



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/88/27
26 October 2021

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-eighth Meeting
Montreal, 15-19 November 2021¹

THE WORLD BANK BUSINESS PLAN FOR 2022–2024

1. This document presents the World Bank business plan for 2022–2024² and includes: the planned activities for the phase-out of controlled substances under the Montreal Protocol (controlled substances) during the 2022–2024 period; the business plan performance indicators; and a recommendation for consideration by the Executive Committee. The narrative of the World Bank’s business plan for 2022–2024 is attached to the present document.

Planned activities during the 2022–2024 period

2. Table 1 sets out, by year, the value of activities included in the World Bank’s business plan.

Table 1. Resource allocation in the World Bank business plan for 2022–2024 as submitted (US \$000s)*

Description	2022	2023	2024	Total (2022–2024)	Total after 2024
HCFC activities					
Approved HCFC phase-out management plans (HPMPs)	30,770	8,671	25,085	64,526	9,844
HPMP preparation – stage III	0	321	0	321	0
HCFC activities subtotal	30,770	8,992	25,085	64,847	9,844
HFC activities					
Kigali HFC implementation plan (KIP) preparation	471	0	0	471	0
KIPs	0	10,700	0	10,700	0
HFC activities subtotal	471	10,700	0	11,171	0
Standard activities					
Core unit	1,759	1,772	1,784	5,315	0

¹ Online meetings and an intersessional approval process will be held in November and December 2021 due to coronavirus disease (COVID-19).

² Given the constraints imposed by the COVID-19 pandemic, the Secretariat’s comments on the initial submission of the World Bank business plan for 2022–2024 were addressed through bilateral discussions and numerous exchanges of electronic messages. All issues were satisfactorily addressed.

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.

Description	2022	2023	2024	Total (2022–2024)	Total after 2024
Institutional strengthening	202	475	202	878	0
Standard activities subtotal	1,961	2,246	1,986	6,194	0
Total	33,202	21,938	27,071	82,211	9,844

* Including agency support costs where applicable.

Secretariat's comments

HPMP stage III – project preparation

3. A total of US \$321,000 is included for project preparation for stage III of HPMPs in the 2022–2024 business plan for countries with an approved stage II of HPMPs, with reduction targets below the 2025 compliance targets (decision 84/46(e)).

HFC-related activities

4. A total of US \$470,800 is included for KIP project preparation activities³ in the 2022–2024 business plan for two countries (Indonesia and Thailand). These two countries have not ratified the Kigali Amendment but have submitted the required letter from their Government indicating their intent to make best efforts to ratify the Kigali Amendment.

5. Regarding KIPs, decision 84/46(g) allowed inclusion of such plans in the business plan only for countries that had ratified the Kigali Amendment. A total of US \$10.7 million is included for KIPs for two countries (Malaysia and Viet Nam) that have ratified the Kigali Amendment.

Core unit costs

6. The core unit costs⁴ are expected to increase at an annual rate of 0.7 per cent as agreed.

Proposed adjustments by the Secretariat

7. The World Bank business plan for 2022–2024 were submitted based on relevant decisions of the Executive Committee. Therefore, no adjustment was made by the Secretariat. However, further adjustments may be required pending a decision by the Parties on the level of the replenishment of the Multilateral Fund for the 2021–2023 triennium.⁵

Performance indicators

8. The World Bank submitted performance indicators pursuant to decision 71/28 in its business plan

³ Funding for the preparation of national implementation plans to meet initial reduction obligations for the phase-down of HFCs could be provided, at the earliest, five years prior to those obligations, after a country had ratified the Kigali Amendment and on the basis of guidelines to be approved in the future (decision 79/46(b)(iii)). In addition, HFC phase-down preparation activities could be included in the business plan for countries that had not ratified the Kigali Amendment but had submitted a letter indicating their Government's intent to make best efforts to ratify the Kigali Amendment (decision 84/46(f)). The guidelines for the preparation of KIPs were approved at the 87th meeting (decision 87/50).

⁴ The World Bank's 2022 core unit costs will be considered at the 88th meeting (UNEP/OzL.Pro/ExCom/88/35).

⁵ In the absence of a decision by the Parties on the level of the replenishment of the Multilateral Fund for the 2021–2023 triennium, and in light of decision XXXII/1, the indicative budget for resource allocation of the business plan for 2022–2024 was assumed at the same level of the replenishment of the 2018–2020 triennium. This issue is discussed in the consolidated 2022–2024 business plan of the Multilateral Fund (UNEP/OzL.Pro/ExCom/88/22).

narrative. The Secretariat informed the World Bank of the targets shown in Table 2.

