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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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THE WORLD BANK BUSINESS PLAN FOR THE YEARS 2007-2009

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

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COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. The World Bank's 2007-2009 business plan is contained in Annex I to this document.
2. This document presents a summary of the World Bank's planned activities for the phase-out of ozone depleting substances (ODS) during the 2007-2009 triennium. It also provides the World Bank's business plan performance indicators, general comments and recommendations for consideration by the Executive Committee.

Planned activities 2007-2009

3. The business plan is a rolling three-year business plan. Most of the detail provided is for 2007. Activities planned for 2008 and 2009 are included on a tentative basis only and may be revised during the course of implementation of the final 2007-2009 business plan.

Planned activities for 2007

4. In 2007 the total value of projects planned for submission by the World Bank is US \$88.47 million (including support costs) leading to the phase-out of 21,541 ODP tonnes. The plan includes:
 - (a) Eighteen ongoing multi-year performance-based agreements (MYAs) for sector and substance phase-out which, taken together, are valued at US \$62.6 million and will lead to an ODS phase-out of 19,621 ODP tonnes;
 - (b) One new MYA with a value of US \$13.63 million in 2007 (US \$17.12 million in total for the triennium) and with an associated ODS phase-out in 2007 of 386 ODP tonnes (485 ODP tonnes in total for the triennium);
 - (c) Three new investment projects with a total value of US \$9.26 million;
 - (d) Five institutional strengthening renewals (Chile, Ecuador, Jordan, Thailand and Turkey) with a total value of US \$1.2 million;
 - (e) One global technical assistance activity valued at US \$0.108 million; and
 - (f) Core unit costs of US \$1.664 million.

Planned activities for 2008

5. In 2008 the World Bank plans to submit projects with a total value of US \$45.86 million and with an associated phase-out of 11,552 ODP tonnes. This includes US \$40.2 million for ongoing MYAs and US \$1.753 million for core unit costs.

Planned activities for 2009

6. In 2009 the World Bank plans to submit projects with a total value of US \$28.79 million and with an associated phase-out of 7,371 ODP tonnes. This includes US \$22.45 million for ongoing MYAs and US \$1.847 million for core unit costs.

Resource allocation

7. Table 1 presents a summary of the resource allocation in the World Bank's 2007-2009 business plan.

Table 1

RESOURCE ALLOCATION (in US \$000)

	2007	2008	2009
Required for compliance			
Approved multi-year agreements	62,604	40,202	22,446
Core unit costs of implementing agencies	1,664	1,753	1,847
Institutional strengthening	1,202	461	1,001
Audits/studies	108		
Metered-dose inhaler (MDI) activities	18,438	1,290	3,491
Sub-total (Required for compliance)	84,016	43,706	28,785
Not Required for compliance			
Disposal of ODS		1,075	
HCFC – Study		1,075	
Methyl bromide - Accelerated phase-out	688		
Production of ODS - Accelerated phase-out	3,763	0	0
Sub-total (Not required for compliance)	4,451	2,150	-
Total	88,467	45,856	28,785

8. The World Bank is seeking funding at a level of US \$88.5 million in its 2007 business plan. Of this amount, US \$84 million is for activities required for compliance according to the compliance oriented model and US \$4.5 million is for activities not required for compliance. Most of the World Bank's 2007 allocation is for annual tranches of approved MYAs (US \$62.6 million). For 2008 and 2009, the World Bank has only included US \$2.2 million for two studies, one on the disposal of ODS and the other on HCFCs. The level of expected funding is reduced from US \$88.5 million in 2007 to US \$45.9 million in 2008 and to US \$28.8 million in 2009. The World Bank specified an amount of US \$235,000 for activities after 2009, all of which will be directed towards an approved methyl bromide MYA in Viet Nam.

Implementation and compliance assistance

9. During the 2007-2009 triennium, the World Bank plans to phase out 49,733 ODP tonnes through ongoing projects and MYAs. In addition, the World Bank has indicated that a further 1,564 ODP tonnes will be phased out through projects that will be submitted for approval during the triennium.

10. The focus of Bank's activities in 2007 will be on: i) assisting client countries during the last stages of their consumption and production phase-out, with a view to the 2010 compliance targets; ii) assisting countries to complete ongoing investment and non-investment activities, which are critical for compliance; and iii) working with countries to develop and implement activities that will ensure the sustainability of the phase-out beyond 2010. The World Bank has

provided a section in its business plan on expediting project implementation, which is supported by a descriptive annex arranged by country.

11. The Bank will conduct its Eleventh Annual Workshop for Financial Intermediaries in late March 2007 with a focus on “Managing Consumption in view of the 85% Reduction Target”. The workshop will also include discussions on the servicing sector and the impact of contaminated refrigerants, CFC-free MDIs, the global chiller project, and compliance targets beyond 2010.

12. In 2007 the Bank will also organise the third regional meeting of South East Asian countries, to bring together all the countries in the region where the Bank is implementing Montreal Protocol operations. Countries will share experiences, reinforce existing information-sharing practices related to control of ODS, enforcement and other issues.

13. Despite the fact that the updated compliance oriented model/3-year ODS phase-out plan indicates that assistance may be needed to achieve the control measures for CTC and TCA, the World Bank indicated that the Government of Ecuador has decided not to request additional assistance from the Multilateral Fund, at present, for phase-out activities involving CTC or TCA. The Bank indicated that because regulations have been introduced in Ecuador to control imports of TCA there was no immediate risk of non-compliance.

14. At the 47th Meeting of the Executive Committee, the World Bank was asked to examine technologies and eventual sector plans relevant to the phase-out of CTC in the production of chlorine, with a view to identifying cost-effective alternatives for the conversion of the chlor-alkali sector (decision 47/39). The World Bank’s business plan for 2007 contains a request for US \$108,000 to carry out this activity. The Bank described this proposed study in its 2006-2008 business plan. It anticipated that a desk study would be commissioned to evaluate the alternatives for conversion from the CTC used by the chlor-alkali sectors in Europe and in the United States, consistent with the intervention made by Sweden at the 47th Meeting. It was expected that the study would take roughly three to four months to complete, after which the results would be presented to the Executive Committee. The World Bank stated that the study would compile lessons learned and experiences in other countries with a view to developing information to assist countries with low volumes of CTC consumption that are not eligible for exemptions but may have problems meeting the CTC phase-out targets.

General comments

15. These general comments address those activities not required for compliance according to the compliance oriented model, as well as potential double-counting in project preparation, and potential project overlaps.

