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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-second Meeting  
Montreal, 29 March - 2 April 2004

**BUSINESS PLAN FOR THE YEARS 2004-2006 OF THE WORLD BANK**

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## COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

### COMMENTS

1. The World Bank prepared its business plan on the basis of Decisions 37/68, 38/66 and 41/93 and is provided as an annex to these comments.
2. This document presents a summary of planned 2004 activities of the World Bank, ODS phase-out during the triennium, general comments, the World Bank's business plan performance indicators, and provides recommendations for the consideration of the Executive Committee.

### Planned activities 2004-2006

3. The business plan is a rolling three-year business plan since three years of activities are included although there is less certainty with regard to 2005 and 2006 activities except with regard to ongoing multi-year agreements.

### Planned activities for 2004

4. The total value of projects planned for submission in 2004 by the World Bank is US \$100.06 million that will lead to the phase-out of 34,871 ODP tonnes. The plan includes:
  - 13 ongoing multi-year performance based agreements for sector and substance phase-out amounting to US \$73.09 million that represents a ODS phase-out when implemented of 32,171 ODP tonnes;
  - 6 new multi-year performance based agreements amounting to funding of US \$9.3 million in 2004 (US \$34.78 million in total) with an associated ODS phase-out in 2004 of 2,026 ODP tonnes (6,141 ODP tonnes in total);
  - 10 individual investment projects that will be submitted in 2004 with a value of US \$16.59 million;
  - Project preparation amounting to US \$134,000; and
  - 5 non-investment projects that will be submitted in 2004 with a value of US \$951,500 including 4 institutional strengthening projects amounting to US \$865,500 and one country programme amounting to US \$86,000.
5. The total value of projects planned for submission in 2004 by the World Bank for projects emanating from the 3 year phase-out plan is US \$83.73 million that will lead to the phase-out of 34,195 ODP tonnes and US \$16.33 million for projects to accelerate phase-out and/or maintain momentum that will lead to the phase-out of 676 ODP tonnes as shown in the following table:

Criterion	Country	Sector and Sub-Sector	Value (\$000) in 2004	ODP in 2004	Value (\$000) in 2005	ODP in 2005	Value (\$000) in 2006	ODP in 2006
C3 Window LVC with RMP	Antigua and Barbuda	CFC Phase-out plan	61	9.0	0	0.0	13	2.0
C4 Window with Approved Project Preparation	Indonesia	Aerosol Phase-out Plan	237	50.0	0		0	
C4 Window with Approved Project Preparation	Indonesia	Foam Phase-out Plan	1,158	100.0	1,493	129.3	579	50.0
C4 Window with Approved Project Preparation	Pakistan	Refrigeration - multiple projects	1,211	345.0				
C4 Window with Approved Project Preparation	Tunisia	Rigid Foam	98	12.0				
C5 Low level of residual consumption	Argentina	Methyl Bromide Elimination	387	18.0				
C5 Low level of residual consumption	Chile	Halon banking	65	40.0				
C5 Low level of residual consumption	Chile	Methyl Bromide Elimination	1,540	70.0				
C5 Low level of residual consumption	Ecuador	Methyl Bromide Elimination	688	32.0				
PRP for Window	China	Process Agents Phase-out project prep.	134					
C6 Window for ODS Production Accelerated Phase-out	China	Accelerated CTC production phase-out	10,750					

6. Antigua and Barbuda received an RMP pursuant to Decision 31/48 and committed to complying with its 85 per cent reduction in the servicing sector. The Secretariat indicated to agencies that a terminal phase-out management plan might be submitted for countries that had received RMPs pursuant to Decision 31/48 only if Decisions 38/64 and 40/21 were met. The Bank confirmed that all of these requirements have been met.

7. The World Bank is also planning to submit four projects under criterion 4 of Decision 40/7, projects with approved project preparation. The foam projects in Indonesia and Tunisia were included in the Bank's 2003 business plan. The Bank has indicated that the two projects in Indonesia are needed in order to fully implement a multi-year, compliance based agreement. The refrigeration project in Pakistan would also facilitate a consumption reduction based multi-sub-sector, multi-agency approach proposed for Pakistan.

8. The World Bank has also included four projects under criterion 5, countries with a low level of residual consumption. The methyl bromide projects are listed as window projects since Argentina, Chile and Ecuador have projects to enable compliance with the 2005 methyl bromide controls. Halon banking in Chile is not required based on Chile's latest consumption and halon baseline and is therefore considered a window project.

9. The Bank has also included a project to accelerate the production phase-out of CTC in China. This project may be considered for funding under criterion 6 of Decision 40/7, ODS production accelerated phase-out.

#### Planned activities for 2005

10. The World Bank plans to submit projects valued at US \$71.58 million in 2005 with an associated phase-out of 24,576 ODP tonnes. This includes US \$50.44 million for ongoing multi-year agreements.

11. The total value of projects planned for submission in 2004 by the World Bank for projects emanating from the 3 year phase-out plan is US \$70.09 million that will lead to the phase-out of 24,447 ODP tonnes and US \$1.49 million for projects to accelerate phase-out and/or maintain momentum that will lead to the phase-out of 129 ODP tonnes.

#### Planned activities for 2006

12. The World Bank plans to submit projects valued at US \$105.63 million in 2006 with an associated phase-out of 35,292 ODP tonnes. This includes US \$57.06 million for ongoing multi-year agreements.

13. The total value of projects planned for submission in 2005 by the World Bank for projects emanating from the 3 year phase-out plan is US \$105.04 million that will lead to the phase-out of 35,240 ODP tonnes and US \$591,888 for projects to accelerate phase-out and/or maintain momentum that will lead to the phase-out of 52 ODP tonnes.

#### **ODP phase-out during 2004-2006**

14. During the 2004-2006 triennium, the World Bank plans to phase out 119,980 ODP tonnes from ongoing projects and multi-year agreements. Additionally, the Bank indicated that 11,582 ODP tonnes would be phased out from projects to be submitted for approval during the triennium.

15. The World Bank has provided a section in its business plan, supported by a descriptive annex arranged by country, on expediting project implementation. The Bank indicated that it would continue to assist countries in which it is doing business on sustaining their consumption and production freeze obligations and achieving the control measures in 2005 and 2007. It will conduct its 8<sup>th</sup> annual workshop for financial intermediaries and government representatives emphasizing the importance of completing approved projects in a timely manner to enable compliance.

#### **Comments**

16. There are several projects for which other agencies may have overlapping planned activities with those of the World Bank. The World Bank has not provided letters from countries to clarify these potential overlaps.

17. In the case of chiller projects planned by the World Bank in Argentina and Mexico, UNIDO is preparing refrigeration sector phase-out projects that include the consumption from all remaining sectors. The World Bank indicated that both of these chiller replacement projects would be implemented by the Bank within the framework of the national CFC phase-out plan that will be implemented by UNIDO. The World Bank indicated that agreements exist between the Bank, UNIDO and the Governments of Argentina and Mexico to this effect.

18. The Bank has also proposed an MDI project for Argentina that would appear to be already addressed by UNIDO. The Bank indicated that the Government of Argentina had confirmed its intention to work with the Bank on an MDI project and that MDIs would not be included in UNIDO's national CFC phase-out plan.

19. The Bank's business plan included a methyl bromide phase-out project in Viet Nam, but UNIDO has a request from Viet Nam to prepare such a project based on the results of its demonstration project. The Bank indicated that the Government of Viet Nam had expressed interest in developing a methyl bromide national phase-out plan with the Bank—a letter endorsing the Bank's methyl bromide project was pending.

20. The Bank also included in its business plan the second phase of the Process Agent Phase-out Plan. It noted that the approved agreement specified that "China would be eligible and allowed to apply for and receive further funding for the candidate process agent applications identified in Table 2 and defined in Appendix IV that will be considered by the Parties." The referenced Appendix IV listed the following applications to be considered by the Parties and that could be included in a Phase II plan: production of chlorinated polypropene, CEVA, methyl isocyanate derivatives, 3-phenoxy benzaldehyde, Imidacloprid, Buprofenzin, Oxadiazon and Mefenacet. All of these applications were recommended for inclusion in the list of approved uses of CTC that are applicable for funding under the MP at the 15th MOP (Decision XV/6). phase-out of 100 ODP tonnes (329 ODP tonnes in total); and

### Performance indicators

21. A summary of the World Bank's performance indicators pursuant to Decision 41/93 is provided below in Table 1.

Table 1

### PERFORMANCE INDICATORS

Category of performance indicator	Item	Weighting	2004 Target
Approval	Number of annual programmes of multi-year agreements approved vs. those planned, may not be applicable to UNEP	20	13/13 <sup>(*)</sup>
Approval	Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved vs. those planned	20	10/10
Implementation	Milestone activities completed (e.g. policy measures, regulatory assistance)/ODS levels achieved for approved multi-year annual tranches vs. those planned, may not be applicable to UNEP	20	15/15
Implementation	ODP phased-out for individual projects vs. those planned per progress reports, may not be applicable to UNEP	5	8,076 ODP tons

Category of performance indicator	Item	Weighting	2004 Target
Implementation	Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	5	72
Implementation	Percentage of policy/regulatory assistance completed vs. that planned	10	N/A
Administrative	Speed of financial completion vs. that required per progress report completion dates	10	3 months
Administrative	Timely submission of project completion reports vs. those agreed	5	100%
Administrative	Timely submission of progress reports and responses unless otherwise agreed	5	100%

(\*) In addition to 13 Annual Programs there are 6 new Multi-year Agreements included in the 2004 Business Plan, which are expected to be approved in 2004.

