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THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Montreal, 22–26 June 2026
Item 8(d) of the provisional agenda[1]

PROJECT PROPOSALS: ENERGY-EFFICIENCY REVOLVING FUND FOR GRENADA, THAILAND, AND GLOBAL

This document consists of the observations and recommendation of the Secretariat on the following project proposals:

• Energy-efficiency revolving-fund end-user project in Grenada	World Bank	Individual consideration
• Energy-efficiency revolving-fund end-user project in Thailand	World Bank	Individual consideration
• Global energy-efficiency revolving-fund end-user project in Colombia, Ghana, and Jordan	UNDP	Individual consideration

[1] UNEP/OzL.Pro/ExCom/98/1

Introduction

1. At its 96th meeting, the Executive Committee approved funding for preparation of projects to create an energy-efficiency revolving fund (EERF) for end users in Grenada, Türkiye and Thailand through the World Bank, and a global project covering Colombia, Ghana and Jordan through UNDP, at a funding level of US $100,000 per country project and US $200,000 for the global project, on the understanding that the final EERF proposals would be submitted to the 98th meeting (decision 96/31).

2. In response to that decision, the World Bank submitted EERF proposals for Grenada and Thailand at funding levels of US $8 million and US $20 million, respectively, plus agency support costs. The World Bank also requested funding of US $500,000 for Grenada and US $600,000 for Thailand, plus agency support costs, for technical assistance, capacity-building and project management. With respect to Türkiye, project preparation could not be completed within the required timeframe and the EERF proposal was therefore not submitted at this meeting.

3. UNDP submitted one EERF proposal covering Colombia, Ghana and Jordan at funding levels of US $8 million, US $4 million and US $8 million, respectively, plus agency support costs. UNDP further requested funding for technical assistance, capacity-building and project management in the amounts of US $300,000 for Colombia, US $250,000 for Ghana and US $300,000 for Jordan, plus agency support costs, together with a global coordination component of US $350,000 (as submitted), plus agency support costs.

4. The present document provides a comprehensive review of the five EERF proposals, two individual proposals, plus one global consisting of three countries, for consideration by the Executive Committee. Section I presents a comparative summary of technical, governance, environmental and financial parameters. Sections II and III provide country-by-country analyses grouped by implementing agency with section II covering the project proposals submitted by the World Bank (Thailand and Grenada) and section III covering the global project submitted by UNDP (Colombia, Ghana, and Jordan) including its coordination component. Section IV describes the technical assistance and capacity-building element; section V sets out the Secretariat's observations; and section VI presents a summary of the Secretariat's observations before concluding with a recommendation in section VII.

I. Summary of key parameters across all projects

5. Table 1 presents a comparative overview of the key technical, governance, environmental and financial parameters of the five EERF proposals submitted for consideration at this meeting.

Table 1. Summary of key technical, governance and financial elements across all EERF projects (as submitted)

	World Bank		UNDP Global		
Parameters	**Grenada**	**Thailand**	**Colombia**	**Ghana**	**Jordan**
Country classification (based on HCFC consumption)	LVC	Non-LVC	Non-LVC	Non-LVC	Non-LVC
EERF funds requested (US $)	8,000,000	20,000,000	8,000,000	4,000,000	8,000,000
Technical assistance and project management (US $)*	500,000	600,000	300,000	250,000	300,000
Fund rotation (times)	2	3	1.6	2	2

