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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-ninth Meeting  
Montreal, 15-19 April 2013

**THE WORLD BANK BUSINESS PLAN FOR THE YEARS 2013-2015**

## **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 2013-2015 planning period. It also contains the World Bank's business plan performance indicators and recommendations for consideration by the Executive Committee. The World Bank's 2013-2015 business plan narrative is attached to the present document.
2. Table 1 sets out, by year, the value of activities included in the World Bank's business plan according to "categories required for compliance" and "not required for compliance".

**Table 1**

### **RESOURCE ALLOCATION IN THE WORLD BANK'S BUSINESS PLAN AS SUBMITTED TO THE EXECUTIVE COMMITTEE (2013-2015) (US \$000s)**

<b>Required/Not required by model</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
<b>Required for compliance</b>				
Approved MYAs (including HPMPs) and Standard Costs	35,077	8,090	18,026	61,193
HPMP Stage II	0	0	6,028	6,028
HPMP Preparation - Stage II		1,551	637	2,188
HCFC Production - Stage I	74,550	74,550	74,550	223,650
HCFC Production Preparation - Stage II		509		509
Verification of CFC Production	43			43
<b>Grand Total</b>	<b>109,670</b>	<b>84,700</b>	<b>99,241</b>	<b>293,611</b>

3. The World Bank has included activities valued at US \$109.7 million in 2013 and a total value of US \$293.6 million over the period 2013 to 2015.

#### **Multi-year agreements (MYAs) and standard costs**

4. Table 2 presents information on the World Bank's MYAs, institutional strengthening (IS), and core unit activities that are considered to be required for compliance under the business plan.

**Table 2**

### **REQUIRED FOR COMPLIANCE WITH MYAs AND STANDARD COSTS (2013 to 2015) (US \$000s)**

<b>Required by Model</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
Approved MYAs	33,340	5,812	16,265	55,417
IS		529		529
Core Unit	1,737	1,749	1,761	5,247
<b>Total (required for compliance for MYAs and standard costs)</b>	<b>35,077</b>	<b>8,090</b>	<b>18,026</b>	<b>61,193</b>

5. The value associated with MYAs for the period 2013 to 2015 consists of US \$105,655 for methyl bromide (MB) activities, US \$341,032 for a CFC production activity and US \$54.97 million for HCFC activities. The World Bank's proposed amounts for MYAs are below those remaining for them in the records of the Fund Secretariat by US \$100, all for the period of 2013 to 2015. The Secretariat's proposed adjustments would modify the MYA amounts in the World Bank's business plan to reflect the records of the Fund Secretariat.

6. The funding levels for IS have been agreed until 2015 as per decision 61/43(b). At its 63<sup>rd</sup> meeting the Executive Committee decided to maintain current levels of funding for IS for business planning purposes until such time as a decision is taken on the actual levels (decision 63/5(b)). However, the information has been included in the 2013-2015 business plans up to 2020.

7. Core unit costs are expected to be maintained at the rates of increase that have been agreed to-date. The World Bank has included values for core unit costs in its business plans that vary from the rate agreed to date by US \$1.8 million for the period of 2013 to 2020 (including US \$479 for the period of 2013 to 2015). The Secretariat's proposed adjustments would modify the business plan of the World Bank according to the agreed levels.

## **HCFC ACTIVITIES**

### **HCFC production sector**

8. Stage I HCFC production sector activities amounting to US \$223.7 million are included in the business plans at US \$74.55 million per year for each year from 2013 to 2015.

9. At its 60<sup>th</sup> meeting, the Executive Committee established an allocation of US \$147 million for the production sector for the period 2010 to 2014 as per decision 60/5(j). US \$509,000 is included in 2014 for project preparation (stage II) production activities in China. The amount approved for project preparation for stage I in China was US \$508,798. The Bank indicated that the tasks involved in stage II project preparation would be similar to those for stage I with the same number of producers. In addition, the issue of plant closure, plant conversion and/or redirection would be explored in more detail in stage II preparation.

