each section (Region, Sector, etc.) equals the Grand Total.

## **V. STATUS OF AGREEMENTS & PROJECT PREPARATION (WHERE APPLICABLE), BY COUNTRY**

### **A. Agreements to be Signed/Executed/Finalized & When They Will be Ready for Disbursing**

47. Projects with either new partner countries or with new operational modalities require legal agreements between the country and the World Bank.

48. In 2011, separate grant agreements between the World Bank and the Governments of China, Jordan, and Tunisia were extended in order to allow subprojects more time to complete. China is implementing several production and consumption sector plans that require continued monitoring while the funding already disbursed to the country by the Bank is disbursed to beneficiaries for various activities. Jordan is currently implementing the CFC Chiller Replacement Project and Tunisia is implementing an NCPP. Both also have ongoing Institutional Strengthening (IS) Projects under the Bank. The respective extensions will permit implementation of the IS Projects to proceed uninterrupted until, in the case of Jordan a new grant agreement can be put into place, and in the case of Tunisia, until a new Implementing Agency takes over the project (expected in 2012).

49. In light of new HCFC project approval in 2011 in four countries, new grant agreements are required. Most World Bank project preparation activities were completed for Vietnam in 2011, including a draft grant agreement. Once cleared by the Government of Vietnam, negotiations will begin and the project will then be approved by the Bank. The new grant agreement is expected to be in place by July 2012.

50. Grant agreements and the related project appraisal document for China, Indonesia and Jordan will be finalized in 2012. It is expected that grant agreements will be effective for each country in May, August and November 2012 respectively.

### **B. Project Preparation by Country, Approved Amount, and Amount Disbursed**

51. A list of active World Bank project preparation activities is presented in the table below. Total funds approved for these projects are US \$1,363,300, of which US \$495,160 has been disbursed. Planned commitments for these 10 project preparation activities are US \$767,840.

**Table V-1: Active Project Preparation**

Region	Project Number	Project Name	First Disbursement Date	Approved Funding (US\$)	Adjustment (US\$)	Funds Disbursed (US\$)	% of Funds Disbursed	Balance (US\$)	Planned Commitment in Cur. Year (US\$)
LAC	ARG/FOA/64/PRP/166	Preparation for HCFC phase-out investment activities in the foam sector	Dec-11	30,000	0	27,000	90	3,000	3,000
LAC	ARG/FOA/65/PRP/167	Preparation for HCFC phase-out investment activities in the foam sector (additional funding)		120,000	0	0	0	120,000	20,000
ASP	CPR/PHA/55/PRP/467	Preparation of a HCFC phase-out management plan: HCFC production sector	Sep-09	473,300	0	100,160	21	373,140	372,840
ASP	IDS/DES/57/PRP/187	Preparation for pilot demonstration project on ODS waste management and disposal		50,000	0	0	0	50,000	50,000
LAC	MEX/DES/58/PRP/143	Preparation for the second component of the pilot demonstration project on ODS waste management and disposal	Dec-10	50,000	0	43,000	86	7,000	7,000
ASP	PHI/DES/57/PRP/85	Preparation for pilot demonstration project on ODS waste management and disposal		50,000	0	0	0	50,000	50,000
ASP	PHI/PHA/55/PRP/84	Preparation of a HCFC phase-out management plan	Dec-10	195,000	0	175,000	90	20,000	20,000
ASP	PHI/REF/59/PRP/88	Preparation for HCFC phase-out investment activities (domestic air-conditioning sector)		65,000	0	0	0	65,000	0
ASP	THA/FOA/61/PRP/155	Preparation for a HCFC foam sector plan	Dec-11	100,000	0	15,000	15	85,000	85,000
ASP	THA/PHA/55/PRP/151	Preparation of a HCFC phase-out management plan	Dec-10	195,000	0	120,000	62	75,000	75,000
ASP	THA/REF/61/PRP/157	Preparation for a HCFC air-conditioning sector plan	Dec-11	100,000	0	15,000	15	85,000	85,000
	<b>Total</b>			1,428,300	0	495,160	35%	933,140	767,840

