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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

WORLD BANK WORK PROGRAMME FOR 2004

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COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. In its Work Programme for 2004, World Bank is requesting approval at the 42nd Meeting of US \$562,933 for project preparation and renewal of institutional strengthening projects plus agency support costs of US \$42,220. The activities proposed in World Bank's 2004 Work Programme are presented in Table 1 below:

Table 1: World Bank Work Programme for 2004

Country	Activity/Project	Amount Requested US \$ at the 42 nd Meeting	Amount Recommended US \$
SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL			
AI. Project preparation			
China	Project preparation for the second phase of process agents phase-out plan	125,000	125,000
Tunisia	Preparation of country programme update	80,000	80,000
Subtotal for project preparation:		205,000	205,000
AII. Renewal of institutional strengthening project			
		ODP tonnes	
Ecuador	Renewal of Institutional strengthening project: phase III	0	176,800
Subtotal for renewal of institutional strengthening project:		176,800	176,800
SUB-TOTAL SECTION A		381,800	381,800
SECTION B: ACTIVITY RECOMMENDED FOR INDIVIDUAL CONSIDERATION			
BI. Renewal of institutional strengthening project			
		ODP tonnes	
Philippines	Renewal of institutional strengthening project: phase IV	14.97	181,133
SUB-TOTAL SECTION B		181,133	Pending
SECTION C: ACTIVITIES WHICH WILL BE SUBMITTED FOR APPROVAL AT A SUBSEQUENT MEETING IN 2004			
CI. Renewal of institutional strengthening projects			
		ODP tonnes	
Chile	Renewal of institutional strengthening project	-	n/a
Turkey	Renewal of institutional strengthening project	-	n/a
SUB-TOTAL SECTION C		n/a	-
TOTAL FOR ALL SECTIONS:		562,933	
Agency support costs (7.5 per cent)*:		42,220	
TOTAL COST TO THE MULTILATERAL FUND:		605,153	

Notes

*Calculated on the basis of Decision 38/68, para. 116

SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

AI. Project preparation

2. The Fund Secretariat recommends blanket approval of both project preparation activities listed in Table 1 above at the level of funding indicated.
3. In regard to the preparation of the country programme update for Tunisia, the World Bank has agreed that any future conversion of the country programme update to a terminal phase-out management plan (TPMP) will be accomplished without requesting additional funding.

AII. Renewal of institutional strengthening project

- | | |
|-------------------------|--------------|
| (a) Ecuador (phase III) | US \$176,800 |
|-------------------------|--------------|

Project description

4. The description of the institutional strengthening project for the above country is presented in Annex I to this document.

Fund Secretariat’s recommendation

5. The Fund Secretariat recommends blanket approval of the above project at the level of funding as shown in Table 1. The Executive Committee may wish to express to the Government of Ecuador the comments which appear in Annex II to this document following approval of the renewal of Ecuador’s institutional strengthening project.

SECTION B: ACTIVITIES RECOMMENDED FOR INDIVIDUAL CONSIDERATION

BI. Renewal of institutional strengthening project

- | | |
|----------------------------|--------------|
| (a) Philippines (phase IV) | US \$181,133 |
|----------------------------|--------------|

Project description

6. The description of the institutional strengthening project for the above country is presented in Annex I to this document.

Fund Secretariat’s comments

7. Philippines reported 2002 consumption of Annex E substance (methyl bromide) of 42.8 ODP tonnes, which is above its freeze level consumption of 8 ODP tonnes. Thus, according to Decision XV/25 of the Fifteenth Meeting of the Parties to the Montreal Protocol Philippines is in non-compliance with the control measures under the Protocol.

8. Decision XV/25 outlines measures needed to be taken by the Philippines and countries similarly situated to return to compliance. Projects have been approved for the Philippines which when implemented would enable the Philippines to meet its 20% reduction target in 2005.