### Stage II production sector

10. World Bank has included a total of US \$513.5 million in its business plan, of which US \$102.7 million per year is for the years 2016 to 2020. The World Bank indicated that the stage II of the HCFC production phase-out management plan (HPPMP) for China was estimated using the same cost-effectiveness as stage I at US \$70,500 per ODP tonne and that an additional 7,280 ODP tonnes (25 per cent of the baseline) will need to be phased out to meet the 2020 target.

### **Stage II of HCFC phase-out management plan (HPMP)/HCFC project preparation**

11. The total level of funding for project preparation for stage II of HPMPs is US \$2.2 million for the period of 2013 to 2015. At its 63<sup>rd</sup> meeting, the Executive Committee decided that project preparation could be funded for stage II activities and might be included prior to the completion of stage I in business plans for the years 2012-2014 (decision 63/5(f)(i)).

12. The World Bank has proposed amounts in its business plan that exceed the maximum level allowed for project preparation for HPMPs and HCFC investment projects pursuant to decisions 55/13 and 56/16 by US \$18,332, all for the period of 2013 to 2015. The Secretariat's proposed adjustments would reduce the level of funding. The guidelines for stage I HPMP project preparation that were applied to stage II preparation requests were based on 2007 HCFC consumption and those guidelines have not been updated to replace 2007 HCFC consumption data with the established HCFC baselines.

## **Stage II HCFC in non-low-volume consuming (LVC) countries**

### Foam general

13. The total level of funding for projects for the foam sector is US \$4.27 million for the period 2013 to 2015. Phase-out amounts have not been indicated for these projects. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$6.92/kg for the foam sector. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$28.95 million for the period of 2013 to 2020 (including US \$4.2 million for the period of 2013 to 2015) to reach a 35 per cent reduction of the baseline.

### Rigid foam

14. The World Bank's business plan does not include funding for rigid foam for the period of 2013 to 2015. However, the total level of funding for projects for rigid foam after 2015 is US \$309.5 million representing a reduction of 3,478 ODP tonnes. Decision 62/13 establishes a threshold of US \$7.83/kg with a maximum of up to 25 per cent above this threshold for low global-warming alternatives. However, at the 66<sup>th</sup> meeting, the Executive Committee decided to adjust the business plans of the bilateral and implementing agencies by applying the cost-effectiveness threshold of US \$6.92/kg to all foam projects, including those in the rigid polyurethane foam sector (decision 66/5(a)(ii)). The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$141.6 million for the period of 2016 to 2020 to reach a 35 per cent reduction of the baseline.

### Refrigeration general (commercial)

15. The World Bank's business plan does not include funding for refrigeration commercial for the period of 2013 to 2015. However, the total level of funding for projects for refrigeration commercial after 2015 is US \$3.9 million representing a reduction of 20.6 ODP tonnes. A combination of the replenishment study prepared in 2008 and decision 60/44(f) establishes a threshold of US \$10.65/kg for the refrigeration sector. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold and reduce the total level of funding for these projects by US \$3.7 million for the period of 2016 to 2020 to reach a 35 per cent reduction of the baseline.

### Refrigeration air-conditioning

16. The total level of funding for projects for the refrigeration air-conditioning sector is US \$1.8 million for the period of 2013 to 2015. Phase-out has not been recorded for this period. The Secretariat's proposed adjustments would limit the funding levels to the maximum of the agreed cost-effectiveness threshold of US \$4.5/kg and reduce the total level of funding for these projects by US \$3.7 million for the period of 2013 to after 2020 (including US \$1.8 million for the period of 2013 to 2015) to reach a 35 per cent reduction of the baseline.

### **Verification of CFC Production**

17. The Bank's business plan includes US \$42,800 in 2013 for the verification of CFC production for essential use for export from China pursuant to decision 68/47(b).

**Impact of adjustments based on existing Executive Committee decisions on business plans as submitted**

18. After making the adjustments proposed above, the total value of the World Bank's 2013-2015 business plan is US \$287.6 million as shown in Table 3.