Activities not required for compliance

16. Activities not required for compliance are listed in Table 1 according to the value of the requests for 2007, 2008 and 2009.

Disposal of ODS

17. The World Bank has proposed a global project on ODS disposal for its business plan in 2008 - A Global Analysis of ODS disposal in hazardous waste programmes – with a funding level of US \$1.08 million. The project would seek to incorporate results from the 2006 experts meeting on disposal of obsolete ODS, and from the study on ODS destruction currently being prepared by the Fund Secretariat, with an evaluation of current policy frameworks and technical capacities for handling and disposing of hazardous wastes in various Article 5 countries. The Bank notes that this information would contribute to the discussions on potential financing assistance that may be provided to Article 5 countries for the disposal of their unwanted ODS stocks. It notes further that conclusions from this study would assist non-Article 5 countries in their discussions on the amount of resources needed to finance disposal activities by the Multilateral Fund.

18. The Bank has indicated that the Executive Committee may wish to consider this activity as a priority and request the World Bank to include it instead in its 2007 business plan, despite the decision of the Executive Committee (decision 50/6) that disposal of ODS and HCFC projects be moved back to the 2008 business plans. The Executive Committee decided (decisions 48/5, 48/6 and 48/8) that all ODS destruction activities were to be removed from the business plans of the implementing agencies for 2006-2008 (other than for Japan). In view of the ongoing study that the Secretariat has been instructed to undertake in this area, which was approved at the 50th Meeting (decision 50/42) the Executive Committee may wish to consider whether it is premature to consider this project at this time given the ongoing activities and prior to the completion of the Secretariat's report.

HCFC activities

19. The World Bank has also proposed a global project on HCFC activities for its business plan in 2008 - A Global Analysis of HCFC technologies – with a funding level of US \$1.08 million. The project aims to improve information to support discussions on a potential accelerated phase-out of HCFCs. It has the objective of determining the driving forces behind current patterns of global HCFC consumption and production. The World Bank proposes carrying out a detailed evaluation of the technical issues at the global level, and focusing on a minimum of six pilot countries around the world (small, medium and large economies) where the specific implications of an accelerated HCFC phase-out can be assessed under various phase-out scenarios. The Bank notes that HCFC-22 will be a particularly difficult candidate for accelerated phase-out for several reasons including, inter alia, that one by-product of HCFC-22 production is HFC-23, a gas with a greenhouse potential 11,700 times that of carbon dioxide.

20. The World Bank claims that the conclusions from this assessment would provide inputs into future discussions on a potential accelerated phase-out of HCFCs, which would help Article 5 countries to understand better the technical, economic and political implications of the phase-out. The Bank notes that the study will also present information that may be relevant to non-Article 5 countries during upcoming discussions of the Fund's replenishment, regarding the expected resources needed to finance an accelerated HCFC phase-out.

21. The Bank has indicated that the Executive Committee may wish to consider this activity in the context of the results of the HCFC surveys by UNDP (decision 45/28) and the study in China done by Germany (decision 43/19(b)) to be presented to the 51st Meeting. It might also

wish to consider this activity in light of its decision at the 48th Meeting of the Executive Committee that, following the completion of these existing reports, the Committee may choose to decide, at its first meeting of 2008, whether it wants to undertake HCFC activities. The Executive Committee may therefore wish to consider whether this proposal by the World Bank is premature, as no decision has yet been taken with respect to further work on HCFCs.

Methyl bromide (Accelerated phase-out)

22. The World Bank has proposed an activity to assist the Government of Ecuador to completely eliminate its consumption of Methyl Bromide (MB) for non-QPS uses. The Government of Ecuador is in non-compliance with the Montreal Protocol in respect of methyl bromide consumption (decision XVIII/23). The Bank is assisting the Government to prepare an action plan to bring the country back into compliance in 2007. In parallel, it is preparing an accelerated phase-out plan to eliminate all remaining consumption of MB in the country with an estimated impact of 32 ODP tonnes. At its 48th Meeting, the Executive Committee agreed to maintain this activity in the Bank's business plan "conditional on a commitment by the Government of Ecuador to accelerate its methyl bromide phase-out" (decision 48/9(a)).

Production of ODS (Accelerated phase-out)

23. On behalf of the Government of Argentina, the Bank has included in its business plan an activity for financing the accelerated phase-out of the CFC production facility in Argentina. It is seeking US \$3.76 million for this activity. The scheduled date for the phase-out is 2010. If the Executive Committee approves the accelerated phase-out proposal, all CFC production in Argentina should stop by December 2007, three years ahead of schedule. The specific activity has been separated from the request for the funding already agreed for Argentina for 2007. The Executive Committee has approved one accelerated production phase-out project for China which resulted in China agreeing to phase-out its CFC consumption in 2007. The Executive Committee may wish to consider this in the context of its consideration of activities not required for compliance in the 2007-2009 business plan.

Requests for letters from countries with activities in 2007-2009 business plan

24. At the Coordination meeting in January 2007, the Secretariat requested that letters or *aide memoires* be submitted by all implementing agencies for activities to be included in business plans. Letters from countries are necessary to provide a basis for inclusion in business plans, to ensure that governments are aware that activities have been included in business plans on their behalf, and to resolve issues of potential overlap. No *aide memoires* or letters have been received from the World Bank.

Transfer to UNDP

25. With the completion of the current project on institutional strengthening the World Bank will no longer be involved with institutional strengthening in Chile. Instead UNDP will be implementing the next renewal. The World Bank is seeking the Executive Committee's approval to transfer to UNDP the institutional strengthening and halon consumption phase-out projects in Chile (CHI/HAL/42/TAS/156).

Performance indicators

26. A summary of the World Bank's performance indicators in the 2007 business plan pursuant to decisions 41/93, 47/51 and 49/4(d) is provided below in Table 2.

Table 2

PERFORMANCE INDICATORS

Item	2007 Target
Number of annual programmes of multi-year agreements approved versus those planned	21/21 ⁽¹⁾
Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved versus those planned	8/8
Milestone activities completed (e.g. policy measures, regulatory assistance)/ODS levels achieved for approved multi-year annual tranches versus those planned	21/21 ⁽²⁾
ODS phased-out for individual projects versus those planned per progress reports	1,334 ODP tonnes
Project completion (pursuant to decision 28/2 for investment projects) and as defined for non-investment projects versus those planned in progress reports	10 ⁽³⁾
Number of policy/regulatory assistance completed versus that planned	9/9
Speed of financial completion versus that required per progress report completion dates	11 months
Timely submission of project completion reports versus those agreed	100%
Timely submission of progress reports and responses unless otherwise agreed	100%

⁽¹⁾ Includes two annual programs of new multi-year projects expected to be approved by the Executive Committee in 2007.

