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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Montreal, 7-11 April 2008

THE WORLD BANK BUSINESS PLAN FOR THE YEARS 2008-2010

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 issuance of the document.

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COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. This document presents a summary of the World Bank's planned activities for the phase-out of ozone depleting substances (ODS) during the 2008-2010 triennium. It also provides the World Bank's business plan performance indicators, general comments and recommendations for consideration by the Executive Committee. The World Bank's 2008-2010 business plan is contained in Annex I.

Planned activities 2008-2010

2. Although the business plan is a rolling three-year plan, most of the detail provided is for 2008. Activities planned for 2009 and 2010, except for those associated with existing multi-year agreements (MYAs), are included on a tentative basis only and may be revised during the course of implementation of the final 2008-2010 business plan.

Planned activities for 2008

3. For 2008, the total value of projects planned for submission by the World Bank is US \$48.51 million (including support costs) leading to the phase-out of 11,612 ODP tonnes. The business plan includes:

- (a) Tranches related to twenty-one ongoing MYAs for sector and substance phase-out valued at a total of US \$40.4 million that will lead to an ODS phase-out of 11,497 ODP tonnes, when implemented;
- (b) One new investment project valued at US \$4.2 million;
- (c) Four institutional strengthening renewals (Ecuador, Philippines, Tunisia and Turkey) with a total value of US \$835,500;
- (d) Project preparation valued at US \$1.2 million;
- (e) One global technical assistance activity valued at US \$268,750; and
- (f) Core unit costs of US \$1.65 million.

Planned activities for 2009

4. In 2009, the World Bank plans to submit projects with a total value of US \$34.6 million with an associated phase-out of 7,241 ODP tonnes. This includes US \$25 million for activities required for compliance, according to the compliance oriented model, US \$8.9 million for HCFC activities, and US \$688,000 for accelerated methyl bromide phase-out.

Planned activities for 2010

5. In 2010, the World Bank plans to submit projects totalling US \$14.69 million with an associated phase-out of 173 ODP tonnes. This includes US \$2.7 million required for compliance and US \$12 million for HCFC activities.

Resource allocation

6. Table 1 presents a summary of the resource allocation in the World Bank's 2008-2010 business plan.

Table 1

RESOURCE ALLOCATION (in US \$000)

	2008	2009	2010
Required for compliance			
Approved multi-year agreements	40,386	22,446	235
Core unit costs of implementing agencies	1,651	1,687	1,724
Institutional strengthening	836	721	741
Metered-dose inhaler (MDI) activities	4,203	100	
Sub-total (required for compliance)	47,075	24,954	2,700
Not required for compliance			
HCFC - Demonstration Preparation	119		
HCFC - Investment		1,183	
HPMP		7,742	11,988
HPMP Preparation	1,049		
MBR - Accelerated Phase-Out		688	
ODS disposal	269		
Sub-total (not required for compliance)	1,437	9,613	11,988
Total	48,512	34,567	14,688

7. The World Bank is seeking funding amounting to US \$48.5 million in 2008. In the Bank's business plan, US \$47.1 million is for activities required for compliance and US \$1.4 million is for activities not required for compliance. Most of the agency's 2008 allocation is for annual tranches of approved MYAs (US \$40.4 million).

8. For 2009, most of the activities in the World Bank's business plan are required for compliance. However, in, but in 2010 most of the activities in the World Bank's business plan are currently classified as not required for compliance. Moreover, the level of expected funding drops from US \$48.5 million in 2008 to US \$34.6 million in 2009 and to US \$14.7 million in 2010. The World Bank has identified activities valued at US \$45.1 million after 2010, all of which will be directed towards HCFC activities.

Implementation and compliance assistance

9. During the 2008-2010 triennium, the World Bank plans to phase out 35,991 ODP tonnes through ongoing projects and MYAs. In addition, the World Bank has indicated that 147 ODP tonnes will be phased out through projects that are to be submitted for approval during the triennium.

10. The focus of the World Bank's activities in 2008 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; iii) working with countries to develop and implement activities that will ensure the sustainability of the phase-out beyond 2010; and, (iv) assisting countries in considering alternatives for long-term HCFC demand management and phase-out.

11. The Bank will conduct its Twelfth Annual Workshop for Financial Intermediaries in late April 2008 with a focus on “Transitioning to New Montreal Protocol Business”. Extensive discussions on policy, technical and financial considerations associated with the accelerated phase-out of HCFCs are planned for the two-day workshop.

General comments

12. These general comments address issues not required for compliance according to the compliance-oriented model and include areas of possible project overlap.

Activities not required for compliance

13. Activities not required for compliance are listed in Table 1 according to the value of the requests for 2008, 2009 and 2010.

HCFC activities

14. The World Bank has including funding requests for ten preparation activities in nine countries in 2008 for HCFC projects that are expected to be submitted to the Executive Committee in 2009-2010. In addition to eight HPMPs, two demonstration projects in China are included in the 2008 business plan: one for phase out of HCFCs in the foam sector and the second for phase-out of HCFCs in the air conditioning sector.

15. The World Bank noted that the proposed 2008-2010 business plan includes indicative funding requests and estimated ODP impact of potential HCFC phase-out strategies to be developed for each of the nine countries. These figures are likely to change based on the results of project preparation activities, and on policy decisions expected on HCFCs by the Executive Committee in 2008.

