UNITED
NATIONS

EP

United Nations
Environment
Programme

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/95/30
10 November 2024

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-fifth Meeting
Montreal, 4-8 December 2024
Item 8(d)(v) of the provisional agenda[1]

THE WORLD BANK BUSINESS PLAN FOR 2025–2027

Introduction

1. This document presents the World Bank business plan for 2025–2027 and includes the planned activities for the reduction of controlled substances and other activities under the Montreal Protocol during the period 2025-2027. The narrative of the World Bank's business plan for 2025–2027 is attached to the present document.

2. This document consists of the following sections:

I. Planned activities during the period 2025–2027

II. Secretariat's comments

III. Proposed adjustments by the Secretariat

IV. Performance indicators

V. Recommendation

I. Planned activities during the period 2025–2027

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

[1] UNEP/OzL.Pro/ExCom/95/1

Table 1. Resource allocation in the World Bank business plan for 2025–2027 (US $)* – as submitted

Description	2025	2026	2027	Total (2025–2027)	Total after 2027
HCFC activities					
Approved HCFC phase-out management plans (HPMPs)	5,536,763	9,426,894	0	14,963,657	1,479,869
HCFC production phase-out management plan (HPPMP) stage III – project preparation (PRP)	321,000	0	0	321,000	0
HPPMP stage III	0	0	23,540,000	23,540,000	23,540,000
HPMP stage III	4,280,000	0	10,700,000	14,980,000	10,700,000
HCFC activities subtotal	**10,137,763**	**9,426,894**	**34,240,000**	**53,804,657**	**35,719,869**
HFC activities					
Approved Kigali HFC implementation plans (KIPs)	3,473,530	1,619,110	2,500,221	7,592,861	1,253,464
Kigali HFC implementation plan for the production sector (KIPP) stage I – PRP	321,000	0	0	321,000	0
KIP stage I	6,420,000	0	11,770,000	18,190,000	11,770,000
HFC activities subtotal	**10,214,530**	**1,619,110**	**14,270,221**	**26,103,861**	**13,023,464**
Other activities					
Energy efficiency (decision 94/60)	0	648,215	0	648,215	0
National inventories of banks of waste-controlled substances – PRP (decision 91/66)	107,000	0	0	107,000	0
Other activities subtotal	**107,000**	**648,215**	**0**	**755,215**	**0**
Standard activities					
Core unit	1,959,375	1,771,691	1,784,092	5,515,158	0
Institutional strengthening (IS)	982,829	0	0	982,829	0
Standard activities subtotal	**2,942,204**	**1,771,691**	**1,784,092**	**6,497,988**	**0**
Total	**23,401,497**	**13,465,910**	**50,294,313**	**87,161,721**	**48,743,333**

* Including agency support costs where applicable.

II. Secretariat's comments

II.1 HCFC activities

Stage III of HPPMP

4. A total of US $47.08 million is planned for stage III of the HPPMP for one country, including US $23.54 million for 2025–2027 and US $23.54 million for the period after 2027. A total of US $321,000 is also included in the business plan for project preparation for stage III of the HPPMP for this country in 2025.

Stage III of HPMPs

5. A total of US $25.68 million is planned for stage III of the HPMP for one country, including US $14.98 million for 2025–2027 and US $10.7 million for the period after 2027. 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

Project preparation for stage I of a KIPP

6. A total of US $321,000 is included in the business plan for project preparation for stage I of the KIPP for one country in 2025.

Stage I of KIPs

7. A total of US $29.96 million is included in the business plan for stage I of KIPs for two countries (including US $18.19 million for 2025–2027 and US $11.77 million for the period after 2027). All these countries have ratified the Kigali Amendment.

II.3 Other activities

Energy efficiency (decision 94/60)[2]

8. A total of US $648,215 is included in the business plan under the funding window for energy efficiency per decision 94/60 for 2026 for one country. This project was submitted to the 95th meeting and therefore, has been removed from the business plan.

Project preparation for national inventories of banks of waste-controlled substances (decision 91/66)[3]

9. A total of US $107,000 is included in the business plan for the preparation of national inventories of banks of waste-controlled substances for 2025 for one country.