## RECOMMENDATIONS

The Fund Secretariat recommends that the Executive Committee consider:

1. Endorsing the 2004-2006 business plan of the World Bank, as contained in UNEP/OzL.Pro/ExCom/42/11, while noting that endorsement did not denote approval of the projects identified therein nor their funding levels with any modifications based on the consideration of the following activities:
  - (a) Planned chiller projects in Argentina and Mexico;
  - (b) Planned MDI project in Argentina;
  - (c) Planned methyl bromide project in Viet Nam;
2. Approving the performance indicators for World Bank set out in Tables 1 and 2 of the Fund Secretariat's comments as contained in UNEP/OzL.Pro/ExCom/42/11.

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**2004 BUSINESS PLAN**

**WORLD BANK**

**INVESTMENT AND NON-INVESTMENT  
OPERATIONS FUNDED BY THE  
MULTILATERAL FUND OF THE  
MONTREAL PROTOCOL**

**Presented to the 42<sup>nd</sup> Meeting  
Of the Executive Committee**

**February 25, 2004**

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## I. MULTILATERAL FUND TARGETS

### A. Meeting the Objectives of the Multilateral Fund

1. The first report on the 2003-2005 phase-out plan for the Multilateral Fund was introduced at the 38<sup>th</sup> meeting of the Executive Committee, prepared in response to Decision 37/68b. Following discussions on the report, the Executive Committee noted that the model three-year phase-out plan, as adjusted and corrected taking into account actions taken at its 38<sup>th</sup> Meeting, suggested the reductions that would presumably be needed over the following three years to enable the compliance of all Article 5 countries with the interim measures that had to be met in 2005 and 2007.
2. The Executive Committee decided to adopt the model three-year phase-out plan as a guide that should be considered by UNDP, UNIDO, the World Bank and, as appropriate, bilateral agencies, in the preparation of annual and multi-year business plans of the agencies during the 2003-2004 triennium. Implementing agencies were requested, as appropriate to take into account the ODS phase-out generated by the model as a basis for the preparation of multi-year agreements, and to consider allocating the annual funding tranches accordingly (Decision 36/66).
3. The Executive Committee requested the Secretariat to update the model at each last meeting of the Executive Committee of the calendar year for the following three years, in order to have a rolling model three-year ODS phase-out plan (Decision 36/66).
4. The proposed 2004 Business Plan for the World Bank is thus prepared on the basis of the 2003-2010 Phase-out Plan for the Multilateral Fund, prepared by the Multilateral Fund Secretariat, following the 41<sup>st</sup> meeting of the Executive Committee in December of 2003. Results of the revised model three-year phase-out plan, which includes all approved activities through 2003, are summarized in Table I-1:

Table I-1 – Amount of ODS (in ODP tones) to be funded to meet phase out targets up to 2006  
(Multilateral Fund Secretariat, 2003)

Amount of ODS to be funded	2004	2005	2006	Total
<b>CFC in non-LCV countries</b>	4,700.9	4,700.9	2,574.7	<b>11,976.50</b>
<b>CFC in LCV countries</b>	1,084.2	1,084.2	293.2	<b>2,461.60</b>
<b>MB</b>	310.0	307.4	--	<b>617.40</b>
<b>CTC</b>	710.3	--	88.8	<b>799.10</b>
<b>TCA</b>	105.1	--	--	<b>105.10</b>
<b>CFC production sector</b>	1,411.9	1,411.9	166.1	<b>2,989.90</b>
<b>Total ODS to be funded</b>	<b>6,910.5</b>	<b>6,092.5</b>	<b>2,956.7</b>	<b>15,959.70</b>

*Note: Estimated two-year delay in implementation*

5. In response to the three-year model phase-out plan, the proposed 2004 Business Plan of the World Bank includes new investment and non-investment activities that will

assist Article 5 countries in reducing their consumption and production of CFCs, CTC, and Methyl Bromide. The potential impact of new investment activities for 2004 is summarized in Table I-2.

6. Table I-2 also includes information on new multi-year plans for the period from 2004 to 2006, in accordance with Decision 38/66. Information for each individual project is presented in Annex II through IV. It is important to note that activities planned for 2005 and 2006 are tentative and that they may be revised during the course of implementation of the final 2004-2006 Business Plan.

*Table I-2 – Potential impact of new investment activities included in proposed 2004-2006 Business Plan (ODP tonnes)*

ODP to be phased out (tonnes)	2004	2005	2006	Total
<b>CFC in non-LCV countries</b>	599	166	87	<b>852</b>
<b>CFC in LCV countries</b>	9	-	2	<b>11</b>
<b>MB</b>	256	-	59	<b>315</b>
<b>CTC</b>	-	1,000	4,500	<b>5,500</b>
<b>TCA</b>	-	-	-	<b>-</b>
<b>Halon</b>	40	-	-	<b>40</b>
<b>CFC production sector</b>	1,800	1,800	1,831	<b>5,431</b>
<b>Total ODS to be phased out</b>	<b>2,704</b>	<b>2,966</b>	<b>6,479</b>	<b>12,149</b>

7. Other than the ODP to be phased out from new investment activities proposed during the 2004-2006 period, an additional phase-out will be achieved through the implementation of previously approved investment projects, sector plans and national plans. This additional phase-out is summarized in Table I-3.

*Table I-3 – Impact of investment activities approved prior to 42<sup>nd</sup> Executive Committee meeting implemented by the World Bank (ODP tonnes)*

ODP to be phased out (tonnes)	2004	2005	2006	Total
<b>CFC in non-LCV countries</b>	9,529	6,667	1,627	<b>17,823</b>
<b>CFC in LCV countries</b>	23	96	81	<b>200</b>
<b>MB</b>	30	52		<b>82</b>
<b>CTC</b>	1,352	15,598	590	<b>17,540</b>
<b>TCA</b>	15	60		<b>75</b>
<b>CFC production</b>	6,582	9,805	9,202	<b>25,589</b>
<b>Total ODS to be phased out</b>	<b>17,531</b>	<b>32,278</b>	<b>11,500</b>	<b>61,309</b>

8. Besides the impacts summarized in Table I-3, additional ODP reductions have been achieved by multi-year projects in the CTC production and in the halon sector, as shown in Table I-4.

*Table I-4 – Impact of investment activities approved prior to 42<sup>nd</sup> Executive Committee meeting implemented by the World Bank (ODP tonnes) – Additional sectors*

ODP to be phased out (tonnes)	2004	2005	2006	Total
CTC production	6,657	25,998	7,221	39,876
Halon consumption	-	-	6,170	6,170
Halon production	-	-	10,470	10,470
<b>Total</b>	<b>6,657</b>	<b>25,998</b>	<b>23,861</b>	<b>56,516</b>

### **Strategic approach to ODS phase-out in the proposed 2004 Business Plan**

9. *Funding of Closure Projects in the Production Sector* – The proposed 2004 Business Plan allocates US\$41.9 million, roughly 48% of the total investment deliverables for 2004, to support annual work programs of the Argentina, China and India CFC production closure projects, the China Halon Sector Project and the CTC production closure project in India. The total impact of the combined production projects in 2004 is approximately 15,000 ODP tonnes. In addition, the proposed Business Plan includes a new submission for the CFC production closure project for Venezuela, which is currently being prepared, following completion of the technical audit carried out by the Executive Committee.
10. *Sector Strategies and Terminal Phase-Out Plans* – In response to the direction provided by the Executive Committee with regards to strategic planning under the Multilateral Fund, the 2004 Business Plan includes: a) two new national CFC phase-out plans, in Antigua and Barbuda and in Viet Nam; b) an aerosol phase-out plan and a foam phase-out plan in Indonesia; c) two Methyl Bromide phase-out plans, in Thailand and in Malaysia; and d) one country program update for Tunisia. The proposed Business Plan also includes a submission for preparation funds to develop a second China Process Agents phase-out plan.