16. For all of the countries except China, the World Bank estimated the tonnage and value of all the HCFC phase-out projects using a similar methodology. Projections of HCFC consumption for each country were made on the basis of historical HCFC consumption data reported to the Ozone Secretariat under Article 7 of the Montreal Protocol. Article 7 figures from 2000 to 2006 were analyzed. Based on the Bank’s experience in each country, assumptions were made on the growth in the HCFC consumption sector. Projections of sector growth by the Bank for 2008, 2009 and 2010 were made at an average growth rate of 10 per cent per year. No growth beyond 2013 (the freeze year) was projected. A decrease of 10 per cent from the baseline level was estimated by 2015. The World Bank noted that it used average cost-effectiveness on the basis of US \$6 per metric kilogram. The range included in the business plan was from US \$64.50/kg. ODP for individual projects to US \$119.15/kg. ODP for HPMPs. The agency did not include tonnage for the demonstration projects in its 2008 business plan.

17. The World Bank indicated that it needed clearer guidelines from the Executive Committee on how to address the HCFC production sector and in particular how to address issues involving feedstock uses of HCFC-22 for the production of fluoro-polymers, as well as production of HFC-23 and associated Clean Development Mechanism (CDM) benefits.

Disposal of ODS

18. In its 2008 business plan, the World Bank proposed a global technical assistance activity aimed at developing a strategy and/or methodology for ODS disposal, which would involve obtaining funding from voluntary carbon markets for the destruction of unwanted ODS. It has requested US \$250,000 to carry out this activity.

Possible overlaps

19. At the Coordination meeting in January 2007, the Secretariat requested that letters be submitted by all implementing agencies for activities where there could be possible overlaps. The World Bank provided all of the relevant letters except one with respect to HCFC activities in Turkey. In the absence of this letter, there remains a possible overlap of planned activities with other agencies.

Performance indicators

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

Table 2

PERFORMANCE INDICATORS

Item	2008 Target
Number of annual programmes of multi-year agreements approved versus those planned	21/21
Number of individual projects/activities (investment projects, RMPs, halon banks, TAS, institutional strengthening) approved versus those planned	6/6
Milestone activities completed (e.g. policy measures, regulatory assistance)/ODS levels achieved for approved multi-year annual tranches versus those planned	21/21
ODS phased-out for individual projects versus those planned per progress reports	253 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	8 ^(*)
Number of policy/regulatory assistance completed versus that planned	12/12
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%

(*) Represents the number of projects expected to be completed in 2008, which will lead to an expected phase-out of 253 ODP tonnes.

RECOMMENDATIONS

21. The Executive Committee may wish to consider:
- (a) Endorsing the 2008-2010 business plan of the World Bank as contained in UNEP/OzL.Pro/ExCom/54/11, without prejudice to the Parties decision on replenishment for the year 2010 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) HCFC activities;
 - (ii) ODS disposal activities;
 - (b) Requesting the World Bank to report to the 54th Meeting on the areas of possible overlap with activities in other agencies' business plans and note the information provided as appropriate; and
 - (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/54/11.

2008 BUSINESS PLAN

WORLD BANK

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

Presented to the 54th Meeting
Of the Executive Committee

February 11, 2008

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I. MULTILATERAL FUND TARGETS

A. Meeting the Objectives of the Multilateral Fund

1. The proposed 2008 Business Plan for the World Bank is prepared on the basis of the 2008-2011 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 2008-2011 triennium is summarized in Table I-1.

*Table I-1: Amount of ODS to be funded to meet phaseout targets (in ODP tonnes)
(Multilateral Fund Secretariat, 2008)*

ODS	2008	2009	2010	Total
CFC in non-LVC countries*	627.7	627.7	0	1,255.3
CFC in LVC countries	19.0	19.0	0	38.1
CFC production sector	0	0	0	0
Halon	5.5	5.5	0	11.0
Methyl Bromide (consumption)	8.6	0	0	8.6
Methyl Bromide (production)		0	0	0
CTC	461.6	81.5	0	543.0
TCA	80.5	80.5	0	160.9
Total ODS to be funded	1,202.7	814.1	0	2,016.8

(*) Including 613.3 ODP tonnes of CFCs used for the production of MDIs

2. In response to the three-year model phase-out plan, the proposed 2008 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. In light of the decisions on HCFCs taken at the 19th Meeting of the Parties and to the Excom decision regarding the inclusion of HCFC projects in the 2008 business plans of the Implementing Agencies, the Bank's Business Plan also includes activities to assist countries meet the recently agreed accelerated schedule for HCFC phaseout. The expected impact of proposed new investment activities for 2008 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 2009, 2010 and beyond. It is important to note that activities planned for 2009, 2010 and beyond are included on a tentative basis only, and that they may be revised during the course of implementation of the final 2008-2010 Business Plan.

