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EXECUTIVE COMMITTEE OF
 THE MULTILATERAL FUND FOR THE
 IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-seventh Meeting

Montreal, 28 June-2 July 2021[[1]](#footnote-1)

**Overview of issues identified DURING project review**

# This document consists of the following sections:

## An overview of projects and activities submitted by bilateral and implementing agencies;

## Issues identified during the project review process:

### Requests for preparatory funding for HFC phase‑down plans included in the work programmes of UNDP, UNEP, UNIDO, World Bank and the Government of Germany;

* 1. Projects and activities submitted for blanket approval; and
	2. Investment projects for individual consideration.

**Projects and activities submitted by bilateral and implementing agencies**

# Bilateral and implementing agencies submitted 153 funding requests for tranches of approved multiyear agreements, projects and activities amounting to US $39,044,764 (US $51,501,606 including amounts requested in principle), including agency support costs, where applicable. The funding requests covered:

## Stage II of the HCFC phase-out management plan (HPMP) for 14 countries and stage III for two countries;

## Tranches of approved HPMPs for 13 countries;

## Renewals of institutional strengthening (IS) projects for 36 countries;

## Preparation for stage III of HPMPs for four countries;

## Control and phase-out of HFC-23 emissions in the production of HCFC-22 in one country;

## A stand-alone HFC-related investment project in one country; and

## Preparation for HFC phase-down plans for 35 countries.

# Following the project review process, 63 funding requests for projects and activities totalling US $9,804,811 (including agency support costs), are recommended for blanket approval, and 74 funding requests totalling US $12,237,486 (including agency support costs), are being forwarded for individual consideration. Together, the funding requests for projects and activities for blanket approval and those for individual consideration amount to US $22,042,297.

*HPMPs submitted and subsequently withdrawn* (*Algeria, Ethiopia, Myanmar, Pakistan)*

# The request for the combined second and third tranche of stage I of the HPMP for Algeria submitted by UNIDO was withdrawn as the Government and UNIDO need to hold additional consultations for completing the implementation of the air-conditioning conversion project with the beneficiary enterprise (CONDOR).

# UNEP, on behalf of the Government of Ethiopia, submitted stage II of the HPMP and the progress report on the implementation of the work programme associated with the third and final tranche of stage I of the HPMP, in line with decision 85/22(a). In reviewing the latter, the Secretariat noted that notwithstanding the progress in implementing stage I of the HPMP, due to the COVID-19 pandemic, equipment purchased by UNIDO had not yet been delivered to the country and, therefore, the disbursement required by decision 85/22(a) for the submission of stage II had not yet been achieved. Moreover, in reviewing the former, the Secretariat noted a number of data inconsistencies. Accordingly, UNEP withdrew the proposal so that it could submit a revised proposal to the 88th meeting, by which time the equipment purchased under stage I was expected to be delivered in the country and the necessary disbursement achieved.

# UNEP, as the lead implementing agency, on behalf of the Government of Myanmar submitted a request for stage II of the HPMP. The Secretariat noted that several conditions required for the submission of stage II of the HPMP had not been fulfilled. Therefore, UNEP requested to defer the proposal to the 88th meeting, by which time it is expected that the requirements for consideration of stage II, including the verification report and disbursement of the last approved tranche, will have been met.

# UNIDO, as the lead implementing agency, on behalf of the Government of Pakistan, submitted requests for the third and final tranche of stage II of the HPMP and for stage III of the HPMP. The Secretariat noted that with regard to the stage II tranche request, there had not been substantial progress in numerous components. In particular, there were issues related to the investment project in the refrigeration and air-conditioning (RAC) manufacturing sector, where new information provided indicated the potential ineligibility of the project because of production using a high‑GWP alternative during conversion. These issues also impacted stage III of the HPMP, whose consideration was dependent on progress and completion of stage II. After lengthy discussions, UNIDO decided to defer the submission of the tranche request to the 88th meeting and the submission of stage III of the HPMP until the 89th meeting so that more substantive progress can be achieved under stage II, and clarity could be provided with regard to the RAC investment project vis-à-vis the issue of eligibility and potential cancellation.