Table 3

**RESOURCE ALLOCATION IN THE WORLD BANK'S BUSINESS PLAN SUBMITTED TO  
THE EXECUTIVE COMMITTEE, AS ADJUSTED BY EXISTING  
EXECUTIVE COMMITTEE DECISIONS  
(2013-2015) (US \$000s)**

Required/Not required by model	2013	2014	2015	Total (2013-2015)	Total (2016-2020)	Total After 2020
Approved MYAs (including HPMPs) and Standard Costs	35,077	8,090	18,027	61,194	15,305	0
HPMP Stage II				0	180,190	453
HPMP Preparation - Stage II		1,549	621	2,169	0	
HCFC Production - Stage I	74,550	74,550	74,550	223,650	74,550	
HCFC Production - Stage II				0	513,450	
HCFC Production Preparation - Stage II		509		509	0	
Verification of CFC Production	43			43	0	
<b>Grand Total</b>	<b>109,670</b>	<b>84,698</b>	<b>93,198</b>	<b>287,565</b>	<b>783,495</b>	<b>453</b>

**Performance indicators**

19. 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 4.

Table 4

**PERFORMANCE INDICATORS**

Item	2013 Targets
Number of annual programmes of multi-year agreements approved versus those planned (new plus tranches of ongoing MYAs)	7
Number of individual projects/activities (investment and demonstration projects, TAS, institutional strengthening) approved versus those planned	1
Milestone activities completed/ODS levels achieved for approved multi-year annual tranches versus those planned	5
ODS phased-out for individual projects versus those planned per progress reports	248.9
Project completion (pursuant to decision 28/2 for investment projects) and as defined for non-investment projects versus those planned in progress reports	4
Number of policy/regulatory assistance completed versus that planned	100%
Speed of financial completion versus that required per progress report completion dates	30 months
Timely submission of project completion reports versus those agreed	On time
Timely submission of progress reports and responses unless otherwise agreed	On time

20. The World Bank's target for the number of annual tranches should include 1 new agreement and 7 approved agreements for a total of 8 annual tranches. The Bank's estimate did not include the second part of the CFC production sector tranche in India that will be recorded as a different project from the first part of that tranche. The World Bank's target for individual projects should include 2 technical

assistance projects for a total of 2. The Bank's estimate did not include core unit costs, which are considered as a technical assistance project. As per the 2011 progress report, excluding MYA projects, the phase-out target should be 240.4 ODP tonnes. The World Bank's target for milestone activities completed for MYAs should be 7 to correspond with the number of approved MYAs.

### **Policy issues**

21. The World Bank raised three policy issues in its business plan narrative: swing plants, the indicative nature of the 2015-2020 figures, and the relevance of certain performance indicators. The Bank raised the issue of swing plants that were not included in its business plan for Argentina and India in the light of decision 66/5. If the Committee determines that swing plants are eligible, such projects might be submitted in line with the Committee's guidelines irrespective of whether they are in the business plan as indicated in the Bank's narrative.

22. The Bank also emphasized the indicative nature of the 2015-2020 figures for stage II HPMP activities as several of the Bank's partner countries are not in a position to indicate the duration and scope of planned stage II HPMPs at this time.

23. With respect to the performance indicators, the Bank noted that the indicator based on individual projects is not relevant to the operation of HPMPs and should be reconsidered in the light of stage II HPMPs. The Executive Committee may wish to request the Secretariat and the implementing agencies to address the issue raised by the Bank concerning performance indicators in the context of the "2013-2015 business plans and tranche submission delays" document to be submitted to the 70<sup>th</sup> meeting.

### **RECOMMENDATIONS**

24. The Executive Committee may wish to consider:

- (a) Noting the 2013-2015 business plan of the World Bank as contained in document UNEP/OzL.Pro/ExCom/69/11;
- (b) Approving the performance indicators for the World Bank set out in Table 4 as contained in document UNEP/OzL.Pro/ExCom/69/11 while setting a target of 8 for annual tranches of multi-year agreements (MYAs) approved, 2 for individual projects approved, 240.4 ODP tonnes for ODS phased out for individual projects, and 7 for milestone activities completed for MYAs; and
- (c) Requesting the Secretariat and the implementing agencies to address the issue raised by the Bank concerning performance indicators in the context of the "2013-2015 business plans and tranche submission delays" document to be submitted to the 70<sup>th</sup> meeting.

