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EXECUTIVE COMMITTEE OF
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IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Montreal, 7–11 December 2026
Item 9(c) of the provisional agenda[1]

PROJECT PROPOSAL: SRI LANKA

This document consists of the comments and recommendation of the Secretariat on the following project proposal:

Phase-out

• HCFC phase-out management plan (stage II, third tranche)	UNDP and UNEP	Blanket approval

[1] UNEP/OzL.Pro/ExCom/99/1

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.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Sri Lanka

PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNDP (lead), UNEP	86th	100% phase-out by 2030

ARTICLE 7 DATA (Annex C, Group I)	Year: 2025	4.46 ODP tonnes

COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)							Year: 2025
Substance	Aerosol	Foam	Firefighting	Refrigeration		Solvent	Total sector consumption
				Manufacturing	Servicing		
HCFC-22					4.46		4.46
HCFC-123					0.01		0.01
HCFC-141b							

CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	13.90	Starting point for sustained aggregate reductions:	13.90
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	9.14	Remaining:	0.00

ENDORSED BUSINESS PLAN		2026	2027	2028	Total
UNDP	ODS phase-out (ODP tonnes)	0.42	0.00	0.00	0.42
	Funding (US $)	56,928	0	0	56,928
UNEP	ODS phase-out (ODP tonnes)	0.68	0.00	0.00	0.68
	Funding (US $)	98,084	0	0	98,084

PROJECT DATA			2020	2021-2023	2024	2025	2026	2027-2029	2030	Total
Consumption (ODP tonnes)	Montreal Protocol limits		9.04	9.04	9.04	4.52	4.52	4.52	0	n/a
	Maximum allowable		9.04	9.04	9.04	4.52	4.52	4.52	0	n/a
Amounts approved in principle (US $)	UNDP	Project costs	216,200	0	413,200	0	53,200	0	62,400	745,000
		Support costs	15,134	0	28,924	0	3,724	0	4,368	52,150
	UNEP	Project costs	200,800	0	85,800	0	86,800	0	41,600	415,000
		Support costs	26,104	0	11,154	0	11,284	0	5,408	53,950
Funds approved by ExCom (US $)		Project costs	417,000	0	499,000	0				916,000
		Support costs	41,238	0	40,078	0				81,316
Total funds recommended for approval at this meeting (US $)		Project costs					140,000			140,000
		Support costs					15,008			15,008

Secretariat's recommendation:	Blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Sri Lanka, UNDP as the lead implementing agency has submitted a request for funding for the third tranche of stage II of the HCFC phase-out management plan (HPMP), at a total cost of US $155,008, consisting of US $53,200, plus agency support costs of US $3,724, for UNDP and US $86,800, plus agency support costs of US $11,284, for UNEP.[2] The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2020 to 2025, and the tranche implementation plan for 2027 to 2030.

Report on HCFC consumption

2. The Government of Sri Lanka reported a consumption of 4.46 ODP tonnes of HCFCs in 2025, which is 68 per cent below the country's HCFC baseline for compliance. The 2021–2025 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in 2021–2025 in Sri Lanka (Article 7 data)

HCFC	2021	2022	2023	2024	2025	Baseline
HCFC-22	155.98	139.14	155.92	159.07	81.04	218.40
HCFC-123	0.00	0.00	0.00	0.00	0.30	0.00
HCFC-141b	0.00	0.00	0.00	0.00	0.00	16.80
Total (mt)	**155.98**	**139.14**	**155.92**	**159.07**	**81.34**	**235.20**
ODP tonnes						
HCFC-22	8.58	7.65	8.58	8.75	4.46	12.00
HCFC-123	0.00	0.00	0.00	0.00	0.01	0.00
HCFC-141b	0.00	0.00	0.00	0.00	0.00	1.90
Total (ODP tonnes)	**8.58**	**7.65**	**8.58**	**8.75**	**4.46**	**13.90**

3. HCFC consumption in Sri Lanka was relatively stable from 2021 to 2024, and it decreased in 2025 in alignment with the Montreal Protocol. This decline reflects the reduction in the installed base of HCFC-22 equipment and the increasing penetration of alternative refrigerants, supported by activities implemented under stages I and II of the HPMP. The remaining HCFC consumption in the country is primarily HCFC-22 and is almost entirely associated with the servicing of existing refrigeration and air-conditioning (RAC) equipment, with the principal demand arising from the residential and commercial air-conditioning subsectors. While R-410A initially became the principal replacement technology, the use of HFC-32 has expanded considerably in recent years in the residential air-conditioning market. A very small quantity of HCFC-123 was reported in 2025, which relates to servicing of the remaining installed equipment using this refrigerant, mainly large chillers found in hotels and the industrial sector.