	World Bank		UNDP Global		
Parameters	**Grenada**	**Thailand**	**Colombia**	**Ghana**	**Jordan**
Target sector	Deep seawater cooling (district AC)	Refrigeration & AC	Refrigeration & AC	Refrigeration & AC	Refrigeration & AC
Main baseline refrigerants	HFC-134a, R-410A	HFC-134a, R-404A, R-410A	HFC-134a, R-404A, R-410A	HFC-134a, R-404A, R-410A	HFC-134a, R-404A, R-410A
Target refrigerants	Low / zero GWP	Low-GWP (refrig.)/lower-GWP (AC)	Low-GWP (refrig.)/lower-GWP (AC)	Low-GWP (refrig.)/lower-GWP (AC)	Low-GWP (refrig.)/lower-GWP (AC)
Minimum energy efficiency improvement	>80%	≥10%	≥25%	≥20%	≥20%
Advisory / oversight body	Advisory board	Working group (NOU + PMU)	Advisory board	Advisory board	Advisory board
Credit risks	Covered by IA	Covered by IA	Covered by IA	Covered by IA	Covered by IA
Exchange rate risks	Minimal (fixed peg Eastern Caribbean dollar/US $)	Borne by MLF	Covered by IA (currency swap)	Covered by IA	Minimal (fixed peg Jordanian Dinar/US $)
Exit plan	Explained	Explained	Explained	Explained	Explained
End-of-life management	Explained	Explained	Explained	Explained	Explained
Scalability	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Estimated indirect emission reduction (t CO_2-eq/year)	21,367	61,511	2,510	8,615	14,570
Estimated direct emission reduction (t CO_2-eq/year)	946	38,754	41,090	2,601	8,859
EERF cost per kWh/year saved (US $/kWh/year)	0.26**	0.13	0.56	0.27	0.26

*Excludes the global component of technical assistance in the amount of US $350,000.
**This does not include the total capital investment required for the seawater air-conditioning (AC) district-cooling system.
Note: GWP: global-warming potential; LVC: low-volume-consuming

II. World Bank projects

6. The details relating to the World Bank projects, namely Grenada and Thailand, are provided below.

II.1 Grenada

7. The Grenada EERF, submitted by the World Bank, is structurally distinct from the other four proposals. Rather than financing conventional equipment replacement, the US $8 million EERF contribution will support the operationalisation of a seawater AC district-cooling system that uses naturally cold deep seawater to replace conventional refrigerant-based chillers, eliminating mechanical compression in the cooling cycle and delivering energy efficiency improvements in excess of 80 per cent over the baseline. Total project cost is estimated at about US $43 million, of which roughly US $35 million will come from other sources for the subsea pipeline, onshoring station, seawater pumps, heat exchangers and associated soft costs. More than 10 potential external investors have been identified but funds are not yet secured. Phase 1 covers four anchor facilities, Maurice Bishop International Airport, St. George's University and the Sandals and Royalton resorts, totalling 1,135 TR, with phase 2 extending to commercial users up to 2,100 TR. In addition, US $500,000 is requested for technical assistance and capacity building for the project.

8. The financial institution is the Grenada Development Bank (GDB), with the choice flowing directly from the project architecture rather than a competitive selection: the World Bank and the Ministry of Finance will sign a Development Credit Agreement and funds will then be transferred to GDB under a Subsidiary Loan Agreement, with GDB accounts ring-fenced exclusively for this project.

9. GDB will act as the Executing Agency, extending concessional EERF financing to a Special Purpose Vehicle that will be constituted during the initial phase of implementation. The Special Purpose Vehicle will be responsible for financing, constructing and operating the seawater AC system through experienced Engineering, Procurement and Construction and Operations and Maintenance contractors under fixed-price, date-certain contracts. EERF funds will be used specifically for customer-connection infrastructure, and the instrument is structured as subordinated, concessional debt ranking junior to senior commercial debt.

10. The Special Purpose Vehicle will receive EERF funds for the project from GDB. Loan delivery and repayment work through cooling-sales agreements signed between the Special Purpose Vehicle and each beneficiary; payments made by beneficiaries for cooling services flow back to the Special Purpose Vehicle and onwards to GDB, enabling the revolving mechanism. GDB will handle financial administration, disbursement and monitoring within its existing institutional structure, with a senior full-time person assigned within GDB (not within the Special Purpose Vehicle) to manage fund administration, oversight, reporting and coordination. A six-member Advisory Board will approve the Operational Manual, advise on HFC phase-down and minimum energy performance standards (MEPS) compliance, facilitate coordination among the national ozone unit (NOU), GDB, Grenada Electricity Services and the private sector, and monitor progress.

