



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/91/27  
10 November 2022

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Ninety-first Meeting  
Montreal, 5-9 December 2022  
Item 8(d)(v) of the provisional agenda<sup>1</sup>

**THE WORLD BANK BUSINESS PLAN FOR 2023–2025**

**Introduction**

1. This document presents the World Bank business plan for 2023–2025<sup>2</sup> and includes the planned activities for the reduction of controlled substances under the Montreal Protocol during the period 2023–2025. The narrative of the World Bank’s business plan for 2023–2025 is attached to the present document.

2. This document consists of the following sections:

- I. Planned activities during the period 2023–2025
- II. Secretariat’s comments
- III. Proposed adjustments by the Secretariat
- IV. Performance indicators
- V. Recommendation

**I. Planned activities during the period 2023–2025**

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

<sup>1</sup> UNEP/OzL.Pro/ExCom/91/1

<sup>2</sup> A draft business plan for 2023–2025 of the World Bank was discussed at the Inter-agency coordination meeting (IACM) held in Montreal from 20 to 22 September 2022. The business plan contained in this document has addressed the issues raised at the meeting.

**Table 1. Resource allocation in the World Bank business plan for 2023–2025 (US \$)\* – as submitted**

Description	2023	2024	2025	Total (2023–2025)	Total after 2025
<b>HCFC activities</b>					
Approved HCFC phase-out management plans (HPMPs)	7,614,689	24,488,763	5,350,000	37,453,452	4,494,000
HPMP preparation – stage III	160,500	0	0	160,500	0
HPMP stage III	0	1,070,000	2,140,000	3,210,000	2,140,000
<b>HCFC activities subtotal</b>	<b>7,775,189</b>	<b>25,558,763</b>	<b>7,490,000</b>	<b>40,823,952</b>	<b>6,634,000</b>
<b>HFC activities</b>					
Kigali HFC implementation plan (KIP) preparation	470,800	0	0	470,800	0
KIPs	3,210,000	3,210,000	0	6,420,000	42,800,000
<b>HFC activities subtotal</b>	<b>3,680,800</b>	<b>3,210,000</b>	<b>0</b>	<b>6,890,800</b>	<b>42,800,000</b>
<b>Standard activities</b>					
Core unit	1,747,145	1,759,375	1,771,691	5,278,211	0
Institutional strengthening (IS)	676,584	0	676,584	1,353,168	0
<b>Standard activities subtotal</b>	<b>2,423,729</b>	<b>1,759,375</b>	<b>2,448,275</b>	<b>6,631,379</b>	<b>0</b>
<b>Total</b>	<b>13,879,718</b>	<b>30,528,138</b>	<b>9,938,275</b>	<b>54,346,131</b>	<b>49,434,000</b>

\* Including agency support costs where applicable.

## II. Secretariat's comments

### II.1 HCFC activities

#### Stage III of HPMPs

4. A total of US \$5.35 million is planned for stage III of HPMPs for one country (Viet Nam), including US \$3.21 million for 2023–2025 while US \$2.14 million is for the period after 2025. Inclusion of stage III of HPMPs in the business plan including project preparation is allowed for countries for which stage II of the HPMP had been approved and which had a reduction target beyond 2024 (decision 88/34(d)).

### II.2 HFC-related activities

#### KIP project preparation

5. A total of US \$470,800 is included for KIP project preparation activities<sup>3</sup> in the 2023-2025 business plan for two countries (Indonesia and Thailand). These two countries have not yet ratified the Kigali Amendment but have submitted the required letter from their respective Government indicating their intent to make best efforts to ratify the Kigali Amendment.

#### KIPs

6. Decision 84/46(g) allowed inclusion of KIPs in the business plan only for countries that had ratified the Kigali Amendment. A total of US \$49.22 million is included for KIPs for four countries (Indonesia,

<sup>3</sup> 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 87<sup>th</sup> meeting (decision 87/50).

Malaysia, Thailand and Viet Nam). Two of these countries (Indonesia and Thailand) have not yet ratified the Kigali Amendment.