⁽²⁾ Includes milestone activities to be completed for the two new multi-year projects expected to be approved by the Executive Committee in 2007. Does not include milestones of Agreements for which annual plans will not be submitted in 2007.

⁽³⁾ Represents the number of projects expected to be completed in 2007, which will lead to an expected phase-out of 1,334 ODP tonnes.

27. The World Bank's target for the number of annual programmes approved includes one approved MYA for which an annual work programme will be submitted in 2007 but funding will only be received in 2008, and one multi-year project that should be classified as individual project. For consistency with the other agencies, the World Bank's target for the number of annual programmes approved should therefore be 19 (18 approved and one new multi-year).

28. The World Bank's target for the number of individual projects approved excludes one project for which the classification should be individual instead of multi-year and includes five institutional strengthening projects. For consistency with the other agencies, the World Bank's target for the number of individual projects should exclude institutional strengthening, and therefore should be four.

29. The World Bank's target for the number of milestone activities completed/ODS levels achieved for multi-year annual tranches is 21. However, this indicator only applies to approved multi-year projects. For consistency with other agencies, the World Bank's target for milestones activities completed should therefore be 18.

RECOMMENDATIONS

30. The Executive Committee may wish to consider:

- (a) Endorsing the 2007-2009 business plan of the World Bank as contained in UNEP/OzL.Pro/ExCom/51/11, without prejudice to the Parties decision on replenishment for the year 2009 and beyond, while noting that endorsement denotes neither approval of the projects identified therein nor their funding levels, and the endorsement is with any modifications based on consideration of the following activities:
 - (i) Analysis of ODS disposal;
 - (ii) Analysis of HCFC technologies;
 - (iii) The accelerated phase-out of the Argentinean CFC production activity submitted in 2007; and
- (b) Transferring the halon consumption phase-out project in Chile (CHI/HAL/42/TAS/156) from the World Bank to UNDP at the amount of US \$60,000 plus agency support costs of US \$4,500.
- (c) Approving the performance indicators for the World Bank set out in Table 2 of the Fund Secretariat's comments, as contained in UNEP/OzL.Pro/ExCom/51/11, while setting a target of 19 for the number of annual programmes approved, a target of four for the number of individual projects approved and a target of 18 for the number of milestone activities to be completed.

2007 BUSINESS PLAN

WORLD BANK

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

Presented to the 51st Meeting
Of the Executive Committee

January 29, 2007

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Annex II:	Implementation and New Activities (available on request)
Annex III:	Database of New and On-going Activities (Actual ODP) (available on request)
Annex IV:	Database of New and On-going Activities (ODP based on overall cost effectiveness) (available on request)
Annex V:	Value and Year of ODP Phase-out (available on request)

I. MULTILATERAL FUND TARGETS

A. Meeting the Objectives of the Multilateral Fund

1. The proposed 2007 Business Plan for the World Bank is prepared on the basis of the 2007-2009 phase-out plan for the Multilateral Fund, prepared by the Multilateral Fund Secretariat. The total maximum amount of ODS that needs to be funded during the 2007-2009 triennium is summarized in Table I-1. These figures do not include ODS that will be phased out as part of approved multi-year sectoral and national phaseout plans in the 2007-2009 triennium:

*Table I-1: ODS to be funded for phase-out during 2007-2009 (in ODP tonnes)
(Multilateral Fund Secretariat, 2006)*

ODS	2007	2008	2009	Total
CFC in non-LVC countries	1,431.0	1,431.0	---	2,862.0
CFC in LVC countries *	1,006.5	508.0	---	1,514.6
CFC production sector **	---	---	---	---
Halon	9.8	9.8	---	19.5
Methyl Bromide (consumption) **	31.0	---	---	31.0
Methyl Bromide (production)	---	---	---	---
CTC **	551.8	97.4	---	649.1
TCA **	77.2	102.9	---	180.2
Total ODS to be funded	3,107.2	2,149.1	---	5,256.3

(*) Based on the remaining CFC consumption eligible for funding (Decision 35/57)

(**) Based on baselines and not current (2004/2005) reported consumption

2. In response to the three-year model phase-out plan, the proposed 2007 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, halons, CTC, TCA and methyl bromide. The expected impact of proposed new investment activities for 2007 is summarized in Table I-2. Information for each individual project is presented in Annex II through IV.

3. In accordance with Decision 38/66, Table I-2 also includes information on new activities for 2008 and 2009. It is important to note that activities planned for 2008 and 2009 are included on a tentative basis only, and that they may be revised during the course of implementation of the final 2007-2009 Business Plan.

Table I-2: Expected impact of new investment activities included in proposed 2007-2009 Business Plan (ODP tonnes)

ODP to be phased out	2007	2008	2009	Total
CFC consumption in non-LCV countries	130	515	-	645
CFC consumption in LCV countries	-	-	-	-
CFC production	1,372	-	-	1,372
MB consumption	32	-	-	32
CTC consumption	-	-	-	-
CTC production	-	-	-	-
TCA consumption	-	-	-	-
TCA production	-	-	-	-
Halon consumption	-	-	-	-
Halon production	-	-	-	-
Total	1,534	515	-	2,049

Note: Figures include individual investment activities as well as multi-year investment plans

4. Other than the ODP to be phased out from new investment activities proposed for the 2007-2009 period, 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 implemented by the World Bank approved prior to 51st Executive Committee meeting (ODP tonnes)

ODP to be phased out	2007	2008	2009	Total
CFC consumption in non-LCV countries	2,362	463	407	3,232
CFC consumption in LCV countries	52	22	22	95
CFC production	13,927	7,980	1,129	23,036
MB consumption	-	-	78	78
CTC consumption	439	440	220	1,099
CTC production	9,759	10,396	220	20,375
TCA consumption	-	-	-	-
TCA production	-	-	-	-
Halon consumption	1,290	-	19	1,309
Halon production	-	-	-	-
Total	27,829	19,301	2,095	49,224

Note: Figures include individual investment activities as well as multi-year investment plans

Strategic approach to ODS phase-out in the proposed 2007 Business Plan

5. Funding of Closure Projects in the Production Sector: The proposed 2007 Business Plan allocates US\$44.3 million (roughly 52% of the total investment deliverables for the year) to support annual work programs of the Argentina, China, India and Venezuela CFC production closure projects, the China Halon and TCA production projects, and the China and India CTC production closure activities. The total impact of the combined production closure projects in 2007 is approximately 25,333 ODP tonnes, equivalent to almost 90% of the impact expected from activities implemented in 2007.

