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

CONSOLIDATED BUSINESS PLAN OF THE MULTILATERAL FUND FOR 2022–2024

Background

1. Due to the extraordinary situation resulting from the COVID-19 pandemic, the Parties to the Montreal Protocol were unable to hold in-person meetings in 2020 as originally planned;² instead, the meetings were held in the form of online work. Under such circumstances, the Parties were unable to adopt a decision on the replenishment of the Multilateral Fund for Implementation of the Montreal Protocol for the period 2021–2023.

2. With regard to matters related to the replenishment of the Multilateral Fund, during the Thirty-Second Meeting,³ the Parties noted that they will take a decision in 2021 on the replenishment of the Fund to adopt a budget for the triennium 2021–2023, including regular contributions, and adopted an interim budget for the Multilateral Fund for the triennium 2021–2023 of US \$268 million, prioritizing those funds for the year 2021 as part of the triennium 2021–2023, until such time as the Parties adopt a final decision on replenishment, including a revised budget, for the triennium 2021–2023, on the understanding that the interim budget will be provided from anticipated contributions due to the Multilateral Fund and other sources for the triennium 2018–2020 (decision XXXII/1).

3. The Parties also authorized the Ozone Secretariat to organize an extraordinary Meeting of the Parties in 2021 to enable Parties to take a decision on the replenishment of the Multilateral Fund for the triennium 2021–2023 if and when the circumstances related to the global pandemic permit it (decision XXXII/2).

4. Concurrently with the preparation of the present document, the Parties to the Montreal Protocol

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

² The 42nd meeting of the Open-ended Working Group (Montreal, Canada, 13 to 17 July 2020), and the combined twelfth meeting of the Conference of the Parties to the Vienna Convention for the Protection of the Ozone Layer and the Thirty-Second Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (Tashkent, Uzbekistan, 23 to 27 November 2020).

³ Online meeting, held on 23–27 November 2020.

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.

were holding the preparatory segment⁴ of the combined Twelfth meeting of the Conference of the Parties to the Vienna Convention and Thirty-Third Meeting of the Parties to the Montreal Protocol.⁵ In concluding discussions on matters related to the Montreal Protocol, the Parties submitted to the high-level segment the following three draft decisions:

- (a) Contributions to the Multilateral Fund for the Implementation of the Montreal Protocol for the triennium 2021–2023, submitted by Australia, the European Union and New Zealand, to adopt the level of indicative contributions for a number of parties⁶ for 2022 on an interim basis pending a final decision by the Parties on a revised budget for the Multilateral Fund for the triennium 2021–2023; and that any contributions made by parties in advance of a final decision on the revised budget for the Fund for the triennium 2021–2023 shall be without prejudice to the overall level of the replenishment or to the agreed level of contributions by parties;
- (b) Updated interim budget for the Multilateral Fund for the Implementation of the Montreal Protocol for the triennium 2021–2023, submitted by Canada, to adopt an updated interim budget for the Fund for the triennium 2021–2023 of US \$400 million until such time as the parties adopt a final decision on replenishment, including a revised budget for the triennium 2021–2023, on the understanding that the updated interim budget will be provided from contributions due to the Fund and other sources for the triennium; and
- (c) Extraordinary Meeting of the Parties in 2022, submitted by Norway, to authorize the Ozone Secretariat to organize an extraordinary Meeting of the Parties in 2022, to enable parties to take a decision on the replenishment of the Fund for the triennium 2021–2023.

Introduction

5. The Secretariat and the bilateral and implementing agencies began their collaborative efforts on business planning of the Multilateral Fund for 2022–2024 on 23 August 2021 when the initial business plan tables were submitted.