9. The World Bank has included a fumigant phase-out plan for the Philippines in its 2004-2006 business plan.

Fund Secretariat's recommendation

10. The request for funding of phase IV of Philippines institutional strengthening projects is submitted for individual consideration on account of the Secretariat's comments above. The level of funding has been agreed as indicated above. The Executive Committee may wish to express to the Government of the Philippines the comments which appear in Annex II to this document.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS

Ecuador: Renewal of institutional strengthening

Summary of the Project and Country Profile		
Implementing Agency:		World Bank
Amount originally approved:	Phase I: March 1993	170,673*
	Phase II: July 1999	97,300**
	Total	267,973
Amount requested for renewal (Phase III) (US \$):		176,800
Amount recommended for approval (US \$)		176,800***
Agency support costs (US \$)		13,260
Total cost of institutional strengthening Phase III to the Multilateral Fund		190,060
Date of approval of country programme		February 1992
Date of approval of country programme update (if applicable)		--
Total ODS consumption reported in country programme (1989), (ODP tonnes)		742.1
Latest reported total ODS consumption (2002) (ODP tonnes)		273.4
Baseline consumption of controlled substances (ODP tonnes):		
(a) Annex A Group I (CFCs) (Average 1995-1997)		301.4
(b) Annex A Group II (Halons) (Average 1995-1997)		5.5
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)		0
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)		0
(e) Annex E (Methyl bromide) (Average 1995-1998)		66.2
Latest consumption of controlled substances (2002) (ODP tonnes):		
(a) Annex A Group I (CFCs)		229.6
(b) Annex A Group II (Halons)		0
(c) Annex B Group II (Carbon tetrachloride)		0.2
(d) Annex B Group III (Methyl chloroform)		0
(e) Annex C Group I (HCFCs)		2.8
(f) Annex E (Methyl bromide)		40.8
Amount approved for projects (as at December 2003) (US \$)		4,710,826
Amount disbursed (as at December 2003) (US \$):		2,945,748
ODS to be phased out (ODP tonnes)		480.3
ODS phased out (as at December 2003) (ODP tonnes)		284.5

* Amount disbursed out of the approved amount of US \$204,000.

** Represents amount approved at the 28th Meeting which excludes undisbursed amount of US \$33,700 from phase I transferred to phase II.

*** Based on the original approved amount of US \$204,000.

Progress report

1. During the reporting period, support was provided to the National Ozone Unit (NOU) for the implementation of the second phase of the country programme, which will enable Ecuador to meet its ODS phase-out objectives. A total of five investment and one non-investment project were submitted and approved by the Executive Committee, including a National CFC Phase-out Plan, which will phase out remaining consumption over the period of 2004–2010. Public

awareness campaigns and training activities were carried out by the national ozone unit throughout the 1999-2003 period, as planned. These included media coverage of ozone protection activities, multiple refrigeration training seminars, and the development of a manual for good practices in refrigeration. In 2003, stemming from national ozone unit efforts, the External Trade and Investments Council (COMEXI) imposed a ban on imports of refrigeration equipment containing R-12 and R-502. Similarly, the Ministry of Health has banned the registration of aerosol products that contain ODS, except for metered dose inhalers (MDI).

2. Since 1999, the country has been actively trying to reverse increasing consumption trends in the soil fumigation with methyl bromide, through meetings with stakeholders as well as demonstration and investment projects. The current methyl bromide consumption for non-QPS applications is below the baseline level, and ongoing projects will bring the level of maximum consumption of controlled uses to 29 ODP tonnes by January 2005.

Plan of Action

3. The proposed project extension will support the national ozone unit in its efforts to implement a comprehensive ODS phase-out strategy in Ecuador. These efforts include phasing out CFC consumption in all remaining industries and in the servicing sector, through the National CFC phase-out plan; identifying remaining ODS consuming sectors to be addressed; improving the national capacity to evaluate and to control the use of ODS; controlling the illegal trade of ODS; and enacting regulatory framework to ensure that reductions in CFC consumption are permanent and sustainable. Plans for legislative action include, among others, the ratification of the Montreal and Beijing Amendments; establishment of import/export quotas according to the licensing system; setting up the reduction schedule to phase out CFC consumption in the country; prohibition of the use of CFCs in the manufacture of foam and refrigerators, once conversions have been completed; and the implementation of a reduction schedule, as per approved project for PLANTADOR SRL, to reduce consumption of methyl bromide.