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## **2013-2015 BUSINESS PLAN**

The WORLD BANK

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



Presented to the  
69<sup>th</sup> Meeting of the Executive Committee  
of the Multilateral Fund

19 February 2013

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## **I. MULTILATERAL FUND TARGETS**

### **A. Context and Expected Impact**

1. The three-year rolling Business Plan for the World Bank has been prepared on the basis of approved and projected funding needs of client countries covering the years 2013-2015.
2. The objectives of the proposed 2013-2015 Business Plan for the World Bank are to:
  - a) assist Article 5 country clients in meeting the two obligations pertaining to HCFC consumption and production phase-out – the 2013 freeze in consumption, the 10% consumption reduction by 2015. In addition, the Business Plan provides indicative figures for meeting the 35% consumption reduction by 2020 - in a sustainable manner.
  - b) ensure Article 5 partner countries' sustainable phase-out of remaining CFCs.
3. The proposed 2013-2015 Business Plan of the World Bank includes a number of Stage II HCFC phase-out sector plans and a gradual production phase-out plan that will be put forward for the consideration of the Executive Committee (ExCom). In addition, it includes ongoing work associated with the implementation of annual work programs of sector and national plans, previously approved, to phase out HCFCs, CFCs and methyl bromide (MB), as well as renewal of institutional strengthening (IS) and verification of CFC products for essential use projects.
4. The expected impact of proposed new investment activities for the 2013-2015 period is summarized in Table I – 1, below. It should be noted that activities planned for these years are included on an indicative basis, and that they may later be revised as part of individual project submissions or future year World Bank business plan submissions.

Table I-1: Expected impact of new investment activities anticipated to be requested by the World Bank for the years 2013-2015 (ODP tonnes)

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
HCFC Sector Plans Stage II	0	0	0	0
HCFC Production Phaseout Plan	1,058	0	2,912	3,970
<b>Total</b>	<b>1,058</b>	<b>0</b>	<b>2,912</b>	<b>3,970</b>

5. Other than the ODP to be phased out from new investment activities proposed for the 2013-2015 period, an additional phase-out of 719.59 ODP ton will be achieved by 2015 through the ongoing implementation of previously approved multi-year projects.

Table I-2: Expected impact of approved investment activities anticipated to be requested by the World Bank for the years 2013-2015 (ODP tonnes)

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
HCFC Sector Plans	367.02	63.56	185.01	615.59
CFC Production Phaseout Plan (India)	69	0	0	69
MB Phaseout Plan (Vietnam)	20	15	0	35
<b>Total</b>	<b>456.02</b>	<b>78.56</b>	<b>185.01</b>	<b>719.59</b>

## B. Resource Allocation in 2013

6. The proposed 2013 Business Plan includes deliverables of eight investment activities in the following six countries: China, India, Indonesia, Jordan, Thailand and Vietnam. The total amount of funds requested for ongoing and new investment activities in the proposed 2013 Business Plan is US\$ 107.89 million.
7. The funding distribution for ongoing and new investment activities included in the proposed 2013 Business Plan is summarized below.

Table I-3: Summary of funding distribution for investment activities in the proposed 2013 World Bank Business Plan

	Total amount of funds requested in 2013 (US\$ 000s)	Percent of total	Estimated impact in 2013 (ODP tonnes)	Percent of total
CFC Production Phaseout Plan (India)	341.03	0%	69	4.6%
MB Phaseout Plan (Vietnam)	62.66	0%	20	1.3%
HCFC Sector Plans	32,936.20	31%	367.02	24.2%
HCFC Production Phaseout Plan (China)	74,550	69%	1,058	69.9%
Total	107,889.89		1,514.02	

\* Figures include agency support costs

8. The total deliverables contained in the proposed 2013 World Bank Business Plan, including investment, non-investment and preparatory activities amounts to US\$ 109.67 million (including agency support costs and core unit costs). The breakdown of the total deliverables is summarized below.