6. In the absence of a decision by the Parties to the Montreal Protocol on the level of the replenishment of the Multilateral Fund for the 2021–2023 triennium, and in light of decision XXXII/1 and the draft recommendations submitted by the Parties to the high-level segment of the Thirty-Third Meeting of the Parties above-mentioned, the Secretariat assumed the same level of the replenishment of the 2018–2020 triennium (i.e., US \$540 million) when reviewing the business plans submitted by bilateral and implementing agencies and informed the agencies that their business plans would be adjusted once the Parties agree on the level of the replenishment for the 2021–2023 triennium.

7. Table 1 presents the total value of the 2022–2024 business plan tables as submitted.

Table 1. Total initial business plan values for 2022–2024 (US \$000)

Item	2022	2023	2024	Total (2022–2024)	Total after 2024
Total	117,517	179,539	135,953	433,009	204,178
Indicative budget*	180,000	180,000	180,000	540,000	
Difference	(62,483)	(461)	(44,047)	(106,991)	

* Assumed the same level of the 2018–2020 replenishment of the Multilateral Fund.

⁴ Online, 23–29 October 2021.

⁵ Online, 29 October 2021.

⁶ Australia, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, New Zealand, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland.

8. The Secretariat reviewed the activities submitted in the initial business plan tables, in particular stages II and III of HCFC phase-out management plans (HPMPs) in the light of stages I and II of HPMPs, remaining funding eligibility and costs, and sent comments to each bilateral and implementing agency on *inter alia*: over-programming, HPMP-related activities, projects in the 2021 business plans but not submitted to the 88th meeting and HFC-related activities.

9. Given the constraints imposed by the COVID-19 pandemic, the Secretariat's comments on the initial submission of the business plans were addressed through bilateral discussions with each agency and numerous exchanges of electronic messages. All issues were satisfactorily addressed.

10. Subsequently, bilateral and implementing agencies revised their business plan tables and resubmitted them with the narrative sections. The total value of the revised business plan for 2022–2024 is summarized in Table 2.

Table 2. Total revised business plan values for 2022–2024 as submitted (US \$000)

Item	2022	2023	2024	Total (2022–2024)	Total after 2024
Total	118,877	180,595	137,718	437,191	183,283
Indicative budget*	180,000	180,000	180,000	540,000	
Difference	(61,123)	595	(42,282)	(102,809)	

* Assumed the same level of the 2018–2020 replenishment of the Multilateral Fund.

Content

11. This document presents the consolidated business plans of the Multilateral Fund for 2022–2024 and comprises the business plans for 2022–2024 of bilateral agencies,⁷ and UNDP,⁸ UNEP,⁹ UNIDO¹⁰ and the World Bank¹¹ submitted to the 88th meeting.

12. This document consists of the following sections:

- Resource allocation in the business plan for 2022–2024
- Secretariat's comments
- Adjustments to the consolidated business plan of the Multilateral Fund for 2022–2024
- Other policy issues
- Recommendation

Resource allocation in the business plan for 2022–2024

13. Table 3 presents, by year, the value of activities included in the business plan for 2022–2024. The values are below the indicative budget by US \$102.81 million (i.e., 19 per cent of the indicative budget).

Table 3. Resource allocation in the business plan for 2022–2024 as submitted (US \$000)*

Description	2022	2023	2024	Total (2022–2024)	Total after 2024
HCFC activities					
Approved HPMPs	58,858	51,880	34,932	145,671	78,600
HPMP PRP – stage II	150.35	128.33	33.9	313	0