Country programme implementation report

4. The HCFC consumption data provided by the Government of Sri Lanka in its country programme implementation (CP) report for 2025 is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2020 to 2025 was correct (as shown in table 1 above). The verification concluded that Sri Lanka has successfully maintained its consumption of HCFCs within the limits agreed under the country's Agreement with the Executive Committee, has a robust and transparent system for managing

[2] As per the letter of 28 September 2026 from the Ministry of Environment of Sri Lanka to UNDP.

HCFC consumption, and that the licensing and quota system is functioning effectively and is supported by digital applications that facilitate rapid permit approvals and ensure accountability. The verification report included recommendations for the country to continue to strengthen the effective licensing and quota system, maintain strict administrative oversight, further enhance electronic monitoring systems, ensure timely data reconciliation with CP and Article 7 reporting, and maintain close engagement with importers.

Progress report on the implementation of the second tranche of stage II of the HCFC phase-out management plan

Legal framework

6. Since the previous tranche report, the Government of Sri Lanka issued an additional regulatory measure through Extraordinary Gazette No. 4187/29, which prohibits the importation of equipment and devices containing HCFC refrigerants after 6 June 2026. The National Ozone Unit (NOU) organized four meetings with Customs and the Department of Import and Export Control to reinforce coordination mechanisms and improve import/export monitoring procedures. Stakeholder consultations were undertaken to support the issuance and administration of HCFC quotas, and seven meetings were organized to review import allocations and ensure compliance with stage II consumption targets.

7. In addition, discussions were initiated on developing and/or revising standards, codes and norms to facilitate the adoption and safe operation of refrigeration technologies based on low-global-warming-potential (GWP) refrigerants. This included exploration of a national code of practice for hydrocarbon (HC), ammonia, and carbon dioxide (CO_2) refrigerants. Thirty consultations with technical institutions and regulatory bodies were conducted to assess regulatory gaps and opportunities for strengthening monitoring and control mechanisms.

8. During the second tranche, five training workshops were held for a total of 107 customs officers stationed at cargo clearing points (including 11 women) covering monitoring of HCFC imports, documentation verification, Harmonized System (HS) codes, and safe practices regarding consignments of flammable refrigerants. One workshop was organized for 87 forwarding/clearing agents and refrigerant importers (including 32 women) on compliance with existing and upcoming regulations, correct documentation practices, and enhanced control measures. Five refrigerant identifiers were procured and distributed to selected entry points to enhance detection capabilities and reduce the risk of illegal or mis-declared imports.

Refrigeration servicing sector

9. Seven training sessions were held for a total of 381 formal and informal RAC technicians on good servicing practices and handling of flammable refrigerants. The sessions covered installation and servicing of equipment using flammable and other alternative refrigerants, leak detection, refrigerant recovery, and maintenance practices to enhance energy efficiency. Two specialized training courses were held for a total of 96 technicians (including 5 women) focusing on commercial and industrial refrigeration and chillers. Tools were procured and distributed to nine vocational training centres throughout the country.[3] The development of an online database of technicians and servicing workshops was initiated. It will be publicly accessible and will provide information on technician competencies and workshop locations. It is expected to be launched during the third tranche. Work has begun with the Engineering Council of Sri Lanka on a proposal for the phased implementation of a mandatory technician certification and registration.

[3] Including two-stage rotary vacuum pumps, electronic leak detectors, various manifold gauges, high pressure water guns, air blowers, crimping tools, spanners, torque wrenches, gas welding cutting torch sets, tubbing and fairing tools, tube benders, tube cutters, digital clamp-on multimeters, nitrogen and oxygen regulators, digital and analog multimeters, refrigerant gas analysers, coolant testers, hydraulic auto AC hose crimping machines.

10. Continued support was provided to Technical and Vocational Education and Training (TVET) institutions to conduct examinations and practical assessments for informal RAC technicians under the Recognition of Prior Learning (RPL) scheme for competency-based NVQ3 and NVQ4 certification programmes.[4] A total of 124 technicians undertook the preparation sessions and examinations under the RPL system, including 102 for the NVQ-3 certification and 22 for NVQ-4 certification.