# *IS renewal requests*

# The Secretariat reviewed the terminal reports and requests for extension of IS funding for 36 countries against relevant decisions, including decision 74/51(c) on the funding level for IS projects, and decision 74/51(e) on the requirement to include specific performance indicators for planned activities. All requests were crosschecked against: previous IS reports; progress reports on the implementation of country programmes (CP); data reported under Article 7 of the Montreal Protocol; the latest reports on the implementation of HPMPs; bilateral and implementing agencies’ progress reports submitted to the 86th meeting; and relevant decisions on compliance adopted by the Parties to the Montreal Protocol. All countries had 2019 CP implementation data, and 22 countries had submitted the 2020 data as at the submission date of their requests for extension. All countries reported that they had achieved all or a majority of the targets set for the specific performance indicators that were part of the progress report for the previous IS phase. The Secretariat recommended all IS projects submitted to the 87th meeting for blanket approval.

# *Funding withheld pending submission of verification reports or meeting specific conditions*

# No approved funds are currently being withheld by the Treasurer pending submission of a verification report or meeting a specific condition.

*Summary of prices of the controlled substances and alternatives*

# At its 79th meeting,[[2]](#footnote-2) the Executive Committee requested the Secretariat to include in this document a summary of the prices of the controlled substances and the alternatives to be phased in, as communicated by enterprises requesting funding in any new project proposal, including clarification of any differences between those and the prices reported in the CP data report.

# One investment project for the conversion of a manufacturing line producing HFC‑134a‑based compressors to produce R-600-a-based compressors is being presented for consideration at the 87th meeting. The prices of HFC‑134a and R-600-a are not relevant for the proposal as the enterprise does not consume controlled substances, but rather manufactures components for other enterprises that use HFC‑134a. The project is not requesting funding for incremental operational costs based on the difference of price between the baseline substance and the alternative.

*Implementation of Montreal Protocol activities in Article 5 countries under COVID-19*

# Further to the information reported at the 85th meeting on the implementation of activities in Article 5 countries amongst the COVID-19 pandemic,[[3]](#footnote-3) during the project review process for the 86th and 87th meetings the Secretariat noted the efforts made by assisted Governments and bilateral and implementing agencies to ensure the continued implementation of activities supported by the Multilateral Fund. The extent to which the implementation of activities considered at this meeting has been affected is described in each project proposal submitted to the 87thmeeting.

**Issues identified during project review**

*Requests for preparatory funding for HFC phase‑down plans included in the work programmes of UNDP, UNEP, UNIDO, World Bank and the Government of Germany*

1. At the 85th meeting, UNDP, UNEP and UNIDO included in their 2020 work programmes[[4]](#footnote-4) requests for funding for the preparation of HFC phase-down plans for five countries and at the 86th meeting, the Government of Germany, UNDP, UNEP, UNIDO and the World Bank included in their 2020 work programme amendments,[[5]](#footnote-5) requests for funding for the preparation of HFC phase-down plans for 19 countries.
2. These funding requests submitted for individual consideration were not considered at the 85th and 86th meetings, and were deferred to the 87th meeting, in light of the discussion on the Draft guidelines for the preparation of HFC phase-down plans for Article 5 countries at the 86th meeting,[[6]](#footnote-6) and in line with decision 86/93. Accordingly, the proposals submitted to the 85th and 86th meetings have been included in the present document.
3. Three implementing agencies and one bilateral agency submitted to the present meeting requests for project preparation for HFC phase‑down plans for 12 countries[[7]](#footnote-7) as part of their bilateral cooperation and 2021 work programmes (the Government of Germany, UNDP, UNEP, UNIDO).[[8]](#footnote-8) Table 1 summarizes the requests submitted at the 85th, 86th, and 87th meetings. The submissions were based on the format for funding for the preparation of stages of HPMPs.