### **B. Resource Allocation**

11. The proposed 2004 Business Plan includes deliverables of 29 investment activities in 17 countries, including Antigua and Barbuda, Argentina, Bahamas, Chile, China, Ecuador, India, Indonesia, Malaysia, Mexico, Pakistan, Philippines, Thailand, Tunisia, Turkey, Venezuela and Viet Nam. The total amount of funds from deliverables of investment activities included in the proposed 2004 Business Plan is US\$88.2 million. The breakdown of these deliverables is as follows:
- 13 activities are multi-year projects that were previously approved by the Executive Committee, which total US\$73.1 million

- 6 activities are new multi-year projects that will be submitted to the Executive Committee for the first time, amounting to US\$9.3 million
  - 1 activity is a multi-year project funded by the Government of the United States
  - 9 activities are new investment projects that will be submitted to the Executive Committee, totaling US\$5.8 million
12. The proposed 2004 Business Plan includes one project preparation activity for China, totaling US\$134,375. A Country Program update preparation activity for Tunisia is also included, for an amount of US\$ 86,000.
13. Four Institutional Strengthening programs are scheduled for renewal in 2004, in Chile, Ecuador, Philippines and Turkey. Resource requirements for this component, in accordance with Dec. 35/57, are US\$865,500.
14. The total amount of deliverables of the proposed 2004 World Bank Business Plan is US\$89.3 million.
15. The funding distribution for investment activities included in the proposed 2004 Business Plan is summarized in Table I-5:

*Table I-5 – Summary of proposed funding distribution for investment activities in 2004 proposed World Bank Business Plan*

Sector	Total amount proposed for 2004 [US\$ 000s]	Percent of total [%]	Estimated impact [ODP tonnes]
CFC consumption			
• Foam	13,120	14.87	2,612
• National CFC phase-out plans	6,248	7.08	1,135
• Refrigeration (including MAC)	3,473	3.94	673
• Chillers	1,613	1.83	55
• Aerosols	<u>237</u>	<u>0.27</u>	<u>50</u>
Total CFC consumption	24,691	27.99	4,525
CFC production	30,125	34.15	8,382
CTC consumption	17,200	19.50	1,103
CTC production	9,869	11.19	6,657
Halon consumption	65	0.07	40
Halon production	1,935	2.19	0
Methyl Bromide	4,336	4.91	200
<b>Total</b>	<b>88,221</b>	<b>100.0</b>	<b>20,907</b>

*Note: Country Program Update activity in Tunisia is not shown in the table*

16. A summary of resource allocations for the triennium is presented in Table I-6:

Table I-6 – World Bank’s proposed resource allocation plan for 2004-2006 (in US\$000s) –  
(project preparation funds not included)

	2004	2005	2006
Planned New Activities	14,104	20,347	47,761
Approved Multi-year	73,085	50,442	57,060
Institutional Strengthening	866	792	812
<b>Total</b>	<b>88,054</b>	<b>71,581</b>	<b>105,633</b>

17. The proposed 2004 Business Plan will capture an estimated 20,907 ODP tonnes at a cost effectiveness of US\$3.95/kg ODP.

### C. Special Initiatives

18. *CTC Production Closure project in Venezuela* – In 2003, following requests from the Government of Venezuela, the Bank submitted a request for and received preparation funds to develop a CFC production closure project. This project will be critical to Venezuela to meet its commitments to the Montreal Protocol and is therefore of high priority for the Government. The technical audit for the project was completed in 2003. Outstanding issues regarding the ownership of the company are currently being clarified, after which the project will be presented to the Executive Committee.
19. *Accelerated production closure in China* – The proposed 2004 Business Plan includes assistance to the Government of China for the development of an overall project that will accelerate the closure of CFC production facilities by 2007. This activity will be implemented by the Bank, with funding from the Government of the United States
20. *National CFC Phase-out Plans* – The proposed 2004 Business Plan includes two new national CFC phase-out plans for Antigua and Barbuda and for Viet Nam. These activities will enable the two countries to meet their CFC reduction requirements by 2010.
21. *Sector Plans* – Consistent with its strategy of supporting integral sectoral approaches for ODS elimination, the Bank is submitting two Methyl Bromide phase-out plans in its proposed 2004 Business Plan. These activities will assist the Governments of Thailand and the Philippines to comply with their Methyl Bromide reduction targets by 2005, and subsequently to eliminate their consumption.
22. One final, new sector plan is included in the proposed 2004 Business Plan, which aims at phasing out CFC consumption in Indonesia’s aerosol sector.

## II. PLANNED BUSINESS ACTIVITIES

### A. Ongoing Activities

23. *Investment projects* - By the end of the 2003 calendar year, the World Bank's Montreal Protocol portfolio consisted of 101 ongoing individual investment projects and 15 multi-year projects. Funds assigned to these projects by the Executive Committee are approximately US\$81.0 million and US\$547 million for individual and multi-year projects, respectively. The total expected ODP impact of these activities is 12,223 tonnes for the individual projects and 132,400 tonnes for the multi-year projects.
24. *Non-Investment Projects and Activities* – By the end of 2003, the Bank's portfolio included 18 ongoing non-investment activities, such as demonstration projects, institutional strengthening, technical assistance and training.
25. Annex I presents a country-by-country analysis of the progress and status of ongoing Montreal Protocol operations, provided by members of the various countries' task teams.

### Measures to expedite Implementation of Approved Projects and those Critical to Compliance

26. As has been the case for the last decade, the World Bank will continue to work closely to assist its Article 5 client countries in sustaining their consumption and production freeze obligations, achieving the required 50% and 85% production and consumption reductions of Annex A chemicals in 2005 and 2007, respectively, and fulfilling all other obligations to the Montreal Protocol that are due within 2004 and 2006. The Bank will work closely with countries to ensure timely implementation of approved projects.
27. The Bank will conduct its Eight Annual Financial Intermediaries workshop in April 2004. One of the main objectives of this workshop is to inform financial intermediaries and government representatives of the importance of completing approved projects in a timely manner, due to the critical impact this will have on compliance with the 2005 and 2007 reduction targets of the Montreal Protocol.

### B. Program Expansion

28. Annex II summarizes ODP impact from new and from approved activities implemented during the period 2004 to 2006 and beyond. A list of all activities to be implemented during 2004-2006 and of their levels of funding is included in Annex III.

#### Project Preparation Activities:

29. *China* – Project preparation funds are being requested for a Phase II process agents phase-out plan that will be submitted to the Executive Committee in 2005. This proposal will cover process agent applications that the Parties may add, in the near

future, to the current list of accepted applications under the Montreal Protocol. Overall estimated ODP impact of the plan will be approximately 5,500 tonnes.

New submissions:

30. *Antigua and Barbuda* – In response to the Government of Antigua and Barbuda, the Bank included a national CFC phase-out plan for the country in its 2004 Business Plan. The country's remaining CFC consumption is 11 ODP tonnes. The proposed multi-year project will make it possible for the country to completely eliminate its CFC consumption.
31. *Argentina* – Analysis presented in the document “2003-2010 Phase-out Plan for the Multilateral Fund” (2003), indicates that Argentina might require additional assistance to achieve its 2007 phase out targets, since the country still has 1,580 ODP tonnes left to eliminate by 2007. In response to Government requests, the Bank is including two new CFC-related activities in its three-year Business Plan. First, a new submission in the 2004 Business Plan is a chiller replacement activity. This activity will be presented as a World Bank-implemented component of the national CFC phase-out plan for Argentina, which will be presented by UNIDO to the Executive Committee in March 2004. The estimated ODP phase-out through this chiller replacement activity is 50 ODP tons. Second, an investment activity in the MDI sector, which was originally included in the 2003 Business Plan but was not presented to the Executive Committee. This MDI activity will be presented in 2005 and will result in an estimated phase-out of 37 ODP tonnes.
32. UNDP and UNIDO are currently implementing a Methyl Bromide sector phase-out in Argentina. As specified in that agreement, 18 ODP tones of Methyl Bromide, used for post-harvest fumigation of cotton and citrus, will remain after the completion of the phase-out plan. The Government has requested the Bank to submit a new Methyl Bromide elimination activity to the Executive Committee, which will aim at phasing out that remaining consumption of Methyl Bromide. This activity will be presented to the Executive Committee for funding under the window for accelerated phase-out/maintaining momentum.
33. *Bahamas* – Having resolved data discrepancies between country consumption data and those included in the Agreement between the Bahamas and the Executive Committee, the Government of the Bahamas and the Bank will submit a new funding request for the 2004-2006 implementation of the country's national CFC phase-out plan. This activity included in the proposed 2004 Business Plan was originally included in the 2003 plan but was not presented to the Executive Committee in 2003. The national phase-out plan aims at eliminating 161 ODP tonnes by 2008, equivalent to all the remaining CFC consumption in the country.
34. *Chile* – A halon banking activity, which aims at establishing a National Halon Management Program, is included in the 2004 Business Plan. The Program will involve initiatives towards recycling and recovering of halons, and will include technical assistance and monitoring components. The Program is an integral part of the phase-out approach for halons in the country. This activity was originally included in the World Bank's 2003 Business Plan but was not presented to the

Executive Committee. As per recommendations of the Secretariat in the overview paper UNEP/OzL.Pro/ExCom/41/15, this activity involves maintaining phase-out momentum in Chile and therefore meets the requirements to access the funding window (Decisions 40/7 and 41/13).