Philippines: Renewal of institutional strengthening

Summary of the Project and Country Profile	
Implementing Agency:	World Bank
Amount originally approved:	
	Phase I: March 1993 209,000
	Phase II: July 1999 139,333
	Phase III: March 2002 181,133
	Total 529,466
Amount requested for renewal (Phase IV) (US \$):	181,133
Amount recommended for approval (US \$)	181,133
Agency support costs (US \$)	13,585
Total cost of institutional strengthening Phase IV to the Multilateral Fund	194,718
Date of approval of country programme	June 1993
Date of approval of country programme update (if applicable)	2000
Total ODS consumption reported in country programme (Year), (ODP tonnes)	2,536.1
Latest reported total ODS consumption (2002) (ODP tonnes)	1,817.9

Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	3,055.9
(b) Annex A Group II (Halons) (Average 1995-1997)	103.9
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	0
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	0
(e) Annex E (Methyl bromide) (Average 1995-1998)	8.0
Latest consumption of controlled substances (2002) (ODP tonnes):	
(a) Annex A Group I (CFCs)	1,632.3
(b) Annex A Group II (Halons)	0
(c) Annex B Group II (Carbon tetrachloride)	0
(d) Annex B Group III (Methyl chloroform)	0
(e) Annex C Group I (HCFCs)	142.8
(f) Annex E (Methyl bromide)	42.8
Amount approved for projects (as at December 2003) (US \$)	26,784,577
Amount disbursed (as at December 2003) (US \$):	19,382,738
ODS to be phased out (ODP tonnes)	1,827.1
ODS phased out (as at December 2003) (ODP tonnes)	1,638.1

Progress report

4. During the reporting period, the Philippines Ozone Desk (POD) prepared the National CFC Phase-out Strategy that was approved at the 38th Meeting of the Executive Committee and is overseeing its implementation. The Philippines ozone desk completed a customs training programme that provided training, material and equipment to customs officers around the country; the Philippines ozone desk also participated in monitoring and enforcing activities related to ODS phase-out, such as import controls and crackdown on illegal trade; it organized awareness-raising campaigns on ozone and ODS topics; it updated and maintained a database of ODS uses and ODS-using equipment in the Philippines; it coordinated efforts aimed at achieving the ratification of the Beijing and Montreal amendments; and it coordinated various government agencies to ensure the national compliance with the commitments of the Montreal Protocol. With regards to methyl bromide, the ozone desk conducted consultations and organized workshops for the development of a National Phase-out Strategy. The Philippines ozone desk was also instrumental in developing a halon inventory and is working with the military on the development of a strategy to manage existing halon 1301 systems.

Plan of Action

5. The proposed institutional strengthening renewal project will assist the Philippines ozone desk and its partner agencies in ensuring that the Philippines complies with ODS phase-out targets set forth by the Montreal Protocol and its amendments. The focus of the two-year institutional strengthening renewal will be ratification of the Montreal and Beijing Amendments, overseeing the smooth and efficient implementation of the National Controlled Substances Phase-out Plan (NCP), including addressing the servicing sector, and further developing strategies for halon management and methyl bromide use. Targeted and general public awareness activities will continue to complement Philippines ozone desk's various activities in the next two years.

Annex II

VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWALS OF INSTITUTIONAL STRENGTHENING PROJECTS SUBMITTED TO THE 42nd MEETING

Ecuador

1. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for Ecuador. The Committee notes with appreciation that Ecuador has successfully complied with its consumption freeze targets for the past four years and that, having put in place its national phase-out plan, it will meet its CFC consumption targets by 2005. The Committee acknowledges, and will continue to support, the considerable steps that have been taken by the Government of Ecuador to reduce its ODS consumption. These actions include a ban on imports of refrigeration equipment containing R-12 and R-502, a ban on the registration of aerosol products that contain ODS and the need to request permits for imports of methyl bromide. The Executive Committee is hopeful that, in the next two years, Ecuador will continue its strategic approach to ODS phase-out, including the implementation of ongoing projects and the enactment of supporting legislative measures.

Philippines

2. The Executive Committee has reviewed the report presented with the institutional strengthening project renewal request for the Philippines. The Committee notes with appreciation that the Philippines has successfully put in place its national phase-out plan, and that therefore it will meet its CFC consumption targets by 2005. The Committee acknowledges the significant steps that have been taken by the Government of the Philippines to reduce its ODS consumption. These actions include, among others, interagency coordination efforts to ensure national compliance with Montreal Protocol commitments, as well as training, monitoring, enforcement activities and awareness raising campaigns. The Executive Committee trusts that the Philippines will continue its integrated approach to ODS phase-out for the next two years and hopes that these efforts would contribute to early return to compliance with its consumption requirements for methyl bromide.