Table I-2: Expected impact of new investment activities included in proposed 2008-2010 Business Plan (ODP tonnes)

ODP to be phased out	2008	2009	2010	After 2010	Total
CFC consumption in non-LCV countries	115	-	-		115
CFC consumption in LCV countries	-	-	-		-
CFC production	-	-	-		-
MB consumption	-	32	-		32
CTC consumption	-	-	-		-
CTC production	-	-	-		-
TCA consumption	-	-	-		-
TCA production	-	-	-		-
Halon consumption	-	-	-		-
Halon production	-	-	-		-
HCFC consumption	-	16	-	552	16
Total	115	48	-	552	163

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 2008-2010 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 54th Executive Committee meeting (ODP tonnes)

ODP to be phased out	2008	2009	2010	After 2010	Total
CFC consumption in non-LCV countries	907	407	1,339	-	2,653
CFC consumption in LCV countries	22	22	-	-	43
CFC production	7,980	1,129	1,680	-	10,789
MB consumption	9	78	-	153	240
CTC consumption	440	220	8,166	-	8,826
CTC production	10,396	220	599	-	11,215
TCA consumption	-	-	23	-	23
TCA production	-	-	79	-	79
Halon consumption	200	19	1,042	-	1,261
Halon production	-	-	1,000	-	1,000
HCFC consumption	-	-	-	-	-
Total	19,954	2,095	13,928	153	36,129

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

Strategic approach to ODS phase-out in the proposed 2008 Business Plan

5. Funding of Closure Projects in the Production Sector: The proposed 2008 Business Plan allocates US\$20.8 million (roughly 47% 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 2008 is approximately 18,376 ODP tonnes, equivalent to almost 93% of the impact expected from activities implemented in 2008.

6. 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 2008 Business Plan includes i) an MDI sector plan for Argentina; ii) requests for preparation funds for 10 national HCFC phaseout plans and two HCFC sector phaseout plans, which will be submitted for the consideration of the Excom in 2009; and iii) a request for funding for a technical assistance activity that will aim at developing a strategy/methodology for ODS disposal.

B. Resource Allocation

7. The proposed 2008 Business Plan includes deliverables of 22 investment activities in 13 countries, including Antigua and Barbuda, Argentina, China, Ecuador, India, Indonesia, Malaysia, the Philippines, Thailand, Tunisia, Turkey, Vietnam and Venezuela. The total amount of funds requested for *investment activities* in the proposed 2008 Business Plan is US\$44.6 million.

8. **The total amount of deliverables in the proposed 2008 World Bank Business Plan, including investment and non investment activities amounts to US\$46.9 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 2008 Business Plan

Type of activity included in proposed 2008 Business Plan	Number of activities	Amount requested* (US\$ million)
Annual/Biennial Work Programs for sector/ national plans previously approved by Executive Committee	21	40.4
New investment projects	1	4.2
Institutional Strengthening program renewals in, Ecuador, the Philippines, Tunisia, and Turkey	4	0.84
New project preparation activities	10	1.2
Global technical assistance activities	1	0.27

(* Figures include agency support costs)

9. The funding distribution for investment activities included in the proposed 2008 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 2008 World Bank Business Plan

Sector	Total amount of funds requested in 2008 (US\$ 000s)	Percent of total (%)	Estimated impact in 2008 (ODP tonnes)	Percent of total (%)
CFC consumption	7,826	17.55	1,015	5.12
• Foam	1,964	4.40	0	0.00
• National CFC phase-out plans	1,629	3.65	415	2.09
• Refrigeration (including MAC)	30	0.07	0	0.00
• MDI	4,203	9.43	115	0.58
• Aerosols	0	0.00	485	2.45
CFC production	16,762	37.59	7,980	40.24
CTC consumption	14,203	31.85	440	2.22
CTC production	3,225	7.23	10,396	52.42
TCA consumption	0	0.00	0	0.00
TCA consumption	753	1.69	0	0.00
Halon consumption	0	0.00	0	0.00
Halon production	108	0.24	0	0.00
Methyl bromide consumption	1,712	3.84	0	0.00
HCFC consumption	0	0.00	0	0.00
Total	44,589	100	19,831	100

Note 1: Figures include agency support costs

Note 2: Figures do not include impact of individual investment projects approved prior to 2008 that are expected to be completed in 2009 and beyond

Table I-6: World Bank's proposed resource allocation plan for 2008-2015 (in US\$000s)

	Value (\$000) in 2008	ODP in 2008	Value (\$000) in 2009	ODP in 2009	Value (\$000) in 2010	ODP in 2010	Value (\$000) 2011-2015	ODP in 2011-2015
Planned New Activities	4,203	115	1,871	48	-	-	-	-
Approved Multiple Year	40,386	19,716	22,446	2,095	-	13,858	235	153
Institutional Strengthening	836	-	721	-	741	-	3,645	-
Technical Assistance	269	-	108	30	-	-	-	-
Project Preparation	1,194	-	-	-	-	-	-	-
Total	46,887	19,831	25,146	2,172	741	13,858	3,880	153

Note: Figures include agency support costs

10. **The proposed 2008 Business Plan will capture an estimated 19,831 ODP tonnes at an average cost effectiveness of US\$2.19/kg ODP.**

11. A request for US\$1.663 million for Core Unit Costs is included in the proposed 2008 Business Plan.

II. PLANNED BUSINESS ACTIVITIES

A. Ongoing Activities

12. Investment projects: At the beginning of 2008, the World Bank's Montreal Protocol portfolio consists of 3 ongoing individual investment projects and 22 multi-year projects.

13. Non-Investment Projects and Activities: At the beginning of 2008, the Bank's portfolio included 14 ongoing non-investment activities, such as demonstration projects, institutional strengthening, technical assistance and training.

14. 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 2008

15. The following sections provide brief descriptions of new activities that have been included in the Bank's proposed 2008 Business Plan. Annex II summarizes ODP impact from new and from approved activities implemented during the period 2008 to 2010 and beyond. A list of all activities to be implemented during 2008-2010 and of their levels of funding is included in Annex III and IV.