Table I-4: Summary of all activities included in the proposed 2013 World Bank Business Plan

Type of activity included in the proposed 2013 Business Plan	Number of activities	Amount requested (US\$ 000s)
CFC Production Phaseout Plan (India)	1	341.03
MB Phaseout Plan (Vietnam)	1	62.66
HCFC Sector Plans	5	32,936.20
HCFC Production Phaseout Plan (China)	1	74,550
Technical Assistance	1	42.8
Core Unit Cost	1	1,737.08
Total	10	109,669.76

\* Figures include agency support costs

### C. Resource Allocation Beyond 2013

9. The breakdown of the resource allocation beyond 2013 in the 2013-2015 Business Planning is summarized below.

Table I-5: World Bank's proposed resource allocation plan for 2014-2015 (in US\$ 000s)

Type of activity	Total amount of funds requested in 2014 (US\$ 000s)	Estimated impact in 2014 (ODP tonnes)	Total amount of funds requested in 2015 (US\$ 000s)	Estimated impact in 2015 (ODP tonnes)
MB Phaseout Plan (Vietnam)	43	15	0	0
HCFC Sector Plans	5,769.11	63.56	16,265.24	185.01
HCFC Production Phaseout Plan (China)	74,550	0	74,550	2,912
Preparation Fund for HCFC Sector Plans Stage II	2,060.1	0	636.65	0
HCFC Sector Plans Stage II	0	0	6,028.18	0
Institutional Strengthening	528.59	0	0	0
Core Unit Cost	1,749.24	0	1,761	0
Total	84,700.04	78.56	99,241.07	3,146.01

## II. PLANNED BUSINESS ACTIVITIES

### A. Ongoing Approved Activities

10. Investment projects for which funding is requested in the 2013-2015 BP: As of January 2013, the World Bank's Montreal Protocol portfolio consists of 6 ongoing multi-year projects for which funding will be solicited in 2013: the HCFC phaseout management and sector plans in China, Indonesia, Jordan, Thailand and Vietnam, and MB National phaseout plan in Vietnam. In addition, the final 30 percent of the second tranche of the CFC accelerated production sector plan in India is being sought for funding.
11. Investment activities which remain ongoing but for which no funding is requested: A number of investment activities, both individual and MYA, for which no funding will be solicited will remain ongoing through 2013. These include: 3 individual investment projects, 3 demonstration projects and in the order of 5 MYAs. Among the 3 demonstration projects, 2 will be completed in 2013 and the remaining global chiller project, which now includes activities under preparation in Argentina and underway in Indonesia and the Philippines, will continue implementation in the following years.
12. Non-investment projects and activities: As of January 2013, the World Bank's portfolio includes 2 ongoing institutional strengthening projects (Thailand and Jordan) and 2 ODS disposal project preparatory studies (Indonesia and the Philippines).

## **B. Program Expansion in 2013 and Beyond**

13. A list of detailed new and approved activities to be implemented during 2013-2015, their associated levels of funding, and projected ODP impact are submitted as a separate table.

### New submissions

14. HCFC consumption phase-out Stage II: As part of the World Bank 2013-2015 Business Plan, the World Bank plans to submit new preparation fund requests for HCFC sector plans Stage II for Argentina, China, Indonesia, Jordan, the Philippines, Thailand and Vietnam, and project proposals for the Philippines and Vietnam. As the Stage II HPMP preparation and project guidelines are still under development, the cost information for preparation and projects are based on Stage I guidelines and use the cost-effectiveness thresholds for each sector agreed under Stage I.
15. HCFC production phase-out: The World Bank 2013-2015 Business Plan proposes to include the development of HCFC gradual production phase-out plan for China as part of the World Bank's 2013, 2014 and 2015 Work Programs. The project is expected to proceed in 2013 in order for the country to meet its compliance target.

### Renewal of institutional strengthening

16. Requests for renewal of institutional strengthening projects will be submitted for Jordan and Thailand during 2014.

### Technical assistance for China

17. The ExCom requested the Bank to submit a request for a verification of China CFC production for essential use in 2013.