35. A second submission for Chile in the 2004 Business Plan responds to Government requests to include a Methyl Bromide elimination activity. Chile is classified as a country with approved projects that would enable compliance with the 20% reduction target in 2005, according to the "2003-2010 Phase-out Plan for the Multilateral Fund" (2003). An ongoing UNDP project that targets elimination of MB in the tree nursery and tree replant sectors continues to achieve the reductions spelled out in its Agreement however, the country is in non-compliance with respect to its Methyl Bromide obligations as a result of a lack of a comprehensive regulatory framework. The proposed World Bank project will complement UNDP's project by: i) contributing to the phase-out of an additional 70 ODP tonnes of Methyl Bromide, allowing Chile to meet its 2005 commitment; and ii) helping the country to develop the regulatory framework necessary to ensure a sustainable elimination of Methyl Bromide, in accordance to Montreal Protocol targets. Pending future Executive Committee decisions regarding funding of Methyl Bromide reduction projects beyond the 20% freeze levels, the Bank will pursue projects to phase-out remaining Methyl Bromide consumption in various agricultural sectors. This activity will also be included for funding under the accelerated phase-out/maintaining momentum window.
36. *China* - A new submission for China in the 2004 Business Plan consists of assistance to the Government for the development of an overall project to accelerate closure of CFC production by 2007. Funding for this project, amounting to US\$10 million plus agency support costs, will be provided by the Government United States. This activity meets the requirements to access the funding window for accelerated phase-out/maintaining momentum.
37. *Ecuador* – A Methyl Bromide elimination activity for Ecuador is included in the 2004 Business Plan. The project aims at eliminating all remaining consumption of Methyl Bromide in the country, with an estimated impact of 32 ODP tons. The Secretariat has reviewed this project, and as per recommendations included in the overview paper UNEP/OzL.Pro/ExCom/41/15, this activity involves maintaining phase-out momentum and therefore meets the requirements to access the funding window (Decisions 40/7 and 41/13).
38. *Indonesia* – At the 39th Meeting of the Executive Committee, Indonesia and the World Bank presented phase-out projects for the aerosol and for the foam sectors, with a combined estimated impact of 150 ODP tonnes. Given that Indonesia is classified as a country that might not need additional help in achieving its 2005 and 2007 reduction targets, the Executive Committee recommended to defer the two proposed activities to 2004, pending a decision on a funding window to maintain phase-out momentum (Decision 39/10). As per recommendations of the Secretariat in the overview paper UNEP/OzL.Pro/ExCom/41/15, these two activities indeed involve maintaining phase-out momentum in Indonesia and therefore meet the



requirements to access the funding window (Decisions 40/7 and 41/13). Both activities are included in the proposed 2004 Business Plan.

39. *Malaysia* – The Government of Malaysia will submit its 2004 Annual Work Program and Audit Report on Verification of 2002 CFC consumption, such that the Bank may request funds for the fourth tranche of the National CFC Phase-out Plan at the 42<sup>th</sup> Meeting of the Executive Committee. This will be the only submission for Malaysia in the 2004 Business Plan, with an estimated impact of 430 ODP tonnes. The Government intends to submit the Audit Report on Verification of 2003 CFC consumption during the first semester of 2004.
40. *Mexico* – Mexico is classified as a country that might require assistance to achieve its 2005 and 2007 phase out targets, needing to eliminate 509.0 and 2,128.6 ODP tons, respectively, to achieve the required 50% and 85% reductions. At the 41<sup>st</sup> Meeting of the Executive Committee, UNIDO submitted a refrigeration sector CFC phase-out plan for Mexico that will address the remaining sector consumption of 1,778 ODP tonnes. The chiller sub-sector component of this plan, with an estimated impact of 5 ODP tonnes of CFCs, will be implemented by the World Bank. A first Chiller Replacement Program, also implemented by the Bank in Mexico, has successfully been completed. As per Decision 41/69, the Executive Committee decided to defer consideration of the CFC phase-out plan to the 42<sup>nd</sup> Meeting, and therefore the second phase of the Chiller Replacement Program is included in the 2004 World Bank's Business Plan.
41. *Pakistan* – Pakistan and the World Bank submitted a project to the 41<sup>st</sup> Executive Committee Meeting, for the phase out of CFCs in the refrigeration and air-conditioning manufacturing sub-sector. As per Decision 41/70, the Executive Committee decided to defer consideration of the project proposal to the 42<sup>nd</sup> Meeting, until the Government of Pakistan confirmed agreement with the approved incremental costs. The project proposal has been revised and endorsed by the Government. The estimated impact of the activity that is included in the proposed 2004 Business Plan is 345 ODP tonnes. This activity will be presented to the Executive Committee for funding under the window for accelerated phase-out/maintaining momentum.
42. *The Philippines* – The Philippines is classified as a country that might need assistance achieving its 2005 Methyl Bromide targets. The country needs to eliminate an additional 36.4 ODP tons in order to meet its 2005 commitments. In response to requests from the Government of the Philippines, the World Bank is including in its 2004 Business Plan a multi-year activity for the phase-out of Methyl Bromide. Project preparation funds approved in 2003 were used to develop the phase-out strategy that will be presented to the Executive Committee in 2004. The estimated impact of the activity are 33 ODP tonnes.
43. *Thailand* – Thailand is classified as a country that may need additional assistance to achieve its 2005 phase out target. In order to achieve its 20% reduction commitment, Thailand will need to eliminate 32.98 ODP tonnes by the beginning of 2005. The Methyl Bromide phase-out plan submitted during this Business Plan will enable the country to not only meet its reduction target by 2005, but also to completely phase out its non-quarantine and pre-shipment applications. The overall estimated impact of the

project is 204 ODP tonnes. This project had initially been included in the Bank's 2003 Business Plan but was not presented to the Executive Committee.

44. *Tunisia* – The Government of Tunisia and the Bank will submit the Country Program Update for consideration of the Executive Committee in 2004. Additionally, Tunisia is classified as a country that may need further assistance to achieve its 2007 CFC reduction commitments. The country will need to eliminate an additional 27.1 ODP tons to achieve the target, based on the amount of CFC eligible for funding. Upon requests from the Government, the Bank will submit a rigid foam activity, as part of the 2004 Business Plan, with an estimated impact of 12 ODP tonnes. This activity had originally been included in the 2003 Business Plan but was not presented to the Executive Committee. The activity will be presented to the Executive Committee for funding under the window for accelerated phase-out/maintaining momentum.
45. *Venezuela* – Venezuela is one of the countries that might require further assistance to achieve its 2005 and 2007 phase out targets. To achieve its 50% and 85% reduction targets, the country will need to phase out additional 383.6 and 1,546.4 ODP tonnes, respectively. In response to requests from the Government of Venezuela, the proposed 2004 Business Plan includes a submission for the CFC production closure project. Project preparation is not yet completed, since uncertainties remain regarding the ownership of the company. At its 41<sup>st</sup> Meeting, the Executive Committee requested the World Bank take into full account the findings of the CFC audit report and to provide information on the historical development in the ownership of Produven in the project proposal (Decision 41/95). Given the critical importance of this project to the success of the Montreal Protocol in Venezuela and in the global context, efforts will be made to gather the information needed to present the project to the Executive Committee during 2004.
46. *Viet Nam* – Viet Nam is classified as a country that might require further assistance to achieve its 2007 phase out targets, needing to eliminate 111.8 ODP tonnes to meet its 85% reduction commitment. The Government of Viet Nam and the Bank are submitting the National CFC phase-out plan as part of the 2004 Business Plan, with an overall impact of 95 ODP tonnes.
47. The Government of Viet Nam has requested the World Bank to include in its Business Plan for 2004-2006 a Methyl Bromide phase-out plan. This multi-year activity will be presented to the Executive Committee in 2005.

Submissions concerning existing multi-year projects:

48. Subsequent phases of approved CFC phase-out plans in Malaysia, Philippines, Thailand, Bahamas, and Ecuador
49. Subsequent phases of approved foam phase-out plan for China
50. Subsequent phases of approved of MAC refrigeration sector plan for Indonesia and commercial refrigeration sector plan for Turkey

51. Subsequent phases of approved CTC phase-out plans for India, Malaysia and Thailand, and of approved process agent phase-out plan for China
52. Subsequent phases of CFC production closure in Argentina, China and India
53. Subsequent phases of CTC production closure in China and India
54. Subsequent phases of Halon phase-out and production closure in China

Renewal of Institutional Strengthening:

55. Requests for renewal of Institutional Strengthening programs will be submitted for Chile, Ecuador, Philippines and Turkey.

**C. Window for Accelerated Phase-out/Maintaining Momentum**

56. A number of activities included in the Bank's 2004-2006 Business Plan are not required to meet compliance requirements up to 2007. However, those activities will be submitted as part of the 2004-2006 Business Plan, under the special funding window for accelerated phase-out or for maintaining momentum, pursuant Decisions 40/7 and 41/13.
57. The Secretariat's preliminary estimate of the value of the window for the 42<sup>nd</sup> Meeting is US\$18 million.
58. Activities presented in Table II-1 are included in the 2004-2006 and meet the requirements to access the funding window:

*Table II-1 – Activities included in proposed 2004 Business Plan that meet requirements for the accelerated phase-out/Maintaining Momentum funding window*

Activity	Requested funding for BPY 2004 [US\$]	Estimated impact [ODP tonnes]
Methyl Bromide elimination project in <b>Argentina</b>	387,000	18
Halon consumption phase-out in <b>Chile</b>	65,000	40
Methyl Bromide elimination project in <b>Chile</b>	1,540,000	70
Accelerated production closure in <b>China</b> <sup>(*)</sup>	10,750,000	---
Phase-out of Methyl Bromide in <b>Ecuador</b>	688,000	32
National CFC phase-out plan in the aerosol sector in <b>Indonesia</b>	237,000	50
CFC phase-out plan in the foam sector in <b>Indonesia</b>	3,809,000	329
Multiple refrigeration projects in <b>Pakistan</b>	1,211,000	345

Activity	Requested funding for BPY 2004 [US\$]	Estimated impact [ODP tonnes]
Rigid Foam project in Tunisia	98,000	12
<b>Total</b>	<b>8,035,000</b>	<b>896</b>

(\*) To be implemented with funds from the Government of the United States (not included in total).