New submissions

16. *Argentina* – The World Bank has included one new investment activity on its proposed 2008 Business Plan, on behalf of the Government of Argentina. The Government is requesting US\$3.9 million for the phaseout of 115 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 project was initially scheduled for submission to the Excom in 2007, but at that time the government had not finalized the preparation of the strategy. The strategy has now been completed and on the basis of its recommendations, the proposed project aims at eliminating all remaining eligible consumption by the MDI sector. It is expected that the project will be submitted for consideration of the Excom at its 55th Meeting.

17. *HCFCs* – The World Bank has received requests for assistance from the governments of Argentina, China, Ecuador, Indonesia, Pakistan, the Philippines, Thailand, Turkey and Vietnam in the preparation of HCFC phaseout strategies, in light of the agreement reached at the 19 Meeting of the Parties for the acceleration of the HCFC phaseout schedule. Therefore, the Bank has included in its 2008 business plan requests

for funding of ten preparation activities for projects that are expected to be submitted to the Excom in 2009-2010. The expected national HCFC phaseout plans will assist countries to: a) manage their HCFC consumption in the upcoming years and in preparation of the 2013 freeze data; as well as b) make provisions for the 10% committed reduction in consumption by 2015. Written requests from the focal points at these countries are being submitted to the MLF Secretariat along with the Business Plan.

18. The Bank will work with these nine countries in the development of HCFC management strategies that ensure cost-effective phaseouts. Strategies will: a) take into account overall national consumption trends; b) analyze current industrial conditions in the various countries; and c) evaluate the potential growth in HCFC consumption in the foam, commercial and industrial refrigeration, as well as air-conditioning sectors in each country. The strategies will aim at capturing the potential benefits of managing HCFC demand prior to the 2013 freeze, as well as at designing cost-effective investment activities that will achieve targeted reductions in HCFC use by 2015. The proposed 2008-2011 business plan includes indicative funding requests and estimated ODP impact of potential HCFC phaseout strategies to be developed for each of these countries. These figures are likely to change based on the results of project preparation activities, and on Excom HCFC policy decisions expected throughout 2008.

19. *Global* – The proposed 2008 business plan includes a request for funding of a technical assistance activity aimed at developing a strategy and/or methodology for ODS disposal, which would involve obtaining funding from voluntary carbon markets for the destruction of unwanted ODS. The proposed request is for US\$250,000 to carry out this activity.

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

20. As per previously approved agreements, 21 annual or biennial work plans will be submitted for the consideration of the Executive Committee in 2008. 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 2008

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

Approved multi-year agreement	Country
CTC production closure	China and India
Halon consumption and phaseout plans	China
Methyl bromide phaseout plans	Thailand and Vietnam

Renewal of institutional strengthening

21. Requests for renewal of institutional strengthening programs will be submitted for Ecuador, the Philippines, Tunisia, and Turkey.

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

22. Throughout 2008, the focus of the activities involving the World Bank will be primarily on: i) assisting 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; iii) working with countries on the development and implementation of activities that will ensure the sustainability of the phaseout beyond 2010; and iv) assisting countries in considering alternatives for long-term HCFC demand management and phaseout.

23. The Bank will conduct its Twelfth Annual Financial Intermediaries workshop in late April 2008. In addition to the traditional agenda covering a variety of topics centered on implementation and completion of ongoing projects, the focus of this year's workshop will be "**Transitioning to New Montreal Protocol Business**". Extensive discussions on policy, technical and financial considerations associated with the accelerated phaseout of HCFCs are planned for the two-day workshop.

III. PERFORMANCE INDICATORS

24. As per Decision 41/93, the following performance indicators are included in the World Bank's 2008 Business Plan:

A. Quantitative Performance Indicators

25. 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 2008

Item	Planned for 2008
Annual Work Programs of previously approved multi-year Agreements to be presented to EXCOM in 2008	21
Approved multi-year agreements for which no Annual Work Program will be submitted to EXCOM in 2008	1

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 2008

Item	Planned for 2008
New individual investment activities to be presented to EXCOM	1
New institutional strengthening renewals to be presented to EXCOM	4
New technical assistance activities to be presented to EXCOM	1

26. Implementation Performance Indicators

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

In 2008, the World Bank expects to complete every milestone of its 22 ongoing multi-year agreements, including ODP phased out.

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

In 2008, the World Bank expects to phaseout a total 253 ODP tonnes through implementation and completion of ongoing individual projects: 224 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 2008, the World Bank expects to complete eight individual projects: one investment project, three technical assistance projects, and four institutional strengthening projects.

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

In 2008, the World 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 12 policy milestones for 2008 included in the Bank's 22 ongoing multi-year plans. The Bank's target is to meet all of these policy targets.

27. 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, 2007 and June 30, 2008, by the end of 2008.

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

The Bank plans to submit its 2007 Progress Report on May 1, 2008 or at least eight weeks before the subsequent meeting of the Executive Committee.

28. A summary of the World Bank's 2008 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	2008 Target
Approval	Number of annual programs of multi-year agreements approved vs. those planned	20	21/21
Approval	Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved vs. those planned	20	6/6
Implementation	Milestone activities completed/ODS levels achieved for approved multi-year annual tranches vs. those planned	20	21/21
Implementation	ODP phased-out for individual projects vs. that planned per progress reports	5	253 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	8 ^(*)
Implementation	Percentage of policy/regulatory assistance completed vs. those planned	10	12/12
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%

(*) Represents the number of projects expected to be completed in 2008, which will lead to an expected phaseout of 253 ODP tonnes.