II.4 Core unit costs

10. The core unit costs[4] are expected to increase at an annual rate of 0.7 per cent as agreed, and include additional core unit funding in the amount of US $200,000 in 2025 for 2026, pursuant to decision 93/95(b).[5]

III. Proposed adjustments by the Secretariat

11. The adjustments to the World Bank business plan for 2025–2027 were based on relevant decisions of the Executive Committee. In reviewing the revised business plan of the World Bank for 2025–2027, the Secretariat noted that the following adjustments were not included:

Table 2. Adjustments to the World Bank business plan for 2025–2027 (US $)* – as proposed by the Secretariat

Adjustment	2025–2027	After 2027
Energy efficiency per decision 94/60 submitted to the 95th meeting	(648,215)	0

* Including agency support costs where applicable.

[2] The Executive Committee established a funding window for projects developed and implemented under the operational framework to support maintaining and/or enhancing energy efficiency while phasing down HFCs.

[3] The Executive Committee established a funding window and criteria for the preparations of national inventories of banks of used or unwanted controlled substances and a plan for the collection, transport, and disposal of such substances.

[4] The World Bank's 2025 core unit costs will be considered at the 95th meeting (UNEP/OzL.Pro/ExCom/95/84).

[5] The Executive Committee approved an increase in the core unit funding for the World Bank by US $200,000, for each year of the triennium 2024–2026, for the strengthening of its capacity to provide technical and policy support to Article 5 countries, on the understanding that the increase only applied to the triennium 2024–2026.

12. Table 3 presents the results of the Secretariat's proposed adjustments to the World Bank business plan for 2025–2027, which are also addressed in the context of the consolidated business plan of the Multilateral Fund for 2025–2027.[6]

Table 3. Resource allocation in the World Bank's adjusted business plan for 2025–2027 (US $)*

Description	2025	2026	2027	Total (2025–2027)	Total after 2027
HCFC activities					
Approved HPMPs	5,536,763	9,426,894	0	14,963,657	1,479,869
HPPMP stage III – PRP	321,000	0	0	321,000	0
HPPMP stage III	0	0	23,540,000	23,540,000	23,540,000
HPMP stage III	4,280,000	0	10,700,000	14,980,000	10,700,000
HCFC activities subtotal	**10,137,763**	**9,426,894**	**34,240,000**	**53,804,657**	**35,719,869**
HFC activities					
Approved KIPs	3,473,530	1,619,110	2,500,221	7,592,861	1,253,464
KIPP stage I – PRP	321,000	0	0	321,000	0
KIP stage I	6,420,000	0	11,770,000	18,190,000	11,770,000
HFC activities subtotal	**10,214,530**	**1,619,110**	**14,270,221**	**26,103,861**	**13,023,464**
Other activities					
Energy efficiency (decision 94/60)	0	0	0	0	0
National inventories of banks of waste-controlled substances – PRP (decision 91/66)	107,000	0	0	107,000	0
Other activities subtotal	**107,000**	**0**	**0**	**107,000**	**0**
Standard activities					
Core unit	1,959,375	1,771,691	1,784,092	5,515,158	0
IS	982,829	0	0	982,829	0
Standard activities subtotal	**2,942,204**	**1,771,691**	**1,784,092**	**6,497,988**	**0**
Total	**23,401,497**	**12,817,695**	**50,294,313**	**86,513,506**	**48,743,333**

* Including agency support costs where applicable.