### III. PERFORMANCE INDICATORS

59. As per Decision 41/93, the following performance indicators are included in the World Bank's 2004 Business Plan:

#### A. Quantitative Performance Indicators

##### 60. Approval Performance Indicators

a) Number of annual programs of multi-year agreements approved vs. those planned (Weighting: 20).

*Table III-1 – Number of annual programs of multi-year agreements approved vs. those planned*

	Planned for 2003	Approved	Deferred to 2004	Not presented to ExCom
New activities involving multi-year agreements included in BP 2003	10	3	6 <sup>(1)</sup>	1
New multi-year agreements included in BP 2003	3	3	-	-
Annual programs presented in BP 2003	12	10	2 <sup>(2)</sup>	0

(1) Four activities involving agreements were included in the BP 2003-2005, to be presented in 2004, for the following countries: Antigua and Barbuda, the Philippines, Viet Nam and Venezuela. All four are included, as new agreements, in the 2004 Business Plan. Activities for Thailand and Indonesia were deferred to 2004.

(2) Annual Programs for Argentina and Bahamas were deferred to 2004

b) Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved vs. those planned. (Weighting: 20).

*Table III-2 – Number of individual projects/activities approved vs. those planned*

	Planned for 2003	Approved	Deferred to 2004	Not presented to ExCom
Individual investment activities	12	5	5 <sup>(1)</sup>	2

(1): Argentina's MDI activity was deferred to 2005. The remaining four activities are included in the World Bank's 2004 Business Plan.

##### 61. Implementation Performance Indicators

a) Activities completed/ODS levels achieved for approved multi-year annual tranches vs. those planned. (Weighting: 20)

Please refer to table III-3 for a detailed list of all approved multi-year agreements and the ODP phased-out per tranche.

b) ODP phased-out for individual projects vs. those planned per progress reports. (Weighting: 5)

*Investment activities*

The planned ODP phase-out for 2004 has been estimated from the updated list of ongoing activities at the end of December 2003. A total of 101 individual investment projects were ongoing as of December 2003, and their planned ODP impact (according to their revised completion dates) is summarized below:

*Table III-4 – Planned ODP impact of ongoing individual investment activities by December 2003 (as per revised completion dates)*

Sector	Total approved funding [\$US]	ODP to be phased out by 2003 (as per revised completion date) [ODP tones]	ODP to be phased out by 2004 (as per revised completion date) [ODP tones]	ODP to be phased out after 2004 (as per revised completion date) [ODP tones]
<b>Aerosols</b>	2,080,910.0	589.0	0	153.7
<b>Foams</b>	26,174,186.0	2,656.5	913.1	1,430.9
<b>Refrigeration</b>	43,503,571.0	2,963.4	351.2	764.9
<b>MeBr</b>	1,443,425.0	50.0	30.0	37.2
<b>Halons</b>	1,734,000.0	883.8	436.0	0.0
<b>Process Agents</b>	2,074,300.0	0	248.8	0.0
<b>Solvents</b>	816,989.0	7.6	22.5	0.0
<b>Sterilants</b>	288,700.0	0	0	14.5
<b>Multi-Sectors</b>	3,800,000.0	670.0	0	0.0
<b>Total</b>	<b>81,916,081.0</b>	<b>7,820.3</b>	<b>2,001.6</b>	<b>2,401.2</b>

Based on the planned impact of the activities listed in Table III-4, a list of expected ODP phase-out by the end of 2004 (from individual investment activities ongoing at the end of 2003), is presented in Table III-5.

*Table III-5 – Expected ODP phase-out by the end of 2004 from individual investment activities*

Sector	ODP expected to be phased out by 2004 [ODP tonnes]	ODP expected to be phased out after 2004 [ODP tonnes]
Aerosols	649.0	93.7
Foams	2,066.3	2,934.2
Refrigeration	2,837.4	1,240.9
MeBr	50	67
Halons	884	436
Process Agents	0.0	249
Solvents	15	15.4
Sterilants	0.0	14.5
Multi-Sectors	670	0
<b>Total</b>	<b>7,171</b>	<b>5,051</b>

*Non-investment activities:*

The planned ODP phase-out for non-investment activities in 2004 has been estimated from the revised completion dates of activities expected to be completed in 2003 and 2004. Expected ODP phase-out is summarized below:

*Table III-6 – Planned ODP impact of ongoing non-investment activities by December 2003 (as per revised completion dates)*

Type of activity	Amount approved by December 2003	Planned to be phased out by 2004
INS	1,464,040	30.4
PRP	1,541,013	0
TAS	1,476,055	1,180
DEM	900,000	0
<b>Total</b>	<b>5,381,108</b>	<b>1,212</b>

c) Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports (Weighting: 5)

*Table III-7 – Project completion for individual investment projects vs. those planned in progress report*

Project characteristics	No. of projects
<b>Ongoing projects at the end of 2003</b>	<b>101</b>
Number of projects with planned completion date of 2003	64
Number of projects (not completed in 2003) expected to be completed in 2004	56
Number of projects (not completed in 2003) expected to be completed after 2004	8
<b>Number of projects with planned completion date of 2004</b>	<b>27</b>
Number of projects expected to be completed in 2004	14
Number of projects expected to be completed after 2004	13

Table III-8 – Project completion for non- investment projects vs. those planned in progress report: a) 2003; and b) 2004

**a) Year 2003**

Type of activity	No. of activities with planned completion dates in 2003	No. of activities completed in 2003	No. of ongoing activities
INS	4	4	0
PRP	11	7	4
TAS	3	1	2
DEM	1	1	0

**b) Year 2004**

Type of activity	No. of activities with planned completion dates in 2004	No. of activities completed	No. of activities ongoing	No. of new activities included in BP 2004
INS	4			4
PRP	4	3	1	1
TAS	4	2	2	0

d) Percentage of policy/regulatory assistance completed vs. those planned (Weighting: 10)

Not applicable. No stand-alone policy activities were included in the World Bank's Business Plans of 2003 or 2004.

**62. Administrative Performance Indicators**

- a) Speed of financial completion vs. those required per progress report completion dates (Weighting: 10)

*Table III-9 – Speed of financial completion vs. those required per progress report completion dates for individual investment projects*

Year	1997	1998	1999	2000	2001	2002
<b>Number of months from physical to financial completion</b>	9	11	11	9	8	2

**b) Timely submission of project completion reports vs. those agreed (Weighting: 5)**

The Bank plans to submit project completion reports of all projects that are completed between July 1, 2003 and June 30, 2004, by the end of 2004.

**c) Timely submission of progress reports and responses unless otherwise agreed (Weighting: 5)**

The Bank plans to submit its 2003 Progress Report on May 1, 2004 or at least eight weeks before the subsequent meeting of the Executive Committee, whichever is the earlier.

## **B. Qualitative Performance Indicators**

63. In response to a proposal on performance indicators presented by the Secretariat, the Executive Committee requested implementing agencies to propose qualitative performance indicators as part of their 2004 business plans to be submitted to the 42nd Meeting and to continue to consider the possibility of performance indicators for National Ozone Units (Decision 41/93).
64. The Bank has asked the various task teams to submit information regarding specific activities they will carry out in 2004 to assist NOUs and/or FIs in speeding up project implementation. These activities, combined with established quantitative performance indicators, would be used to assess the level of support that the Bank is providing to its client countries. The types of activities considered may include, but are not limited to:
- a) Number of planned missions for 2004. Teams have been asked to provide specific details on: i) number of people participating in missions; ii) length of missions; iii) number of cities visited; iv) number of projects visited; and v) government engagement
  - b) Planned training and/or increasing support to NOUs or FIs
  - c) Review of upcoming countries' compliance needs and discussions with governments on potential policy issues.