Table 2. Performance indicators for the World Bank for 2022

Type of indicator	Short title	Calculation	2022 target
Planning--Approval	Tranches approved	Number of tranches approved vs. those planned*	4
Planning--Approval	Projects/activities approved	Number of projects/activities approved vs. those planned (including project preparation activities)**	4
Implementation	Funds disbursed	Based on estimated disbursement in progress report	US \$5,060,187
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans*	5,362.5 ODP tonnes
Implementation	Project completion for activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	4
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	90%
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	On time (10)
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plans and responses unless otherwise agreed	On time

* The target of an agency would be reduced if it could not submit a tranche owing to another cooperating or lead agency, if agreed by that agency.

** Project preparation should not be assessed if the Executive Committee has not taken a decision on its funding.

RECOMMENDATION

9. The Executive Committee may wish:

- (a) To note the World Bank business plan for 2022–2024, contained in document UNEP/OzL.Pro/ExCom/88/27; and
- (b) To approve the performance indicators for the World Bank as set out in Table 2 of document UNEP/OzL.Pro/ExCom/88/27.

2022-2024 BUSINESS PLAN



WORLD BANK GROUP

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

Presented to the
88th Meeting of the Executive Committee
of the Multilateral Fund

Submitted September 20, 2021

I. MULTILATERAL FUND TARGETS

A. Meeting the Objectives of the Multilateral Fund

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 2022-2024.
2. The objectives of the proposed 2022-2024 Business Plan for the World Bank are to:
 - a) Assist Article 5 countries in sustaining and meeting the obligation pertaining to HCFC consumption and production phase-out – the 35% reduction in 2022 and also to meet the extended HCFC phase-out commitment under each country’s Agreement with the Executive Committee.
 - b) Assist Article 5 countries in preparing strategy and implementation plan to meet initial reduction obligations for the phase-down of HFC in accordance with the Kigali Amendment.
 - c) Ensure Article 5 partner countries’ implementation of institutional strengthening (IS) activities.
3. The proposed 2022-2024 Business Plan of the World Bank includes annual work programs of sector plans and national plans, previously approved, to phase out HCFCs in both consumption and production, as well as the renewal of the institutional strengthening activities. The Bank’s Business Plan also includes a number of preparation activities for Kigali HFC implementation plan (KIP) in light of the approved guidelines.
4. The expected impact of approved investment activities for the 2022-2024 period are summarized in Table I – 1, below. Total phase-out impact is 11,818.14 ODP tons will be achieved by 2024 through the ongoing implementation of previously approved multi-year projects in the consumption and production sectors.

Table I-1: Expected impact of approved investment activities anticipated to be requested by the World Bank for the years 2022-2024 (ODP tonnes)

	2022	2023	2024	Total
HCFC Sector Plans Stage II	62.84	1,057.44	124.73	1,245.01
HCFC Production Phase-out Management Plan Stage II	5,286.57		5,286.57	10,573.13
Total	5,349.41	1,057.44	5,411.30	11,818.14

5. With respect to the preparation of Kigali HFC implementation plans (KIPs), the World Bank expects to submit two requests in 2022 in addition to one approved activity and one submitted for consideration by the 88th meeting.

Strategic approach to HCFC phase-out and HFC-phase-down activities in the proposed 2022-2024 Business Plan

6. Balancing supply and demand of HCFC Production and Consumption: With the approval of Stage II of the HCFC production phase-out management plan, China will be reducing their production quota for controlled uses by more than 200,000 metric tons. Since China is the world’s largest producer, consumer of HCFCs for ODS use, it is critical that reduction in HCFCs production are well managed in both domestic and export markets to ensure there is no negative impact from either short supply or from flooding the market with cheap HCFCs that could undermine the efforts to reduce consumptions of all Article 5 countries.

7. **Support for the compliance with the Kigali Amendment:** A number of Bank client countries are in the process of ratifying the Kigali Amendment to phasedown HFCs within the next few years. Findings from the implementation of HFC enabling activities indicated the needs to develop a flexible HFC quota allocation options and procedures. The traditional way of allocating quotas to ozone-depleting substance (ODS) importers in metric tons (MT) would not allow countries to apply full flexibility built into the KA. A robust HFC quota system is needed that encourages phasedown of high-GWP HFCs without hindering development of sectors that require lower-GWP HFCs to grow, that is, sectors that may not yet have available viable technologies and alternatives. Furthermore, the impact from COVID-19 pandemic could depress the demand for HFCs and HFC-based equipment during the baseline years (2020–2022) and result in a lower HFC baseline. Countries could face earlier compliance issues and require more aggressive phasedown options if the demand is restored to normal levels after the baseline years. For the proposed activities to prepare KPMP, the Bank will update the countries’ HFC survey and HFC consumption projection for the immediate period (2024 – 2029) after the baseline years in case the demand quickly returns to pre-COVID-19 levels.