IV. Performance indicators

13. The World Bank submitted performance indicators pursuant to decision 93/8(d) 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 2025

Type of indicator	Short title	Calculation	2025 target
Planning-Approval	Tranches approved	Number of tranches approved vs. those planned*	6
Planning-Approval	Individual projects/ activities approved	Number of projects/activities approved vs. those planned (including project preparation activities)	5
Implementation	Funds disbursed	Based on estimated disbursement in progress reports	17,987,381
Implementation	ODS phase-out for HCFC-related projects	ODS phase-out for HCFC-related projects in ODP tonnes vs. those planned per progress reports	5,996.9 ODP tonnes
Implementation	HFC phase-down for HFC-related projects	HFC phase-down for HFC-related projects in CO_2-eq tonnes vs. those planned per progress reports	zero CO_2-eq tonne
Implementation	Project operational completion	Project operational completion vs. planned in progress reports for all activities (excluding project preparation)**	8
Implementation	Gender mainstreaming	Operational policy on gender mainstreaming applied to all approved projects	100%

[6] UNEP/OzL.Pro/ExCom/95/25

Type of indicator	Short title	Calculation	2025 target
Administrative	Speed of financial completion	The extent to which projects are financially completed within 12 months after project operational completion	12 months after operational completion
Administrative	Timely submission of project completion reports	Timely submission of project completion reports based on the progress report	0
Administrative	Timely submission of progress reports and business plans	Timely submission of progress reports and business plans and responses unless otherwise agreed	On time

* The targets of an agency will be reduced if it cannot submit a tranche owing to another cooperating agency or lead agency or if the HCFC phase-out management plan or Kigali HFC implementation plan submitted for consideration by the Executive Committee is not approved as a result of factors beyond the control of the national ozone unit and agency.
** The targets of an agency will be reduced if an extension of the completion date has been approved by the Executive Committee.

V. Recommendation

14. The Executive Committee may wish:

(a) To note the World Bank business plan for 2025–2027 contained in document UNEP/OzL.Pro/ExCom/95/30; and

(b) To approve the performance indicators for the World Bank set out in table 4 of document UNEP/OzL.Pro/ExCom/95/30.

2025-2027 BUSINESS PLAN

WORLD BANK GROUP

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

Presented to the
95th Meeting of the Executive Committee
of the Multilateral Fund

Submitted October 9, 2024

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 2025-2027.

2. The objectives of the proposed 2025-2027 Business Plan for the World Bank are to:

a) Assist Article 5 countries in meeting the 67.5% HCFC consumption and production phase-out reduction from the baseline 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 sustain the freeze obligation from 2024 and to meet the 10% reduction obligations starting 1st January 2029 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 2025-2027 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 impacts of approved investment activities for the 2025-2027 period are summarized in Table I – 1, below. Total phase-out impact for HPMP Stage II & III is 1,501 ODP tons will be achieved by 2027 through the ongoing implementation of previously approved multi-year projects in the consumption sectors. With respect to the Kigali HFC implementation plans (KIPs), the impact of the approved Stage I KIPs is 1,157 MT of HFCs.

Table I-1: Expected impact of approved investment activities anticipated to be requested.
by the World Bank for the years 2025-2027

	2025	2026	2027	Total
HCFC Sector Plans Stage II & III (ODP tonnes)	788.19	712.77	0	1,500.96
KIP Stage I (MT)	528.87	247.43	380.67	1,156.98

Strategic approach to HCFC phase-out and HFC-phase-down activities in the proposed 2025-2027 Business Plan

5. Sustain HCFC Production and Consumption Phase-out: With the upcoming completion of Stage II of the HCFC production phase-out management plan in 2026, China would have reduced their production quota for controlled uses by more than 200,000 metric tons and phased out all HCFC-141b production for controlled use.

Nevertheless, China would still need to phase out about 150,000 HCFC production for controlled uses after 2026. Furthermore, China, as the World's largest exporter of HCFCs, would need to carefully manage its HCFC production phase-out to support and sustain phase-out efforts in China and other Article 5 countries that rely on China HCFC exports. Given HCFC consumption would still be needed to service existing refrigeration and air conditioning equipment, HCFC production after 2026 and beyond, the production phase-out needs to balance with the servicing demand.

6. Support for the compliance with the Kigali Amendment: Updated HFC information from the Bank's client countries shows significant fluctuation in the consumption of HFCs during the baseline years and beyond. This could be attributed to a variety of factors: a depressed 2020-2021 market caused by government measures to battle COVID-19 pandemic, economic rebound in 2022-2024, or intentional stockpiling by some importers. 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.