2004 WORK PROGRAM

**PRESENTED TO THE 42nd MEETING
OF THE EXECUTIVE COMMITTEE**

**BANK-IMPLEMENTED
MONTREAL PROTOCOL OPERATIONS**

February 25, 2004

WORK PROGRAM FOR THE WORLD BANK-IMPLEMENTED MONTREAL PROTOCOL OPERATIONS

1. This proposed work program for Bank-Implemented Montreal Protocol Operations is prepared on the basis of the World Bank 2004 Business Plan, which will be submitted to the 42nd Meeting of the Executive Committee in March 2004. The proposed 2004 Business Plan consists of investment and non-investment activities to assist Article 5 countries in adhering to their freeze obligations, and meeting their 50% and 85% reduction targets. The proposed Business Plan was developed taking into account results of the revised model three-year phase-out plan prepared by the Multilateral Fund Secretariat, which includes all approved activities through 2003.
2. The total amount of deliverables of the proposed 2004 World Bank Business Plan is US\$89.3 million. Funds will be used towards new and previously approved activities, which combined will capture an estimated 20,907 ODP tones.
3. The proposed 2004 Business Plan includes deliverables of 29 investment activities in 17 countries, totaling US\$88.2 million. Of these: i) thirteen activities are multi-year projects that were previously approved by the Executive Committee; ii) six activities are new multi-year projects that will be submitted to the Executive Committee for the first time; iii) nine activities are new investment projects; and iv) one activity is a multi-year project funded by the Government of the United States.
4. The proposed Business Plan allocates approximately 48% of the total investment deliverables 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. In addition, the a new submission for the CFC production closure project for Venezuela is included.
5. In 2004, requests to support implementation of previously approved phase-out and sector plans will include subsequent funds for: i) approved CFC phase-out plans in Malaysia, Philippines, Thailand, Bahamas, and Ecuador; foam phase-out plan for China; ii) MAC refrigeration sector plan for Indonesia and commercial refrigeration sector plan for Turkey; iii) CTC phase-out plans for India, Malaysia and Thailand; and iv) for the approved process agent phase-out plan for China.
6. Other than deliverables for ongoing multi-year agreements, the 2004 Work Program includes two new national CFC phase-out plans, in Antigua and Barbuda and in Viet Nam, an aerosol phase-out plan and a foam phase-out plan in Indonesia, two Methyl Bromide phase-out plans, in Thailand and in Malaysia, and one country program update for Tunisia.
7. The 2004 Work Program includes funding a request to extend the support for implementation of existing institutional strengthening projects in Chile, Ecuador, Philippines and Turkey. Requests for funds for institutional strengthening projects in

Ecuador and Philippines have been submitted to the 42nd Meeting at a total cost of US\$404,464.29.

8. A new project preparation activity is included for China. Resources will be used for preparation of the second phase of the process agents phase-out plan, which will be submitted to the 42nd Executive Committee Meeting in 2005.

9. The breakdown of project preparation funds that will be presented to the 42nd Executive Committee Meeting, for support of investment and non-investment activities in each client country is shown in Tables 1 and 2.

Table 1: Project Preparation Request – Investment activities to be presented to the 42nd Executive Committee Meeting

Country	Funding Request (US\$)	Duration	Description	Justification
Tunisia	80,000	March - December 2004	Preparation of Country Program Update	---
China	125,000	March - December 2004	To prepare a second phase of Process Agents phase-out plan	Process Agents applications that will be covered by Phase II of the phase-out plan are those that Parties may add to their list of applications, in the near future, under the Montreal Protocol. In order to prevent China from being in non-compliance to the Protocol when these new activities are added, project preparation work must be initiated
Sub-total	205,000			
Support Cost	15,375			
Total Request	220,375			

Table 2: Project Preparation Requests - Non-investment Activities to be presented to the 42nd Executive Committee Meeting

Country	Request (US\$)	Duration	Description
Ecuador	176,800	January 2004– December 2005	Renewal of the Ecuador Institutional Strengthening Project.
Philippines	181,133	January 2004 – December 2005	Renewal of the Philippines Institutional Strengthening Project.
Sub-total	357,933		
Support Cost	46,531.29		
Total	404,464.29		