



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/27/19
20 February 1999



ORIGINAL: ENGLISH

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

Twenty-seventh Meeting
Montreal, 24-26 March 1999

WORLD BANK 1999 WORK PROGRAMME

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

COMMENTS

1. The World Bank is requesting approval from the Executive Committee for US \$1,242,800 for its 1999 work programme as indicated in Table 1.

Table 1:

World Bank 1999 Work Programme and corresponding funding levels

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 th Meeting (US \$) ¹	Project Preparation Requested at 27 th Meeting (US \$)	Amount Recommended (US \$)
Argentina	Prepare investment projects in the refrigeration and solvent cleaning sectors	Jan. 2001	50,000	56,000	16,000	16,000
China	Prepare projects in the foam, commercial refrigeration and CFC production sectors	Jan. 2001	301,000	601,000	300,000	Pending
Colombia	Prepare projects in the foam, commercial refrigeration and solvent sectors	Jan. 2000	22,000	60,000	38,000	38,000 on condition that grant agreement is finalized in advance of project submission

¹ Assuming funds requested at 27th Meeting are approved.

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 th Meeting (US \$) ¹	Project Preparation Requested at 27 th Meeting (US \$)	Amount Recommended (US \$)
Ecuador	Prepare investment projects in the foam and commercial refrigeration sectors	Jan. 2001	14,000	38,000	24,000	24,000 on condition that project is submitted in context of RMP developed by Government
India	Prepare projects in the refrigeration, solvent and CFC/halon production sectors	Jan. 2000	20,000	290,000	270,000	Pending
Indonesia	Prepare projects in the halon recycling and foam sectors	Jan. 2000	18,000	118,000	100,000	Pending
Jordan	Prepare projects in the aerosol and halon recycling sectors	Jan. 2000	35,000	40,000	5,000	5,000
Malaysia	Prepare projects in the solvent sector. New project preparation request will be used for preparation of a national CFC phase-out programme for submission in 2000	Jan. 2001	17,000	112,000	95,000	Pending
Pakistan	Prepare projects in the foam and refrigeration sector	Jan. 2001	0	66,000	66,000	66,000

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 th Meeting (US \$) ¹	Project Preparation Requested at 27 th Meeting (US \$)	Amount Recommended (US \$)
Thailand	Prepare projects in the foam, halon, commercial refrigeration end-use and solvent sectors. Part of the new project preparation request will be used for preparation of a national CFC phase-out programme for submission in 2000	Jan. 2001	70,000	211,000	141,000	Pending
Tunisia	Prepare a project in the solvent sectors. Project submission will be made in 2000	Jan. 2001	0	15,000	15,000	15,000
Turkey	Prepare investment projects in the foam, commercial refrigeration, refrigeration recycling and halon sectors. Methyl bromide assessment and preparation of demonstration project to lead to strategic phase-out.	Jan. 2000	235,000	243,000	8,000	Pending
Global	Unallocated			162,000	162,000	162,000
Sub-Total			782,000	2,012,000	1,240,000	Pending
Agency support costs	(13%)		101,660	261,560	161,000	Pending
Less	Project preparation advance approved at 26 th Meeting (decision 26/24)			(158,200)	(158,200)	(158,200)

Country	Sector and Sub-Sector	Date of Completion	Remaining Project Preparation from 1998 (US \$)	Total Funds for Project Preparation in 1999 including Request to 27 th Meeting (US \$) ¹	Project Preparation Requested at 27 th Meeting (US \$)	Amount Recommended (US \$)
Total			883,660	2,115,360	1,242,800	Pending

COMMENTS

Criteria for the submission of project preparation proposals

2. The Executive Committee approved the criteria for the submission of project preparation proposals at its 23rd Meeting (decision 23/51). The World Bank's request for project preparation complies in general with these criteria. The criteria require that project preparation should be considered on a case-by-case basis if the request is for project preparation for countries for which approved projects have phased out over 80 per cent of their ODS consumption as reported in the latest available data (decision 23/51 (d)). This criterion was not intended to preclude approval, but instead, to identify for individual consideration project preparation requests from countries where the Executive Committee has already provided significant assistance.

3. The following countries for which the Bank is requesting project preparation funds are suggested for individual consideration based on decision 23/51 criterion d (with percentage of ODS funding of latest consumption in brackets): China (88 per cent), Indonesia (374 per cent), Jordan (85 per cent), and Malaysia (120 per cent).

Project preparation duration

4. The World Bank is requesting project preparation for 24 months for several countries. Normally, project preparation is expected to correspond to the 12 months duration of the business plan. The Executive Committee advanced project preparation at its last meeting to UNDP, UNIDO and the World Bank to ensure that preparation activities could move forward in advance of approval of the 1999 work programme.

5. The Bank is requesting a two-year project preparation for seven of the 12 countries for which new project preparation is being requested at this meeting. The Bank indicated that longer project preparation is needed to prepare the sector phase-out projects in Malaysia and Thailand, umbrella projects in China, and projects for SMEs in Argentina and Pakistan. The Bank did not indicate reasons for the 24-month project preparation duration for Ecuador where a recycling project is planned, Tunisia where a solvent sector project is planned or Turkey where halon usage will be investigated.