**Table 1. Requests for HFC phase‑down projects submitted to the 85th, 86th and 87th meetings**

| **Country** | **Meeting** | **Project title** | **Agency** | **Amount requested (US $)** |
| --- | --- | --- | --- | --- |
| Albania | 85 | Preparation of HFC phase-down plan | UNIDO | 63,500 |
| 85 | Preparation of HFC phase-down plan | UNEP | 31,500 |
| Armenia | 86 | Preparation of HFC phase-down plan | UNEP | 150,000 |
| Bhutan | 86 | Preparation of HFC phase-down plan | UNEP | 75,000 |
| 86 | Preparation of HFC phase-down plan | UNDP | 10,000 |
| Bolivia (Plurinational State of) | 87 | Preparation of HFC phase-down plan | UNIDO | 170,000 |
| Burkina Faso | 86 | Preparation of HFC phase-down plan | Government of Germany | 150,000 |
| Colombia | 87 | Preparation of HFC phase-down plan | UNDP | 205,000 |
| Costa Rica | 85 | Preparation of HFC phase-down plan | UNDP | 150,000 |
| Cuba | 85 | Preparation of HFC phase-down plan | UNDP | 150,000 |
| Dominican Republic | 87 | Preparation of HFC phase-down plan | UNDP | 170,000 |
| Ecuador | 87 | Preparation of HFC phase-down plan | UNIDO | 190,000 |
| Eswatini | 87 | Preparation of HFC phase-down plan | UNEP | 100,000 |
| 87 | Preparation of HFC phase-down plan | UNDP | 30,000 |
| Ghana | 86 | Preparation of HFC phase-down plan | UNDP | 105,000 |
| 86 | Preparation of HFC phase-down plan | UNEP | 45,000 |
| Jordan | 85 | Preparation of HFC phase-down plan | UNIDO | 150,000 |
| Kyrgyzstan | 86 | Preparation of HFC phase-down plan | UNDP | 60,000 |
| 86 | Preparation of HFC phase-down plan | UNEP | 25,000 |
| Lao People’s Democratic Republic | 86 | Preparation of HFC phase-down plan | UNEP | 75,000 |
| 86 | Preparation of HFC phase-down plan | UNDP | 10,000 |
| Lebanon | 86 | Preparation of HFC phase-down plan | UNDP | 150,000 |
| Liberia | 87 | Preparation of HFC phase-down plan | Government of Germany | 130,000 |
| Malaysia | 86 | Preparation of HFC phase-down plan | World Bank | 250,000 |
| Maldives | 86 | Preparation of HFC phase-down plan | UNEP | 75,000 |
| 86 | Preparation of HFC phase-down plan | UNDP | 10,000 |
| Mauritius | 86 | Preparation of HFC phase-down plan | Government of Germany | 150,000 |
| Mexico  | 86 | Preparation of HFC phase-down plan | UNIDO | 125,000 |
| 86 | Preparation of HFC phase-down plan | UNEP | 35,000 |
| 86 | Preparation of HFC phase-down plan | UNDP | 90,000 |
| Montenegro | 86 | Preparation of HFC phase-down plan | UNIDO | 85,000 |
| Nicaragua | 87 | Preparation of HFC phase-down plan | UNIDO | 170,000 |
| Niger | 86 | Preparation of HFC phase-down plan | UNIDO | 150,000 |
| Nigeria[[9]](#footnote-9) | 87 | Preparation of HFC phase-down plan | UNDP | 137,000 |
| 87 | Preparation of HFC phase-down plan | UNIDO | 25,000 |
| 86 | Preparation of HFC phase-down plan | UNEP | 58,000 |
| North Macedonia | 86 | Preparation of HFC phase-down plan | UNIDO | 85,000 |
| Panama | 87 | Preparation of HFC phase-down plan | UNDP | 190,000 |
| Paraguay | 87 | Preparation of HFC phase-down plan | UNDP | 170,000 |
| Peru | 86 | Preparation of HFC phase-down plan | UNDP | 150,000 |
| Senegal | 86 | Preparation of HFC phase-down plan | UNEP | 60,000 |
| 86 | Preparation of HFC phase-down plan | UNIDO | 25,000 |
| South Africa | 86 | Preparation of HFC phase-down plan | UNIDO | 100,000 |
| Sri Lanka | 87 | Preparation of HFC phase-down plan | UNDP | 135,000 |
| 87 | Preparation of HFC phase-down plan | UNEP | 25,000 |
| Trinidad and Tobago | 87 | Preparation of HFC phase-down plan | UNDP | 150,000 |
| Turkmenistan | 86 | Preparation of HFC phase-down plan | UNEP | 150,000 |
| Uruguay | 85 | Preparation of HFC phase-down plan | UNDP | 150,000 |

1. Each lead agency provided a description of the activities required for the preparation of the overarching strategy for HFC phase-down which comprised various activities including *inter alia* stakeholder consultations, communication plans, sectoral analysis of HFC consumption, strategy development, needs assessments and capacity‑building activities. The submissions also included estimated imports of HFCs and HFC blends. The funding requested at the present meeting is based on the proposed Draft guidelines for the preparation of HFC phase-down plans,[[10]](#footnote-10) which were submitted to the 86th meeting and deferred to the 87th meeting for further discussion.
2. The funding amount for the preparation of the project proposals requested at the 85th meeting was based on the funding for enabling activities (contained in decision 79/46(c)); however, the funding requested at the 86th meeting was based on the funding for project preparation for stage I of HPMPs (contained in decision 56/16(c)), as this funding was used by bilateral and implementing agencies in preparing their 2021‑2023 business plans that were submitted to the 86th meeting. The Secretariat notes that the funding amounts for project preparation requests are indicative, as the actual amounts will be decided when the Executive Committee concludes its consideration of the Draft guidelines for the preparation of HFC phase-down plans for Article 5 countries (decision 86/93).[[11]](#footnote-11)
3. The Secretariat reviewed the submissions based on the experience of reviewing requests for preparation of HPMPs, and taking into account guidance provided and decisions adopted by the Executive Committee for such projects.
4. The Executive Committee may wish to consider the requests for the preparation of HFC phase‑down management plans for the 35 countries listed in Table 1, once the guidelines for funding the preparation of HFC phase-down management plans have been agreed, in line with decision 84/54(a)(iii) in the context of the bilateral cooperation and the work programmes submitted by each relevant bilateral and implementing agencies.