### II.3 Core unit costs

7. The core unit costs<sup>4</sup> are expected to increase at an annual rate of 0.7 per cent as agreed.

### III. Proposed adjustments by the Secretariat

8. The adjustments to the World Bank business plan for 2023–2025 were based on relevant decisions of the Executive Committee. In reviewing the revised business plan of the World Bank for 2023–2025, the Secretariat noted that the following adjustments were not included:

**Table 2. Adjustments to the World Bank business plan for 2023–2025 (US \$)\* – as proposed by the Secretariat**

Adjustment	2023–2025	After 2025
PRP for KIPs pursuant to decision 87/50	(74,968)	0
KIPs pursuant to decision 84/46(g)	(3,210,000)	(21,400,000)

\* Including agency support costs where applicable.

9. Table 3 presents the results of the Secretariat’s proposed adjustments to the World Bank business plan for 2023–2025, which are also addressed in the context of the consolidated business plan of the Multilateral Fund for 2023–2025.<sup>5</sup>

**Table 3. Resource allocation in the World Bank’s adjusted business plan for 2023–2025 (US \$)\***

Description	2023	2024	2025	Total (2023–2025)	Total after 2025
<b>HCFC activities</b>					
Approved HPMPs	7,614,689	24,488,763	5,350,000	37,453,452	4,494,000
HPMP preparation – stage III	160,500	0	0	160,500	0
HPMP stage III	0	1,070,000	2,140,000	3,210,000	2,140,000
<b>HCFC activities subtotal</b>	<b>7,775,189</b>	<b>25,558,763</b>	<b>7,490,000</b>	<b>40,823,952</b>	<b>6,634,000</b>
<b>HFC activities</b>					
KIP preparation	395,832	0	0	395,832	0
KIPs	3,210,000	0	0	3,210,000	21,400,000
<b>HFC activities subtotal</b>	<b>3,605,832</b>	<b>0</b>	<b>0</b>	<b>3,605,832</b>	<b>21,400,000</b>
<b>Standard activities</b>					
Core unit	1,747,145	1,759,375	1,771,691	5,278,211	0
IS	676,584	0	676,584	1,353,168	0
<b>Standard activities subtotal</b>	<b>2,423,729</b>	<b>1,759,375</b>	<b>2,448,275</b>	<b>6,631,379</b>	<b>0</b>
<b>Total</b>	<b>13,804,750</b>	<b>27,318,138</b>	<b>9,938,275</b>	<b>51,061,163</b>	<b>28,034,000</b>

\* Including agency support costs where applicable.

### IV. Performance indicators

10. The World Bank submitted performance indicators pursuant to decision 71/28 in its business plan narrative. The Secretariat informed the World Bank of the targets shown in table 4.

<sup>4</sup> The World Bank’s 2023 core unit costs will be considered at the 91<sup>st</sup> meeting (UNEP/OzL.Pro/ExCom/91/59).

<sup>5</sup> UNEP/OzL.Pro/ExCom/91/22

**Table 4. Performance indicators for the World Bank for 2023**

Type of indicator	Short title	Calculation	2023 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)	6
Implementation	Funds disbursed	Based on estimated disbursement in progress report	US \$8,701,634
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans*	814.6 ODP tonnes
Implementation	Project completion for activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	5
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	4
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 lead or cooperating agency, if agreed by that agency.

## V. Recommendation

11. The Executive Committee may wish:

- (a) To note the World Bank business plan for 2023–2025, contained in document UNEP/OzL.Pro/ExCom/91/27; and
- (b) To approve the performance indicators for the World Bank as set out in table 4 of document UNEP/OzL.Pro/ExCom/91/27.