6. On behalf of the Government of Argentina, the Bank is submitting to the Excom a proposal for financing the accelerated phaseout of the Argentine CFC production facility. The scheduled date for the phaseout, as per the existing Excom Agreement, is 2010. If the Excom approves the accelerated phaseout proposal, all CFC production in Argentina would stop by December 2007, three years ahead of schedule. If the proposal is approved, both Argentina and China will have committed to advancing their production phaseout targets, and to stop CFC production in 2007.

7. 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 2007 Business Plan includes i) a pharmaceutical aerosol sector plan for China; and ii) an accelerated methyl bromide phase-out plan for Ecuador; and iii) an MDI sector plan for Argentina.

B. Resource Allocation

8. The proposed 2007 Business Plan includes deliverables of 23 investment activities in 12 countries, including Antigua and Barbuda, Argentina, Bahamas, China, Ecuador, India, Indonesia, Malaysia, the Philippines, Thailand, Turkey, and Venezuela. The total amount of funds requested for *investment activities* in the proposed 2007 Business Plan is US\$85.5 million.

9. **The total amount of deliverables in the proposed 2007 World Bank Business Plan, including investment and non investment activities amounts to US\$86.8 million** (including agency support costs). The breakdown of these deliverables is summarized in Table I-4:

Table I-4: Summary of all activities included in proposed 2007 Business Plan

Type of activity included in proposed 2007-2009 Business Plan	Number of activities	Amount of funds requested*
Annual/Biennial Work Programs for sector/ national plans previously approved by Executive Committee	18	US\$62.6 million
New multi-year projects	2	US\$17.4 million
New investment projects	2	US\$5.5 million

Type of activity included in proposed 2007-2009 Business Plan	Number of activities	Amount of funds requested*
Institutional Strengthening program renewals in Chile, Ecuador, Jordan, Thailand, and Turkey	5	US\$1.2 million
Global technical assistance activities	1	US\$0.1 million

(*) Figures include agency support costs

10. The funding distribution for investment activities included in the proposed 2007 Business Plan is summarized in Table I-5, while a summary of resource allocations for the triennium is presented in Table I-6:

Table I-5: Summary of proposed funding distribution for investment activities in proposed 2007 World Bank Business Plan

Sector	Total amount of funds requested in 2007 (US\$ 000s)	Percent of total (%)	Estimated impact in 2007 (ODP tonnes)	Percent of total (%)
CFC consumption	25,428	29.74	2,515	8.97
• Foam	5,039	5.89	466	1.66
• National CFC phase-out plans	1,785	2.09	1,554	5.54
• Refrigeration (including MAC)	166	0.19	365	1.30
• MDI	4,807	5.62	130	0.46
• Aerosols	13,631	15.94	0	0.00
CFC production	38,606	45.16	15,299	54.55
CTC consumption	15,073	17.63	439	1.57
CTC production	5,375	6.29	9,759	34.80
TCA consumption	0	0.00	0	0.00
TCA consumption	0	0.00	0	0.00
Halon consumption	0	0.00	0	0.00
Halon production	323	0.38	0	0.00
Methyl bromide consumption	688	0.80	32	0.11
Total	85,493	100	28,044	100

Note 1: Figures include agency support costs

Note 2: Figures do not include impact of individual investment projects approved prior to 2007 that are expected to be completed in 2007

Table I-6: World Bank's proposed resource allocation plan for 2007-2009 (in US\$000s)

	Value (\$000) in 2007	ODP in 2007	Value (\$000) in 2008	ODP in 2008	Value (\$000) in 2009	ODP in 2009
Planned New Activities	22,889	1,809	1,290	515	3,491	-
Approved Multiple Year	62,604	26,510	40,202	19,231	22,446	2,095
Institutional Strengthening	1,202	-	461	-	1,001	-
Technical Assistance	108	-	2,150	-	-	-
Project Preparation	-	-	-	-	-	-
Total	86,803	28,044	44,103	19,746	26,938	2,095

Note: Figures include agency support costs

11. **The proposed 2007 Business Plan will capture an estimated 28,044 ODP tonnes at a cost effectiveness of US\$2.86/kg ODP.**

12. A request for US\$1.664 million for Core Unit Costs is included in the proposed 2007 Business Plan.

C. Special Initiatives for 2007

13. Sector Plans: Consistent with its strategy of supporting integral sectoral approaches for ODS elimination, the Bank is submitting four new phaseout plans in the following sectors:

- Accelerated phaseout plan – The 2007 World Bank Business Plan includes a proposal, on behalf of the Government of Argentina, for the accelerated phaseout of its CFC production facility.
- Metered Dose Inhalers (MDI) – Also on behalf of the Government of Argentina, the World Bank will submit a proposal to phase out consumption of CFCs by its MDI sector.
- Pharmaceutical Aerosols – A non-MDI pharmaceutical aerosol plan that would phase out CFC-11 and CFC-12 consumption was submitted to the 50th Excom Meeting by the World Bank, on behalf of the Government of China. The proposal was withdrawn in order to incorporate additional information on the sector, and it will be resubmitted to the 51st Excom Meeting.
- Methyl bromide – One proposed activity will assist the Government of Ecuador to completely eliminate its consumption of Methyl Bromide for non-QPS uses.

II. PLANNED BUSINESS ACTIVITIES

A. Ongoing Activities

14. Investment projects: At the beginning of 2007, the World Bank's Montreal Protocol portfolio consists of 7 ongoing individual investment projects and 23 multi-year projects.

15. Non-Investment Projects and Activities: At the beginning of 2007, the Bank's portfolio included 17 ongoing non-investment activities, such as demonstration projects, institutional strengthening, technical assistance and training.

16. 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.

B. Program Expansion in 2007

17. The following sections provide brief descriptions of new activities that have been included in the Bank's proposed 2007 Business Plan. Annex II summarizes ODP impact from new and from approved activities implemented during the period 2007 to 2009 and beyond. A list of all activities to be implemented during 2007-2009 and of their levels of funding is included in Annex III and IV.

New submissions

18. *Argentina* – The World Bank has included two new investment activities on its proposed 2007 Business Plan, on behalf of the Government of Argentina. The first activity is a request for financing the accelerated phaseout of the Argentine CFC production facility, FIASA. The accelerated phaseout proposal would involve the shutdown of CFC production by the end of 2007, two years ahead of schedule, foregoing the 2008 and 2009 production quotas allocated to FIASA under the original Excom Agreement. The Government is requesting additional US\$3.5 million from the Multilateral Fund for this accelerated closure.

