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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-sixth Meeting  
Doha, 8-12 November 2008

**WORLD BANK'S WORK PROGRAMME AMENDMENTS FOR 2008**

## COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

1. The World Bank is requesting approval from the Executive Committee of US \$238,400 for amendments to its 2008 Work Programme, plus agency support costs of US \$17,880.
2. The activities proposed in the World Bank's Work Programme Amendments are presented in Table 1 below:

Table 1: World Bank's Work Programme Amendments

Country	Activity/Project	Amount Requested (US \$)	Amount Recommended (US \$)
<b>A. Renewal of institutional strengthening project</b>			
Ecuador	Renewal of institutional strengthening project (Phase IV, year 2)	88,400	*
<b>B. Project preparation</b>			
Indonesia	Preparation of a sector plan to reduce HCFC consumption in the foam sector	150,000	*
Subtotal for sections A and B:		238,400	
Agency support costs (7.5 per cent for project preparation and institutional strengthening, and for other activities over US \$250,000, and 9 per cent for other activities under US \$250,000):		17,880	
Total:		256,280	

\*For individual consideration or pending

### A. Renewal of institutional strengthening project

Ecuador (Phase IV, year 2): US \$88,400

#### Project description

3. The World Bank submitted a request for the renewal of the institutional strengthening project of Ecuador. This submission is for the second year of Phase IV, the first year of which was approved at the 51<sup>st</sup> Meeting for one year only without prejudice to the Montreal Protocol's mechanism dealing with non-compliance. The description of the institutional strengthening project for the above country is presented in Annex I to this document.

4. At the 40<sup>th</sup> Implementation Committee Meeting held in Bangkok in July 2008, Ecuador was found to still be in potential non-compliance with methyl bromide controls, as its 2007 recorded consumption of 122.4 ODP tonnes represented a deviation from the country's obligation under the Protocol to limit its consumption of methyl bromide to no greater than 80 per cent of the base level of 66.2 ODP tonnes. The Secretariat notes that the country does not yet have an approved action plan following decision XVIII/23 of the Meeting of the Parties for it to return to compliance. Such an action plan, as well as other issues related to Ecuador's compliance situation, will be discussed and finalised at the 41<sup>st</sup> Meeting of the Implementation Committee in November 2008 for consideration by the 20<sup>th</sup> Meeting of the Parties.

#### Fund Secretariat's comments and recommendation

5. In light of the information provided in the Secretariat's comments above, the Executive Committee may wish to consider approving the funding for the second year of Phase IV of the institutional strengthening project for Ecuador at the level of funding of US \$88,400 without prejudice to

the operation of the Montreal Protocol's mechanism on non-compliance. The Executive Committee may wish to express to the Government of Ecuador the comments which appear below:

The Executive Committee has reviewed the terminal report presented with the institutional strengthening project renewal request for Ecuador. The Committee notes with appreciation the efforts made by the Government of Ecuador to continue its ODS phase out efforts through its National ODS phase-out plan (NOPP). However, it also notes with concern the country's continued potential non compliance with the methyl bromide control measures of the Montreal Protocol. The Executive Committee also recognises that the country is doing its utmost to meet the methyl bromide control measures as demonstrated by the identification of an alternative that is currently being tested. It is therefore hopeful that in the next period, the country will be able to reduce its methyl bromide consumption to within its allowable consumption. The Committee is also encouraged by the country's continued success in engaging stakeholders to comply with ODS phase-out policies; and, through its ongoing monitoring, enforcement and public awareness raising activities, and hopes that it will continue making progress towards complete phase-out of CFCs in 2010, as well as reduce other ODS according to their schedule.

## **B. Project preparation:**

Indonesia: Preparation of a sector plan to reduce the use of HCFC consumption in the foam sector (US \$150,000)

### **Project description**

6. This submission is part of that received from UNDP as lead agency for additional project preparation costs for Indonesia. The World Bank's request is for funds to prepare a sector plan for the foam sector for which they have been designated as the responsible agency by Indonesia.

7. In support of its submission, the World Bank has indicated that the costs being requested will include a survey of the foam sector looking at both small and mid-size companies of which it is estimated there are 200-250, representing 30 per cent of the companies in the sector. The requested funds will also include sector consultation workshops to finalise the plan as well as other coordination meetings required. The budget will also cover the costs of experts that will assist in the preparation of this sector plan. The document indicates that this sector plan when implemented is estimated to phase out 100-200 ODP tonnes of HCFCs, and will contribute largely to meeting Indonesia's HCFC commitments for 2013 and 2015.

### **Fund Secretariat's comments**

8. The Executive Committee, in decision 55/13(d) requested the Secretariat, *inter alia*, to prepare for the 56<sup>th</sup> Meeting a cost structure determining funding levels for the preparation of investment and associated activities seeking input from the bilateral and implementing agencies on their experience with CFC sector plans and national phase-out plans. Paragraph (e) of this decision also requests the Secretariat to apply the cost structure to any submissions for the preparation of HCFC investment and associated activities to the 56<sup>th</sup> Meeting from the bilateral and implementing agencies.