Table III-3 Activities completed/ODS levels achieved for approved multi-year annual tranches vs. those planned

	Code	Country	PROJECT NAME	Status	Tranche	Planned ODP	Approved Funding (*) [US\$]	ODP achieved [tonnes]	Met ODP Target	Planned ODP [tonnes]	Requested Funding(*) [US\$]
1	ARG/PRO/38/INV/133	Argentina	CFC production closure plan (first tranche)	ONG	1	0.0	500,000	0.0	Yes		
		Argentina		BP 2004	2					0.0	3,700,000
2	BHA/PHA/35/INV/08	Bahamas	Terminal phaseout management plan	ONG	1	18.0	240,000	18.0	Yes		
		Bahamas		BP 2004	2					12.0	200,000.00
3	CPR/HAL/23/INV/231	China	Sector plan for halon phaseout in China, 1998 Annual Programme	COM	1	21,678.0	12,400,000	21,678.0	Yes		
	CPR/HAL/26/INV/261	China	Sector plan for halon phaseout in China, 1999 Annual Programme	COM	2	11,196.0	9,700,000	11,196.0	Yes		
	CPR/HAL/29/INV/309	China	Sector plan for halon phaseout in China, 2000 Annual Programme	COM	3	9,682.0	10,600,000	9,682.0	Yes		
	CPR/HAL/32/INV/364	China	Sector plan for halon phaseout in China, 2001 Annual Programme	COM	4	3,369.0	4,500,000	3,369.0	Yes		
	CPR/HAL/35/INV/383	China	Sector plan for halon phaseout in China, 2002 Annual Programme	COM	5	5,049.0	3,700,000	5,049.0	Yes		
	CPR/HAL/38/INV/395	China	Sector plan for halon phaseout in China, 2003 Annual Programme	ONG	6	4,284.0	5,900,000	Ongoing	Ongoing		
	CPR/HAL/41/INV/404	China	Sector plan for halon phase-out in China: 2004 annual programme	ONG	7	0.0	1,200,000	Ongoing	Ongoing		
		China		BP 2004	8					0.0	1,800,000
4	CPR/PRO/27/INV/356	China	Sector plan for CFC production phaseout: 1999 annual programme	COM	1	5,497.6	20,000,000	5,497.6	Yes		
	CPR/PRO/30/INV/347	China	Sector plan for CFC production phaseout: 2000 annual programme	COM	2	4,931.0	13,000,000	4,931.0	Yes		
	CPR/PRO/33/INV/370	China	Sector plan for CFC production phaseout: 2001 annual programme	COM	3	3,800.0	13,000,000	3,800.0	Yes		
	CPR/PRO/36/INV/391	China	Sector plan for CFC production phase-out: 2002 annual programme	COM	4	3,298.0	13,000,000	3,298.0	Yes		
	CPR/PRO/39/INV/401	China	CFC production sector: 2003 annual programme	ONG	5	2,900.0	13,000,000	Ongoing	Ongoing		
		China		BP 2004	6					4700.0	13,000,000
5	CPR/FOA/35/INV/380	China	CFC phase out in the polyurethane foam sector: 2002 annual programme	COM	1	2,000.0	9,940,000	9,940,000	Yes		
	CPR/FOA/38/INV/396	China	Sector plan for phase-out of CFC-11 in the China foam sector: 2003 annual programme	ONG	2	2,500.0	12,570,000	Ongoing	Ongoing		
	CPR/FOA/41/INV/405	China	Sector plan for phase-out of CFC-11 in the China foam sector: 2004 annual programme	ONG	3	2,500.0	10,903,000	Ongoing	Ongoing		
		China		BP 2004	4					2500.0	10,903,000.00
6	CPR/PAG/38/INV/397	China	Phase out the production and consumption of CTC for process agent and other non-identified uses (phase I)	ONG	1	0.0	2,000,000	Ongoing	Ongoing		
	CPR/PAG/39/INV/402	China	Phase out the production and consumption of CTC for process agent and other non-identified uses (phase I): 2003 annual programme	ONG	2	2,638.0	20,000,000	Ongoing	Ongoing		
		China		BP 2004						7760.0	16,000,000.00
7	ECU/PHA/41/INV/32	Ecuador	National CFC phase-out plan: first tranche	ONG	1	11.0	777,326	Ongoing	Ongoing		
		Ecuador		BP 2004						Ongoing	0
8	IDS/REF/38/INV/153	Indonesia	Refrigeration sector phase-out plan: MAC servicing sector	ONG	1	0.0	1,369,800	Ongoing	Ongoing		
	IDS/REF/41/INV/156	Indonesia	Sector phase-out plan for elimination of CFCs in the refrigeration (MAC servicing) sector: 2004 annual programme	ONG	2	110.0	1,347,300	Ongoing	Ongoing		
		Indonesia		BP 2004						110.0	1,347,300.00
9	IND/PRO/29/INV/238	India	CFC production sector gradual phase-out project: 1999 annual programme	COM	1	0.0	12,000,000	0.0	Yes		
	IND/PRO/31/INV/262	India	CFC production sector gradual phase-out project: 2000 annual programme	COM	2	1,882.0	11,000,000	1,882.0	Yes		
	IND/PRO/33/INV/295	India	CFC production sector gradual phase-out project: 2001 annual programme	COM	3	1,583.0	11,000,000	1,583.0	Yes		
	IND/PRO/36/INV/352	India	CFC production sector gradual phase-out project: 2002 annual programme	COM	4	1,883.0	6,000,000	1,883.0	Yes		
	IND/PRO/39/INV/361	India	CFC production sector gradual phase-out: 2003 annual programme	ONG	5	1,883.0	6,000,000	Ongoing	Ongoing		
		India		BP 2004						1882.0	6,000,000.00
10	IND/PHA/40/INV/363	India	CTC phase-out plan for the consumption and production sectors (first tranche)	ONG	1	0.0	8,520,843	Ongoing	Ongoing		
		India		BP 2004						0.0	9,180,000.00
11	MAL/PHA/35/INV/145	Malaysia	National CFC phaseout plan: 2002 Annual Programme	COM	1	0.0	1,799,940	0.0	Yes		
	MAL/PHA/37/INV/147	Malaysia	National CFC phase-out plan: release of second tranche for implementation of the 2002 annual plan	ONG	2	0.0	2,969,065	Ongoing	Ongoing		
	MAL/PHA/40/INV/149	Malaysia	National CFC phase-out plan: 2003 annual work programme	ONG	3	292.0	2,013,100	Ongoing	Ongoing		
		Malaysia		BP 2004						430.0	1,704,000.00
12	PHI/PHA/38/INV/69	Philippines	National CFC phase out plan: manufacturing sector (first tranche)	ONG	1	0.0	2,858,473	Ongoing	Ongoing		
	PHI/PHA/41/INV/71	Philippines	National CFC phase-out plan (manufacturing sector): 2004 annual programme	ONG	2	150.0	1,877,418	Ongoing	Ongoing		
		Philippines		BP 2004						150.0	2,160,000.00
13	THA/PHA/35/INV/137	Thailand	National CFC phaseout plan: 2002 Annual Programme	COM	1	0.0	540,000	0.0	Yes		
	THA/PHA/37/INV/138	Thailand	National CFC phase-out plan: release of second tranche for implementation of the 2002 annual plan	ONG	2	0.0	5,194,380	Ongoing	Ongoing		
	THA/PHA/41/INV/140	Thailand	National CFC phase-out plan: 2003 annual programme	ONG	3	486.0	4,011,846	Ongoing	Ongoing		
		Thailand		BP 2004						486.0	1,325,000.00
14	TUR/PHA/35/INV/75	Turkey	Total phase out of CFCs plan: 2001 and 2002 Annual Programmes	COM	1,2	97.0	3,500,000	97.0	Yes		
	TUR/PHA/38/INV/79	Turkey	Total phase out of CFCs plan: 2003 annual programme	ONG	3	375.0	2,500,000	Ongoing	Ongoing		
	TUR/PHA/41/INV/81	Turkey	Total phase-out of CFCs plan: 2004 annual programme	ONG	4	218.0	1,000,000	Ongoing	Ongoing		
		Turkey		BP 2004						218.0	750,000.00

(\*) Does not include agency support costs

**IV. POLICY ISSUES**

65. Contingent on the Extraordinary Meeting of the Parties in March 2004, policy issues associated with Methyl Bromide may arise.

**V. ADMINISTRATIVE AND FINANCIAL MATTERS**

66. No issues.

## Annex 1

### Country-by-Country Review

#### **ARGENTINA**

The project stills under implementation, up to November 30th, 2003, about US\$16,601,506, have been disbursed. Currently there is a total of 21 projects, of which 8 are under implementation. Out of these, 4 (Autosal, Frimetal, Delta and Bufalo), are expected to be completed before August 2004. The other 4 (NEBA, SERVEX, Demonstration for MeBr, and the Halon Bank (INTI), are still under implementation and disbursement are estimated to be around, US\$568,510, during 2004. Once the Sub Grant agreement for FIASA is signed, it is expected to have an additional amount of 3.5 Million, to be disbursed during 2004.

The project recovered its implementation peace since last year. Currently we are in the process of extending the grant agreement between the GOA and the Bank until 2010, in order to include the FIASA (Production Phase Out) project until its implementation. We expect to sign the agreement before the end of March 2004. Along with this agreement, we are conducting the audit in the production sector for the years 2002 and 2003, to be presented at the the March 2004 meeting.

The business plan aims at converting the Chillers sector, remaining consumption of MeBr (18 ODP Tons) and MDIs.

#### **BAHAMAS**

Start of project implementation was delayed due to difficulties in signing the agreement between the Government and the Executive Committee. A World Bank mission early in 2003 confirmed that the Ozone Unit is in place and that the necessary legislation has been enacted.