IV. POLICY ISSUES

29. *HCFCs* - The World Bank has received requests for assistance from the governments of Argentina, China, Ecuador, Indonesia, Pakistan, the Philippines, Thailand, Turkey and Vietnam for the preparation of HCFC phaseout plans. In response to these requests, requests for funding of project preparation activities and phaseout plans have been included in the business plan. However, the Bank recognizes that guidelines for HCFC phase-out plans are currently under discussion and that no decision has yet been taken by the Executive Committee regarding eligibility, level of funding, project modalities and others. Therefore, the type of HCFC activities that will be carried out in the various countries and the associated level of funding proposed by the Bank in its business plan should be considered indicative. The type of activities, cost estimates, and their impact may have to be modified once the guidelines or further guidance from the Executive Committee are available. Actual submission of project preparation requests will thus be made to subsequent meetings of the Executive Committee, in form of work program amendments.

30. *Renewal of institutional strengthening (IS) programs* - Based on the current decisions of the Executive Committee, IS renewal requests are considered eligible up to 2010. Funding of IS projects beyond 2010 will be decided by the Executive Committee based on results of the on-going evaluation of the IS projects being carried out by the Senior Monitoring and Evaluation Officer. For planning purposes, the Bank has included additional IS renewals for the period 2011 – 2015, with the assumption that funding level will remain the same.

V. ADMINISTRATIVE AND FINANCIAL MATTERS

None.



ANNEX I

Country-by-Country Review

ARGENTINA

During 2007, the project reached significant advances, particularly in the CFC production sector. There are four subprojects that remain active in Argentina: the Halon Bank has been active since 2005, all necessary equipment has been procured and construction of the storage facility has been advancing. Regarding NEBA, the company was bought by IKALA and the plant is in full production. An agreement was reached between IKALA and OMS IMPIANTI regarding the production and delivery of equipment during 2008. With respect the Methyl Bromide Demonstration project, initial round of testing of alternatives in the cotton and citrus sectors has been completed, with positive results. Preliminary results for treating citrics suggest that treating citrics with cold for 13 days kills the flies that affect the fruit, with almost no harm done to the fruit. Testing on a larger scale will be done during the 2008 crop to validate the results obtained. Also, during 2008, replacement of Chillers is expected to take place one the project has a methodology for the allocation of funds. The highlight of the project was the shut down of CFC production at FIASA, two years ahead of the original schedule. This is an important step, as it implies that there is no more CFC production in America. Finally, the Government of Argentina and the Bank are working on the development of a strategy to eliminate CFCs from the MDI sector. This strategy is expected to be developed and presented to the Executive Committee in 2008.

CHINA

China has met its accelerated CFC/Halon phase-out commitments by July 1, 2007. The Bank will continue assist in strengthening the policy enforcement by improving the capacity of local government to sustain ODS phase-out. In addition, the Bank will also support China in HCFC phaseout. In addition to the normal regular supervision missions (about threee a year), there are several training capsules in the 2008 annual programs of each sector plan which help the NOU and others to more effectively implement the overall program. Policy on CFC stockpile will be implemented. There will be five annual programs to be submitted in 2008 (2009 annual plans of Halon, CFC, Foam, CTC/PA I, PA II). No implementation delays are expected.

ECUADOR

During 2007, the project advanced in two main fronts: The National CFC Phaseout Plan (NCP) and the Methyl Bromide (MB) sector. Within the NCP, the strengthening of customs activity was completed with the delivery of the gas chromatographer to the Corporación Aduanera Ecuatoriana on September 2007. Training on best practices on coolant management has advanced satisfactorily, with 40 courses with an average of 12 students carried out by the end of 2007. Delivery of Recovery and Recycling units has started to workshops that carried out the training. The target is to carry out a total of 130 courses throughout the country by July 2008. Finally, a set of chillers has been identified and are expected to be replaced and working by early 2009. Regarding the MB sector, the

country was in non-compliance during 2006, returned to compliance in 2006, but is expected to go into non-compliance again in 2007. The GOE, with the support of the Bank, has prepared a Plan of Action to return to compliance in the long term. This Plan was presented at the 19th Meeting of the Parties that took place in Montreal between September 17 and 19, 2007. The Plan focuses on testing new alternatives to methyl bromide and would bring the country back to compliance in 2008. All interested parties (flower producers, MB importer, research facilities and international organizations) participated in the design of this Plan. Testing is expected to start in February 2008. Finally, the Government of Ecuador has been actively promoting awareness of the Montreal Protocol, including the organization of the IV Children's Paint Contest related to the protection of the ozone layer.

The preparation and submission to the Excom of a MB elimination plan, which was originally planned for 2007, has been postponed to 2009 in light of all the events that have taken place over the past year. In 2008, Ecuador will be back to compliance on MB as per the 2007 Plan of Action. In the meantime, stakeholder consultation will continue with the objective of developing a comprehensive MB elimination plan that is endorsed by all relevant consumers and associations. Reaching agreement with all the parties will be a complex undertaking and the government is moving forward in a gradual manner, making sure all interests are being represented. This inclusive approach is a priority for the government, as it will guarantee the success of the plan in the future. The Bank is working closely with the government and it is expected that a strategy for MB elimination will be completed by the end of 2008, and that the plan will be presented to the Excom in early 2009. The project will aim at eliminating all remaining consumption of methyl bromide in the country, with an estimated impact of 32 ODP tonnes, and it will incorporate an accelerated phaseout schedule.