7. Similar to HCFCs production, China is the world's largest producer of HFCs with reported 2022 production at 1.58 billion tons CO_2-eq tonnes which is approximately 94% share of global HFC production. This amplifies China's critical role as a global supplier of HFCs and the needs to assist China in managing HFC production phase-down to support HFC phase-down efforts by Article 5 parties while minimizing negative economic impact.

B. Resource Allocation in 2025

8. The proposed 2025 Business Plan includes deliverables of six investment activities in the following four countries: China, Indonesia, Malaysia, and Thailand. The total amount of funding requested for ongoing and new investment activities in the proposed 2025 Business Plan is US$19.71 million.

9. The funding distribution for ongoing and new investment activities included in the proposed 2025 Business Plan is summarized below.

Table I-3: Summary of funding distribution for investment activities in the proposed 2025 World Bank Business Plan

	Total amount of funds requested in 2025*	**Percent of total**	**Estimated impact in 2025**
HCFC Sector Plans Stage II & III	9,816,763	49.8%	847.29 ODP T
Kigali Implementation Plan Stage I	9,893,530	50.2%	1,528.87 MT
Total	19,710,293	100.0%	

* Figures include agency support costs

10. The total deliverables contained in the proposed 2025 World Bank Business Plan, including investment, non-investment and preparatory activities amounts to US$23.40 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. 2025 World Bank Business Plan

Type of activity included in the proposed 2025 Business Plan	Number of activities	Amount requested*
HCFC Sector Plans Stage II & III	3	9,816,763
Institutional Strengthening Project	1	982,829
Kigali Implementation Plan Stage I	3	9,893,530
Preparation Activities	3	749,000
Core Unit Cost	1	1,959,375
Total	11	23,401,497

* Figures include agency support costs

C. Resource Allocation Beyond 2025

11. The breakdown of the resource allocation beyond 2025 in the 2025-2027 Business Planning is summarized below.

Table I-5: World Bank's proposed resource allocation plan for 2026-2027

Type of activity	Total amount of funds requested in 2026	Estimated impact in 2026	Total amount of funds requested in 2027	Estimated impact in 2027
HCFC Sector Plan Stage II	4,494,000	660.08 ODP T	0	0
HCFC Sector Plan Stage III	4,932,894	52.69 ODP T	10,700,000	147.81 ODP T
HCFC Production Sector Plan Stage III			23,540,000	4,146 ODP T
Kigali HFC Implementation Plan	1,619,110	247.43 MT	14,270,221	1,780.67 MT
Energy Efficiency Project	648,215	-		
Core Unit Cost	1,771.69	-	1,784,092	-
Total	**13,465,910**	**712.77 ODP T 247.43 MT**	**50,294,313**	**4,293.81 ODP T 1,780.67 MT**

II. PLANNED BUSINESS ACTIVITIES

A. Ongoing Approved Activities

12. Investment projects for which funding is requested in the 2025-2027 BP: As of September 2024, the World Bank's Montreal Protocol portfolio consists of five ongoing multi-year projects for which funding will be solicited in 2025-2027: three HCFC phase-out management plans in China, Thailand, and Viet Nam; and two Kigali implementation plans for Malaysia and Viet Nam.

13. Non-investment projects and activities: As of September 2024, the World Bank's portfolio includes three (3) activities: one (1) ongoing institutional strengthening project (ISP), two (2) preparation activity for Kigali HFC implementation plan. Thailand institutional strengthening project is expected to be completed in June 2025. Three new preparation activities: one (1) for energy efficiency project in Thailand, one (1) for national inventories and life-cycle refrigerant management, and one (1) for HFC investment projects in domestic/commercial refrigeration sector have been submitted for consideration by the 95th ExCom.

B. Program Expansion in 2025 and Beyond

14. A list of detailed new and approved activities to be implemented during 2025-2027, their associated levels of funding, projected ODP impact and country specific remarks is submitted as a separate table.

New submissions

15. Preparation of Kigali implementation plans for Indonesia and Thailand are ongoing and expected to be ready for submission for the Executive Committee in 2025 along with Thailand HPMP Stage III.