## VI. ADMINISTRATIVE ISSUES (OPERATIONAL, POLICY, FINANCIAL, AND OTHER ISSUES)

### A. Meetings Attended

52. Table VI.1 indicates the meetings attended by World Bank Staff on all Montreal Protocol related work in 2011.

**Table VI-1: MP Meetings Attended by World Bank Staff in 2011**

2011 Dates	Location	Meetings Attended
January 26-28	Montreal, Canada	Interagency coordination meeting
April 4-8	Montreal, Canada	63 <sup>th</sup> Executive Committee Meeting
May 10-12	Male, Maldives	Joint Meeting of the South Asia and West Asia Networks of Ozone Officers
July 25-29	Montreal, Canada	64 <sup>th</sup> Executive Committee Meeting
August 1-5	Montreal, Canada	31 <sup>st</sup> Meeting of the Open-Ended Working Group
August 7-8	Montreal, Canada	46 <sup>th</sup> Meeting of the Implementation Committee
October 4-7*	Port of Spain, Trinidad and Tobago	Joint Meeting of the Latin American and Caribbean Networks of Ozone Officers
November 13-17	Bali, Indonesia	65 <sup>th</sup> Executive Committee Meeting
November 18-19	Bali, Indonesia	47 <sup>th</sup> Meeting of the Implementation Committee
November 21-25	Bali, Indonesia	23 <sup>rd</sup> Meeting of the Parties to the Montreal Protocol

\*The World Bank was not able to attend in person due to a conflicting mission, but did participate virtually, making a presentation via Skype on the morning of 5 October 2011.

### B. Implementing Agency and Other Cooperation

53. Cooperation and coordination by the World Bank with the three Implementing Agencies and Bilateral Agencies continues through shared project implementation in national ODS phase-out plans, in new HCFC phase-out projects, and in ODS meetings and workshops that take place throughout the year.

54. Direct project work with one bilateral agency, Sweden, nearly came to an end in 2011 with financial closure of the halon management programme and halon banking project for Thailand, and physical completion of the National CFC Phase-out Plan in the Philippines. The NCPP will be financially completed once the balance of the funds is transferred to UNEP in 2012. Remaining work with Sweden will entail preparation and finalization of the project completion report.

55. The Bank is a Cooperating Agency in Argentina on the ongoing NCPP in the chiller sector. Both UNDP and UNEP have worked with the Bank and India by providing technical assistance to the halon phase-out sector plan and the CFC production closure project respectively. Both projects are now physically and financially completed as of 2011.

56. With the concentration of efforts in delivering HPMPs and HCFC phase-out sector plans for Article 5 countries around the world before the 2013 freeze on HCFC consumption and production, cooperation and coordination will continue be a necessity among the four Implementing Agencies. In fact, because of the tight implicit requirements on the maximum level of country consumption that may be funded under Stage I HPMPs, this is all the more the case in countries where more than one agency is active.

57. In 2011, the World Bank received approval of HCFC phase-out sector plans in three countries where it is not the Lead Agency: China, Indonesia and Jordan. In order to meet overall requirements of the respective Executive Committee agreements, the Agencies must have regular dialogue and access to relevant information to be able to execute their part, particularly in terms of annual consumption verification. This will be critical in the case of China whereby the HCFC production sector, which is currently not funded by the MLF, will make determine compliance with targets.

58. Intensive efforts and frequent consultations with UNIDO were required during preparation, submission and resubmission of the Jordan HPMP and the Air-conditioning Sector Plan under the Bank from February through November 2011. Without this approach, it would not have been possible to deliver the HPMP and Stage I action plan in the short time available.

59. The Bank was invited by the Government of Argentina in 2011 to participate in its Stage I HPMP which is now led by UNIDO as of late 2011. The Bank traveled to Argentina to determine the level of involvement required in the foam sector based on tonnage which entailed first sharing data and information between the Bank, UNDP and UNIDO, and then working in cooperation with the country to outline the HPMP strategy.

60. Finally, in its role as a Cooperating Agency and a Lead Agency in the China HPMP and the Philippines HPMP respectively, the Bank attended consultative meetings in both countries with the other agencies and partners in 2011.

### **C. Other Issues**

61. In the process of reviewing the status of project implementation, new approvals and achievement of performance targets for the preparation of the Annual Progress Report, the World Bank identified several issues it would like to highlight in the following paragraphs.

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62. 2011 was the first year that HCFC phase-out projects under Stage I HCFC Phaseout Management Plans (HPMPs) were approved for implementation under the World Bank. The process of supporting countries to develop, submit and defend their HPMPs and HCFC sector plans has revealed some risks in the burgeoning Multilateral Fund (MLF) program on HCFC phase-out that, the Bank believes, could eventually present compliance issues to countries. These are linked on the one hand, to the delicate balance the MLF must find between a limited amount of funding as compared to the large levels of HCFC phase-out Article 5 countries must address starting in 2013; and on the other hand, the desire to achieve maximum environmental benefits through ozone-related interventions.