# 2023-2025 BUSINESS PLAN



## **WORLD BANK GROUP**

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

Presented to the  
91<sup>st</sup> Meeting of the Executive Committee  
of the Multilateral Fund

Submitted October 10, 2022

## 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 2023-2025.
2. The objectives of the proposed 2023-2025 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% and 67.5% reduction from the baseline during 2023-2024 and 2025, respectively, 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 and implementing stage III HCFC phase-out management plan.
  - c) 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.
  - d) Ensure Article 5 partner countries’ implementation of institutional strengthening (IS) activities.
3. The proposed 2023-2025 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 2023-2025 period are summarized in Table I – 1, below. Total phase-out impact is 7,044.12 ODP tons will be achieved by 2025 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 2023-2025 (ODP tonnes)

	2023	2024	2025	Total
HCFC Sector Plans Stage II	814.58	157.16	785.81	1,757.55
HCFC Production Phase-out Management Plan Stage II		5,286.57		5,286.57
Total	814.58	5446.10	785.81	7,044.12

5. With respect to the preparation of Kigali HFC implementation plans (KIPs), the World Bank expects to submit one request in 2023 in addition to two previously approved activities and one submitted for consideration by the 91<sup>st</sup> meeting.

### Strategic approach to HCFC phase-out and HFC-phase-down activities in the proposed 2023-2025 Business Plan

6. Sustain HCFC Production and Consumption Phase-out: 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 and will be phasing out HCFC-141b production by 1 January 2026. China is the only remaining HCFC-141b producer and its phase-out of HCFC-141b will support and sustain efforts by Article 5

countries that have or will be phasing out the import and uses of HCFC-141b in bulk or contained in pre-blended polyol for foam production.

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 (2020–2023) 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 2023

8. The proposed 2023 Business Plan includes deliverables of six investment activities in the following four countries: China and Thailand. The total amount of funding requested for ongoing and new investment activities in the proposed 2023 Business Plan is US\$13.88 million.

9. The funding distribution for ongoing and new investment activities included in the proposed 2023 Business Plan is summarized below.

Table I-3: Summary of funding distribution for investment activities in the proposed 2023 World Bank Business Plan

	Total amount of funds requested in 2023 (US\$ 000s)*	Percent of total	Estimated impact in 2023
HCFC Sector Plans Stage II	7,614.69	70.3%	814.58 ODP t
Kigali Implementation Plan Stage I	3,210.00	29.7%	300 mt
Total	10,824.69	100.0%	

\* Figures include agency support costs

10. The total deliverables contained in the proposed 2023 World Bank Business Plan, including investment, non-investment and preparatory activities amounts to US\$13.88 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 2023 World Bank Business Plan

Type of activity included in the proposed 2023 Business Plan	Number of activities	Amount requested (US\$ 000s)*
HCFC Sector Plans Stage II	2	7,614.69
Institutional Strengthening Project	2	676.59
Preparation of HPMP Stage III	1	160.50
Preparation of Kigali HFC Implementation Plan	2	470.80

Type of activity included in the proposed 2023 Business Plan	Number of activities	Amount requested (US\$ 000s)*
Kigali Implementation Plan Stage I	2	3,210.00
Core Unit Cost	1	1,747.15
Total	10	13,879.73

\* Figures include agency support costs

## C. Resource Allocation Beyond 2023

11. The breakdown of the resource allocation beyond 2023 in the 2023-2025 Business Planning is summarized below.

Table I-5: World Bank's proposed resource allocation plan for 2024-2025

Type of activity	Total amount of funds requested in 2024 (US\$ 000s)	Estimated impact in 2024 (ODP tonnes)	Total amount of funds requested in 2025 (US\$ 000s)	Estimated impact in 2025 (ODP tonnes)
HCFC Sector Plan Stage II	1,256.76	159.54	5,350.00	785.81
HCFC Production Phase-out Management Plan Stage II (China)	23,232.00	5,286.57	0.00	0.00
HCFC Sector Plan Stage III	1,070.00	11.46	2,140.00	22.92
Kigali HFC Implementation Plan	3,210.00	300 mt	0.00	N/A
Institutional Strengthening	0	N/A	676.59	N/A
Core Unit Cost	1,759.38	N/A	1,771.69	N/A
Total	30,528.14	5,457.57	9,938.28	808.73

## II. PLANNED BUSINESS ACTIVITIES

### A. Ongoing Approved Activities

12. Investment projects for which funding is requested in the 2023-2025 BP: As of September 2022, the World Bank's Montreal Protocol portfolio consists of five ongoing multi-year projects for which funding will be solicited in 2023-2025: HCFC phase-out management and sector plans in China, Jordan, Thailand, and Vietnam; and China stage II HPPMP.