INDIA

The implementation of the CFC Production Sector Gradual Phaseout Project proceeds well within the agreed targets stipulated in the agreement between India and the ExCom. As per the 2007 CFC production audit report, the level of CFC production in 2007 is 2,367.614 ODP tons against the target of 3,389 ODP tons. The total quantity of 1,303 ODP tons was exported in 2007. By the end of 2007, total cumulative disbursement has reached \$69.1 million of which, \$67.9 million was disbursed to the CFC producers. With regard to the situation experienced in 2006, the Ministry of Environment and Forests and CFC producers have been engaging in a series of consultation to explore options for accelerating the CFC production phaseout.

INDONESIA

The Umbrella grant agreement closing date was extended from December 2007 to December 31, 2010 to accommodate adjustments to the work program discussed and agreed between the Task Team and the Ministry of Environment for the extension period. *Aerosol TA* - During 2007, two workshops were conducted in Jakarta involving various relevant stakeholders in the aerosol related industries. Significant progress was made in updating the previous survey on aerosol companies. An international consultant was hired

by the Govt. of Indonesia for the technical and safety aspects of aerosol production. Public awareness programs were also arranged to inform the public and stakeholders about aerosol safety measures.

MAC and Foam Sector Plans – Implementation of both sector plans continues and significant progress was achieved during 2007. Equipment distribution and training will continue, as planned, during 2008. Good cooperation has been built between ozone unit and local government's Environment Management Centre in terms of monitoring the implementation of MAC program. In addition, as part of exchange of knowledge in the implementation of the ODS phase out program in foam sector and to build more close cooperation between the government of China and Indonesia in the ODS program implementation, the delegation of GOI visited China in November 2007. Cooperation is expected to continue throughout 2008.

MALAYSIA

Implementation of the National CFC Phaseout Plan (NCFCP) is on track and significant progress was achieved in 2007. The MAC sector component was nearly completed in 2007 and full completion is expected by mid-2008. Implementation of the refrigeration servicing component has greatly advanced. Training of technicians from workshops around the country has taken place, and equipment distribution is well underway. Two World Bank missions will take place during 2008, to monitor the process of the various program activities.

PAKISTAN

All World Bank implemented projects in Pakistan have been completed.

THE PHILIPPINES

National CFC Phaseout Plan activities are starting to wind down, with the servicing sector voucher scheme – representing the bulk of the work under the NCPP – nearly completed. In 2008, the Philippines will be submitting its final annual plan to the Executive Committee. The Government of the Philippines has met all its annual phase-out targets under the Protocol and its agreement with the Executive Committee. Implementation of the Methyl Bromide Phase-out Strategy also continues and the country is expecting to comply with the phase-out schedule set forth in the strategy.

For 2008, the Government of the Philippines is proposing a new activity on HCFC consumption. Specifically, the country has requested the World Bank to assist it in developing an HCFC strategy. This is in the interest of continuity in ongoing program work on ODS phaseout. The strategy will identify short and long-term investment and non-investment activities to curb growth and gradually phase out HCFC in order to establish a manageable baseline and allow the Philippines to easily meet its 2013 freeze and 2015 10% reductions.

Institutional Strengthening activities have progressed well and according to schedule. The fifth phase is expected to complete in the first half of 2008 and the Philippines will be submitting, through the Bank, an IS renewal request in early 2008. In 2008, the World

Bank will conduct a comprehensive, in situ review of the entire ODS project. It is expected that this review will provide guidance to the country on implementing the final stages of the ODS umbrella project which is currently scheduled to close in 2010. The Bank Task Team will also conduct a second supervision mission in 2008. Continuing policy, financial management and procurement support will be provided directly through the Bank country office.

THAILAND

Implementation of the NCFCP continues on schedule. The MAC and refrigeration servicing components are ongoing and are expected to continue throughout 2008. Implementation of the MAC sector component has been highly successful, with roughly 30% more beneficiaries reached than initially estimated.

The Institutional Strengthening project is progressing on schedule. The halon management team under the Halon Management project is fully onboard and reaching out to halon users. A detailed schedule of activities has been set out for 2008 and the project is expected to be completed by mid-2009.

Implementation of the National Methyl Bromide phaseout plan is moving forward. Progress of the various components of the Plan is ongoing under the leadership of the Project Management Unit. The insect resistance laboratory, set up under the NMBPP has been very active in conducting research on resistance to phosphine. The work of this laboratory is critical to the success of the Plan.

Two World Bank missions will take place during 2008, to monitor the process of the various program activities.

TURKEY

In 2007, the multi-year Refrigeration Sector Project (RSP) achieved all of its implementation goals, including in particular: (1) establishment of National Reclamation Centers in Istanbul, Izmir, and Ankara, the national coordination center; and (2) establishment of 24 recovery and recycling centers throughout Turkey, the training of 2451 technicians via a series of 115 training courses at those centers; and (3) preparation/dissemination of recovery, recycling and reclamation guidelines throughout the network. Turkey's new Halon Banking Facility, TUHAB, was established in Ankara and began recovering halons for processing and recycling. While PODS-2, and the RSP, were completed as expected at end-December 2007, the Bank has confirmed its intention to continue to monitor Turkey's compliance up to the end of 2009, per Turkey's RSP Agreement with the ExCom. Pursuant to this commitment, support costs will be requested in 2008 and 2009 to ensure that the CFC phase-out is sustained. Support for appropriate MeBr and other ODS activities will continue to be provided by the Technology Development Foundation (TTGV) using Turkey's Revolving Fund, and that the Bank would continue to monitor and consider no objection requests accordingly.