63. For several HPMPs which involved the World Bank, countries were put in a position of making the extremely difficult choice of either forfeiting funding of targeted sectors and activities identified in carefully developed strategies, or accepting specific conditions driven by factors exogenous to the country's original HPMP planning framework. For example when the choice of technology and/or level of consumption targeted, were not acceptable to the Executive Committee, countries were left with little choice but to abruptly change their targeted sectors to those prescribed by the MLF without the benefit of comprehensive analysis of its impact on industry, economic sectors and compliance. We believe that this introduces risks into individual HPMPs as well as at the level of the Fund.

64. These conditions stem from multiple stakeholder interests of various Executive Committee members related to reducing emissions of global warming gases; superimposed on projects destined to only receive funding calculated on the amount of HCFCs phased out. In several cases, an assessment of the extent to which original proposals fell short of these additional objectives has relied exclusively on the use of an incomplete tool on net climate impact.

65. A specific example of technology driven conditions has been the Executive Committee's recent commendations to substitute sector plans converting to any HFC-technology with servicing sector projects for non-Low Volume Consuming (LVC) countries to meet the first HCFC reductions in 2013 and 2015. This runs counter to the MLF's own evaluations that concluded that interventions in the CFC servicing sector early on were not effective in sustained ODS reductions.

66. While understanding the financial challenges the MLF faces, coupled with political pressure to shape it into a preeminent international mechanism for mitigating both ozone depletion and climate change, it is also critically important to reflect on its successful history in recognizing, through project approvals, both the benefits and limits of various alternative technologies to phase out ozone depleting substances in the developing country context. It has a history of fostering country ownership for effective and sustained ODS phase-out, an original motive behind the transition to national and sector performance-based programs from stand-alone projects under the MLF more than a decade ago.

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67. In fact, a key element of the success of the Montreal Protocol more generally, has been its ability to balance the phase-out schedule with the availability of proven alternative technologies and the leadership of developed countries and their industries in paving the way for establishing the market for new alternative products.

68. The choice of technology backed by financial support by the MLF for incremental costs is intimately linked to the ability of a country to convince its stakeholders to agree to a phase-out strategy and cease the use of ODS. Without country buy-in, which comes with a nationally-vetted strategy, the already difficult task at hand of putting a brake on the rapid growth in HCFCs in developing countries in only one year's time becomes even more challenging.

69. Although the Bank foresees difficulties in implementation and sustainability of phase-out due to these risks, it will do its utmost in working with its client countries to mitigate these to the extent possible.

70. Another issue that the Bank would like to point out is related to how newly approved HPMPs and sector plans are being captured in the Secretariat's Inventory of Approved Projects. Tranches of projects have been further broken down into sectors and subsectors and project components by assignment of a separate project code. For example, in the case of the Vietnam HPMP approved at the 63<sup>rd</sup> Meeting of the Executive Committee, the project management unit in charge of overseeing the foam sector plan has been isolated from the sector plan as a separate project with its own project code.

71. It appears the reason for doing so is to further facilitate comprehensive monitoring of project components by the Secretariat. However, there are several implications from this approach. The most important is that by breaking up projects, a hurdle is placed on countries when choosing to employ the flexibility mechanism inherent to multi-year projects. Thus, if a country for example, eventually determines there is a need to move funding from an investment component of a subsector for use in a technical assistance activity under another project code in order to meet its HPMP agreement targets, there will be considerable logistical difficulty and delay in doing so.

72. This approach is also misleading in terms of how the Inventory has been traditionally used – i.e. as a depository of all approved *projects*. With this new approach it will be misleading to use the count of project codes as the actual number of approved projects when it is in fact a mixture of projects, tranches, sectors and various project components. This will also impact the veracity of annual Implementing Agency performance indicators that are largely based on the number of project approvals and on completions.

73. Finally, in the current environment of looking for ways to streamline reporting so as not to unduly take away from the quality of project implementation, this new approach will increase the reporting burden of both the countries and the Agencies by increasing the number of records on which to report.