⁷ UNEP/OzL.Pro/ExCom/88/23

⁸ UNEP/OzL.Pro/ExCom/88/24

⁹ UNEP/OzL.Pro/ExCom/88/25

¹⁰ UNEP/OzL.Pro/ExCom/88/26

¹¹ UNEP/OzL.Pro/ExCom/88/27

Description	2022	2023	2024	Total (2022–2024)	Total after 2024
HPMP stage II	6,260	7,249	7,800	21,309	44,671
HPMP PRP – stage III	120	513.6	0	634	0
HPMP stage III	8,649	43,103	58,816	110,568	40,405
HPMP verification	588.6	648.6	588.6	1,826	
HCFC technical assistance	990	0	0	990	0
HCFC activities subtotal	75,617	103,523	102,171	281,311	163,675
HFC activities					
HFC – enabling activities		214		214	
Kigali HFC implementation plans (KIP) – PRP	8,696	3,941	0	12,637	0
KIPs	0	36,940	400	37,340	19,577
HFC – technical assistance	678		678	1,356	
HFC activities subtotal	9,374	41,095	1,078	51,547	19,577
Standard activities					
Institutional strengthening (IS)	9,746	11,776	9,746	31,267	30
Compliance Assistance Programme (CAP)	11,428	11,771	12,124	35,323	
Core unit	5,953	5,994	6,036	17,983	0
Secretariat, Executive Committee, and Monitoring and Evaluation costs minus Canadian counterpart	6,260	5,936	6,063	18,259	0
Treasurer	500	500	500	1,500	0
Standard activities subtotal	33,886	35,977	34,469	104,332	30
Total	118,877	180,595	137,718	437,191	183,283
Indicative budget**	180,000	180,000	180,000	540,000	
Difference	(61,123)	595	(42,282)	(102,809)	

* Including agency support costs where applicable.

** Assumed the same level of the 2018–2020 replenishment of the Multilateral Fund.

Secretariat's comments

Stage II of HPMPs

14. The total level of funding for stage II of HPMPs for low-volume-consuming (LVC) countries is US \$12.7 million, of which US \$2.17 million (including US \$995,865 for 2022–2024) is to meet the 67.5 per cent reduction of the HCFC baseline. In addition, the value of projects for LVC countries to meet 100 per cent reduction is US \$10.53 million, including US \$4.77 million for 2022–2024.

15. The total level of funding for stage II of HPMPs for non-LVC countries is US \$53.28 million with an associated phase-out of 435.6 ODP tonnes of HCFCs, including US \$15.54 million for 2022–2024 with a phase-out of 142.2 ODP tonnes of HCFCs. The funding distribution by sector is provided in Table 4.

Table 4. Funding distribution of stage II of HPMPs for non-LVC countries by sector (US \$000)

Sector	2022-2024	After 2024	Total	Per cent of total (%)
Rigid foam	885	91	976	1.8
Refrigeration manufacturing	4,719	23,994	28,713	53.9
Refrigeration servicing	9,939	13,653	23,592	44.3
Total	15,543	37,738	53,281	100.0

Stage III of HPMPs

16. A total of US \$150.97 million is included in the business plan for stage III of HPMPs for 18 countries (Argentina, Armenia, Brazil, Chile, Colombia, India, Indonesia, Islamic Republic of Iran, Jordan, Lebanon, Malaysia, Mexico, Nigeria, Oman, Pakistan, the Philippines, the Republic of Moldova

and the Sudan), including US \$110.57 million for 2022–2024. Inclusion of stage III of HPMPs in the business plan is allowed only for those countries with reduction targets below the 2025 compliance targets (decision 84/46(e)).

HPMP verification

17. The Secretariat has included an amount of US \$588,600 per year for verification reports,¹² assuming that 18 reports, each at a cost of US \$32,700, will be prepared (US \$1.77 million for 2022–2024). Germany also included HPMP verification for two countries (Mauritius and Papua New Guinea) amounting to US \$60,000 in 2023.

HCFC technical assistance regional projects

18. The business plan includes two HCFC technical assistance regional projects for promoting low-global warming potential refrigerants for air-conditioning sectors in high ambient temperature countries (PRAHA-III), amounting to US \$990,000 in 2022. These projects were considered at the 86th meeting during which a few members expressed support for reinstating the project; however, it was also pointed out that there was no funding window for such technical assistance projects and that the work required to address low to zero-GWP alternatives was outlined in decision XXVIII/2 of the Parties.¹³ Subsequently, the project was not reinstated in the 2022-2024 business plan.

