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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-third Meeting
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Item 8(d)(v) of the provisional agenda¹

THE WORLD BANK BUSINESS PLAN FOR 2024–2026

Introduction

1. This document presents the World Bank business plan for 2024–2026² and includes the planned activities for the reduction of controlled substances under the Montreal Protocol during the period 2024–2026. The narrative of the World Bank’s business plan for 2024–2026 is attached to the present document.

2. This document consists of the following sections:

- I. Planned activities during the period 2024–2026
- II. Secretariat’s comments
- III. Proposed adjustments by the Secretariat
- IV. Performance indicators
- V. Recommendation

I. Planned activities during the period 2024–2026

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

¹ UNEP/OzL.Pro/ExCom/93/1

² A draft business plan for 2024–2026 of the World Bank was discussed at the Inter-agency coordination meeting (IACM) held in Montreal from 3 to 5 October 2023. The business plan contained in this document has addressed the issues raised at the meeting.

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.

Table 1. Resource allocation in the World Bank business plan for 2024–2026 (US \$)* – as submitted

Description	2024	2025	2026	Total (2024–2026)	Total after 2026
HCFC activities					
Approved HCFC phase-out management plans (HPMPs)	1,256,763	5,350,000	4,494,000	11,100,763	0
Approved HCFC production phase-out management plans (HPPMPs)	23,232,000	0	0	23,232,000	0
HPMP stage III	0	6,169,737	10,700,000	16,869,737	17,279,605
HCFC activities subtotal	24,488,763	11,519,737	15,194,000	51,202,500	17,279,605
HFC activities					
Kigali HFC implementation plan (KIP) stage I	3,210,000	6,021,488	16,538,270	25,769,758	23,156,284
HFC activities subtotal	3,210,000	6,021,488	16,538,270	25,769,758	23,156,284
Other activities					
Pilot project for energy efficiency – investment	428,000	0	0	428,000	0
National inventories of banks of waste-controlled substances – project preparation (PRP)	0	214,000	0	214,000	0
Other activities subtotal	428,000	214,000	0	642,000	0
Standard activities					
Core unit	1,759,375	1,771,691	1,784,092	5,315,158	0
Institutional strengthening (IS)	982,829	0	0	982,829	0
Standard activities subtotal	2,742,204	1,771,691	1,784,092	6,297,988	0
Total	30,868,968	19,526,916	33,516,363	83,912,246	40,435,889

* Including agency support costs where applicable.

II. Secretariat's comments

II.1 HCFC activities

Stage III of HPMPs

4. A total of US \$34.15 million is planned for stage III of HPMPs for two countries (Thailand and Viet Nam), including US \$16.87 million for 2024–2026 and US \$17.28 million for the period after 2026. 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

Stage I of KIPs

5. 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 \$48.93 million is included for stage I of KIPs for four countries (Indonesia, Malaysia, Thailand, and Viet Nam), including US \$25.77 million for 2024–2026 and US \$23.16 million for the period after 2026. One of these countries (Thailand) has not yet ratified the Kigali Amendment.

II.3 Other activities

Pilot projects for energy efficiency (decision 91/65)

6. A total of US \$428,000 is included in the business plan under the funding window for pilot projects for energy efficiency (decision 91/65) for 2024–2026 for two countries (Malaysia and Viet Nam).

Project preparation for national inventories of banks of waste-controlled substances (decision 91/66)

7. A total of US \$214,000 is included in the business plan for the preparation of national inventories of banks of waste-controlled substances (decision 91/66) for 2024–2026 for two countries (Malaysia and Thailand).

II.4 Core unit costs

8. The core unit costs³ are expected to increase at an annual rate of 0.7 per cent as agreed.

III. Proposed adjustments by the Secretariat

9. The adjustments to the World Bank business plan for 2024–2026 were based on relevant decisions of the Executive Committee. In reviewing the revised business plan of the World Bank for 2024–2026, the Secretariat noted that the following adjustments were not included:

Table 2. Adjustments to the World Bank business plan for 2024–2026 (US \$)* – as proposed by the Secretariat

Adjustment	2024–2026	After 2026
KIPs pursuant to decision 84/46(g)	(8,560,000)	(10,700,000)

* Including agency support costs where applicable.