74. Another issue that the World Bank would like to raise has been considered before. It relates to how the annual IA performance targets are set. Although it is agreed that the basis of setting the targets should be the progress reports, it is not realistic to expect an IA to meet a target that is based on two-year old data. This has been a recurring challenge for the World Bank where meeting the Implementation Indicator on ODS Phaseout is hit or miss given the likelihood of changes in the status of projects in two year's time.

75. Finally, the Bank would like to note that in accordance with the recent agreement between the Fund Secretariat and the Implementing Agencies at the workshop for streamlining reporting, an additional report will be included in the annual progress report on the most recent developments of ongoing projects after the particular reporting year. The current year's report is separated in its own column within the progress report database for each ongoing project as available.



## Annex I

# COUNTRY DEVELOPMENTS

Environment Department

The World Bank

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## **ANTIGUA AND BARBUDA**

### *Country Developments*

The National CFC Phaseout Plan's overall target has been met through the complete phase-out of the consumption of CFCs as per the agreement between the Executive Committee of the Multilateral Fund (MLF) and the Government of Antigua and Barbuda. A total consumption of 1.8 ODP tonnes has been phased out. Preparation of a national CFC survey, training of air-conditioning and refrigeration technicians, training of customs officials, and the retrofitting of 5 commercial refrigeration installations, identified as eligible through the CFC survey conducted in 2009, were completed by 2010.

Following a World Bank implementation support mission in March 2011, the project's Grant Agreement was restructured to facilitate payment procedures to suppliers, as well as to extend its closing date to the end of 2011 in order to provide additional time to conclude all remaining reimbursement and project activities. As a result, procurement and distribution of recovery equipment has now also been completed. The project closed on 31 December 2011, with a five-month grace period for financial completion.

## **ARGENTINA**

### *Country Developments*

In 2011, five projects were under execution through the World Bank: the methyl bromide phaseout demonstration project, Neba, the Halon Management Program and the CFC phaseout project in aerosol MDI manufacturing.

With respect to the methyl bromide project, because difficulties for commercial scale trials persisted, it was decided to test for a variation of the cold technique that combines cold and heat to enhance cold treatment effectiveness. In 2011, this approach was abandoned because the timeframe for procurement of the necessary equipment and to carry out the tests needed was considered as too long by UEPRO. Thus after consultations with stakeholders, UEPRO decided at the end of 2011 to close the project. The executing agency is in the process of winding down activities for project completion by mid-2012. Similarly, UEPRO has closed the halon bank project and used 2011 to formally hand over the halon bank to INTI while reconciling and closing the account. A savings has been identified for return to the MLF. The remaining individual Neba/Ikala project has made progress with equipment installation, commissioning and trials done in mid-2011. The last remaining task of baseline equipment disposal is targeted for 2012.

Argentina continued in 2011 to implement two sector-wide activities, one for aerosol metered dose-inhalers (MDIs) and CFC-based chiller replacement under the National CFC Phaseout Plan (with UNIDO as the lead Implementing Agency). For the MDI project only the subproject for the large manufacturer remains active. For the chiller activity, paperwork is nearly final to permit funding to be provided to the beneficiaries. With the no objection of the 65<sup>th</sup> Executive Committee to allow

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Argentina to benefit from the Global Chiller Replacement Project, more chiller replacements will be targeted in the sector.

Finally, in 2011, the Government of Argentina requested that the World Bank serve as the IA for HCFC phaseout first at one foam enterprise, and eventually the sector under its overall HCFC Phaseout Management Plan. Project preparation funding was accordingly granted by the Executive Committee in 2011. As a way to enhance cooperation and foster exchange of experiences among country partners, two Government representatives attended the Bank's Fifteenth Annual Financial Agents Workshop in Washington March 31-1 April 2011.

## **BAHAMAS**

### *Country Developments*

Approved project is physically and financially completed.

## **BRAZIL**

### *Country Developments*

All approved projects are physically and financially completed.

## **CHILE**

### *Country Developments*

All approved projects are physically and financially completed.

## **CHINA**

### *Country Developments*

China has phased out about 240,000 ODP tonnes in the consumption and production sectors through World Bank-implemented projects since the early 1990s and has met its overall ODS phaseout targets under the Montreal Protocol as well as specific requirements under its various sector plans. Active projects under implementation by the Bank for China currently all fall under the "ODS IV" Umbrella Project. The current umbrella project was extended in June 2011 to June 30, 2013 to allow continued monitoring for production and consumption sector plans which are completed in terms of performance targets but will have continued activities (the CFC production, Halon, Process Agents, and foam sector plans), as well as ongoing projects in 2011: (i) HCFC foam demonstration projects; (ii) one non-pharmaceutical aerosol project; and (iii) preparation of the HCFC consumption (PU foam) and production sector phaseout.