9. The draft paper prepared by the Secretariat in response to this request by the Executive Committee will be discussed under agenda item 7(b). The Secretariat notes that in line with the draft paper the submission falls within the category of investment projects, specifically the preparation of a sector plan which, if the Committee so decides, will be eligible for US \$150,000.

10. In reviewing this submission, the Secretariat also notes that the World Bank has included basic information requested by the Secretariat to allow a better evaluation of the request. This information is summarised in paragraph 7 above. The Secretariat discussed this submission with the World Bank, in

particular on whether this project preparation request covers the full foam sector that would allow the country to meet its first stage HPMP commitments. The Secretariat also sought clarification on how this sector plan will be fully integrated into the final HPMP that will be submitted for Indonesia, funding of which was already approved at the 55<sup>th</sup> Meeting.

11. The World Bank confirmed that this will fully address the first stage for the foam sector, and that the projects developed will be integrated into the final HPMP.

**Fund Secretariat's recommendation**

12. Pending discussion on agenda item 7(b).

**Annex I**

**INSTITUTIONAL STRENGTHENING PROJECT PROPOSAL**

**Ecuador: Renewal of institutional strengthening**

<b>Summary of the project and country profile</b>	
Implementing Agency:	World Bank
Amounts previously approved for institutional strengthening (US \$):	
Phase I: Mar-93	170,673
Phase II: Jul-99	97,300
Phase III: Apr-04	176,800
Phase IV (year 1): Mar-07	88,400
Total	533,173
Amount requested for renewal (Phase IV, year 2) (US \$):	88,400
Amount recommended for approval for Phase IV, year 2 (US \$):	84,400
Agency support costs (US \$):	6,630
Total cost of institutional strengthening Phase IV, year 2 to the Multilateral Fund (US \$):	95,030
Equivalent amount of CFC phase-out due to institutional strengthening Phase IV, year 2 at US \$12.1/kg (ODP tonnes):	n/a
Date of approval of country programme:	Feb. 1992
ODS consumption reported in country programme (1989) (ODP tonnes):	742.1
Baseline consumption of controlled substances (ODP tonnes):	
(a) Annex A Group I (CFCs) (Average 1995-1997)	301.4
(b) Annex A Group II (Halons) (Average 1995-1997)	5.5
(c) Annex B Group II (Carbon tetrachloride) (Average 1998-2000)	0.5
(d) Annex B Group III (Methyl chloroform) (Average 1998-2000)	2.0
(e) Annex E (Methyl bromide) (Average 1995-1998)	66.2
Latest reported ODS consumption (2007) (ODP tonnes) as per Article 7:	
(a) Annex A Group I (CFCs)	28.3
(b) Annex A Group II (Halons)	0
(c) Annex B Group II (Carbon tetrachloride)	0
(d) Annex B Group III (Methyl chloroform)	0
(e) Annex E (Methyl bromide)	122.4
(f) Annex C Group I (HCFCs)	0
Total	150.7
Year of reported country programme implementation data:	2007
Amount approved for projects (US \$):	5,839,289
Amount disbursed (as at October 2008) (US \$):	4,631,970
ODS to be phased out (ODP tonnes):	678.8
ODS phased out (as at October 2008) (ODP tonnes):	487.7

1. Summary of activities and funds approved by the Executive Committee:

<b>Summary of activities</b>		<b>Funds approved (US \$)</b>
(a)	Investment projects:	3,816,862
(b)	Institutional strengthening:	533,173
(c)	Project preparation, technical assistance, training and other non-investment projects:	1,489,254
	Total:	5,839,289

Progress report

2. Ecuador implemented only the first year of Phase IV of their institutional strengthening project as it was in potential non-compliance with methyl bromide control measures during this period. During this phase, the country's priority was implementing actions that would reduce its methyl bromide consumption thereby bringing it back to compliance, through an action plan that the country developed. The preparation of the action plan required a number of meetings with the various stakeholders especially users of methyl bromide, as well as institutional support for the import of an alternative that was to be tested in the country. In addition to these activities, Ecuador also continued to implement the activities in the solvents and refrigeration sector during this year.

Plan of action

3. The objectives of the second year of Phase IV of Ecuador's Institutional Strengthening project is to continue the implementation of its methyl bromide action plan as the country still continues to report MB consumption higher than its allowable consumption. Activities during this phase will also be carried out to continue the improvement of policy formulation and enforcement and to monitor the implementation of other projects in the country for the refrigeration and solvent sector. Ecuador will also continue its efforts to raise public awareness on ozone layer protection, as well as activities to combat illegal ODS activities. During this period, it will also start some work on the preparation of the HPMP.