HCFCs - Following up on the decision of the 19th MP MOP to accelerate HCFC phase-out obligations, and considering that the Government of Turkey's own intention is to

phase-out the use of HCFCs on a much more aggressive schedule, the country and the Bank expect to launch an ODS-3 project in 2008-09 which would target the phase-out of HCFCs. In parallel, the Institutional Strengthening project which ended its third phase in December 2007, could be continued in a subsequent phase in 2008/2009 to support ODS policy continuity amongst related Government agencies.

VIETNAM

The implementation of the Vietnam National CFC and Halon Phase out Plan proceeded as planned. By end of 2007, the total disbursement to project beneficiaries exceeded \$450,000, representing an increase of more than \$350,000 from the 2006 disbursement level. The cumulative disbursement by end of 2008 is expected to exceed \$950,000. Based on an independent verification of the 2006 consumption level, it was confirmed that the total consumption of CFCs in Vietnam was 148.66 ODP tons, well within the target of 200 ODP tons. While the verification process for the 2007 consumption has not been completed, preliminary information suggested that the 2007 consumption is well within the target of 75 ODP tons. Regarding the methyl bromide project, the Prime Minister's Office approved the Project in October 2007. Currently, a pest management plan is being reviewed to ensure that introduction of alternatives will not pose any harmful effects to environment and farmers. Once the pest management plan is finalized, the grant agreement will be amended. In the meantime, the Plant Protection Department is in the process of establishing a project management unit.

ANNEX II
Implementation and New Activities

ANNEX III
Database of New and Ongoing Activities
(Actual ODP)

Notes:

- **ODP values shown for multi-year agreements are based on actual reduction targets specified in agreements**
 - **Figures include agency support costs**
-

ANNEX IV
Database of New and Ongoing Activities
(ODP based on overall cost effectiveness)

Notes:

- **ODP values shown for approved multi-year agreements are estimate based on overall cost effectiveness of agreement and on value of yearly tranches.**
 - **Figures include agency support costs**
-