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In July 2011, China received approval of its Stage I HCFC Phaseout Management Plan (HPMP) at the 64<sup>th</sup> Executive Committee Meeting, along with the PU Foam Sector Plan to be implemented under the World Bank. Initial preparation of the HCFC production sector phaseout plan through surveys and data collection by China and the World Bank continued in 2011 while the Executive Committee gave the Fund Secretariat the go ahead to proceed with the technical audit. Preliminary results of the technical audit were shared during the 65<sup>th</sup> Executive Committee. The HCFC production sector plan is aimed for submission and approval in 2012 to permit China to effectively reduce HCFC supply to meet its consumption targets in the five sectors it has targeted for meeting 2013 and 2015 Montreal Protocol targets.

The World Bank conducted three supervision and preparation missions in 2011. In addition, one representative from FECO attended the Bank's 6<sup>th</sup> East Asia ODS Phaseout Workshop and a foam technical workshop both held in Bangkok in May 2011.

## **COLOMBIA**

### *Country Developments*

All approved projects are physically and financially completed.

## **ECUADOR**

### *A. Country Developments*

All approved projects are physically and financially completed.

### *B. Institutional Strengthening*

The Institutional Strengthening Project (starting with Phase V) was transferred to UNEP upon closing of the Ecuador ODS umbrella project under the World Bank in 2009.

## **INDIA**

### *Country Developments*

As of the end of 2011, four MLF projects were active under three grant agreements: the CFC Production Sector Plan, the Accelerated CFC Production Sector Plan (ACPP), the CTC Phaseout Plan for the Production and Consumption Sectors, and the India Chiller Replacement Project.

The CFC Production Sector Plan completed financially in the first half of 2011. Funding release for the ACPP depended on finalization of agreements between the producers and the Government of India and between the Bank and the Government. In December 2011, the required agreements were

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signed which will allow the first tranche of \$2.1 million to be released to the country by the World Bank in early 2012. For the CTC sector plan, the activity that remained in 2011 was the technical assistance (TA) component. Several TA activities were implemented and the rest are targeted for 2012.

As of October 2011, approximately 54 chillers were registered under the Chiller Replacement Project, and subsidies were paid to about 38. A delay in the registration of the project by the CDM Executive Board made it unviable to continue with the CDM component from the perspective of the buyer, KfW. In November 2011, KfW and IDBI agreed to terminate the ERPA. The project will be restructured in 2012 to take this change into account.

## **INDONESIA**

### *Country Developments*

The closing date of the grant agreement for the CFC phaseout activities was December 31, 2010. All activities have been completed. The Bank-required Implementation Completion Report for the entire agreement as well as individual project completion reports were done in 2011.

An HCFC foam sector plan was submitted for the consideration at several Executive Committee meetings and finally approved at the 64<sup>th</sup> meeting in July 2011. The Bank has initiated work internally for developing a new grant agreement for channeling the grant funds for the HCFC foam sector plan to Indonesia. It is expected that the agreement will be in place by mid-2012

The Indonesia chiller energy efficiency project proposed to bring together GEF funding of \$4 million and \$1 million from the MLF-funded global chiller project to leverage additional resources in the form of concessional loans from KfW. The project anticipates replacement of about 160 CFC chillers. A grant agreement must also be prepared between the Government of Indonesia and the World Bank to channel the GEF and MLF funds and implement the project. World Bank project appraisal is targeted for May 2012.

The ODS disposal project will cover destruction of CFCs being held by the Customs Department and CFCs that will be recovered from CFC chillers replaced by the Chiller Energy Efficiency Project. Following an internal concept review in 2011, the Bank will initiate the consultant selection process in 2012.

Finally, four Government representatives attended the Bank's Fifteenth Annual Financial Agents Workshop in Washington on 31 March 2011. Several officers also attended the Bank's 6<sup>th</sup> East Asia ODS Phaseout Workshop and a foam technical workshop both held in Bangkok in May 2011.