11. Risk management arrangements are unusually strong on the capital-preservation side. Credit risk is covered by the implementing agency through the structure of the Development Credit Agreement, under which the Government of Grenada bears the obligation to repay the full US $8 million at project maturity irrespective of the internal revolving of funds, providing strong capital protection for the Multilateral Fund (MLF).

12. Exchange-rate risk is negligible given the Eastern Caribbean Central Bank's fixed peg of 2.70 Eastern Caribbean dollar to 1 United States dollar maintained since 1976, and any residual exchange-rate risk is absorbed by the Government of Grenada under the Development Credit Agreement.

13. The equipment replaced by the seawater AC system would not be immediately removed; these will be retained and maintained minimally for a specified period of time. Once the reliability of the seawater AC system is established, the chillers will be replaced according to the Grenadian regulations and as relevant international regulations for sustainable disposal of such equipment and related refrigerants.

14. The project falls within the framework of Grenada's National Energy Policy, National Cooling Action Plan and the second nationally determined contribution (NDC)’s commitment to a 40 per cent greenhouse-gas (GHG) reduction by 2030 with the cooling sector explicitly addressed; the Government also ratified the Kigali Amendment in May 2018. MEPS and energy-labelling frameworks are, however, at a nascent stage.

15. Closure of the revolving fund at year eight is set against a planned fund rotation of two times, and consistent with the project's heavy upfront capital expenditure on a single piece of infrastructure.

16. The exit and closure plan for the revolving fund will be managed contractually through the Development Credit Agreement between the World Bank and the Government of Grenada and the Subsidiary Loan Agreement between the Government and the GDB. The EERF is structured with a fixed eight-year tenor and a bullet repayment, under which the Government of Grenada is obligated to repay the full US $8 million to the World Bank. In practice, GDB will ensure that repayments received from the Special Purpose Vehicle (and indirectly from beneficiaries through cooling service revenues) are expected

to be accumulated, and these accumulated funds will be used to effect the bullet repayment of US $8 million at the end of eight years.

17. The project hinges on timely mobilisation of additional capital for construction and operation of the seawater AC system including establishing Special Purpose Vehicle for delivering cooling as a service.

II.2 Thailand

18. The Thailand EERF, submitted by the World Bank at a funding level of US $20 million, will be channelled through participating financial institutions selected based on demonstrated experience in energy efficiency financing, established business relationships with prospective participating enterprises, active engagement with Bank of Thailand's green-finance programmes, expressed interest in the EERF, and the ability and willingness to meet World Bank fiduciary requirements. In addition, US $600,000 is requested for technical assistance and capacity-building for the project.

19. A list of candidate partner banks has been identified – Bank of Ayudhya/Krungsri, Bangkok Bank, CIMB Thai, Kasikornbank, Krungthai Bank, LH Bank, Siam Commercial Bank, TMB/Thanachart and UOB (Thailand) – with final selection expected by June 2027 in consultation with the Ministry of Finance and the Department of Alternative Energy Development and Efficiency (DEDE). Six of these banks already gained EERF appraisal experience during the earlier Thailand EERF pilot. The country has a mature policy environment including the 1992 Energy Conservation Promotion Act, the 20-year Energy Efficiency Development Plan and HFC-freeze commitments under the Kigali Amendment since 2024. Bangkok's building codes and MEPS for appliances also support proper retirement and disposal of replaced refrigerants and equipment.

20. Loan delivery will follow a layered institutional pathway. The World Bank will enter into a legal agreement with DEDE denominated in Thai Baht; DEDE will then sign sub-agreements with the selected participating financial institutions, which will appraise sub-projects and forward them to DEDE for endorsement before EERF financing is extended. Lending rates to participating enterprises are expected to be 2 to 3 per cent per annum compared with prevailing market rates of about 8 per cent. Repayments from borrowers will flow back through the participating financial institutions to the EERF account and will be recycled into new sub-loans.