16. Two activities to prepare production plans for China: HPPMP Stage III and KIPP Stage I. The submission of HPPMP Stage III is not expected until 2027.

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

17. The Bank was able to resume the organization of East Asia regional workshops during 2023-2024 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 2025 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. In addition, the workshop will discuss opportunities and challenges in scaling up energy efficiency enhancement while phasing down HFCs under MLF EE operational framework that was approved at the 94th meeting.

18. The Bank is planning to organize a workshop in 2025 to promote synergy between climate, energy efficiency, ozone activities with theme on sustainable cooling and energy efficiency revolving fund. 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.

19. Lastly, the World Bank is exploring means to better integrate the MP agenda into its main line of work. Beyond the identification of synergies in the Bank's larger lending portfolio, there will be continuing efforts in 2025 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

20. As per Decision 93/8, the following performance indicators are included in the World Bank's 2025-2027 Business Plan:

A. Planning--Approval Performance Indicators

21. 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 2025

Item	Planned for 2025	Remarks
Tranches of previously approved multi-year agreements to be presented to ExCom in 2025	3	HCFC Phase-out Plan (China, and Thailand), KIP (Malaysia)

22. 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 2025

Item	Planned for 2025	Remarks
Number of projects/ activities (investment and demonstration projects, TAS, PRP, IS) approved vs. those planned	4	– 1 Institutional Strengthening Project (Thailand) – 1 Preparation of national inventory and disposal plan of controlled substances (Malaysia) – 2 Preparation of HCFCs and HFCs production plans (China)

B. Implementation Performance Indicators

23. Funds disbursed (Weighting: 15). In 2025, the World Bank is targeting disbursement of $ 17.99 million.

24. ODS phased-out for HCFC-related projects in ODP tonnes vs. those planned per progress reports (Weighting: 10): In 2025, the World Bank expects to phase out a total of 788.19 ODP tons through implementation of approved multi-year projects.

25. HFC phase-down for HFC-related projects in CO2-eq tonnes vs. those planned per progress reports (Weighting: 10): In 2025, the World Bank expects to phase down a total of 876,075 CO2-eq tonnes through implementation of approved multi-year projects.

26. Project operational completion vs. those planned in progress reports for all activities (excluding project preparation) (Weighting: 15): In 2025, the World Bank expects to bring to completion a total of six (6) individual project activity.

27. Operational policy on gender mainstreaming: In 2025, the World Bank expects to apply gender mainstreaming to three approved projects

C. Administrative Performance Indicators

28. Speed of financial completion after project completion (Weighting: 10): The Bank has set its target for financial completion of all project activities completed in 2025 within 12 months at 90%.

29. Timely submission of project completion reports (Weighting: 5): The Bank plans to submit two (2) project completion reports as agreed with the Senior Monitoring and Evaluation Officer.

30. Timely submission of progress reports and responses unless otherwise agreed (Weighting: 5): The Bank plans to submit its 2024 Progress Report by the agreed deadline.

31. A summary of the World Bank's 2025 performance indicators is included in Table III-3 below.

Table III-3: Summary of World Bank's 2025 performance indicators

Category of Performance Indicator	**Title**	**Weighting**	**2025 Target**
Planning -- Approval	Tranches approved vs. those planned	10	3
	Individual projects/activities approved vs. those planned (including project preparation activities)	10	4
Implementation	Funds disbursed based on estimated disbursement in progress report	15	17,987,381
	ODS phase-out for HCFC-related projects in ODP tonnes vs. those planned per progress reports	10	788.19
	HFC phase-down for HFC-related projects in CO2-eq tonnes vs. those planned per progress reports	10	876,075
	Project operational completion vs. planned in progress reports for all activities (excluding preparation)	15	6
	Operational policy on gender mainstreaming applied to all approved projects	10	3
Administrative	Speed of financial completion after project completion	10	90%
	Timely submission of project completion reports	5	2
	Timely submission of progress reports	5	On time

IV. POLICY ISSUES

32. 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.