19. The second project included in the proposed 2007 Business Plan on behalf of Argentina is the phaseout of the MDI production sector. The Government is requesting US\$4.47 million for the phaseout of 130 ODP tonnes of CFC used in the manufacturing of MDIs. The National ODS Phaseout Plan currently under implementation by UNIDO did not include funding for the MDI sector. Consideration of the MDI sector was explicitly excluded from the Excom Agreement approved at the 47th Meeting, which noted that funding for the sector would be considered in the future, in line with prevailing eligibility and funding criteria. Project preparation funds for this activity were received in 2005, and the Bank has been working with the Government in the preparation of an MDI phaseout strategy. The proposed project would follow recommendations from this strategy and would eliminate all remaining consumption by the sector.

20. *China* – The proposed 2007 Business Plan includes one new submission on behalf of the Government of China, for the phaseout of the use of CFCs by the non-MDI pharmaceutical aerosol sector. This specific sector plan will address an estimated consumption of CFC-11 and CFC-12 of 485 ODP tonnes. Project preparation funds were approved in 2004, and the project was initially proposed to the Excom at its 50th Meeting. The Bank withdrew the proposal at that time in order to include additional information on the sector, and it will resubmit it for consideration of the Excom at its 51st Meeting.

21. The submission of this project is necessary to assist China in meeting its obligations under the Accelerated CFC Phaseout Plan (APP) approved by the Excom at its 44th Meeting. The non-MDI part of the pharmaceutical aerosol sector is affected by the reduction targets of the APP. As per the agreement with Excom, China will stop all production of CFCs by June 30 2007, with the exception of that required for MDI production. The APP agreement allows China to produce 550 tonnes of CFCs, annually, for MDI production until January 1, 2010. On the other hand, production of CFC for non-MDI pharmaceutical aerosols will stop by June 30, 2007. The APP agreement further states that an accelerated phaseout will only be feasible if the MLF approves funding for i) the servicing sector plan; and ii) the non-MDI pharmaceutical aerosol sector plan "as soon as possible" and before the deadline of the APP. The Government of China has therefore concentrated on the development of these two sector plans. The approval of the non-MDI pharmaceutical aerosol in 2007 will be critical for China to remain in compliance with its commitments under the APP.

22. *Ecuador* - The Government of Ecuador is in non-compliance with the Montreal Protocol on its methyl bromide consumption. The World Bank is assisting the Government in the preparation of an Action Plan that will address the high methyl bromide consumption and that will bring the country back to compliance in 2007. In parallel to the preparation of the Plan, the Government has requested the World Bank to include a methyl bromide phaseout activity in its 2007 Business Plan. The project aims at eliminating all remaining consumption of methyl bromide in the country, with an estimated impact of 32 ODP tonnes. The Government is aware that, as per the Excom's decision, any additional requests for funding of methyl bromide projects must commit to an accelerated phaseout of the substance (*i.e.* prior to 2015). The proposal that will be presented to the Excom in 2007 will therefore incorporate an accelerated phaseout schedule.

23. *Global* - At the 47th Meeting of the Excom, the World Bank was requested to examine technologies and eventual sector plans relevant to the phaseout of CTC in the production of chlorine, with a view to identifying cost-effective alternatives for the conversion of the chlor-alkali sector (Decision 47/39). The proposed 2007 Business Plan includes a request for US\$100,000 to carry out this activity.

Submissions of annual or biennial work plans for approved multi-year projects

24. As per previously approved agreements, 18 annual or biennial work plans will be submitted for the consideration of the Executive Committee in 2007. Table II-1 provides the breakdown of these work plans:

Table II-1: Annual or biennial work programs of previously approved multi-year plans that will be submitted to the EXCOM in 2007

Approved multi-year agreement	Country
National CFC phase out plans	Antigua and Barbuda, Bahamas, Ecuador, Malaysia, the Philippines, and Thailand
CFC production closure	Argentina, China, India and Venezuela
Foam phaseout plan	China and Indonesia
MAC refrigeration sector plan and Commercial Refrigeration sector plan	Indonesia and Turkey
CTC and Process Agents phaseout plans	India and China
CTC production closure	China and India
Halon consumption and phaseout plans	China

Renewal of institutional strengthening

25. Requests for renewal of institutional strengthening programs will be submitted for Chile, Ecuador, Jordan, Thailand and Turkey.

C. Measures to Expedite Implementation of Approved Projects and Those Critical to Compliance:

26. Throughout 2007, the focus of the activities involving the World Bank will be primarily on: i) assisting client countries during the last stages of their consumption and production phaseout, with views on the 2010 compliance targets; ii) assisting countries in completing ongoing investment and non-investment activities that will be critical for compliance; and iii) working with countries on the development and implementation of activities that will ensure the sustainability of the phaseout beyond 2010.

27. The Bank will conduct its Eleventh Annual Financial Intermediaries workshop in late March 2007. The focus of this year's workshop will be "Managing Consumption in view of the 85% Reduction Target". Other topics that will be covered in the 2007 workshop include discussions on the servicing sector and the impact of mixed refrigerants, CFC-free MDIs, the global chiller project and compliance targets beyond 2010.

28. In 2007 the Bank is also planning to organize the third regional meeting of the South East Asian countries. The objective of this meeting is to bring all the countries in the Region where the Bank is implementing Montreal Protocol operations, to share experiences, discuss common issues, and reinforce existing information-sharing practices related to ODS control, enforcement and others.

III. PERFORMANCE INDICATORS

29. As per Decision 41/93, the following performance indicators are included in the World Bank's 2007 Business Plan:

A. Quantitative Performance Indicators

30. 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 planned for 2007

Item	Planned for 2007
Annual Work Programs of previously approved multi-year Agreements to be presented to EXCOM in 2007	19*
Approved multi-year agreements for which no Annual Work Program will be submitted to EXCOM in 2007	4**
New multi-year agreements that will be submitted for consideration of EXCOM	2***

(*) China will be submitting an annual work plan for its TCA production closure project, although funding will only be received in 2008.

(**) Annual plans will not be submitted in 2007 for the following Agreements: Thailand Methyl Bromide Phaseout Plan, Tunisia ODS Phaseout Plan, Vietnam ODS Phaseout Plan, and Vietnam Methyl Bromide Phaseout Plan

(***) Includes the submittal of an Accelerated Production Phaseout Plan for Argentina.