21. A separate framework will be established for the residential AC segment, with funding administered through commercial credit-card companies offering zero-interest loans contingent on a minimum level 5 (one-to-three-star) energy-efficiency rating. A dedicated project management unit (PMU) inside DEDE will run daily operations. A working group made up of the heads of the DEDE and Department of Industrial Works (DIW) PMUs together with the NOU will provide oversight and guidance on fund allocation and programme priorities and will act as the advisory body for the EERF.

22. On risk management, credit risk will be treated as standard commercial and industrial lending risk and will be managed by the participating financial institutions through their normal "know-your-client" and financial due-diligence procedures, with the implementing agency confirming that credit risk rests with the banks rather than the MLF.

23. Exchange-rate risk, by contrast, will be borne by the MLF. The legal agreement with DEDE will be in Thai Baht, and the World Bank has committed that any exchange-rate gains during implementation will be returned to the MLF at project closure.

24. End-of-life management of the equipment being replaced will be covered through Thailand's existing regulatory and policy framework. Equipment being taken out of operation will be disassembled and materials that are recyclable will be collected and sold. This aspect will also be considered under the World

Bank's environmental and social management requirements. For large units, refrigerants can be recovered and reused or properly disposed.

25. On closure of the revolving fund at the end of the eight-year programme period, the project is designed to achieve a fund rotation of three times, the highest among the five proposals, which means that the US $20 million capital is projected to generate approximately US $60 million in total financing across the period. The plan for exit and closure of the revolving fund would include timely repayment of balances by the participating enterprises to the participating financial institutions in the last years close to project closure and if necessary, conversion of remaining balances that would not get repaid on time to commercial loans; the precise mechanism by which residual capital and outstanding loans will be handled at around the year eight with appropriate safeguards to ensure project completion and return of balances would be designed at a later stage during project implementation.

III. UNDP projects

26. The details relating to the UNDP projects, namely Colombia, Ghana, and Jordan, are provided below.

III.1 Colombia

27. The Colombia EERF, submitted by UNDP at a funding level of US $8 million, will be channelled through Bancóldex, Colombia's national business development bank, which was identified as the National Financial Institution following a structured, transparent and evidence-based selection process in which it achieved the highest evaluation score. Bancóldex is 99.72 per cent state-owned, holds a solvency ratio of 29.7 per cent and the highest domestic credit ratings, and manages approximately US $2.37 billion in total assets. Between 2013 and 2025, it disbursed US $546 million across 10,715 credit operations in energy efficiency and climate-related programmes. Bancóldex will operate through two channels, direct lending and second-tier rediscount through participating commercial banks, providing broad territorial coverage across the country. In addition, US $300,000 is requested for technical assistance and capacity building for the project.

28. Loan delivery to clients will proceed in tranches: UNDP will transfer funds to Bancóldex through structured tranche-based disbursements linked to milestones, and Bancóldex will be lending either directly to qualifying end-users or through rediscount to commercial financial intermediaries that then will issue sub-loans. The resulting lending rate to enterprises is estimated at up to 5.3 percentage points below prevailing commercial market rates. Repayments from borrowers will flow back through the financial intermediaries to Bancóldex and will be recycled into new sub-loans. Sub-loan eligibility will require refrigerant with GWP below 150 for refrigeration and below 750 for AC and a minimum 25 per cent energy-consumption reduction relative to the business-as-usual baseline, with average payback periods estimated at three to eight years depending on sub-sector and equipment type. An advisory board, to be established within three months of project approval, will provide guidance on target sectors and technologies, coordinate stakeholder engagement and monitor implementation, with the NOU providing technical advice on low-GWP alternatives.