#### **CHILE**

The Auction system is under implementation. The last bidding call was closed in June 2003, and the only participating enterprise was Rosen. This company is currently implementing its conversion project and we expect physical and financial completion by July 2004. Once the project is completed, the NOU will prepare the PCR for the Tecfin II Program and remaining funds will be returned to the secretariat. We expect to disburse about USD 90,000, on 2004.

Methyl Bromide Demonstration Project, As reported this project completed its field phase. As estimated on the approved project, we designed a communication strategy that included a webpage, a workshop, a publication and other activities. We expect to complete this project by December 2004. Disbursements are expected to by around USD\$ 24,000 for this year.

Institutional Strengthening Project: The unit has worked on the implementation of the Montreal Protocol in the country, working on projects implementation as well as a contact point for the other implementing agencies of the Protocol. The program is set to last two years which are due in November 2004. IS renewal documentation will be send

to the Secretariat for consideration by on the third quarter of 2004. The expected disbursement for 2004 is expected to be US\$92,000.

## **COLOMBIA**

The World Bank's Montreal Protocol portfolio in Colombia consists of 11 projects in for a value of approximately US \$2.9 million. Of those: seven projects have been completed, one projects is ongoing (Rymco), one projects is physically completed (GMP), one project is starting (Cabarría y Cia. S.A.), and one project was cancelled due to bankruptcy of the enterprise.

Disbursements, to date, total US\$ 1,955,487 and additional disbursements predicted for the first semester of 2004 are of US \$500,000. Execution of funds approved by the ExCom has reached approximately 81%.

The overall implementation of the MP project is now at a mature stage, and the administrative mechanisms are in place and working. Coordination between the Bank, the ACCI and the Ozone Technical Unit is working adequately.

Two supervision missions will be conducted, as has been customary, in 2004. Missions include two environmental specialists from the World Bank, and local consultants, if applicable.

### Update of ongoing projects:

**GMP & CIA:** The project is physically completed. One final equipment payment and remaining project IOC, amounting to US\$19,615 , will be disbursed during the first semester of 2004.

**RYMCO:** The first and second phases of the project, the engineering designs required for the plant's conversion and the manufacturing of equipment and construction works at the plant, respectively, have been completed. Selection of contractors to conduct production trials and training is ongoing, and project execution will is expected to be complete during the first quarter of 2004. Sub-grant execution is at 88.3% and planned disbursements for 2004 amount to US\$9,579.

**CABARRIA Y CIA. S.A.:** Latest project approved by the ExCOM in November of 2002, which aims at phasing out CFCs from the commercial refrigeration sector. Total amount of funds approved was US \$262,507. The project is expected to eliminate 15.45 MT ODP and will be implemented through the firm Cabarría y Cía., S.A. It consists of an umbrella project, grouping 17 enterprises.

The preparation of the Terms of Reference for the project has been completed. This document summarizes all the technical and operative information necessary for implementation of the project and it will be the basis of the Subgrant Agreements that will be signed by the beneficiaries. Signature of Agreements is expected to begin in the first quarter of 2004. Estimated disbursements for 2004 amount to US\$ 85,000.

## **ECUADOR**

Three projects are currently ongoing, as summarized below:

### Methyl Bromide demonstration project:

*Background:* The project aims at testing the economical and technical feasibility of five alternative technologies to the current use of Methyl Bromide as a soil fumigant in the flower growing industry in Ecuador. The selected alternatives include: a combination of solarization, steam pasteurization, substrate modifications, alternative agro-chemicals in low doses, and Integrated Pest Management (IPM) which is a aggregation of various methods. The project's components include the establishment of a baseline diagnostic investigation of the present conditions in the flower growing industry, evaluation of various MeBr alternatives, and the acquisition of equipment for steam pasteurization, solarization and other equipment to conduct the tests. In addition, the project will include activities for ensuring a proper technology transfer, through training and dissemination of information directed at the actual MeBr users in the flower growing sector.

*Current status:* The project is being executed by ESPE (*Escuela Politecnica del Ejercito*), under the supervision of UGA/MICIP. Currently six different alternative treatments are being tested (1 witness, four biological and one chemical) at a farm in the province of Cotopaxi. The first results of these trials are expected to be ready by May 2004 and the physical treatments were prioritized to have initial results by the same time. Dissemination of the information through workshops will be carried out through 2004. By Dec 40/13, the Executive Committee decided to reclassify the project as a technical assistance project, noting that it would achieve additional phase-out of 15 ODP tons.

*Estimated disbursements in 2004:* US\$90,000.

#### Methyl Bromide investment project at PLANTADOR:

*Background:* This project is design to phase out the use of methyl bromide in the nursery production of rose plants in Ecuador and will bring the country's maximum level of consumption to 29 ODP tons by January 2005. The project will be a direct investment to eliminate use of MB by the company Plantador. The company has performed extensive research to finding an economic and commercially feasible alternative for replacing use of methyl bromide, e.g. solarization, basamid, and substrate. The evaluation of these alternatives has identified the use of coconut substrates as the most suitable alternative. The project will cover eligible incremental expenses for the purchase and installation of alternative equipment needed to begin production using an alternative.

*Current status:* The purchase order for the new equipment has been placed late December 2003 and the new technology is expected to be operational by May 2004.

*Estimated disbursement in 2004:* all remaining funds in the project (10% have already been disbursed ).

National CFC Phase out plan: Approved at the 41 ExCom meeting in December 2003. The project will phase out 243 ODP tones of CFCs in the country during the period 2004-2010. The annual plan for 2004 was included in the agreement and approved by Excom.

## **INDIA**

There are three projects currently ongoing in India: 1) ODSII - CFC consumption; 2) ODSIII - CFC production; and 3) ODSIV - CTC production. Estimated impact of all projects in 2004 is 1,882 ODP tons and estimated disbursements for the year are US\$11.01 million. The status of each project is summarized below:

- Under the ODSII project, remaining disbursement under ongoing subprojects are expected to be completed by mid 2004 and the ODSII project can be operationally completed by 3rd quarter of 2004. The Implementation Completion Report will be completed shortly after and balances returned to the Multilateral Fund. Estimated disbursements in 2004 are: US\$870,000.
- Under the ODS III project, independent verification of the 2003 CFC production figures will be undertaken, based on which funds will be disbursed to the four CFC producing enterprises. The activities under the TA component, as defined in the Annual Program, will be implemented by the Government with support from UNEP. Two supervision missions will be undertaken, in addition to ongoing support to project implementation. Estimated disbursements in 2004 are: US\$7.14 million and estimated impact is 1,882 ODP tons.
- The ODSIV project preparation is in fast track and the documents are to be submitted for clearance by Bank management by April 2004. The project is expected to become effective from June 2004 and active support will continue to be provided to the Government of India for initiating the various components of the project. Estimated disbursements in 2004 are: US\$3.0 million.
- Supervision activities for the year include two missions to ODS II and ODSIII and three missions to ODS IV.

## **JORDAN**

All remaining on-going projects are scheduled to be completed in 2004.

## **MEXICO**

Information on ongoing projects is as follows:

### Sterilization project:

*Background:* This project aims to provide the necessary incentives for hospitals to replace their CFC-12/EtO machines by alternative non-CFC technologies. Government regulation will follow to prevent the import or the use of CFC-12/EtO machines in Mexico. The project was designed as a Terminal Umbrella Project and a MLF grant amount of \$288,700 was approved requested to replace all existing CFC-12/EtO machines in the country. *Current status:* NAFIN is currently double-checking the consumption data and eligibility information of the institutions that applied for the assistance program. The SGAs are expected to be signed in March 2004. *Estimated disbursements in 2004:* US\$120,000.

### Industrial aerosols:

*Background:* This project will replace the use of CFC-11, CFC-12 and CFC-113 (as propellant and solvent) for technical aerosols by HCFCs, HFCs, HFE at TECNOSOL and DIMMEX and covers part of the funds for incremental operating costs for the non-flammable line of products. It was approved at the 41 ExCom meeting for an amount of US\$252,340. The government will enact a regulation banning the use of CFCs in this sub-sector as per completion of this project. *Current status:* NAFIN is working on the SGAs, which are expected to be signed in March 2004. *Estimated disbursements in 2004:* US\$50,000.

Chillers pilot program:

*Background:* The Program accomplished the first phase's objectives and improved the expected results due to the following reasons:

1. The Mexican counterpart (FIDE) funding exceeded by 40% the expected amount (\$700,000 instead of the \$500,000 requested). FIDE's total contribution of \$700, 000 included an additional \$200,000 grant for energy efficiency improvements in the chiller system.
2. The building owners contribution exceeded by 350% the expected amount (\$692,300 instead of the \$153,466 expected), thereby accounting for 34.8% of project costs instead of 13% of project costs expected.
3. The ODP to be eliminated in the first year was 56% greater than the expected (7.8 tons instead of 5 tons).
4. Twelve (12) chillers were financed instead of the ten (10) expected, with the same grant amount expected to replace ten chillers due to the increased building owner contributions.
5. Disbursements have been made on schedule with 100% disbursement achieved in August 2002 upon payment to suppliers of 15% of the contract sum originally withheld.
6. 100% of building owners that participated in the program have made their monthly repayment on time.
7. Based on the successful loan repayment achieved to date, it is envisaged that with continued similar success, sufficient funds will be accumulated that will allow the purchase of an additional two chillers by November 2002.
8. Loan conditions in both UDIs (Units of Investments, an inflation-adjusted monetary unit updated daily based on the consumer price index) and US\$ with a 2% interest rate, that permit the sustainability of the revolving fund, were attractive to building owners which proves that a credit program in this sector is feasible.
9. Energy savings were 36% higher than proposed.