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 planned for 2007

Item	Planned for 2007
New individual investment activities to be presented to EXCOM	2
New institutional strengthening renewals to be presented to EXCOM	5
New technical assistance activities to be presented to EXCOM	1

31. Implementation Performance Indicators

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

In 2007, the World Bank expects to complete every milestone of its 23 approved multi-year agreements, including ODP phased out. The Bank also expects the

approval of two new multi-year agreements that will be submitted to the Executive Committee in 2007.

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

In 2007, the World Bank expects to phaseout a total 1,334 ODP tonnes through implementation and completion of ongoing individual projects: 1,305 ODP tonnes will be phased out with the completion of technical assistance projects (halon and methyl bromide sectors) and the remaining 29 ODP tonnes will be phased out through completed investment projects.

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)

In 2007, the World Bank expects to complete 10 individual projects: one investment project, four technical assistance projects, and five institutional strengthening projects.

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

In 2007, the Bank will continue to assist all countries where multi-year Agreements are being implemented in meeting their policy/regulatory milestones, as indicated by each individual Agreement. These include, enactment of licensing quota systems, bans on the use of ODS for specific manufacturing sectors, and inspection requirements and others. This type of policy-level assistance does not address explicit country requests, but rather complies with milestones previously agreed to under multi-year Agreements. There are eight (8) policy milestones for 2007 included in the Bank's 23 ongoing multi-year plans. The Bank's target is to meet all of these policy targets.

In addition to the policy targets noted in multi-year agreements, in 2007 the Bank will be completing one policy-related assistance activity, which specifically addresses a request made by the Government of Ecuador. In light of Ecuador's increase in Methyl Bromide consumption in 2005, the Bank will assist the Government in the preparation of an Action Plan that addresses policy measures to control future imports, as well investments required to facilitate this control. The Plan will be submitted to the Implementation Committee in March 2007.

32. **Administrative Performance Indicators**

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

The Bank expects to achieve financial completion of its projects within an average 11 months from the required date.

b) Timely submission of project completion reports (Weighting: 5)

The Bank plans to submit project completion reports of all projects that are completed between July 1, 2006 and June 30, 2007, by the end of 2007.

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

The Bank plans to submit its 2006 Progress Report on May 1, 2007 or at least eight weeks before the subsequent meeting of the Executive Committee.

33. A summary of the World Bank's 2007 performance indicators is included in Table III-3, below.

Table III-3 – Summary of World Bank's performance indicators

Category of Performance Indicator	Item	Weighting	2007 Target
Approval	Number of annual programs of multi-year agreements approved vs. those planned	20	21/21 ⁽¹⁾
Approval	Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved vs. those planned	20	8/8
Implementation	Milestone activities completed/ODS levels achieved for approved multi-year annual tranches vs. those planned	20	21/21 ⁽²⁾
Implementation	ODP phased-out for individual projects vs. that planned per progress reports	5	1,334 ODP tonnes
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	10 ⁽³⁾
Implementation	Percentage of policy/regulatory assistance completed vs. those planned	10	9/9
Administrative	Speed of financial completion vs. that required per progress report completion dates	10	11 months
Administrative	Timely submission of project completion reports	5	100%
Administrative	Timely submission of progress reports and responses unless otherwise agreed	5	100%

(1) Includes two annual programs of new multi-year projects expected to be approved by EXCOM in 2007.

(2) Includes milestone activities to be completed for the two new multi-year projects expected to be approved by EXCOM in 2007. Does not include milestones of Agreements for which annual plans will not be submitted in 2007.

(3) Represents the number of projects expected to be completed in 2007, which will lead to an expected phaseout of 1,334 ODP tonnes.

IV. POLICY ISSUES

Global programs included in the 2008 Business Plan

34. The World Bank included two global assessment activities in its proposed 2007-2009 Business Plan: i) an assessment of factors that would influence the approaches taken by Article 5 countries in the phaseout of HCFCs; and ii) an evaluation of the potential and the feasibility of integrating disposal of obsolete and contaminated ODS into countries' hazardous waste management policies. The rationale behind these two assessments is described in detail below.

35. In light of Decision 50/6 and following the guidance of the Fund Secretariat, both of these activities are not included in the proposed 2007 Business Plan and will instead be presented for the consideration of the Excom in 2008. However, given the importance of the recommendations that may result from these evaluations and their relevance to policy discussions concerning the remaining of the 2006-2008 triennium and beyond, the Excom may wish to consider these global activities as priorities and may wish to request the World Bank to include them in its 2007 Business Plan.

36. *HCFC phaseout* - The first of the global projects will aim at providing a more solid context in which to carry out discussions on a potential accelerated phaseout of HCFCs. The proposed study would build on results from ongoing HCFC surveys being conducted by Germany, Japan and UNDP, with the objective of determining the driving forces behind current patterns of global HCFC consumption and production. Once these have been understood, then the economic, technical and political feasibility of an accelerated phaseout of HCFCs can be thoroughly evaluated. More specifically, the World Bank believes that, at present, there is not enough information available that would make it possible for the MLF to provide sufficient incentives to consumers, and particularly to producers of HCFCs, for an accelerated phaseout. The information available is also not sufficient to allow Article 5 countries to make educated decisions on the implications of an accelerated phaseout.

37. From the point of view of HCFC consumers in Article 5 countries, there is not enough clarity on the technical and economic implications of an accelerated phaseout. The potential for, and the incremental costs of substituting HCFCs by hydrocarbons, drop-in substitutes or other alternatives, and the impact this would have on the lifetime of recently acquired non-CFC-based equipment are unknown. These costs could be significant in the case of HCFC-141b based equipment that is still being procured and produced by manufacturing industries in Article 5 countries, and they could reach prohibitive levels in the case of HCFC-22 based chillers. A sound technical evaluation is therefore necessary to estimate the cost-effectiveness of various phaseout scenarios in different sectors, as well as to examine the resulting short, medium and long-term needs of HCFCs by Article 5 countries. The economics of promoting a second cycle of ODS phaseout so recently after the elimination of CFCs have important political implications that will vary widely from country to country (depending on markets, consumption trends, and date of conversion among others) and that need to be examined in detail. The World Bank is proposing to carry out a detailed evaluation of the technical issues at the global level, and to focus on a minimum of six pilot countries around the world (small,

medium and large economies) where the specific implications of an accelerated HCFC phaseout can be assessed under various phaseout scenarios. Only after these factors are understood, can adequate incentives for an accelerated phaseout of HCFC be proposed, which will be in line with Article 5 countries' needs and constraints.