29. Colombia's 2021 Energy Transition Law and 2022 Climate Action Law establish a strong legal basis for clean-energy finance, together with Colombia's ratification of the Kigali Amendment and an NDC target of 51 per cent GHG reduction by 2030. Sector-specific cooling regulations including MEPS and energy labelling are under development for certain categories of equipment.

30. Credit risk will be covered by the implementing agency arrangements. Under the direct-lending model Bancóldex will bear 100 per cent of credit risk for its portfolio, and under the rediscount model each participating financial intermediary will bear 100 per cent of credit risk for its sub-loan portfolio, in both cases insulating MLF capital from credit-default risks. Fondo Nacional de Garantías will also credit

guarantees of up to 50 per cent of loan value and will extend EERF eligibility to small- and medium-sized enterprises (SMEs) segments with limited collateral.

31. The exchange-rate risk will be managed through a currency-swap instrument entered into by Bancóldex, which will convert foreign-currency exposure into peso-denominated exposure at the Bancóldex level.

32. The regulatory framework for hazardous waste management and waste electrical and electronic equipment management will guide the environmental sound management of the recovered refrigerants and the refrigeration and AC (RAC) equipment disposal. MLF-EERF beneficiaries will contract the services of companies with the corresponding environmental permits for the management of replaced RAC equipment, including the recovery and handling of refrigerants through the RRR network. Beneficiaries must submit the corresponding final disposal certificate of the equipment and refrigerants as part of the reports and as a requirement for loan disbursements' approval. The Ozone Technical Unit will monitor the process with the support of the competent environmental authorities.

33. Closure of the revolving fund at year eight is framed around a planned fund rotation of 1.6 times — the lowest among the five programmes — reflecting the longer payback periods (up to eight years) in the supermarket and food-distribution sub-sectors.

34. The exit and closure plan for the revolving fund would include a pre-agreed wind-down process built into the UNDP–custodian (Bancóldex) agreement and the revolving fund agreement and would be defined later during project implementation in consultation with Bancoldex. Bancóldex would initiate a gradual wind-down of new loan disbursements from around year 4-5 to prioritise loan recovery and progressively ring-fence liquidity, ensuring sufficient resources are available for full reimbursement to UNDP Colombia at year 8. The capital return obligation would remain at the level of Bancóldex and they would return US $8 million to UNDP at the end of the eight-year period.

III.2 Ghana

35. The Ghana EERF, submitted by UNDP at a funding level of US $4 million, will be implemented through two financial institutions selected by UNDP for joint implementation: Fidelity Bank Ghana Limited and First National Bank Ghana Limited, each receiving an initial allocation of US $2 million. Fidelity Bank Ghana has extensive experience in donor-funded and blended-finance programmes and operates a national network of over 80 branches, while First National Bank Ghana, backed by South Africa's FirstRand Group, maintains a dedicated credit team of 45 professionals. Both institutions have active working relationships with UNDP on energy efficiency and green-transition programmes, which informed the selection rather than a separate competitive tender. US $250,000 is requested for technical assistance and capacity building for the project.

36. Ghana's ratification of the Kigali Amendment, the National Cooling Plan and the Energy Efficiency Standards and Labelling Regulations revised in 2022 (LI 2458 and LI 2441) are the key policy and regulatory factors that will support implementation of EERF and sustaining the results. The enforcement of labelling standards needs to be continuously strengthened, and this has a bearing on replacement of HFC-containing equipment.

37. Loan delivery will proceed through Fund Management Agreements (FMAs) between UNDP and each financial institution. Funds will be on-transferred upon FMA execution, with each financial institution maintaining four dedicated, segregated accounts including a United States dollar reserve account holding a 10 per cent liquidity reserve. The financial institutions will apply their own credit-assessment frameworks, supplemented by EERF-specific eligibility criteria, a minimum debt-service coverage ratio of 1.15 to 1.30 times, loan-to-value ratios of 60 to 80 per cent, mandatory energy audits and direct vendor payment, and will disburse sub-loans to end-users across seven sub-sectors (large, mid-market and small hotels;

restaurants and catering; cold chain and cold stores; supermarket chains; and RAC service providers). End-users will repay the financial institutions on commercial terms within the EERF-capped lending rate, and repayments will be recycled within the segregated EERF accounts to fund new sub-loans.

