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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-eighth Meeting
Rome, 20-22 November 2002

2002 WORK PROGRAMME AMENDMENTS OF THE WORLD BANK

COMMENTS AND RECOMMENDATIONS FROM THE FUND SECRETARIAT

1. World Bank is requesting approval from the Executive Committee for US \$796,550 as amendments to its 2002 Work Programme with agency support costs of US \$103,552.
2. The activity proposed in the World Bank's 2002 Work Programme Amendments is presented in Table 1 below:

Table 1: World Bank 2002 Work Programme Amendments

Country	Activity/Project	ODP tonnes	Amount Requested US \$	Amount Recommended US \$
I. Institutional Strengthening				
Chile	Renewal of institutional strengthening: phase 5	15.42	186,550	186,550
II. Production				
China	Project preparation funds for CTC and TCA production closure plan		360,000	Defer
India	Project preparation funds for CTC production closure plan		250,000	Defer
Subtotal:			796,550	186,550
Agency support costs:			103,552	24,252
Total:			900,102	210,802

I. Institutional Strengthening

Chile: Renewal of the institutional strengthening: phase 5 (US \$186,550)

Project description

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

Fund Secretariat's recommendation

4. The Fund Secretariat recommends blanket approval of the above project at the funding level shown in Table 1. The Executive Committee may also wish to express the following views to the Government of Chile:

5. The Executive Committee has reviewed the information presented in the institutional strengthening project for Chile. The Executive Committee takes note with appreciation that Chile has been able to sustain the consumption freeze for CFCs and will be able to comply with the 50 percent reduction of CFC consumption in 2005 and meet the methyl bromide freeze requirement in 2002. In its submission, Chile reported on a number of initiatives it had undertaken during the previous phase of its institutional strengthening project, which included: drafting and submitting the regulatory framework for phasing out ODSs to the Minister Secretary-General to the Presidency; facilitating development of the refrigeration management

plan, a methyl bromide investment project for fruit trees, an investment project to phase out the use of CFC in the sterilisation sub-sector; and supervision of the implementation of approved projects. The Executive Committee also notes the efforts of the Ozone Unit to obtain the approval of the Parliament for the proposed ODS regulatory framework and its intent to enforce this new framework. These and other activities proposed in the following phase of the institutional strengthening project are encouraging, and the Executive Committee expresses the expectation that, in the next two years, Chile will continue its progress in addressing ODS-related issues and will achieve the forthcoming reductions in ODS consumption established by the Montreal Protocol.

II. Production

- (a) China: Development of CTC and TCA production closure plans (US \$360,000)
- (b) India: Development of CTC production closure plan (US \$250,000)

Secretariat's comments

6. According to the current procedure of the Executive Committee for approving project preparation funding in the ODS production sector, funding will be approved only after the completion of technical audit.

7. Currently the bidding procedure has been completed and a consulting firm has been selected for undertaking the technical audits in both India and China. The contract for the audit in India has been awarded while the Secretariat is waiting for China to submit the data on the breakdown of the CTC production between feedstock and other uses in order to proceed with the awarding of the contract for the China audit.

8. The estimated costs for project preparation seem to be excessive given the fact that the costs of the technical audits of the four CTC producing plants in India, and 14 CTC producing plants and four TCA producing plants in China are US \$65,000 and US \$150,000, respectively.

Secretariat's recommendations

9. The consulting firm expects to complete the two audits within a period of three months and the audit reports should be available to the 39th Meeting of the Executive Committee. Therefore, the Secretariat recommends that the World Bank resubmit these requests for project preparation to the 39th Meeting in March 2003 at a much lower cost than requested at this meeting.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSAL

Chile: Renewal of institutional strengthening

Summary of the Project and Country Profile	
Implementing Agency:	World Bank
Amount originally approved:	
Phase I: Jun. 1992 (US\$)	215,200
Phase II: Oct. 1996 (US\$)	128,255
Phase III: Jul. 1998 (US\$)	162,155
Phase IV: Dec. 2000 (US\$)	162,155
Amount requested for renewal (US \$):	186,550
Date of approval of country programme	June 1992
ODS consumption reported in country programme (1989), (ODP tonnes)	1,055.1
Latest reported ODS consumption (2001) (ODP tonnes)*	776.2
Baseline (1995-1997) (ODP tonnes of CFCs)	828.7
Amount approved (US \$)	10,401,659
Amount disbursed (as at December 2001) (US \$):	5,398,352
ODS to be phased out (ODP tonnes)	935.5
ODS phased out (as at December 2001) (ODP tonnes)	128.1

* Including 298.7 ODP tonnes of MB.

1. The following activities have been approved and funded by the Executive Committee:

	<u>US \$</u>
(a) Country programme preparation	121,166
(b) Project preparation	873,947
(c) Training	1,514,934
(d) Technical assistance	402,643
(e) Demonstration	878,637
(f) Investment projects	5,942,566
Total:	9,733,893

Progress report

2. The main achievements mentioned in the progress report include: requesting the approval on a regulatory framework for phasing out ODS; continuing the implementation of the refrigeration management plan, sterilants project and the phase out of methyl bromide in replanting fruit trees, completing a demonstration project and organising three information workshops on alternatives to methyl bromide; verifying compliance by visiting fifteen companies; implementing two auctions; and monitoring previously implemented projects. In addition, a study on CFC consumption for foam and commercial refrigeration sectors was made, which resulted in adjusting the auction system. Based on Chile's experience acquired from previous years, the country has noted the importance of approving and enforcing a

regulatory framework which if not implemented soon enough could threaten the achievements of the auction system; and La Comisión Nacional del Medio Ambiente (CONAMA) has taken steps to improve its administrative structure.

3. The National Ozone Unit, CONAMA, which is managed by an Executive Director and reports to the Minister Secretary-General to the Presidency, takes its direction from the Board of Ministers, which enables multi-sector coordination. Its mission is to promote the process of sustainable environmental development and to coordinate policy-driven actions and strategies defined by the government in environmental matters. CONAMA works with several ministries to coordinate activities in the public sector such as implementing international environmental agreements, conventions and treaties. It also deals with private firms, trade schools, and associations for activities in the private sector.

Plan of action

4. The plan of action for the next period includes: the continuation of the implementation of the RMP and sterilants projects; putting efforts towards complying with the methyl bromide freeze by coordinating with the appropriate authorities to establish a national policy to phase out methyl bromide and implementing a couple of investment projects; the continuation of using market-based instruments such as modifying the auction system to allow umbrella projects for SMEs; the continuation of its ongoing monitoring programme of previously implemented projects; data reporting to the Multilateral Fund and Ozone Secretariats; and most importantly, the approval of a regulatory framework by the House of Parliament and subsequent enforcement of this legislation by CONAMA.