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

18. With the start of the HCFC compliance period in 2013, the World Bank's highest priority will be to enable and assist partner countries in initiating conversion activities through approved HPMPs and sector plans, while providing technical and policy backing so as to expedite the conclusion of initial implementation, institutional and regulatory arrangements. The Bank is lending its support in the initiation of HCFC phaseout projects through more frequent preparation and supervision missions and ongoing, remote follow-up. Four HCFC phaseout grant agreements are to be signed and will become effective in the calendar year, permitting funds to flow to the countries as soon as possible.
19. Another regional workshop is planned in 2013 for technical and procedural guidance from the World Bank and external experts, exchange of views, and cross-fertilization on efficient and effective HCFC phase-out implementation. The workshop will be complemented by sector-specific technical reviews of new and emerging low-GWP alternatives by the Bank's Ozone Operations Resource Group directed towards the specific needs of partner countries. Finally, in addition to, and in conjunction with the resource mobilization study financed by the Multilateral Fund, the Bank is continuing efforts internally to find ways to make available financing for climate benefits that go beyond those under approved and future HCFC phaseout projects. This

includes identifying synergies in the Bank's larger lending portfolio, as well as opportunities for mainstreaming HCFC phase-out in energy efficiency and greening programs.

### **III. PERFORMANCE INDICATORS**

20. As per Decision 41/93, the following performance indicators are included in the World Bank's 2011 Business Plan:

#### **A. Approval Performance Indicators**

21. 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 2013

<b>Item</b>	<b>Planned for 2013</b>
Annual work plan of previously approved multi-year agreements to be presented to ExCom in 2013	6
Planned multi-year agreements for which no annual work plan will be submitted to ExCom in 2013	1

22. Number of individual projects/ activities (investment and demonstration projects, TAS, IS) approved vs. those planned. (Weighting: 20)

Table III-2: Number of individual projects/ activities planned for 2013

<b>Item</b>	<b>Planned for 2013</b>
New technical assistance projects to be presented to ExCom	1

#### **B. Implementation Performance Indicators**

23. Milestone activities completed/ ODS levels achieved for approved multi-year annual tranches vs. those planned. (Weighting: 20): In 2013, the World Bank expects to complete every milestone associated with its 6 ongoing multi-year agreements for which funding is being requested.
24. ODP phased-out for individual projects vs. that planned per progress reports (Weighting: 5): In 2013, the World Bank expects to phase out a total of 248.9 ODP tons through implementation and completion of individual projects.
25. 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 2013, the World Bank expects to bring to completion a total of 4 individual project activities including 2 investment projects, and 2 demonstration projects.
26. Percentage of policy/ regulatory assistance completed vs. those planned (Weighting: 10): In 2013, the World Bank will continue to assist all countries where multi-year agreements are being implemented, or may be approved, in meeting their policy/ regulatory milestones, as indicated by each individual agreement. Efforts will include enactment of licensing quota systems, inspection

requirements, etc. This type of policy-level assistance supports countries in complying, in a sustainable manner, with milestones previously agreed to under multi-year agreements. There are 6 ongoing multi-year plans for which the Bank plans to provide policy support in 2013.

#### **C. Administrative Performance Indicators**

27. 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 30 months.
28. Timely submission of project completion reports (Weighting: 5): The Bank plans to submit project completion reports for all projects that are completed between July 1, 2012 and June 30, 2013, by the end of 2013.
29. Timely submission of progress reports and responses unless otherwise agreed (Weighting: 5): The Bank plans to submit its 2012 Progress Report on May 1, 2013 or at least eight weeks before the 70<sup>th</sup> meeting of the Executive Committee.