## **JORDAN**

### *A. Country Developments*

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One investment project remains under implementation under the overall Jordan ODS II Project as of the end of 2011 – the US\$1 million Jordan component of the Global Chiller Replacement Project. To date, 16 CFC-based chillers have been replaced by new, more energy efficient chillers in buildings of four beneficiaries. Four at the airport in Amman will be replaced once the new terminal opens, now expected in October 2011. From October until the end of the year, several technical assistance activities were undertaken by Jordan's National Center for Research and Development, including a maintenance manual for chillers and performance monitoring of new chillers. CFCs from the replaced chillers have been recovered and safely stored but await a long term solution for disposal.

In terms of HCFC phaseout, the Government of Jordan asked the World Bank to assist it prepare a sector plan to completely eliminate manufacturing of air-conditioners with HCFCs for meeting its 2013 and 2015 obligations under the Montreal Protocol. The sector plan was submitted along with the HCFC Phaseout Management Plan (HPMP) under the lead agency, UNIDO at both the 64<sup>th</sup> and 65<sup>th</sup> Meetings of the Executive Committee. The HPMP and Air-conditioning Sector Plan were approved in November 2011. A Bank mission is scheduled in March 2012 to initiate project preparation of a new grant agreement for future HCFC phaseout work.

### *B. Institutional Strengthening*

The first year of the ninth phase of Jordan's Institutional Strengthening Project (ISP) was successfully implemented with the execution of regular National Ozone Unit (NOU) responsibilities including management of the licensing system for controlling HCFCs and other ODS imports and exports, monitoring the industry that has converted from ODS or are scheduled to do so in the next years, reporting to the Ozone and Fund Secretariats on ODS consumption in 2011 and conducting training and public awareness activities. The head of the NOU actively participated in 63<sup>rd</sup> to 65<sup>th</sup> Executive Committee Meetings, as well as the 31<sup>st</sup> Open-ended Working Group Meeting the 23<sup>rd</sup> Meeting of the Parties, and the 46<sup>th</sup> and 47<sup>th</sup> Implementation Committee meetings (serving as chair for the latter meeting).

In 2011, two World Bank supervision and preparation missions were conducted. An additional visit was conducted by a .Bank technical expert in March 2011.

## **MALAYSIA**

### *Country Developments*

The Government of Malaysia has fully met its obligations to phase out the consumption of ozone depleting substances by 2010 under the National CFC Phaseout Plan and several individual projects implemented with the World Bank since 1993. The NCPP and the overall grant agreement between Malaysia and the Bank closed in December 2010 and financial completion occurred by mid-2011. A World Bank-required implementation completion report was finalized in June 2011.

## **MEXICO**

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### *Country Developments*

The Government of Mexico received US\$50,000 through the World Bank for the preparation of a project design document (PDD) leading to a pilot, ozone-depleting substances (ODS) disposal project. The objective of the preparation funding provided to Mexico under the Bank was to specifically consider the use of ODS disposal methodologies and criteria put forward by the MLF-financed “Study on Financing the Destruction of Unwanted Ozone-Depleting Substances through the Voluntary Carbon Market,” for addressing unwanted CFCs collected from refrigerators and air-conditioners under the Mexico Efficient Lighting and Appliances Project that is financed partly by IBRD. The premise of the proposal was to eventually facilitate full funding of an ODS disposal project through financing from the voluntary carbon market. A final draft study was prepared by September 2011 but because of the approval of funds for the same activity under UNIDO in April 2011, preparation of a PDD was not done. Instead, the Government of Mexico has the option to contract a developer on its own to conduct the activity on behalf of the industry, or to allow the private sector to proceed on its own. The final study is to be submitted to the 67<sup>th</sup> Executive Committee Meeting as an information document once endorsed by the Government of Mexico.

## **PAKISTAN**

### *Country Developments*

All approved projects are physically and financially completed.

## **PHILIPPINES**

### *A. Country Developments*

The overall ODS Phaseout grant agreement between the Philippines and the World Bank was closed 30 June 2011, which in turn, put an end to all ongoing subprojects: the National CFC Phaseout Plan and the Institutional Strengthening Project. The grant agreement could not be extended because the country did not fulfill certain fiduciary conditions by the required date.

By the closing of the overall agreement, all activities in the CFC-based manufacturing sector were completed under the NCPP and the country had successfully met all of its CFC phaseout requirements under the Montreal Protocol as well as its agreement with the Executive Committee. The MDI strategy is completed and no more CFC-based MDIs are being imported into the country. The servicing sector component will continue under UNEP starting in 2012 including ongoing TA for the MAC sector, support to RAC/MAC service shops and other stakeholders, training, and raising awareness. Accounts of the grant agreement were reconciled and closed which will allow the transfer of the balance of the NCPP (\$1.8 million) in early 2012.