11. Four training sessions were held for operators of existing refrigerant recovery and reclamation (R&R) centres to build the capacity of centre operators. Monitoring visits were carried out at five reclamation centres to assess operational performance and data reporting practices. The total quantity of refrigerant reclaimed during the tranche period amounted to 1,495 kg of HCFC-22 and measures were implemented to improve record keeping and reporting consistency through regular monitoring of refrigerant stocks and movement at the R&R centres, the maintenance of a logbook to document activities, and the reporting of relevant data to the NOU at the end of the year.

12. The feasibility study on the use of HCFC chillers was finalized and assesses the technical and economic viability of transitioning existing HCFC-based chillers to alternative technologies. The findings were disseminated in a stakeholder workshop, including recommendations for future regulatory measures and investment planning under stage II of the HPMP and future HFC phase-down activities.

13. Regarding outreach activities, awareness materials were developed for the general public to enhance their awareness of sustainable cooling, including reprinting 2,000 booklets on protecting the ozone layer and climate. Sector-based awareness activities were also conducted targeting end users, engineers, and planners. Two information products were developed and distributed,[5] and a competition was also conducted to award the best RAC technician trainee across different sectors, engaging a total of 26 technicians (including 1 woman).

Project implementation and monitoring

14. Of the US $46,000 approved for project monitoring activities under the second tranche, US $33,422 was disbursed for project staff and consultants (US $26,842), domestic travel (US $1,778), meetings and workshops (US $3,527), and other expenses (US $1,275).

Level of fund disbursement

15. As of September 2026, of the US $905,550[6] approved so far, US $554,938 had been disbursed (US $352,707 for UNDP and US $202,231 for UNEP), as shown in table 2. The balance of US $350,612 will be disbursed during the third tranche implementation.

[4] National Vocational Qualification (NVQ) is the national system to certify vocational and technical skills. NVQ-3 indicates a skilled worker level, where a person can perform tasks independently and has demonstrated competence in their trade. NVQ-4 indicates a more advanced technician/craftsperson level with broader competencies.

[5] Materials produced include: 1. How to choose, install and maintain air conditioning for your home? 2. Reduce Environmental Impact & Save Energy!

[6] Accounting for the reduction applied in the first tranche under decision 86/42 amounting to US $6,270 for UNDP, plus agency support costs and US $4,180 for UNEP, plus agency support costs.

Table 2. Financial report of stage II of the HPMP for Sri Lanka (US $)

Tranche		UNDP	UNEP	Total	Disbursement rate (%)
First	Approved*	209,930	196,620	406,550	95
	Disbursed	209,930	178,075	388,005	
Second	Approved	413,200	85,800	499,000	33
	Disbursed	142,777	24,156	166,933	
Total	**Approved**	**623,130**	**282,420**	**905,550**	**61**
	Disbursed	**352,707**	**202,231**	**554,938**	
	Balance	**270,423**	**80,189**	**350,612**	

*Accounting for the penalty deducted from the first tranche.

Implementation plan for the third tranche of stage II of the HCFC phase-out management plan

16. The following activities will be implemented between January 2027 and June 2030:

(a) Policy, regulations and enforcement activities include:

(i) Continue strengthening the licensing and quota system for HCFCs and equipment based on controlled substances including by organizing meetings with customs and import/export authorities to strengthen monitoring; developing or revising standards and codes for adoption related to the operation and servicing of low-GWP refrigerant-based technologies, including a national code of practice for HC, ammonia and CO_2 use, and organizing meetings with relevant stakeholders; undertaking a feasibility study on quality controls of imported refrigerants (UNDP) (US $4,200 and funds from the previous tranche);

(ii) Completion of the remaining training for customs officers at the cargo clearing points from the previous two tranches as well as three additional sessions for a total of 45 additional officers, covering emergency response and safe practices for the handling of flammable refrigerants and RAC equipment using flammable refrigerants in the Customs' warehouses; one training workshop for forwarding/clearing agents and importers with 25 participants to update participants on existing and upcoming regulations and control measures, and the use of correct HS codes when submitting documents for clearance (UNEP) (US $5,500 and funds from the previous tranche);

(b) Capacity-building activities in the RAC servicing sector include:

(i) Planned technician training from previous tranches will continue, 12 training workshops for RAC technicians will be held with 40 participants each for a total of 480 technicians trained on the installation and servicing of flammable and other potentially hazardous refrigerants, as well as enhancing/maintaining energy efficiency of RAC equipment; continue to develop and launch of the online database of technicians (UNEP) (US $35,000 and funds from the previous tranche);