China (US \$300,000)

6. The project preparation activities included in the 1999 business plan of the World Bank amount to US \$180,000 for rigid and flexible foam and US \$120,000 for refrigeration compressor projects. The total amount requested by the World Bank for 1999 (US \$300,000) almost equals the amount carried over from previous project preparation approvals (US \$301,000).

Colombia (US \$38,000)

7. The Bank noted that the “grant tax” that had been a regulatory impediment in previous projects was removed in January 1999. It also stated that the grant agreement between the Bank and Colombia is expected to be completed “in the coming months”. Projects previously approved for the World Bank have experienced long lead times until first disbursement awaiting the completion of grant agreements.

Ecuador Refrigeration recycling (US \$20,000 of the total request)

8. The Government of Ecuador is preparing a refrigerant management plan (RMP) that is planned to be submitted to the Executive Committee. The Bank stated that it will submit the recycling project within the context of the submission of Ecuador’s RMP.

India - CFC and halon production sector (US \$210,000 of total request)

9. The World Bank has already prepared a proposal for India’s production sector. The Executive Committee has already funded technical audits that should contain much of the data needed for the proposal. The Bank indicated it has been working on the development of the CFC production sector proposal since October 1998 and some of the expenditures have been advanced from other activities. As such, this request is for partial retroactive funding. The Bank carried out a “partial mission” in October 1998, a “full mission” that included a visit to each plant in December 1998, and gave a presentation to the Sub-group on the Production Sector in Paris in January 1999. The Bank has also used staff time for project preparation. Additional funds may be needed for negotiations, consultations, and further development of project proposals.

10. The Government of India received US \$309,000 from the Multilateral Fund to develop a halon sector plan in July 1994. At the 24th Meeting, the Executive Committee approved seven halon 1211 fire extinguisher conversion projects on the condition that the projects should be undertaken within the context of the sector strategy prepared by UNDP and that the strategy should be submitted to the Executive Committee (decision 24/27). The strategy has not yet been submitted.

Indonesia (\$100,000)

11. The World Bank and other implementing agencies have reported that the recent economic difficulties in Indonesia have led to implementation delays. Unlike other implementing agencies, most Bank projects require that enterprises obtain their own equipment and are reimbursed after the equipment

is purchased by the beneficiary enterprise. The Bank indicated that it has adopted a new mechanism to reduce the burden of enterprises obtaining letters of credit for purchasing necessary equipment for their conversion projects.

Malaysia (\$95,000)

12. Malaysia has already received US \$30 million for 116 projects to phase out 4,599 ODP tonnes, including CFC-12 recycling and halon banking projects which have been successfully implemented by the World Bank. Malaysia's average level of consumption for the years 1995, 1996 and 1997 is 3,271 tonnes of Annex I substances.

13. Most of these funds are intended to identify new ODS phase-out activities including the development of an RMP, investment and training activities and necessary policy measures to support effective phase-out of the residual consumption of CFCs in Malaysia. The Bank intends to consider policies such as Chile's auction programme and the China halon sector plan for implementation in Malaysia.

14. Malaysia's robust ozone office has updated its country programme although it has not submitted it to the Executive Committee. This request would effectively be for a survey of remaining users which may have been covered by ozone office activities. Moreover, other implementing agencies and the Bank itself, continue to submit individual requests for project preparation for identified projects.

Thailand national phase-out programme (US \$95,000 of the total request)

15. The Executive Committee has approved US \$35.6 million for Thailand that will phase out 3,867 ODP tonnes. Thus far, agencies have phased out 1,363 ODP tonnes leaving 2,504 ODP tonnes to be phased out from approved projects to-date. Thailand's average consumption from 1995 through 1997 was 6,354 ODP tonnes. Project preparation proposed at this meeting will lead to the phase out of 2,250 ODP tonnes. This will leave 1,600 ODP tonnes to be phased out by this umbrella project. The Bank intends to conduct a survey to identify potential remaining phase-out projects and then determine if the balance of the consumption in Thailand is for the refrigeration-servicing sector.

16. Other implementing agencies and the Bank itself, continue to submit individual requests for project preparation for identified projects.

Turkey (US \$8,000)

17. The World Bank has surplus project preparation funds amounting to US \$235,000 for implementation of projects in Turkey and is requesting an additional US \$8,000 to prepare projects in the halon sector. Turkey's reported halon consumption according to its country programme was 23 metric tonnes (69 ODP tonnes) of halon 1211 and 2 metric tonnes (20 ODP tonnes) of halon 1301. Turkey chose not to analyze its halon sector in its country programme due to the low level of consumption.

RECOMMENDATIONS

The Fund Secretariat recommends that the Executive Committee through the Project Review Sub-Committee:

1. Consider the implications of the criteria for the submission of project preparation proposal on the requests of the World Bank. Especially criterion d that requires that project preparation should be considered on a case-by-case basis if the request is for project preparation for countries for which approved projects have phased out over 80 per cent of their ODS consumption as reported in the latest available data.
2. Consider appropriateness of planned project preparation duration of several requests identified above.
3. Consider project preparation requests listed as pending on an individual basis in the light of the Secretariat's comments above.
4. Approve the World Bank's 1999 work programme in the amounts recommended in Table 1 above and as amended in the light of recommendations (1) and (2) above. The amount so approved should be offset by the US \$158,200 that approved for the World Bank at the 26th Meeting as an advance on the Bank's 1999 work programme.