In 2011, the ERPA between KfW and DENR was signed under the Philippines Chiller Energy Efficiency Project. A launch workshop was held in May 2011 and implementation arrangements

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are underway. The ODS disposal study that was somewhat delayed in 2011, will not only address unwanted ODS from service shops but also take into account CFCs that will be retired from the Chiller Energy Efficiency Project.

The preparation of HCFC phaseout management plan was submitted for the review of the Philippine Ozone Desk (POD) in July 2011 and written comments were received by the Bank in October 2011. The final HPMP incorporating POD's comments was submitted to the Multilateral Fund Secretariat at the end of December 2011 for submission by the 65<sup>th</sup> Executive Committee Meeting with an understanding that an endorsement letter from the Government would be provided to the Bank. Due to additional comments from POD and no endorsement letter, the HPMP was withdrawn. The Bank is working closely with POD with an aim to have the final HPMP resubmitted to the 68th Meeting of the Committee.

### *B. Institutional Strengthening*

The Philippines ISP was in its seventh phase in 2011. Accomplishments in the first half of 2011 included the issuance of certificates of registration and pre-shipment import clearances to HCFC importers; compilation of HCFC import data (5 years); assessment of HCFC reduction scenarios, preparation of a first draft and consultations conducted; testing of ODS for the prosecution of mislabelling cases; issuance of a communication to alert Customs of the presence of mislabelled HCFC-22 in the market; and reporting 2010 Article 7 data on 12 May 2011 and country programme data on 13 May 2011.

An ISP renewal request was submitted and approved in July 2011 for the eighth phase of the ISP under UNEP due to the closing of the Philippines-World Bank agreement in June 2011. The seventh phase ended June 30, 2011 and the balance was transferred to UNEP at the 65<sup>th</sup> Executive Committee Meeting (November 2011).

The Bank Task Team conducted two supervision missions in 2011. POD representatives participated in the 31<sup>st</sup> Meeting of the Open-Ended Working Group, the 23<sup>rd</sup> Meeting of the Parties, UNEP network ODS and customs officers meetings, the Bank's Fifteenth Annual Financial Agents Workshop, and the World Bank 6<sup>th</sup> East Asia ODS Phaseout Workshop and a preceding foam technical workshop in Bangkok in May 2011.

## **THAILAND**

### *A. Country Developments*

The implementation of the proposed activities in 2010-2012 Annual Work Plan and procurement of refrigerant identifiers for the Department of Vocational Education under Thailand's National CFC Phaseout Plan have experienced delay due to insufficient staff at the NOU and severe flooding in Thailand from September through December 2011. The next Bank mission, currently scheduled for June 2012, will evaluate implementation progress and measures to expedite implementation.

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Preparation of an HCFC Phaseout Management Plan was started in September 2010. International consultants were hired by the World Bank to assist the NOU to survey consumption of HCFCs in each sector. The survey was completed, stakeholder consultations were completed, technical inputs provided and the initial, overarching HPMP was completed. The HPMP was to be finalized in January 2012 once travel to the country resumed and submitted to the 66<sup>th</sup> Meeting of the Executive Committee.

### *B. Institutional Strengthening*

Institutional strengthening activities were ongoing. IS funds have been used to enhance the capacity of the NOU and government agencies to effectively implement ODS phaseout in compliance with the country's obligations. NOU staff attended international and regional Montreal Protocol meetings. Government representatives also attended the Bank's Fifteenth Annual Financial Agent's Workshop in Washington March 31-April 1 2011 and the 6<sup>th</sup> East Asia ODS Phaseout Workshop and a foam technical workshop both held in Bangkok in May 2011. A total of three Bank missions were conducted in 2011 for supervision of the NCPP and preparation of the HPMP.