**Projects and activities submitted for blanket approval**

Verification reports of LVC countries’ compliance with their HPMP agreements

# In line with decision 61/46(c),[[12]](#footnote-12) the Secretariat selected a sample of 17 Article 5 countries for the purpose of verifying compliance with the HPMP agreement, as shown in Table 2. The main criteria used to select the countries for verification were the proximity of the next tranche of their HPMP (2022 or 2023), that their previous verification should have been approved at least two years prior to the 88th meeting and that it was completed, in addition to the criteria of geographic distribution, level of consumption, and distribution among bilateral and implementing agencies. The countries selected (seven in Africa, four in Asia, three in Latin America and the Caribbean, and three in Europe) are listed in Table 2.

**Table 2. Sample of Article 5 countries for verification of compliance with their HPMP agreement**

| **No.** | **Country** | **HCFC baseline (mt)** | **Lead/ cooperating agency** | **Next tranche request** |
| --- | --- | --- | --- | --- |
| 1 | Albania | 107.31 | UNIDO/UNEP | 2022  |
| 2 | Botswana | 200.10 | UNEP/UNIDO | 2023 |
| 3 | Cuba | 283.62 | UNDP | 2023 |
| 4 | Djibouti | 11.73 | UNEP | 2022 (new stage) |
| 5 | Gambia (the) | 25.70 | UNEP | 2023 |
| 6 | Guinea-Bissau | 26.00 | UNEP/UNIDO | 2022 (new stage) |
| 7 | Honduras  | 344.65 | UNIDO | 2023 |
| 8 | Lao People’s Democratic Republic | 41.93 | UNEP/UNDP | 2023 |
| 9 | Mauritius | 144.98 | Germany | 2023 |
| 10 | Mongolia | 23.73 | UNEP/Japan | 2023 |
| 11 | Montenegro | 13.88 | UNIDO | 2022 |
| 12 | Nepal | 20.00 | UNEP/UNDP | 2023 |
| 13 | Nicaragua | 118.36 | UNEP/UNIDO | 2023 |
| 14 | Sao Tome and Principe | 39.00 | UNEP/UNIDO | 2022 (new stage) |
| 15 | Serbia | 151.11 | UNIDO/UNEP | 2022 |
| 16 | Turkmenistan | 124.10 | UNIDO | 2022 |
| 17 | Zimbabwe | 314.94 | UNEP/UNDP | 2023 |

*Secretariat’s recommendation*

# The Executive Committee may wish to request relevant bilateral and implementing agencies to include in their amendments to their respective work programmes, due for submission to the 88th meeting, funding in the amount of US $30,000 plus agency support costs for verification reports for stage II or stage III of the HPMPs for Albania, Botswana, Cuba, Djibouti, Gambia (the), Guinea-Bissau, Honduras, Lao People’s Democratic Republic, Mauritius, Mongolia, Montenegro, Nepal, Nicaragua, Sao Tome and Principe, Serbia, Turkmenistan and Zimbabwe.

# Projects and activities recommended for blanket approval

# Annex I to the present document lists 63 funding requests for projects and activities totalling US $9,804,811, including agency support costs, that are recommended for blanket approval. The approval of these projects would include the relevant conditions or provisions in the corresponding project evaluation sheets, as well as the approval of implementation programmes associated with the relevant tranches of multi‑year projects.

**Investment projects for individual consideration**

# After review by the Secretariat, 74 funding requests for projects/activities totalling US $12,237,486, including agency support costs, are proposed for individual consideration.

# To facilitate the Executive Committee’s consideration of the investment projects for individual consideration, the Secretariat has classified the projects by sector and has grouped them by issue, as shown in Table 3.