10. Table 3 presents the results of the Secretariat’s proposed adjustments to the World Bank business plan for 2024–2026, which are also addressed in the context of the consolidated business plan of the Multilateral Fund for 2024–2026.⁴

Table 3. Resource allocation in the World Bank’s adjusted business plan for 2024–2026 (US \$)*

Description	2024	2025	2026	Total (2024–2026)	Total after 2026
HCFC activities					
Approved HPMPs	1,256,763	5,350,000	4,494,000	11,100,763	0
Approved HPPMPs	23,232,000	0	0	23,232,000	0
HPMP stage III	0	6,169,737	10,700,000	16,869,737	17,279,605
HCFC activities subtotal	24,488,763	11,519,737	15,194,000	51,202,500	17,279,605
HFC activities					
KIP stage I	3,210,000	2,811,488	11,188,270	17,209,758	12,456,284
HFC activities subtotal	3,210,000	2,811,488	11,188,270	17,209,758	12,456,284
Other activities					
Pilot project for energy efficiency – investment	428,000	0	0	428,000	0
National inventories of banks of waste-controlled substances – PRP	0	214,000	0	214,000	0
Other activities subtotal	428,000	214,000	0	642,000	0

³ The World Bank’s 2024 core unit costs will be considered at the 93rd meeting (UNEP/OzL.Pro/ExCom/93/95).

⁴ UNEP/OzL.Pro/ExCom/93/25

Description	2024	2025	2026	Total (2024–2026)	Total after 2026
Standard activities					
Core unit	1,759,375	1,771,691	1,784,092	5,315,158	0
IS	982,829			982,829	0
Standard activities subtotal	2,742,204	1,771,691	1,784,092	6,297,988	0
Total	30,868,968	16,316,916	28,166,363	75,352,246	29,735,889

* Including agency support costs where applicable.

IV. Performance indicators

11. 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.

Table 4. Performance indicators for the World Bank for 2024

Type of indicator	Short title	Calculation	2024 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 \$18,164,125
Implementation	ODS phase-out	ODS phase-out for the tranche when the next tranche is approved vs. those planned per business plans*	5,446.1 ODP tonnes
Implementation	Project completion for activities	Project completion vs. planned in progress reports for all activities (excluding project preparation)	1
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	0
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plans and responses unless otherwise agreed	On time

* The targets of an agency would be reduced “if it could not submit a tranche owing to another cooperating agency or lead agency” or “if the HPMP submitted for consideration by the Executive Committee was not approved as a result of factors beyond the control of the national ozone unit and the agency”.

V. Recommendation

12. The Executive Committee may wish:

- (a) To note the World Bank business plan for 2024–2026, contained in document UNEP/OzL.Pro/ExCom/93/30; and
- (b) To approve the performance indicators for the World Bank as set out in table 4 of document UNEP/OzL.Pro/ExCom/93/30.

2024-2026 BUSINESS PLAN



WORLD BANK GROUP

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

Presented to the
93rd Meeting of the Executive Committee
of the Multilateral Fund

Submitted October 20, 2023

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 2024-2026.
2. The objectives of the proposed 2024-2026 Business Plan for the World Bank are to:
 - a) Assist Article 5 countries in sustaining to 35% HCFC consumption and production phase-out reduction from the baseline during 2024 and meeting the upcoming obligation 67.5% reduction starting 1st January 2025, 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 2024-2026 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 related to energy efficiency and national inventories of unwanted controlled substances in light of the approved decisions.
4. The expected impact of approved investment activities for the 2024-2026 period are summarized in Table I – 1, below. Total phase-out impact is 6,891.99 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 2024-2026 (ODP tonnes)

	2024	2025	2026	Total
HCFC Sector Plans Stage II	159.54	785.81	660.08	1,605.43
HCFC Production Phase-out Management Plan Stage II	5,286.57	-	-	5,286.57
Total	5,446.10	785.81	660.08	6,891.99

5. With respect to the Kigali HFC implementation plans (KIPs), the World Bank expects to submit one KIP in 2024 and another one in 2025 in addition to the two KIPs submitted for consideration by the 93rd meeting. The combined baselines of these four KIPs are over 100 million tCO₂ eq.

Strategic approach to HCFC phase-out and HFC-phase-down activities in the proposed 2024-2026 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 the phase-out of HCFC-141b will support and sustain efforts by Article 5 countries that have or will be banning the import of HCFC-141b in bulk or contained in pre-blended polyol.

7. Support for the compliance with the Kigali Amendment: Updated HFC information from the Bank’s client countries shows significant increase in the consumption of HFCs in 2022 over a depressed 2020-2021 market caused by government measures to battle COVID-19 pandemic. If the increase is mainly due to economic recovery and high growth is sustained, countries could face earlier compliance issues due to lower baseline and would require more aggressive phasedown approach. The Bank will continue to work with client countries to monitor the situation and adjust the phase-down strategy as necessary.

B. Resource Allocation in 2024

8. The proposed 2024 Business Plan includes deliverables of six investment activities in the following five countries: China, Indonesia, Malaysia, Thailand, and Viet Nam. The total amount of funding requested for ongoing and new investment activities in the proposed 2024 Business Plan is US\$30.87 million.

9. The funding distribution for ongoing and new investment activities included in the proposed 2024 Business Plan is summarized below.