38. A nine-member Advisory Board will be formed in the third quarter of 2026, with the NOU sitting as a member, to provide strategic guidance and monitor implementation.

39. Risk management will be built around credit-risk transfer to the partner banks. Under the FMA, the partner financial institutions bear 100 per cent of credit risk; this will be reinforced at the sub-loan level by the debt-service coverage and loan-to-value covenants and by direct vendor payment, which will remove diversion risk.

40. Exchange-rate risk will be addressed through a multilayered framework that is unusual in its design. Uncommitted balances will be invested in Treasury Bills with yields 8 to 11 per cent.[2] A 2.5 percentage-point depreciation buffer will be built into the Ghana reference rate lending-rate cap of 14.58 per cent, and a capital-preservation safety margin of 116.3 per cent will be maintained.

41. End-of-life management of the replaced equipment will be supported by the national regulatory framework. All HFC refrigerants must be recovered from decommissioned equipment before disposal. Recovery will be conducted by certified RAC technicians trained under stage I of the Kigali HFC implementation plan (KIP) activities. Recovered refrigerants will be handled in accordance with the pending amendment to Legislative Instrument 1812 (ODS Management Regulations), which will establish mandatory recovery, reuse, and recycling requirements for HFCs. Recovered R-410A, R-404A, and R-134a will be directed to authorised reclamation facilities or, where reclamation is not viable, stored for eventual destruction. Decommissioned equipment will be managed through documentation in the EERF impact monitoring system (equipment type, age, refrigerant charge, serial number). Recovery of all refrigerants will be conducted by certified technicians. Separation of recyclable materials (metals, plastics) and proper disposal of non-recyclable components will be addressed through licensed waste management operators. The EERF loan agreement will include covenants requiring borrowers to ensure environmentally sound disposal of replaced equipment

42. Closure of the revolving fund at year eight is framed around a planned fund rotation of two times, with fund-recycling results expected from 2030 onwards following a project launch in May 2027 and finalization of agreements with the financial institutions by March 2027.

43. The exit and closure plan for the revolving fund would include a pre-agreed wind-down process built into the UNDP revolving fund agreement with Fidelity Bank and First National Bank Ghana. The new loan disbursements from around year 4-5 would be managed to ensure timely return of balances. The partner financial institutions bear full credit, operational, and foreign exchange risks and would be obligated to cover any shortfall from their own institutional reserves and/or their financial strategy so that the US $4 million is returned to UNDP at the end of the eight-year period.

III.3 Jordan

44. The Jordan EERF, submitted by UNDP at a funding level of US $8 million, will be channelled through the Central Bank of Jordan (CBJ), designated as the institutional custodian and apex institution for the EERF. CBJ has proven experience managing over Jordanian Dina 1.3 billion (approximately US $1.83 billion) in concessional green credit lines, on-lending through commercial banks at 3 to 4 per cent. The structure also brings in a set of partner institutions — Jordan Loan Guarantee Corporation for credit guarantees of up to 85 per cent of principal value, Jordan Renewable Energy and Energy Efficiency Fund for technical assistance, Cities and Villages Development Bank for municipal demand aggregation, Jordan

[2] Treasury bill yield is the annualized return an investor earns on a short-term government debt security.

Enterprise Development Corporation for SME identification and Jordan Energy Sustainability Fund for environmental compliance support — together forming a single institutional architecture under the CBJ apex. In addition, US $300,000 is requested for technical assistance and capacity-building for the project.