38. The situation in HCFC producing Article 5 countries is potentially even more complex, and the incentives for an accelerated phaseout may be more difficult to determine. HCFC-22 in particular will be a difficult candidate for an accelerated phaseout given that: i) it has been widely used as a substitute for CFC-11 and 12 in chillers, and it has been installed in the majority of new chiller systems around the world for the past twenty years; ii) it is a feedstock in the production of fluoropolymers. Global demand for fluoropolymers has increased by roughly 30% from 2004 to 2009, and the largest increases in production capacity has taken place in Article 5 countries; and iii) a byproduct of HCFC-22 production is HFC-23, a gas with a greenhouse potential 11,700 times that of carbon dioxide, the capture and disposal of which is tremendously lucrative under carbon emissions trading schemes. An assessment of the demand trends for refrigerants and fluoropolymers in the future, as well as an estimation of the potential demand for carbon credits in the short to medium term (*e.g.* at least until 2012) will be critical to evaluating the magnitude of the incentives that will be required to entice HCFC producing Article 5 countries to commit to an accelerated phaseout schedule. The World Bank's project would consider the case of a minimum of two producing countries and would evaluate their prospects in the upcoming years.

39. As mentioned above, the conclusions from this global assessment will provide critical inputs to future discussions on a potential accelerated phaseout of HCFCs. They will help Article 5 countries to better understand the technical, economic and political implications of the phaseout, and they will give them better tools to make decisions on their willingness to participate in the phaseout. The study will also present information that may be of great relevance to non-Article 5 countries during upcoming discussions of the Fund's replenishment, regarding the expected resources needed to finance an accelerated HCFC phaseout.

40. *ODS disposal* - The second of the global projects included in the proposed business plan for 2008 would seek to incorporate results from the 2006 experts meeting on disposal of obsolete ODS, and from the study on ODS destruction currently being prepared by the Fund Secretariat, with an evaluation of current policy frameworks and technical capacities for handling and disposing of hazardous wastes in various Article 5 countries. The assessment would focus on a set of six pilot countries as a minimum, and it would aim at determining whether incorporating ODS disposal in existing hazardous waste management plans would lead to cost-effective alternatives for the handling and disposal of obsolete and unwanted stocks of ODS.

41. Representative countries would again be selected from a pool of small, medium and large economies. Evaluations would be conducted of the various alternatives for the sound management of obsolete ODS, according to the existing policy frameworks, technical and human capacities of the various countries. Recommendations would then be made on the most adequate range of measures and their associated costs estimates, as a

function of countries' existing capacity to handle hazardous waste. This information would greatly contribute to the discussion on potential financing assistance that may be provided to Article 5 countries for the disposal of their unwanted ODS stocks. Conclusions from this global study would also assist non-Article 5 countries in their discussions of the amount of resources needed to finance disposal activities by the Multilateral Fund.

Institutional Strengthening renewal requests for 2009 and beyond

42. Following suggestions from the Fund Secretariat, the proposed 2007-2009 Business Plan for the World Bank does not include renewal requests for Institutional Strengthening activities beyond 2009. The World Bank is aware that the Executive Committee has not yet taken a decision on whether Institutional Strengthening support will be continued after 2009. The Bank has thus advised its client countries to wait for the Excom's decision before making long-term plans for Institutional Strengthening resources.

V. ADMINISTRATIVE AND FINANCIAL MATTERS*Transfer of activities in Chile to UNDP*

With the agreement of the Government of Chile, UNDP and the World Bank, the Bank would like to seek the Excom's approval to the transfer of the Institutional Strengthening project and of the halon consumption phaseout project (CHI/HAL/42/TAS/156) to UNDP. The Bank is submitting the request for renewal of the Institutional Strengthening project at the 51st Excom Meeting, and it is requesting that the transfer of both projects to UNDP takes place at the same meeting.

ANNEX I

Country-by-Country Review

ANTIGUA AND BARBUDA

A Grant Agreement between the Bank and Antigua and Barbuda has not been signed. A Bank mission to Antigua is tentatively scheduled in January 2007. The purpose of the mission is to review terms and conditions of the Grant Agreement including disbursement and procurement issues.

ARGENTINA

The program in Argentina for 2007 will continue monitoring the development of existing projects as well as the closure of the CFC Production Plant. The Bank, the Government and FIASA are interested in developing a project for the early closure of FIASA (*i.e.* two years ahead of the schedule approved by the ExCom). In addition, the Government has asked the Bank to prepare a project to address consumption of CFCs in the MDI sector. With regards to Chillers, the Bank is working on pooling resources from MLF, GEF and Carbon Finance to strengthen the operation approved under the NCPP. The Halon Bank operation is expected to be physically completed during 2007, and the NEBA / IKALA operation, negotiations with IMPIANTI O.M.S. (the provider of the technology) will be carried out during this year in order to advance the development of the project.

THE BAHAMAS

The government of the Bahamas is entering the final year of implementation of the Terminal Phaseout Management Plan. The phaseout of CFC consumption is moving forward and the country has met all its targets under the Excom Agreement. Activities during the last year of the program will continue to focus on training, technical assistance and public awareness. One mission is planned to the Bahamas in 2007.

CHILE

The only remaining activities in Chile are the Institutional Strengthening and the halon projects. The Bank will submit the IS extension proposal at the 51st meeting of the ExCom to extend the institutional strengthening support to CONAMA, for two additional years of operation (April 2007-March 2009). The halon project has not begun because the ExCom stipulated that money could only be disbursed for this project once the Chilean Ozone Law that restricts import/export volumes of ODS entered into force. Although the Law entered into force on March 2006, the regulation that sets procedures to achieve what was stipulated in the Law is not yet effective. The World Bank is seeking approval for the transfer of both projects to UNDP at the 51st Excom Meeting, after which the Bank's Montreal Protocol operations in Chile will be closed.

CHINA

2007 is a key year for China as it will stop CFC production by July 1, 2007 except for essential uses for MDI. Since 2005, SEPA initiated the ozone friendly provincial/city approach in seven provinces and cities – this first phase proved to a great success. The

Bank will continue assist in the 2nd phase of this ozone friendly provincial/city approach in 2007 in order to meet the accelerated CFC phaseout target. In addition to the normal regular supervision missions (about 3 a year), there are several training capsules in the 2007 annual programs of each sector plan which help the NOU and others to more effectively implement the overall program. Policy issues, especially bans on CFC production in China and CFC consumption in the foam sector, will be addressed specifically in the concerned spectral annual programs.