30. A summary of the World Bank's 2013 performance indicators is included in Table III-3 below.

Table III-3: Summary of World Bank's 2013 performance indicators

Category of Performance Indicator	Item	Weighting	2013 Target	Remarks
Approval	Number of annual programs of multi-year agreements (new plus tranches of ongoing MYAs) approved vs. those planned	20	7	HCFC Foam Sector Plan (China, Indonesia); HCFC AC Sector Plan (Jordan); HCFC Phaseout Plan (Thailand, Vietnam); National Phaseout Plan of MB (Vietnam).  HCFC Gradual Production Phaseout Plan (China).
	Number of individual projects/activities (investment and demonstration projects, TAS, IS) approved vs. planned	20	1	Verification of CFC Production for Essential Use (China).
Implementation	Milestone activities completed/ ODS levels achieved for approved multi-year annual tranches vs. those planned	20	5	First five MYA projects in the "Number of annual programs of multi-year agreements approved vs. those planned" approval indicator.
	ODP phase-out for individual projects vs. that planned per progress reports	5	248.9	
	Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in the progress reports	5	4	Demo for testing MB alternatives in post-harvest disinfestation for cotton and citrus (Phase I); Remaining phase-out of CFC consumption in the pharmaceutical aerosol sector (2007-2008 biennial programme); Conversion demo from HCFC-141b-based to cyclopentane-based pre-blended polyol in the manufacture of rigid polyurethane foam at Guangdong Wanhua Rongwei Polyurethane Co. Ltd; Conversion from HCFC-141b-based to HFC-245fa-based spray polyurethane foam at Harbin Tianshuo Building Materials Co. Ltd.
Administrative	Percentage of policy/ regulatory assistance completed vs. those planned	10	100%	
	Speed of financial completion vs. that required per progress report completion dates	10	30 months	
	Timely submission of project completion reports	5	On time	
	Timely submission of progress reports and responses unless otherwise agreed	5	On time	

## **IV. POLICY ISSUES**

### **A. Swing Plants**

31. The World Bank had intended to include in its 2013-2015 Business Plan, project preparation requests to develop HCFC gradual production phase-out plans for Argentina and India, where all HCFC manufacturers have swing facilities and all of them have received funding from the MLF to phase out CFC production. Upon advice of the Fund Secretariat which cited Executive Committee Decision 66/5 that asks that phase-out activities involving swing plants be removed from the previous year's business plan, the Bank removed the concerned project preparation requests from the current business plan.
32. The Production Sub-group has been mandated by the ExCom to review the eligibility of these facilities for additional funding from the MLF to support HCFC production phase-out. It was clarified that upon positive decision from the Production Sub-group on this issue, the Bank would be able to submit immediately, on behalf of Argentina and India, preparation requests to develop HCFC production phase-out plans in Argentina and India and other HCFC producing countries that have swing plants irrespective of the business plan cycle.

### **B. Indicative Nature of 2015-2020 Figures**

33. For planning purposes, the Implementing Agencies were requested by the Fund Secretariat to include planned Stage II projects in the 2013-2015 Business Plans up through 2020, thereby extending the business plan to an eight-year period. The World Bank understands from a cash-flow perspective the reasoning behind having project values included that are associated with Stage II preparation funding found in the 2013-2015 period. However, there are limits to the usefulness of this exercise given the many unknowns at this stage in time as well as the different timeframes that countries are on to implement their Stage I HPMPs. Many countries are initiating Stage I implementation and by the time preparation is completed for Stage II HPMPs (between 2015 and 2018), a number of variables will have changed, most notably consumption patterns in remaining unfunded sectors. Thus, several Bank partner countries are not in the position to indicate the duration and scope of planned Stage II HPMPs.
34. For purposes of early planning only and as requested, the Bank has made rough estimates of proposed project work required for covering the 35% reductions in 2020. This information should be considered as indicative and likely to change in subsequent business planning cycle.

### **C. Relevance of Certain Performance Indicators**

35. The number of ongoing individual investment activities in the World Bank portfolio amounts to 6 as of early 2013. As the main project modality is now multi-year projects, individual investment projects will occur infrequently, perhaps only in limited cases for demonstration purposes. We note however, that one performance indicator linked to the central goal of investments under the MLF – the reduction of ODS consumption – is based on individual projects. This indicator, the third implementation indicator of the 9 weighted performance indicators, no longer serves its purpose of capturing the degree of phase-out achieved under the MLF. In fact, this has been the case for several years since the bulk of phase-out is now captured in sector and national ODS phase-out plans. With the benefit of the MYA project evaluation and other reports on MYA implementation, the planning process for Stage II HPMPs might be an appropriate time to revisit the relevance of some indicators and the redefinition of others, as required.