*Current status:* There are at least three chillers ready to begin conversion (Dec 2003) waiting for the funds of the second phase to be approved by ExCom.  
*Estimated disbursements in 2004:* US\$150,000.

**PAKISTAN**

The Pakistan Country Programme Update (CPU) was approved at the 41st Executive Committee, allowing the Government of Pakistan (GOP) to submit projects for phasing out remaining CFC. Although a foam project (World Bank), taking care of all of the remaining consumption in that sector, and the RMP (UNIDO) were both approved, the umbrella refrigeration project was deferred by the Executive Committee.

The CFC phase-out to be achieved in the foam component of the refrigeration project would have ensured compliance in 2005 with a reduction of 256 ODP MT. Pakistan will try to meet this target through other activities, however, it still requires the refrigeration project to assist it on its path towards meeting 2007 targets. The GOP thus intends in resubmitting the project in 2004.

The Bank will continue to assist Pakistan in expediting the implementation of on-going projects as the phase-out as scheduled in these projects is also integral to GOP's strategy in the CPU to meet 2005 and 2007 compliance targets. The Bank will have at least two, 6-10 day supervision missions in 2004 (with at least two Bank staff, the Financial Intermediary and two technical consultants) and also plans on participating in a workshop on policy and enforcement to be hosted by UNEP in Pakistan. Finally, the CFC phase-out schedule proposed in the CPU, which mirrors Pakistan's compliance targets, is dependent on specific achievements from both the servicing and manufacturing sectors. The Bank will, thus, continue dialogue with UNIDO to ensure that respective activities are complementary and consistent with the country's overall phase-out goals.

### **THE PHILIPPINES**

The Philippines has one year's experience in implementing its National CFC Phase-out Plan and continues to engage various government agencies to participate in a wide range of activities including developing regulations, standards, an accreditation scheme, public awareness campaigns and investment projects. In view of this, the Bank is providing a range of assistance in the form of regular project supervision, review and clearance of terms of references for activities, monitoring of progress, and procurement and financial management on an ongoing basis, and training of the staff of the NOU and PMU in Bank-organized workshops (two are planned in 2004). It also will conduct at least two missions in 2004 with at least four World Bank staff, the Financial Intermediary and, where required, additional technical consultants.

The new activity where the Government of the Philippines and the Bank will focus their efforts is completing the methyl bromide strategy for submission to the Executive Committee in 2004. On the basis of the current data reported to the Ozone Secretariat, the Philippines is at risk of non-compliance with the 2005 reduction target under the MP. The preparation of the strategy will also allow the Philippines to report to the Implementation Committee on what actions it will take in 2004 and beyond to ensure compliance, or to provide data corrections reflecting the actual picture. An additional mission to assist in the completion of the strategy may be required.

Finally, the Government plans on renewing its institutional strengthening project, under Bank implementation, at the first meeting of the Executive Committee in 2004. The Bank will, in particular, support the NOU in its activities on areas for which it no longer receives MLF funding, notably the halon sector.

### **TUNISIA**

There are no major implementation delays in Tunisia and all ongoing projects are expected to be completed as scheduled.

### **TURKEY**

The year 2003 has been another good one for Turkey's PODS-II project. The third tranche of the RSP has just been approved by the MLMF which will add \$1 million to the \$ 6 million already approved for the first two RSP tranches. SME and chiller conversions will continue to be supported during 2004, as additional applications are



submitted by enterprises and approved for funding. Likewise, end-user retrofits, although at a somewhat slower pace than originally planned, will be initiated in 2004. To date, the cumulative value of contracts signed under the first two tranches combined amounts to \$5.6 million, or 93.6% of the \$6 million total. By the end of January 2004, it is anticipated that another 3 chiller contracts, totaling \$668,851 in grant funding, will be signed.

All other on-going projects are expected to be completed during 2004. The Urosan and Foam Umbrella projects, although fully implemented and in production, have been extended 3 months to permit the enterprises move time to obtain more guidance and complete application for compensation for their approved IOC expenditures. The MeBr dried fig project has also been delayed, until end June 2004, due to extended delays in the repair of the large pressure tank which was damaged in transit to Turkey and had to be returned to Germany for repairs. The SGA for the new Halon Banking project will be signed as soon as TTGV's secretary general completes negotiations with KOSGEB, which is anticipated to be completed by the end of the first quarter of 2004. Turkey is also preparing to submit a third IS Project (second extension) by end January 2004, to support the RSP as well as MeBr phase-out activities. It is anticipated that TTGV, MoE and MARA will all be involved in preparation and participation in this IS extension.

It is anticipated that the next supervision mission will be undertaken in February 2004 and the following supervision mission in summer 2004. Among other things to be discussed with GOT and TTGV, the ceiling amount for PODS-II will be increased to \$20 million, since the current funding limit has been reached, and the project extended through 2006 at least in order to accommodate the current project pipeline. The mission will also seek further clarification concerning plans for MeBr phase-out in the hazelnut and mushroom sub-sectors and explore the possible need for additional projects to address those obligations.

## **VENEZUELA**

Project preparation for the production closure project continues, with funds approved for that purpose at the 39<sup>th</sup> Meeting of the Executive Committee. The technical audit was conducted and remaining uncertainties regarding the company's ownership are expected to be resolved for a timely presentation of the project to the ExCom during 2004.

## ANNEX II

### Implementation and New Activities

Country	Chemical/ Substance	Type	Phase-out from approved activities				Phase-out planned (New Activities)			
			2004	2005	2006	After 2006	2004	2005	2006	After 2006
<b>Non-LVC</b>										
Argentina	CFC	PHO		1,373		1,647				
Argentina	MBr	INV					18			
Argentina	CFC	INV	158	96			50	37		
Argentina	Halon	TAS	200							
Argentina	MCF	INV	7							
Chile	CFC	INS					15		15	15
Chile	Halon	INV					40			
Chile	MBr	INV					70			
China	CFC	PHO	2,503	600	554	11				
China	CFC	PHO (CFC Production)	4,700	6,550	5,250	13,500				
China	Halon	PHO		16,640		2,500				
China	CTC	PHO	1,100	5,809		1,220				
China	CTC	PHO (CTC Closure)	6,657	16,171	6,642	20,054				
China	CTC	PHO (PhaseII)						1,000	4,500	
China	CFC	INV	2,239	765						
Colombia	CFC	INV	212	26						
India	CFC	PHO	1,882	1,882	3,952	7,342				
India	CTC	PHO (CTC Consumption)		9,779	579	1,147				
India	CTC	PHO (CTC Production)		9,827	579	1,147				
India	CFC	INV	534							
India	CTC	INV	249							
Indonesia	CFC	PHO					100	129	50	50
Indonesia	CFC	PHO	110	110	110	365				
Indonesia	Halons	INV	972							
Indonesia	CFC	INV	834	1,342			50			
Indonesia	CFC	TAS	9							
Jordan	CFC	INS		12		24				
Jordan	CFC	INV	129							
Jordan	Halon	INV	422							
Jordan	CFC	PHO				150				
Jordan	CTC	PHO				8				
Malaysia	CFC	PHO	430	437	120	579				
Malaysia	CTC	PHO		4		1				
Malaysia	TCA	PHO		30		18				
Mexico	CFC	INV		15			5			
Pakistan	CFC	INV	825			105	345			
Philippines	CFC	PHO	150	301	149	1,060				
Philippines	MBr	PHO					7		26	
Philippines	CFC	INS					15		15	15
Thailand	CFC	PHO	486	927	243	1,121				
Thailand	CTC	PHO		6		1				
Thailand	TCA	PHO		30		5				
Thailand	MBr	PHO					73		33	99
Thailand	CFC	INS		29		43				
Thailand	CFC	INV	470							
Thailand	Halon	INV	436							
Tunisia	CFC	INV	246				12			
Tunisia	CFC	INS		20		30				
Turkey	CFC	PHO	218	166	150					
Turkey	CFC	INS					21		21	21
Turkey	Halon	INV		118						
Turkey	CFC	INV	89							
Turkey	MeBr	INV	30							
Turkey	TCA	INV	15							
Venezuela	CFC	PHO					1,800	1,800	1,831	
Vietnam	CFC	PHO					37	0	37	58
Vietnam	MeBr	PHO						37	36	36
<b>LVC</b>										
Antigua and Barbuda	CFC	PHO					9		2	
Bahamas	CFC	PHO	12	11	11	14				
Ecuador	CFC	PHO	11	85	70	80				
Ecuador	MBr	INV		37			32			
Ecuador	MBr	TAS		15						

**ANNEX III**  
**Database of New and On-going Activities**