(ii) Three specific training sessions for a total of 60 technicians working on commercial and industrial refrigeration and chillers; procurement of tools for 90 servicing workshops (UNDP) (Funds from the previous tranche);

(iii) Continue to support TVET institutes to conduct further examinations for informal sector technicians, training of assessors, and further support the establishment of a licensing system for RAC technicians (UNEP) (US $10,000);

(c) Public awareness and outreach activities include:

(i) Development and dissemination of at least one awareness and education material and organization of three awareness workshops on training opportunities in the servicing sector and upcoming policy changes including the mandatory certification and registration of technicians; one public information session with distribution of awareness-raising materials on common problems and proper maintenance of RAC home appliances and the technician database; sector specific awareness-raising activities including the development of three information materials and five awareness workshops for end users, engineers and planners, highlighting emerging environmentally friendly and energy efficient alternative technologies to support sound technology choices (UNEP) (US $36,300 and funds from previous tranche); and

(d) Project monitoring (UNDP) (US $49,000) covering staff and consultants (US $43,000), office equipment and supplies (US $2,000), communications (US $2,000), and travel (US $2,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Report on HCFC consumption and verification

17. With regard to the recommendations of the verification report (see paragraph 5 above), UNDP indicated that the Government of Sri Lanka has welcomed the recommendations and reaffirmed its intention to continue strengthening relevant systems in a timely and thorough manner.

18. UNDP clarified that the electronic linkage between the STRATLINK system of the Department of Import and Export Control and the ASYCUDA system[7] of Sri Lanka Customs has already been established, enhancing the interoperability and enabling online licensing and verification of imports and strengthening coordination between the relevant national authorities. The remaining interventions in the third tranche will therefore support the seamless implementation and continued operationalization of the integrated system, including ensuring that importers and customs brokers correctly enter the required data and that any inconsistencies identified through the system can be followed up and addressed.

Progress report on the implementation of the second tranche of stage II of the HCFC phase-out management plan

Legal framework

19. The Government of Sri Lanka has issued HCFC import quotas for 2026 and 2027 at 82.14 metric tonnes (4.52 ODP tonnes) in accordance with the Montreal Protocol control targets.

20. The Secretariat enquired about the train-the-trainers workshop for 15 customs trainers that was planned to be conducted during the second tranche. UNDP explained that this activity had not been implemented yet, but all arrangements had been put in place through coordination between the NOU and customs to hold it in November 2026.

[7] Automated System for Customs Data (ASYCUDA), is a computerized customs management system developed by United Nations Conference on Trade and Development and used by customs administrations around the world to process customs declarations, manage imports and exports, collect duties and taxes, and generate trade statistic.

Refrigeration servicing sector

21. The Secretariat recalled that among the activities approved for the second tranche, it had been agreed that certification would be improved in the RAC and mobile air-conditioning (MAC) sectors and requested information on such improvements regarding the MAC sector. UNDP clarified that considering the existing overlap between the RAC and MAC professions in Sri Lanka, where some MAC technicians reportedly also service domestic appliances, the training and certification activities specifically related to the MAC sector were going to be covered under the KIP, and the capacity-building activities under the HPMP will focus on the RAC sector.

Public awareness and outreach

22. The Secretariat enquired about the general public and sector specific awareness-raising workshops planned to be held during the second tranche and which had not been reported. UNDP explained that as various activities had taken place involving the general public during the same period under the institutional strengthening project, the NOU, in coordination with relevant stakeholders, had organized the HPMP workshops to be held in the first quarter of 2027.

Activities to maintain energy efficiency in the refrigeration servicing sector (decision 89/6)

23. The Secretariat enquired about the status of implementation of the activities to maintain energy efficiency in the refrigeration servicing sector, approved as part of the second tranche of stage II of the HPMP, which were not included in the progress report. A report on these activities was subsequently submitted. It referred to stakeholder consultations conducted with relevant partners involved in energy efficiency, aimed at strengthening coordination and identifying linkages with ongoing national initiatives, awareness-raising activities on energy efficiency, and related measures carried out under the HPMP. Progress was also made on activities related to strengthening the evidence base and technical capacity for energy-efficient RAC equipment. One workshop was conducted for AC equipment suppliers, and technical training materials were under development for RAC suppliers and staff. Implementation of the activities will continue during the third tranche.