HFC-related activities

19. HFC-related activities include enabling activities amounting to US \$214,000 in 2023 for two countries (Antigua and Barbuda and the Central African Republic); KIP project preparation activities¹⁴ for 75 countries amounting to US \$12.64 million in 2022 and 2023; KIPs¹⁵ for 33 countries amounting to US \$56.92 million (including US \$37.34 million in 2022–2024); and one technical assistance activity amounting to US \$1.36 million for 2022–2024.

20. Regarding enabling activities, both countries submitted the required letter from their Government indicating their intent to make best efforts to ratify the Kigali Amendment as early as possible, in line with decision 79/46(d)(i).

21. Forty of the 75 countries included in the business plan for KIP project preparation activities, have not ratified the Kigali Amendment. Of these, three countries have not submitted the required letter from their Government indicating their intent to make best efforts to ratify the Kigali Amendment and have been removed from the business plan.

22. Regarding KIPs, of the 33 countries included, two countries have not ratified the Kigali Amendment and have been removed from the respective business plans.

¹² Decision 61/46(c) requires verification reports for a sample of 20 per cent of the LVC countries with approved HPMPs.

¹³ UNEP/OzL.Pro/ExCom/86/100, paragraph 182

¹⁴ 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).

¹⁵ Inclusion of KIPs in the business plan are allowed only for countries that had ratified the Kigali Amendment (decision 84/46(g)).

23. The HFC technical assistance global project, Twinning of Ozone Officers and National Energy Policymakers to support Kigali Amendment Objectives, is not eligible for funding.

Adjustments to the consolidated business plan of the Multilateral Fund for 2022–2024

24. The adjustments to the consolidated business plan for 2022–2024 were based on relevant decisions of the Executive Committee. 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.¹⁶

25. However, in reviewing the revised business plans for 2022–2024, it was noted that the adjustments listed in Table 5 below were not considered:

Table 5. Further adjustments to the consolidated business plan of the Multilateral Fund for 2022-2024 (US \$000)

Adjustment	2022–2024	After 2024
HPMP values to reflect the actual amounts approved under the Agreements including tranches of HPMPs that are due but not submitted to the 88 th meeting	3,731	0
HPMP values to reflect the draft Agreements submitted to the 88 th meeting	(324)	(407)
PRP for stage III of HPMPs submitted to the 88 th meeting	(24)	0
HPMP verification	(60)	0
HCFC technical assistance	(990)	0
PRP for KIPs pursuant to decision 87/50	(947)	0
KIPs pursuant to decision 84/46(g)	(375)	(412)
HFC technical assistance	(1,356)	0
IS values after 2024 that have been removed or projects have been submitted to the 88 th meeting but subsequently withdrawn	204	(30)
IS project for the Democratic People's Republic of Korea pursuant to decision 80/34(c)(iii)b.	(333)	0

26. Table 6 presents the results of the proposed adjustments to the consolidated business plan for 2022-2024. The values are below the indicative budget by US \$103.28 million (i.e. 19.1 per cent of the indicative budget).

Table 6. Adjusted resource allocation for the business plan for 2022–2024 (US \$000)*

Description	2022	2023	2024	Total (2022–2024)	Total after 2024
HCFC activities					
Approved HPMPs	60,784	53,686	34,932	149,402	78,600
HPMP PRP – stage II	150.35	128.33	33.9	313	0
HPMP stage II	5,933	7,412	7,722	21,067	44,748
HPMP PRP – stage III	96	513.6	0	610	0
HPMP stage III	8,392	43,103	58,991	110,486	39,919
HPMP verification	588.6	588.6	588.6	1,766	0
HCFC technical assistance	0	0	0	0	0
HCFC activities subtotal	75,944	105,432	102,268	283,644	163,268
HFC activities					
HFC – enabling activities	0	214	0	214	0

¹⁶ 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 2021–2023 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/86/22).