Table I-3: Summary of funding distribution for investment activities in the proposed 2024 World Bank Business Plan

	Total amount of funds requested in 2024 (US\$ 000s) *	Percent of total	Estimated impact in 2024 (ODP tons)
HCFC Sector Plans Stage II	24,488.76		5,446.10
Kigali Implementation Plan Stage I	3,210.00		N/A
Total	27,698.76	100.0%	

* Figures include agency support costs

10. The total deliverables contained in the proposed 2024 World Bank Business Plan, including investment, non-investment and preparatory activities amounts to US\$30.65 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 2024 World Bank Business Plan

Type of activity included in the proposed 2024 Business Plan	Number of activities	Amount requested (US\$ 000s) *
HCFC Sector Plans Stage II	3	24,488.76
Institutional Strengthening Project	1	982.83
Energy Efficiency Project	2	428.00
Kigali Implementation Plan Stage I	1	3,210.00
Core Unit Cost	1	1,759.38
Total	8	30,868.97

* Figures include agency support costs

C. Resource Allocation Beyond 2024

11. The breakdown of the resource allocation beyond 2024 in the 2024-2026 Business Planning is summarized below.

Table I-5: World Bank's proposed resource allocation plan for 2025-2026

Type of activity	Total amount of funds requested in 2025 (US\$ 000s)	Estimated impact in 2025 (ODP tonnes)	Total amount of funds requested in 2026 (US\$ 000s)	Estimated impact in 2026 (ODP tonnes)
HCFC Sector Plan Stage II	5,350.00	785.81	4,494.00	660.08
HCFC Production Phase-out Management Plan Stage II (China)	0.00	0.00	0.00	0.00
HCFC Sector Plan Stage III	6,169.74	75.70	10,700.00	147.13
Kigali HFC Implementation Plan	6,021.49	N/A	16,538.27	N/A
National inventories and disposal plan	214.00	N/A	0.00	N/A
Institutional Strengthening	0.00	N/A	0.00	N/A
Core Unit Cost	1,771.69	N/A	1,784.09	N/A
Total	19,526.92	861.51	33,516.36	807.21

II. PLANNED BUSINESS ACTIVITIES

A. Ongoing Approved Activities

12. Investment projects for which funding is requested in the 2024-2026 BP: As of September 2023, the World Bank's Montreal Protocol portfolio consists of three ongoing multi-year projects for which funding will be solicited in 2024-2026: two HCFC phase-out management plans in China and Thailand; and China stage II HPPMP.

13. Non-investment projects and activities: As of September 2023, the World Bank's portfolio includes three (3) activities: two (2) ongoing institutional strengthening projects (ISP), one (1) preparation activity for Kigali HFC implementation plan. Thailand and Jordan institutional strengthening project will be completed in June 2024. One (1) preparation activity for Kigali HFC implementation plan and, two (2) preparation activities for energy efficiency projects have been submitted for consideration by the 93rd ExCom.

B. Program Expansion in 2024 and Beyond

14. A list of detailed new and approved activities to be implemented during 2024-2026, 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 have been submitted for consideration by the 93rd ExCom along with one additional activity to prepare KIP for 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 2020-2022. The Bank was able to resume the organization of East Asia regional workshops in 2023 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. This regional workshop will continue in 2024 with an important topic revolving 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 2024 to promote synergy between climate, energy efficiency, ozone activities with theme on sustainable cooling. 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, 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 activities funded by UK DEFRA to address both energy efficiency and HFCs in cold-chain applications with will be shared among client countries. Beyond the identification of synergies in the Bank’s larger lending portfolio, there will be continuing efforts in 2024 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 2024-2026 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 2024

Item	Planned for 2024	Remarks
Tranches of previously approved multi-year agreements to be presented to ExCom in 2024	3	HCFC Phase-out Plan (China, and Thailand)

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 2024

Item	Planned for 2024	Remarks
Number of projects/ activities (investment and demonstration projects, TAS, PRP, IS) approved vs. planned	3	1 Institutional Strengthening Project (Thailand), and 2 Energy Efficiency projects (Malaysia and Viet Nam)

B. Implementation Performance Indicators

21. Funds disbursed (Weighting: 15). In 2024, the World Bank is targeting disbursement of \$18.1 million.
22. ODP phased-out for the tranche when the next tranche is approved vs. those planned per progress reports (Weighting: 25): In 2024, 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 2024, the World Bank expects to bring to completion a total of fifteen (15) 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 2024 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 2023 Progress Report by the agreed deadline.
27. A summary of the World Bank's 2024 performance indicators is included in Table III-3 below.

Table III-3: Summary of World Bank's 2024 performance indicators

Category of Performance Indicator	Title	Weighting	2024 Target
Planning -- Approval	Tranches of previously approved multi-year agreements to be approved in 2024	10	3
	Number of projects/ activities (investment and demonstration projects, TAS, PRP, IS) approved vs. planned	10	3
Implementation	Funds disbursed based on estimated disbursement in progress report	15	\$18.1 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	15
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.