B. Resource Allocation in 2022

8. The proposed 2022 Business Plan includes deliverables of six investment activities in the following four countries: China, Jordan, Thailand and Vietnam. The total amount of funding requested for ongoing and new investment activities in the proposed 2022 Business Plan is US\$30.8 million.

9. The funding distribution for ongoing and new investment activities included in the proposed 2022 Business Plan is summarized below.

Table I-3: Summary of funding distribution for investment activities in the proposed 2022 World Bank Business Plan

	Total amount of funds requested in 2022 (US\$ 000s)*	Percent of total	Estimated impact in 2022 (ODP tonnes)	Percent of total
HCFC Sector Plans Stage II	7,537.84	24.50%	75.98	1.42%
HCFC Production Phase-out Management Plan Stage II (China)	23,232.00	75.50%	5,286.57	98.58%
Total	30,769.84	100.00%	5,362.55	100.00%

* Figures include agency support costs

10. The total deliverables contained in the proposed 2022 World Bank Business Plan, including investment, non-investment and preparatory activities amounts to US\$56.2 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 2022 World Bank Business Plan

Type of activity included in the proposed 2022 Business Plan	Number of activities	Amount requested (US\$ 000s)*
HCFC Sector Plans Stage II	3	7,537.84
HCFC Production Phase-out Management Plan Stage II (China)	1	23,232.00
Institutional Strengthening Project	1	201.79
Preparation of Kigali HFC Implementation Plan	2	470.80
Core Unit Cost	1	1,759.37
Total	13	33,201.80

* Figures include agency support costs

C. Resource Allocation Beyond 2022

11. The breakdown of the resource allocation beyond 2022 in the 2022-2024 Business Planning is summarized below.

Table I-5: World Bank's proposed resource allocation plan for 2023-2024

Type of activity	Total amount of funds requested in 2023 (US\$ 000s)	Estimated impact in 2023 (ODP tonnes)	Total amount of funds requested in 2024 (US\$ 000s)	Estimated impact in 2024 (ODP tonnes)
HCFC Sector Plan Stage II	8,670.76	814.47	1,853.50	163.73
HCFC Production Phase-out Management Plan Stage II (China)	0.00	0.00	23,232.00	5,286.57
Kigali HFC Implementation Plan	TBD	N/A	TBD	N/A
Preparation of stage III HPMP	321.00	N/A		N/A
Institutional Strengthening	474.80	N/A	201.79	N/A
Core Unit Cost	1,771.69	N/A	1,784.09	N/A
Total	21,938.25	814.47	27,071.38	5,450.30

II. PLANNED BUSINESS ACTIVITIES

A. Ongoing Approved Activities

12. Investment projects for which funding is requested in the 2022-2024 BP: As of August 2021, the World Bank's Montreal Protocol portfolio consists of five¹ ongoing multi-year projects for which funding will be solicited in 2022-2024: HCFC phase-out management and sector plans in China, Indonesia, Jordan, Thailand, and Vietnam; and China stage II HPPMP.

13. Non-investment projects and activities: As of September 2021, the World Bank's portfolio includes four (4) activities: two (2) ongoing institutional strengthening projects (ISP), one (1) HFC enabling activities, and one (1) preparation activity for Kigali HFC implementation plan. Thailand and Jordan institutional strengthening project will be completed in December 2021 and 2022, respectively. Two activities: one (1) renewal of institutional strengthening project and one (1) preparation activity for Kigali HFC implementation plan have been submitted for consideration by the 88th ExCom.

B. Program Expansion in 2022 and Beyond

14. A list of detailed new and approved activities to be implemented during 2022-2024, their associated levels of funding, projected ODP impact and country specific remarks is submitted as a separate table.

New submissions

¹ Not including Indonesia HPMP Stage II if last funding tranche for WB is approved by 88th ExCom

15. Kigali HFC implementation plan for Malaysia and Viet Nam are planned for submission during this period along with two additional activities to prepare KIP for Indonesia and Thailand.