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# **2008 WORK PROGRAM AMENDMENT**

**Presented to the 56<sup>th</sup> Meeting of the  
Executive Committee**

**WORLD BANK  
MONTREAL PROTOCOL OPERATIONS**

September 12, 2008

The World Bank 2008 – 2010 Business Plan was submitted for the consideration of the Executive Committee (ExCom) of the Multilateral Fund for the Implementation of the Montreal Protocol at its 54<sup>th</sup> Meeting. At the same meeting, the 2008 Work Program containing a proposal for renewal of the Philippines’ Institutional Strengthening Project was submitted and approved by the ExCom. At the following meeting, the World Bank submitted for consideration of the ExCom an amendment of its 2008 Work Program, to include requests for preparation funds for HCFC Management Plans and an ODS disposal study. Project preparation funds for HCFC Management Plans in China, Ecuador, Philippines, Thailand, and Vietnam were approved by the ExCom, as well as a request for funds for the development of a strategy for ODS disposal.

For the 56<sup>th</sup> Meeting of the ExCom, the Bank is submitting another work program amendment covering the request for: i) project preparation funds to develop a sector phase-out plan for the foam sector in Indonesia; ii) renewal of the institutional strengthening project (Phase IV) in Ecuador; and iii) core unit costs for the calendar year 2009. As per Decision 51/26, the funding for the institutional strengthening project (Phase IV) of Ecuador was approved for one year. This work program amendment is, therefore, requesting the ExCom to approve the funding balance for this phase of the project as the plan of action to return to compliance with control measures pertaining to Annex E substances has already been recommended by the 40<sup>th</sup> Meeting of the Implementation Committee for an approval of the 20<sup>th</sup> Meeting of the Parties. In addition, the Bank is providing an update on the status of the ODS disposal study including the issue relating to case studies.

Amendments to the World Bank’s 2008 Work Program amounting to US\$1,919,627 (including support costs) are being requested from the Excom at its 56<sup>th</sup> Meeting, as summarized below:

<b>Country</b>	<b>Request (US\$)</b>	<b>Duration</b>	<b>Description</b>
Ecuador	88,400	December 2008 – November 2009	Renewal of Institutional Strengthening Project (Phase IV)
Indonesia	150,000	December 2008 – December 2009	Preparation of a sector plan to reduce HCFC consumption in the foam sector. Detailed cost breakdown is included in Annex 1.
Global	1,663,347	January – December 2009	Core Unit Costs
<b>Sub total</b>	<b>1,901,747</b>		
Support costs	17,130		
<b>Total</b>	<b>1,919,627</b>		

\*7.5% support cost were applied to all the project preparation requests and the renewal of institutional strengthening project.

On the status of the Study on the Financing of the Destruction of Unwanted ODS through the Voluntary Carbon Market, which was approved at the 55<sup>th</sup> Executive Committee Meeting, the consultant selection process was initiated in August 2008. As of early September, the selection process was at the stage where firms may submit their expression of interest for the work. After a short list of firms is prepared by end of September, firms will be invited to submit their proposals. The selection process, as per the World Bank’s procedures on consultants’ qualifications, is expected to be completed by November 2008.



In addition, Japan has provided written confirmation of its intention to support the ODS disposal study by sharing all relevant information pertaining to its ODS destruction project in Indonesia. Sweden likewise has consulted with the Bank on coordinating its intended support of the study through another case study and related initiatives to be undertaken by the Nordic Environment Finance Corporation (NEFCO). Specifically, it has informed the Bank that NEFCO's contributions will include: (i) supplementary study to the ODS disposal study; (ii) development and financing of an ODS disposal project as a case study that generates voluntary carbon units (VCU) that would be eligible under the Voluntary Carbon Standard (VCS). The case study will be carried out in a CEIT (countries with economies in transition) country. In addition, NEFCO will finance the development of a private market strategy focusing on key stakeholders in the carbon markets including the private sector in general, final purchasers and suppliers of carbon credits, as well as intermediaries. While activities will be carried out separately, NEFCO and the World Bank will work closely together to ensure that activities are fully complementary.

## Annex 1

## Breakdown of Project Preparation Request for Foam Sector in Indonesia

Activities	Cost estimate assumptions	Cost (\$)
The foam sector consist of over 200-250 small and mid size companies. The survey would cover at least 30% of the companies,	The survey cost per company is estimated to be between \$500 and \$1,000. 60 to 80 companies will have to be covered by the survey. In addition, sector data have to be established	60,000
Sector workshops	A workshop when the survey is started will be conducted to inform companies about the HCFC phase-out planning and the data needed for the sector. A second workshop will be conducted when the survey has been completed	25,000
Project preparation and coordination meetings	The agencies and KLH will be responsible for the preparation of the information and phase-out plans for the sector. The cost is based on two coordination meetings/missions and ongoing preparation work.	45,000
Indonesian PMO work and national consultant	KLH work	20,000
Requested Amount \$		150,000

The foam sector plan will result in elimination of 100 – 200 ODP tons of HCFC<sup>1</sup>.

<sup>1</sup> Project impact will be confirmed during the HPMP preparation.