The Pharmaceutical aerosol sector plan will be resubmitted to the first Excom meeting in 2007. In addition, there will be six annual programs to be submitted in 2007 if the pharmaceutical aerosol sector plan is approved (2008 APs of Halon, CFC, Foam, CTC/PA I, PA II, and pharmaceutical aerosol) and the 2008 tranche of the TCA sector plan. No implementation delays are expected.

COLOMBIA

All World Bank implemented projects in Colombia have been completed. The Bank is working with the country in the preparation of the last PCR that remains to be submitted.

ECUADOR

The Program in Ecuador during 2007 expects to continue with the successful implementation of the National CFC Phaseout Plan. Equipment (2R and 3R) will be delivered to approximately 90 refrigeration and air conditioning workshops. The Bank will continue supporting the GOE to carry out public awareness activities as in the previous 2 years. With regards to Methyl Bromide, the country is in non-compliance. The Bank is working with the Government to develop an Action Plan to return to compliance, which will be presented to the MOP early in 2007. The NOU will continue to monitor the import/export licensing quota. No assistance is requested by the country, at present, for the phaseout of CTC or TCA. Finally, a new tranche of the Institutional Strengthening component will be sent to the ExCom for its consideration.

INDONESIA

There are two ongoing sector plans (MAC and Foam), TA project (Aerosol TA). The government is also developing a building chiller phaseout program with the assistance of commercial banks in Indonesia. Remaining individual investment project will be completed by early 2007 and PCRs submitted accordingly. Disbursement for these activities is currently progressing very well. The team has instituted several activities which will be carried out in 2007 to assist the NOU and/or FI to speed up implementation – sector plan coordination and management staff have been hired to replace staff who no longer work on the program to help follow up with government and the FI in Jakarta, we are conducting several high level meetings with the related departments (such as the Ministry of Finance, Planning, Industry, Trade, Customs) to expedite disbursements and the standard operating procedure for the import control system. Two supervision missions have been planned in 2007 which include dialogue with the Government with regard to policy issues and TA issues.

MALAYSIA

Implementation of the National CFC Phaseout Plan (NCFCP) is on track and significant progress was achieved in 2006. The only two components of the Plan that remain open are MAC and refrigeration, both of which are underway. It is expected that by the end of 2007: a) implementation of the MAC servicing component will be completed; and b) implementation of the refrigeration servicing component will advance significantly.

Two World Bank missions will take place during 2007, to monitor the process of the various program activities.

MEXICO

All World Bank implemented projects in Mexico have been completed.

PAKISTAN

All remaining ongoing projects are now physically completed. The total CFC phaseout achieved for the entire Pakistan ODS portfolio under the Bank is just over 1200 ODP tonnes. The focus of 2007 activities will be to financially complete subprojects as well as close the umbrella project. Remaining project completion reports are under preparation and the Bank has set up a team to develop the Implementation Completion Report for the umbrella project. The Bank will have two, 5-day supervision missions in 2007 to work with and assist the Government of Pakistan and the Financial Intermediary on completing remaining tasks (reporting, reconciling financial data and closing accounts).

THE PHILIPPINES

Planned activities by WB project team in 2007: The WB Task Team will have two missions in 2007. In addition, it will provide continuing policy, financial management and procurement support as well as have ongoing dialogue on daily project implementation issues through its country office. In 2007, the WB will focus particularly on the assisting the country in the servicing sector under the NCPP and look towards providing any technical support required to permit the Government to make informed choices on accelerating efforts in the sector. It will also continue to assist the country in wider ODS control through the ongoing IS and methyl bromide projects.

THAILAND

Implementation of the NCFCP is well underway and major progress was achieved in 2006. A few remaining projects remain open in the foam sector, and the MAC and refrigeration sector components are underway. It is expected that by the end of 2007: a) conversion of the foam sector will be completed; b) implementation of the MAC servicing component will be near completion; and c) implementation of the refrigeration servicing sector component have advanced considerably.

The Institutional Strengthening project is progressing as planned, and a request for renewal will be submitted to the Excom in 2007. The revised Halon Management project is moving forward.

Implementation of the National Methyl Bromide phaseout plan is ongoing. The Project Management Unit is functional and has taken charge of all coordinating activities under the Plan. It is expected that training activities of DOA officials and Train the trainer programs will take place during 2007.

Two World Bank missions will take place during 2007, to monitor the process of the various program activities.

TURKEY

Chillers: To date, the chiller replacement project has signed contracts for the replacement of a total of 24 chillers at 12 enterprises. Another \$1,000,000 in contract value for chiller replacements is planned to be signed during 2007.

Central Reclamation Centers: The project has supported three central reclamation centers in Istanbul, Ankara and Izmir for refrigeration recovery and recycling (RRR). Announcement of the establishment of the entire national reclamation center system will be made by MoEF to the public, and also via an article in a well known refrigeration industry publication, by end-February 2007.

Technical Training: The Turkish Industry Association (KOSGEB) has signed off on a plan to transfer ownership of 24 recovery and recycling training equipment sets to the Ministry of Education (MoEDU). Distribution of these sets has been completed and an additional 11 sets will be procured during 2007 to fulfill the remaining training needs.

Customs Training: The project has supported training for 85 customs agents. Upon request from MoEF and the Customs Department, additional training and equipment would be considered in 2007.

Halon Banking Facility: The Ankara Chamber of Industry (ASO) has now finalized the location for the Halon Banking Facility. The budget and action plan for establishing the facility and training program are currently being updated with the aim to be fully operational by end-May 2007.

Institutional Strengthening and MeBr Phase-out: The project to phase-out MeBr use in the dried fig sector in Turkey was completed in June 2006. Turkey's MeBr Resource Group will meet to complete its final report by end-January 2007, and prepare a booklet which will provide a useful overview of all activities undertaken in Turkey to deal with the MeBr phase-out issue and find suitable alternatives.

VENEZUELA

PRODUVEN ceased CFC production by the end of 2006, according the schedule negotiated with the Montreal Protocol. PRODUVEN will continue operating as a HCFC-22 plant. The Government will carry out production audits during 2007 and 2008, and will continue to monitor CTC imports via licenses in order to prevent production of CFCs.

VIETNAM

The existing Grant Agreement between Vietnam and the Bank will be amended to incorporate the new approval of the ExCom in relation to the Methyl Bromide phase out plan. It is anticipated that funding will start flowing during the 4th quarter of 2007.

For the National CFC and Halon Phase out Plan, the total disbursement by end of 2006 is estimated at \$100,000. Given the procurement process for the voucher scheme and for equipment for training centers will be completed during the 1st quarter of 2007, it is estimated that the total disbursement of the first funding tranche would reach \$200,000 and \$50,000 for the second funding tranche.