ANNEX V
Year of ODP Phase-out



Country	LVC/ Non LVC	Type	Chemical/ Substance	Sector and Sub-sector	ODP in 2008	ODP in 2009	ODP in 2010	ODP 2011-2015	Approved ODP 2010/ Project Completion	Approved ODP 2010/ Project Completion	Approved ODP 2010/ Project Completion	Approved ODP after 2010	I-Individual M-Multi-year	A-Appr. P-Plan'd	Plan'd Date of Completion
Antigua and Barbuda	LVC	PHO	CFC	CFC Phaseout plan	0.5	0.5	-	-					M	A	
Argentina	Non-LVC	PHO	CFC	Production CFC closure (Accelerated)	-	-	-	-					M	A	
Argentina	Non-LVC	INV	CFC	MDI Phaseout			115						I	P	Dec. 10
Argentina	Non-LVC	PRP	HCFC	Preparation of HCFC phaseout strategy									I	P	Dec. 09
Argentina	Non-LVC	INV	HCFC	HCFC phaseout plan			-	48					M	P	
Argentina	Non-LVC	INV	CFC	Domestic Refrigeration Projects					29				I	A	
Argentina	Non-LVC	TAS	Halon	Halon Banking					200				I	A	
China	Non-LVC	PHO	CFC	Foam Phaseout Plan	400	-	-	-					M	A	
China	Non-LVC	PHO	CFC	Production CFC closure	6,850	-	550	-					M	A	
China	Non-LVC	PHO	Halon	Halon Phaseout Plan: Production	-	-	1,000	-					M	A	
China	Non-LVC	PHO	Halon	Halon Phaseout Plan: Consumption	-	-	1,000	-					M	A	
China	Non-LVC	PHO	CTC	Process Agents Phaseout Plan (PA I): Cons.	-	-	1,220	-					M	A	
China	Non-LVC	PHO	CFC	Phase-out CFC as Process Agent (PAI)	8	-	-	-					M	A	
China	Non-LVC	PHO	CTC	PAI : Production	9,956	-	551	-					M	A	
China	Non-LVC	PHO	CTC	Process Agents Phaseout Plan (PAII)	-	-	6,896	-					M	A	
China	Non-LVC	PHO	TCA	Production TCA closure	-	-	79	-					M	A	
China	Non-LVC	PHO	CFC	Pharmaceutical Aerosols Phaseout	485	-	-	-					M	A	
China	Non-LVC	PRP	HCFC 22	Preparation of demonstration project for phaseout of HCFC in air conditioning sector									I	P	Dec. 09
China	Non-LVC	PRP	HCFC 141b	Preparation of demonstration project for phaseout of HCFC in foam sector									I	P	Dec. 09
China	Non-LVC	INV	HCFC 22	Demonstration project for phaseout of HCFC in air conditioning sector				6					I	P	Dec. 11
China	Non-LVC	INV	HCFC 141b	Demonstration project for phaseout of HCFC in foam sector				10					I	P	Dec. 11
Ecuador	LVC	PHO	CFC	CFC Phaseout plan	21	21	-	-					M	A	
Ecuador	LVC	INV	MeBr	Methyl Bromide Elimination				32					I	P	Dec. 12
Ecuador	LVC	INS		Renewal of Institutional Strengthening	-	-	-	-					I	A	
Ecuador	LVC	PRP	HCFC	Preparation of HCFC phaseout strategy									I	P	Dec. 09
Ecuador	LVC	INV	HCFC	HCFC phaseout plan				3					M	P	
Ecuador	LVC	TAS	MeBr	Methyl bromide Demonstration Project					15				I	A	
India	Non-LVC	PHO	CFC	Production CFC closure	1,130	1,129	1,130	-					M	A	
India	Non-LVC	PHO	CTC	CTC Phase-out plan	440	220	48	-					M	A	
India	Non-LVC	PHO	CTC	Production CTC closure	440	220	48	-					M	A	
Indonesia	Non-LVC	PHO	CFC	Foam Phaseout Plan	-	-	-	-					M	A	
Indonesia	Non-LVC	PRP	HCFC	Preparation of HCFC phaseout strategy									I	P	Dec. 09
Indonesia	Non-LVC	PRP	HCFC	HCFC phaseout plan				58					M	P	
Indonesia	Non-LVC	TAS	CFC	MDI phaseout				30					I	P	Dec. 10
Indonesia	Non-LVC	INV	CFC	Aerosol Sectoral Phaseout Plan						70			I	A	
Jordan	Non-LVC	INS		Renewal of Institutional Strengthening	-	-	-	-					I	A	
Malaysia	Non-LVC	PHO	CFC	ODS Phaseout plan	89	69	332	-					M	A	
Malaysia	Non-LVC	PHO	CTC	ODS Phaseout plan	-	-	1	-					M	A	
Malaysia	Non-LVC	PHO	TCA	ODS Phaseout plan	-	-	18	-					M	A	
Pakistan	Non-LVC	PRP	HCFC	Preparation of HCFC phaseout strategy									I	P	Dec. 09
Pakistan	Non-LVC	PRP	HCFC	HCFC phaseout plan				13					M	P	
Philippines	Non-LVC	PHO	CFC	CFC Phaseout Plan ⁽¹⁾	53	100	300	-					M	A	
Philippines	Non-LVC	INS		Renewal of Institutional Strengthening	-	-	-	-					I	A	
Philippines	Non-LVC	PRP	HCFC	Preparation of HCFC phaseout strategy									I	P	Dec. 09
Philippines	Non-LVC	PRP	HCFC	HCFC phaseout plan				39					M	P	
Philippines	Non-LVC	TAS	MeBr	Fumigants Phaseout plan					9				I	A	
Thailand	Non-LVC	PHO	CFC	ODS Phaseout plan	208	208	496	-					M	A	
Thailand	Non-LVC	PHO	CTC	ODS Phaseout plan	-	-	1	-					M	A	
Thailand	Non-LVC	PHO	TCA	ODS Phaseout plan	-	-	5	-					M	A	
Thailand	Non-LVC	PHO	MeBr	Fumigants Phaseout plan	-	73	-	73					M	A	
Thailand	Non-LVC	INS		Renewal of Institutional Strengthening	-	-	-	-					I	A	
Thailand	Non-LVC	PRP	HCFC	Preparation of HCFC phaseout strategy									I	P	Dec. 09
Thailand	Non-LVC	INV	HCFC	HCFC phaseout plan				195					M	P	
Tunisia	Non-LVC	PHO	CFC	Terminal Phaseout Management Plan	-	-	131	-					M	A	
Tunisia	Non-LVC	PHO	Halon	Terminal Phaseout Management Plan	-	-	42	-					M	A	
Tunisia	Non-LVC	INS		Renewal of Institutional Strengthening	-	-	-	-					I	A	
Turkey	Non-LVC	PHO	CFC	Refrigeration Phaseout plan	-	-	-	-					M	A	
Turkey	Non-LVC	INS		Renewal of Institutional Strengthening	-	-	-	-					I	A	
Turkey	Non-LVC	PRP	HCFC	Preparation of HCFC phaseout strategy									I	P	Dec. 09
Turkey	Non-LVC	INV	HCFC	HCFC phaseout plan				166					M	P	
Venezuela	Non-LVC	PHO	CFC	Production CFC closure	-	-	-	-					M	A	
Vietnam	Non-LVC	PHO	CFC	ODS Phaseout plan	35	30	10	-					M	A	
Vietnam	Non-LVC	PHO	Halon	ODS Phaseout plan	-	19	-	-					M	A	
Vietnam	Non-LVC	PHO	CTC/TCA	ODS Phaseout plan	-	-	-	-					M	A	
Vietnam	Non-LVC	PHO	MeBr	Methyl Bromide phaseout plan	-	5	-	80					M	A	
Vietnam	Non-LVC	PRP	HCFC	Preparation of HCFC phaseout strategy									I	P	Dec. 09
Vietnam	Non-LVC	PRP	HCFC	HCFC phaseout plan				30					M	P	
Global		TAS	ODS	Development of strategy/methodology for ODS disposal									I	P	Dec. 09
				Agency Core Unit Costs											

Notes:

(1) Funding request corresponds to the 2007 tranche