Description	2022	2023	2024	Total (2022–2024)	Total after 2024
KIP – PRP	7,973	3,717	0	11,689	0
KIPs	0	36,666	300	36,966	19,165
HFC – technical assistance	0		0	0	
HFC activities subtotal	7,973	40,596	300	48,869	19,165
Standard activities					
IS	9,783	11,572	9,783	31,139	0
CAP	11,428	11,771	12,124	35,323	0
Core unit	5,953	5,994	6,036	17,983	0
Secretariat, Executive Committee, and Monitoring and Evaluation costs minus Canadian counterpart	6,260	5,936	6,063	18,259	0
Treasurer	500	500	500	1,500	0
Standard activities subtotal	33,924	35,773	34,507	104,204	0
Total	117,841	181,801	137,075	436,717	182,433
Indicative budget**	180,000	180,000	180,000	540,000	
Difference	(62,159)	1,801	(42,925)	(103,283)	

* Including agency support costs where applicable.

** Assumed the same level of the 2018–2020 replenishment of the Multilateral Fund.

Other policy issues

Activities submitted to the 88th meeting

27. Activities included in the 2021 business plans of bilateral and implementing agencies but not submitted to the 88th meeting have already been included in the business plan for 2022–2024. In addition, HPMPs submitted at the 88th meeting after review by the Secretariat but subsequently deferred, would be included in the business plan for 2022–2024.

Budgeting

28. Following adjustments, the values of activities in the business plan are below the overall indicative budget by US \$103.28 million for the 2022–2024 triennium, assuming a budget of US \$540 million, i.e., at the same level as the 2018–2020 replenishment. Moreover, the adjusted business plan value of US \$117.84 million for 2022 is below the annual budget of US \$180 million (assuming the same level of the 2018–2020 replenishment).

Further adjustment after the 88th meeting

29. The 2022–2024 business plan could be further adjusted based on the funding levels of new stages of HPMPs that will be approved in principle at the 88th meeting. The Executive Committee may wish to adjust the 2022–2024 business plan based on the level of funds for the HPMPs approved in principle at the 88th meeting.

30. The Executive Committee may wish to further adjust the 2022–2024 business plan in line with the decision that would be taken by the Parties to the Montreal Protocol on the level of replenishment of the Multilateral Fund for the 2021–2023 triennium.

Policy issues on stage III of HPMPs including project preparation

31. UNEP seeks guidance from the Executive Committee on the timing for submission of project preparation activities for stage III of the HPMPs. In line with decision 84/46(e), the Secretariat removed all

activities related to stage III of HPMPs for those countries with approved stage II reduction target beyond 2024 from the 2022–2024 business plan.

32. The Secretariat would like to seek guidance from the Executive Committee on the timing for which activities related to stage III of HPMPs including project preparation for countries with reduction target beyond 2024 could be included in future business plans.

RECOMMENDATION

33. The Executive Committee may wish:

- (a) To note the consolidated business plan of the Multilateral Fund for 2022–2024 contained in document UNEP/OzL.Pro/ExCom/88/22;
- (b) To decide whether:
 - (i) To adjust the business plan as proposed by the Secretariat in document UNEP/OzL.Pro/ExCom/88/22;
 - (ii) To further adjust the business plan:
 - a. By adding to the 2022 business plan HCFC phase-out management plans (HPMPs) that had been deferred at the 88th meeting;
 - b. By taking into account the values approved in principle for new HPMPs at the 88th meeting;
 - c. By taking into account the level of replenishment of the Multilateral Fund for the 2021–2023 triennium once adopted by the Parties to the Montreal Protocol;
- (c) To consider when activities related to stage III of HPMPs including project preparation for countries with an approved stage II of HPMPs with reduction target beyond 2024 could be submitted; and
- (d) To endorse the consolidated business plan of the Multilateral Fund for 2022–2024, as adjusted by the Secretariat [and the Executive Committee] taking into consideration relevant decisions taken at the 88th meeting, while noting that endorsement did not denote approval of the projects identified therein or their funding or tonnage levels.