# **Table 3. Investment projects submitted for individual consideration**

| **Country** | **Project** | **Agency** | **ExCom document**  | **Issue** |
| --- | --- | --- | --- | --- |
| **Stages II and III of HPMPs** |
| Belize | HCFC phase-out management plan (stage II) | UNDP/ UNEP | 87/19 | All technical and cost issues resolved |
| Bolivia (Plurinational State of) | HCFC phase-out management plan (stage II) | UNEP/ UNIDO | 87/21 | All technical and cost issues resolved |
| Bosnia and Herzegovina | HCFC phase-out management plan (stage II) | UNIDO | 87/22 | All technical and cost issues resolved. Extension of stage I of the HPMP |
| El Salvador | HCFC phase-out management plan (stage II) | UNDP/ UNEP | 87/26 | All technical and cost issues resolved |
| Ghana | HCFC phase-out management plan (stage II) | UNDP/ UNEP | 87/28 | All technical and cost issues resolved. Extension of stage I of the HPMP |
| Iraq | HCFC phase-out management plan (stage II) | UNEP/ UNIDO | 87/30 | All technical and cost issues resolved. Delays in completion of stage I |
| Lesotho | HCFC phase-out management plan (stage II) | Germany | 87/31 | All technical and cost issues resolved |
| Paraguay | HCFC phase-out management plan (stage II) | UNDP/ UNEP | 87/33 | All technical and cost issues resolved. Extension of stage I of the HPMP |
| Qatar | HCFC phase-out management plan (stage II) | UNIDO/ UNEP | 87/34 | All technical and cost issues resolved |
| Republic of Moldova | HCFC phase-out management plan (stage III) | UNDP/ UNEP | 87/35 | All technical and cost issues resolved |
| Saint Lucia | HCFC phase-out management plan (stage II) | UNEP/ UNIDO | 87/36 | All technical and cost issues resolved |
| Sierra Leone | HCFC phase-out management plan (stage II) | UNEP/ UNIDO | 87/37 | All technical and costs issues resolved |
| United Republic of Tanzania (the) | HCFC phase-out management plan (stage II) | UNEP/ UNIDO | 87/39 | All technical and costs issues resolved. Extension of stage I of the HPMP  |
| **HFC investment projects (decision 78/3(g)** |
| Egypt | Conversion of compressor manufacturing enterprise | UNIDO/ UNEP | 87/25 | Conversion of component manufacturing |
| **HFC-23 by product emissions**  |
| Argentina | HFC-23 by-product emission control | UNIDO | 87/53 | One policy issue may affect agreed cost |
| Mexico | HFC-23 by-product emission control | UNIDO | 87/54 | Draft Agreement |

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1. Online meetings and an intersessional approval process will be held in June and July 2021 due to coronavirus disease (COVID-19) [↑](#footnote-ref-1)
2. Decision 79/4(c) [↑](#footnote-ref-2)
3. UNEP/OzL.Pro/ExCom/85/13 [↑](#footnote-ref-3)
4. UNEP/OzL.Pro/ExCom/85/15, UNEP/OzL.Pro/ExCom/85/16, and UNEP/OzL.Pro/ExCom/85/17, respectively. [↑](#footnote-ref-4)
5. UNEP/OzL.Pro/ExCom/86/32, UNEP/OzL.Pro/ExCom/86/33, UNEP/OzL.Pro/ExCom/86/34, UNEP/OzL.Pro/ExCom/86/35, and UNEP/OzL.Pro/ExCom/86/99, respectively. [↑](#footnote-ref-5)
6. UNEP/OzL.Pro/ExCom/86/88 [↑](#footnote-ref-6)
7. Including Nigeria, resubmitted to 87th meeting to include UNIDO as well as UNEP as cooperating agencies. [↑](#footnote-ref-7)
8. UNEP/OzL.Pro/ExCom/87/14, UNEP/OzL.Pro/ExCom/87/15, UNEP/OzL.Pro/ExCom/87/16, and UNEP/OzL.Pro/ExCom/87/17, respectively. [↑](#footnote-ref-8)
9. Resubmitted to 87th meeting to include UNIDO as well as UNEP as cooperating agencies. [↑](#footnote-ref-9)
10. UNEP/OzL.Pro/ExCom/86/88 [↑](#footnote-ref-10)
11. UNEP/OzL.Pro/ExCom//87/46 [↑](#footnote-ref-11)
12. The Secretariat was requested to provide, at the first meeting of each year, a list representing 20 per cent of countries with an HCFC consumption baseline of up to 360 metric tonnes (mt), and with an approved HPMP, to approve funding for them for the purposes of verification of that country’s compliance with the HPMP agreement for that year. [↑](#footnote-ref-12)