13. Non-investment projects and activities: As of September 2022, the World Bank's portfolio includes four (4) activities: two (2) ongoing institutional strengthening projects (ISP), two (2) preparation activity for Kigali HFC implementation plan. Thailand and Jordan institutional strengthening project will be completed in December 2023. One (1) preparation activity for Kigali HFC implementation plan has been submitted for consideration by the 91<sup>st</sup> ExCom.

### B. Program Expansion in 2023 and Beyond

14. A list of detailed new and approved activities to be implemented during 2023-2025, their associated levels of funding, projected ODP impact and country specific remarks is submitted as a separate table.

## New submissions

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 2023<sup>1</sup> 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 2023 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 2023 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. In 2022, the Bank and Green Climate Fund signed Funded Activity Agreement to set up a "Cooling Facility" with total funding of US \$879.84 million, which includes GCF proceeds and co-financing, to improve access to sustainable cooling while aligning with the goals and requirements of the Kigali Amendment.

## **III. PERFORMANCE INDICATORS**

18. As per Decision 71/28, the following performance indicators are included in the World Bank's 2023-2025 Business Plan:

### **A. Planning--Approval Performance Indicators**

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

---

<sup>1</sup> The planned 2021 workshops were canceled due to continuation of COVID-19 pandemic since 2020.

Table III-1: Number of annual programs of multi-year agreements planned for 2023

Item	Planned for 2023	Remarks
Tranches of previously approved multi-year agreements to be presented to ExCom in 2023	4	HCFC Phase-out Plan (China, and Thailand) Kigali Implementation Plan (Malaysia 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 2023

Item	Planned for 2023	Remarks
Number of projects/ activities (investment and demonstration projects, TAS, PRP, IS) approved vs. planned	5	1 Institutional Strengthening Project (Jordan and Thailand), 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 2023, the World Bank is targeting disbursement of \$3.0 million.
22. ODP phased-out for the tranche when the next tranche is approved vs. those planned per progress reports (Weighting: 25): In 2023, the World Bank expects to phase out a total of 809 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 2023, 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 2023 within 12 months at 90%.
25. Timely submission of project completion reports (Weighting: 5): The Bank plans to submit five (5) 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 2023 performance indicators is included in Table III-3 below.

Table III-3: Summary of World Bank's 2023 performance indicators

Category of Performance Indicator	Title	Weighting	2023 Target
Planning -- Approval	Tranches of previously approved multi-year agreements to be approved in 2023	10	4

Category of Performance Indicator	Title	Weighting	2023 Target
	Number of projects/ activities (investment and demonstration projects, TAS, PRP, IS) approved vs. planned	10	5
Implementation	Funds disbursed based on estimated disbursement in progress report	15	\$3 million
	ODP phase-out for the tranche vs. that planned per progress reports	25	809
	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	5
	Timely submission of progress reports	5	On time

#### IV. POLICY ISSUES

28. HFC consumption patterns in the manufacturing sectors is proving to be much more complicated as compared to HCFC sectors based on the World Bank’s ongoing work with its partner countries on enabling activities and KIP preparation. Furthermore, demand for HFCs during baseline years may have slowed in some sectors, and depending on the country, overall, due to the COVID-19 pandemic. Low-GWP alternatives are also not yet available for all manufacturing sectors, nor widely available due to limited supply in some cases. These factors could pose a risk to country compliance or country to comply with the obligations of the Kigali Amendment and at minimum, can make KIP implementation much more challenging. While the Executive Committee continues to consider the scope and metrics for the KIP starting point in cost guidelines, the World Bank would like to point out on behalf of its client countries how critical it will be to provide flexibility to the country that is aligned with the principles of Kigali to allow for managing the growth and targeting the phasedown of HFCs and HFC blends across sectors as deemed necessary in countries’ strategic planning in their KIPs.