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

16. COVID-19 pandemic had interrupted the Bank’s plan to organize physical meetings and workshops during the past two years. The Bank is planning to resume the organization of East Asia regional workshops in 2022² for technical and procedural guidance to partner countries from the World Bank and external experts, exchange of views, and cross-fertilization on efficient and effective HCFC phase-out implementation. Another important topic will revolve around the Kigali Amendment to phase-down HFCs including: the needs for a robust licensing and quota system, technology roadmap and HFC phase-down scenarios. Another workshop will also be organized in 2022 to promote synergy between climate, energy efficiency and ozone activities. This workshop will be the fifth of its kind that was first successfully organized in 2015. 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.

17. Lastly, in helping partner countries consider options for addressing Stage II consumption phase-out and Kigali HFC phase-down, particularly where grant funding may be limited due to eligibility, cost-effectiveness ceilings and specific sector funding boundaries, the World Bank is exploring means to better integrate the MP agenda into its main line of work. Experiences from completed projects in Thailand and Vietnam to improve energy efficiency in room air-conditioners with funding from Kigali Cooling Efficiency Program (K-CEP) and new activities to address both energy efficiency and HFCs with funding from UK DEFRA will be shared with other partner countries. Beyond the identification of synergies in the Bank’s larger lending portfolio, there will be continuing efforts in 2022 to seek out concrete opportunities that allow ODS sector phase-out and HFC phase-down to be twinned with new projects aiming for green growth and improving energy efficiency in industry, energy, agriculture, infrastructure, and other sectors.

III. PERFORMANCE INDICATORS

18. As per Decision 71/28, the following performance indicators are included in the World Bank’s 2022-2024 Business Plan:

A. Planning--Approval Performance Indicators

19. Number of tranches of multi-year agreements approved vs. those planned (Weighting: 10)

Table III-1: Number of annual programs of multi-year agreements planned for 2022

Item	Planned for 2022	Remarks
------	------------------	---------

² The planned 2021 workshops were canceled due to continuation of COVID-19 pandemic since 2020.

Tranches of previously approved multi-year agreements to be presented to ExCom in 2022	4	HCFC Phase-out Plan (China, Jordan, Thailand, and Vietnam)
--	---	--

20. Number of individual projects/ activities (investment, demonstration projects, TAS, IS) approved vs. those planned. (Weighting: 10)

Table III-2: Number of individual projects/ activities planned for 2022

Item	Planned for 2022	Remarks
Number of projects/ activities (investment and demonstration projects, TAS, PRP, IS) approved vs. planned	4	1 Institutional Strengthening Project (Jordan), 2 PRP Kigali HFC Implementation Plan (Indonesia and Thailand), and 1 Agency Core Unit Cost

B. Implementation Performance Indicators

21. Funds disbursed (Weighting: 15). In 2022, the World Bank is targeting disbursement of \$5.02 million.

22. ODP phased-out for the tranche when the next tranche is approved vs. those planned per progress reports (Weighting: 25): In 2022, the World Bank expects to phase out a total of 5,362.55 ODP tons through implementation of approved multi-year projects.

23. Project completion vs. those planned in progress reports for all activities (excluding project preparation) (Weighting: 20): In 2022, the World Bank expects to bring to completion a total of four (4) individual project activity.

C. Administrative Performance Indicators

24. Speed of financial completion after project completion (Weighting: 10): The Bank has set its target for financial completion of all project activities completed in 2022 within 12 months at 90%.

25. Timely submission of project completion reports (Weighting: 5): The Bank plans to submit project completion reports as agreed with the Senior Monitoring and Evaluation Officer.

26. Timely submission of progress reports and responses unless otherwise agreed (Weighting: 5): The Bank plans to submit its 2021 Progress Report by the agreed deadline.

27. A summary of the World Bank's 2022 performance indicators is included in Table III-3 below.

Table III-3: Summary of World Bank's 2022 performance indicators

Category of Performance Indicator	Title	Weighting	2022 Target
Planning -- Approval	Tranches of previously approved multi-year agreements to be approved in 2022	10	4
	Number of projects/ activities (investment and demonstration projects, TAS, PRP, IS) approved vs. planned	10	4
Implementation	Funds disbursed based on estimated disbursement in progress report	15	US \$5,025,187
	ODP phase-out for the tranche vs. that planned per progress reports	25	5,362.55 ODP tonnes

Category of Performance Indicator	Title	Weighting	2022 Target
	Project completion vs. those planned per progress reports (excluding preparation)	20	4
Administrative	Speed of financial completion after project completion	10	90%
	Timely submission of project completion reports	5	On time
	Timely submission of progress reports	5	On time

IV. POLICY ISSUES

28. There are no policy issues to raise at the time of submission.