## **TUNISIA**

### *A. Country Developments*

After a slow start in project implementation, Tunisia's National CFC Phaseout Plan succumbed to additional delays in early 2011 due to the political events in the country (the Jasmine Revolution). Implementation only resumed in May-June 2011 upon normalization of internal functions in related ministries and agencies, allowing a Bank mission to travel to the country to reassess the action plan. It was agreed that an extension of the umbrella grant agreement between the Government of Tunisia and the World Bank was required beyond the scheduled December 31, 2011 closure. An extension until June 30, 2011 was granted for completing the largest component of the NOPP – procurement of refrigerant identifiers and recovery and recycling (R&R) equipment. After a failure of the first bidding attempt for R&R equipment (the supplier pulled out of the contract in March 2011 in the aftermath of the political changes), the national ozone unit in the National Agency for Environmental Protection (ANPE) reinitiated procurement of both types of equipment in October 2011. As of the end of 2011, bids were to be opened at the end of January 2012.

All CFC and halon consumption has been completely phased out in line with Montreal Protocol requirements and the agreement between the Executive Committee and Tunisia. The Bank provided support for a third party verification audit of 2008-2009 ODS consumption per Executive Committee Dec. 61/39, which was submitted to the 65<sup>th</sup> Meeting of the Committee.

### *B. Institutional Strengthening*

2011 activities under Tunisia's Institutional Strengthening Project (ISP) included monitoring of enterprises that have converted operations; reporting data for the country programme and Article 7 requirements; collaboration with Customs and Ministry of Commerce; participation in various international ozone meetings; overseeing implementation of the NOPP including procurement of

equipment, the development of the HPMP; preparation of monitoring and progress reports; and public awareness activities.

A request for ISP renewal (Phase VII) and transfer to another Implementation Agency will be made at the April 2012 Executive Committee Meeting to ensure funding can flow to the country as early as June 2011 upon closure of the overall ODS grant agreement between Tunisia and the Bank. Given that financial closure could last until October 2011, this will allow the NOU to operate until the balance (if any) of the Phase VI can be transferred at the 68<sup>th</sup> Meeting of the Executive Committee.

## **TURKEY**

### *A. Country Developments*

All ODS project activities for the Government of Turkey that had been implemented under the World Bank came to an end in 2007 and in April 2009, the umbrella ODS phaseout project for Turkey closed financially as well.

The Bank is required to conduct monitoring of the Total Phaseout of CFC Plan until 2009 through performance and financial verification. A National Consultant was hired in 2010 to complete the annual program/implementation status report. The implementation status report was prepared and submitted to the World Bank in 2011.

### *B. Institutional Strengthening*

The Institutional Strengthening Project (ISP) was transferred to UNIDO in 2009.

## **URUGUAY**

### *Country Developments*

Activities have been completed and a total of 24 ODP tonnes of ODS was phased out. Financial completion occurred in early 2003.

## **VENEZUELA**

### *Country Developments*

All approved projects are physically and financially completed.

## **VIETNAM**

### *Country Developments*

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The National CFC and Halon Phaseout Project for Vietnam came to completion in 2010. All phaseout targets were met.

Implementation of the methyl bromide phaseout plan, which was launched in 2009, advanced as planned in 2011. Under the regulations and capacity component the project management unit (PPD) has completed and fully disbursed funds for all planned activities, except for the training workshops for MARD officials. The PPD proposed to carry out further studies on phosphine resistance and to develop a National Resistance Management Plan in 2012. Similarly technical assistance for post-harvest applications and pre-harvest applications progressed, including field demonstration of alternative approaches.

The preparation of Vietnam's HPMP and HCFC foam and refrigeration sector phaseout projects were submitted to the 63<sup>rd</sup> meeting of the Executive Committee. The Committee asked that the air-conditioning component of the HPMP's action plan be removed, leaving the foam sector plan as the main vehicle for achieving Vietnam's 2013 and 2015 HCFC consumption reduction targets. A Bank appraisal mission for finalizing implementation arrangements under the new planned grant agreement between the Government of Vietnam and the World Bank was held in October 2011 after six months of preparatory work. A project implementation manual and terms of references for activities under the planned project were completed by the Government in November. The project is now going through the Government of Vietnam's internal approval process. After this, the grant agreement between Bank and Vietnam will be negotiated, approved by the Bank and signed. Project implementation is expected to start in July 2012.

A total of three World Bank supervision and preparation missions were conducted in 2011. In addition, a Government representative attended the Bank's Fifteenth Annual Financial Agents Workshop in Washington in late March/early April in 2011 and several NOU staff were present at the Bank's 6<sup>th</sup> East Asia ODS Phaseout Workshop and a foam technical workshop, both held in Bangkok in May 2011.

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## Annex II

### PROGRESS AND FINANCIAL REPORTING DATABASE

Environment Department

The World Bank

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