24. Regarding the field study tour to train energy-efficiency regulatory authorities, approved to take place during the first year of implementation, UNDP indicated that the Government of Sri Lanka had considered it critical to build on the energy-efficiency cooperation relationship with Japan and therefore selected to undertake the field study tour there. An exchange-of-experiences mission to Japan was undertaken in 2025. The exchange strengthened the Sri Lanka Sustainable Energy Authority in relation to the Energy Services Company-related systems. Japan's experience with energy efficiency standards and labelling, and its associated knowledge and capacity, constitute a benchmark upon which Sri Lanka would potentially build while ensuring the sustainability of relevant interventions.

Gender policy implementation

25. In line with decisions 84/92 and 90/48, the Government of Sri Lanka has incorporated the policies of the Multilateral Fund in the implementation of stage II of the HPMP. During the second tranche implementation, the NOU reported that women made up 10 per cent of the customs and enforcement officers trained and 37 per cent of the importers and clearing agents trained. While no women participated in the technician training activities, the training invitations explicitly encouraged the participation of women, and five women technicians participated in specialized training courses. Participant-disaggregated data was monitored across all training sessions and workshops delivered under the HPMP and accordingly reported. Additionally, awareness materials and outreach activities highlighted equal opportunities within the sector, and consultations related to mandatory technician certification and registration considered barriers to women's participation. Collection and reporting of disaggregated data will continue during the third tranche, as will awareness-raising activities.

Sustainability of the HCFC phase-out and assessment of risks

26. The long-term sustainability of HCFC phase-out under stage II is supported by the continued strengthening of regulatory, institutional, and technical frameworks implemented. The licensing and quota system remains operational and is reinforced through regular coordination between customs and the Department of Import and Export Control, supported by updated procedures and enhanced monitoring tools such as refrigerant identifiers. Ongoing consultations on regulatory improvements and the exploration of standards and codes of practice for low-GWP refrigerants further institutionalize control measures and prepare the sector for transition. Capacity-building interventions, including technician training on good servicing practices, specialized training on commercial and industrial systems, distribution of servicing tools, strengthening of R&R centres, and development of a public technician database, have contributed to institutionalizing good practices and procedures, improve technical competencies and reduce reliance on virgin HCFCs, all of which contributes to the sustainability of the results of the HPMP. The introduction of technician certification and registration mechanisms, once fully operational, will also further institutionalize quality control and compliance within the sector.

27. Potential risks to sustainability include continued demand for servicing of legacy HCFC-based equipment, availability of low-cost alternative refrigerants of uncertain quality, slow uptake of good servicing practices among informal technicians, and possible delays in adopting strengthened regulatory measures. These risks are being mitigated through sustained enforcement of the quota system, continued training and awareness activities, support for R&R practices, strengthening of refrigerant quality control mechanisms, and progressive integration of certification requirements within the TVET and licensing framework. The Project Steering Committee will continue to monitor implementation progress and emerging risks, and corrective measures will be introduced as necessary to ensure that Sri Lanka remains on track to meet its 2030 compliance targets while maintaining long-term sectoral sustainability.

Conclusion

28. The Government of Sri Lanka has been enforcing its HCFC import and export licensing and quota system and continues to be in compliance with the Montreal Protocol. HCFC consumption is 68 per cent below the HCFC baseline for compliance and the ban on imports of HCFC-based equipment and accessories has been in effect since 6 June 2026. The equipment and tools procured for the RAC sector and customs will aid training activities to be conducted in the third tranche. Disbursement of the second tranche has reached 33 per cent; recommendations of the verification report have been addressed, with the remaining to be completed as part of the third tranche. The Government is committed to ensuring the promotion of women's participation throughout the implementation of stage II of the HPMP. Implementation of the third tranche activities will thus facilitate the adoption of low- or zero-GWP refrigerants to reduce HCFC consumption and refrigerant leakage.

RECOMMENDATION

29. The Fund Secretariat recommends that the Executive Committee note the progress report on the implementation of the second tranche of stage II of the HCFC phase-out management plan (HPMP) for Sri Lanka and further recommends blanket approval of the third tranche of stage II of the HPMP and the corresponding 2027–2030 tranche implementation plan for Sri Lanka at the funding levels shown in the table below.

	Project title	Project funding (US $)	Support costs (US $)	Implementing agency
(a)	HCFC phase-out management plan (stage II, third tranche)	53,200	3,724	UNDP
(b)	HCFC phase-out management plan (stage II, third tranche)	86,800	11,284	UNEP