45. Jordan's National Energy Efficiency Action Plan 2024–2026, which includes specific cooling measures, MEPS and labelling for commercial RAC, technician certification and financial incentives for low-/zero-GWP-refrigerant-based appliances, together with ratification of the Kigali Amendment provides a policy framework for energy efficiency in cooling applications. Previous National Energy Efficiency Action Plans have achieved 40 to 46 per cent of targeted savings, suggesting an established implementation record.

46. Loan delivery will follow a two-tier on-lending structure. UNDP will inject seed capital of US $8 million into a dedicated EERF window at CBJ. CBJ will on-lend to commercial banks at 0.5 to 1 per cent, and the participating banks will provide end-user loans at rates capped at 3.5 per cent against prevailing commercial rates of 8 to 12 per cent. Loan proceeds will be paid directly to pre-approved suppliers and installers rather than to end-users, which will speed disbursement and substantially reduce any diversion risk. End-users will repay the commercial banks on commercial credit terms within the EERF cap, the banks will repay CBJ, and the recycled capital will be on-lend again through the same window. A six-member Advisory Board will endorse the Operational Framework, provide performance monitoring, risk-management guidance and sustainability advice, and facilitate inter-agency coordination among the partner institutions listed above.

47. Risk management will use a layered approach. Credit risk will be managed through mandatory beneficiary equity contributions of 10 to 20 per cent, bank-led credit appraisal with exposure caps, direct vendor payment, and Jordan Loan Guarantee Corporation guarantees of up to 85 per cent for higher-risk SME segments, one of the strongest credit-risk frameworks among the five proposals. Exchange-rate risk is negligible given the Jordanian Dinar's is fixed peg to the United States dollar since 1995.

48. When RAC equipment is replaced through EERF financing, beneficiaries and their contracted vendors will follow strict best-practice procedures to ensure environmentally sound end-of-life management. All refrigerants will be recovered by certified technicians using approved equipment and labelled cylinders. Reclaimable refrigerants may be reused under quality control, while obsolete or contaminated refrigerants must be transferred through NOU-approved channels for storage, aggregation, or destruction/export. Safe handling protocols will apply to hydrocarbons, ammonia and CO_2. EERF disbursement will be conditional on proof of refrigerant recovery. Equipment will be dismantled after verified refrigerant evacuation. Metals will be sent to licensed recyclers, compressor oils and hazardous liquids transferred to the Ministry of Environment's authorized handlers and electronic waste to licensed e-waste facilities.

49. Closure of the revolving fund at year eight will be framed around a planned fund rotation of two times. The Project Cooperation Agreement with CBJ will be expected to be signed in the third quarter of 2026, with the first tranche transferred and lending commencing before the end of the fourth quarter of 2026, the fastest start-up timeline among the five programmes.

50. The exit and closure plan for the revolving fund would include a pre-agreed wind-down process built into the UNDP–custodian agreement with the CBJ and the revolving fund agreement. New lending will be tapered in the later years, liquidity will be progressively ring-fenced, and the outstanding principal balance of US $8 million will be consolidated for return to UNDP by the agreed closure date, i.e., at the end of the eight-year period. The capital return obligation remains at the custodian (CBJ) level.

IV. Technical assistance and capacity-building — country projects for World Bank and UNDP and global components for UNDP

51. The World Bank submitted technical assistance, capacity-building and project-management funding alongside the EERF proposals for two countries (Grenada and Thailand) in the amount of US $500,000 and US $600,000. The technical assistance for EERF for Thailand would be fully funded from the project management funding that would be requested for HCFC phase-out management plan (HPMP). The technical assistance-to-EERF funding is 3 per cent and 6.25 per cent for Thailand and Grenada, respectively; the higher ratio for Grenada is due to lower levels of EERF funding and the higher initial support needed for establishing the Special Purpose Vehicle and securing customs for the new seawater AC system.

52. UNDP submitted technical assistance, capacity-building and project-management funding alongside the three country EERF proposals (Colombia, Ghana and Jordan) and a global coordination component supporting all three. The amounts as set out in the introductory paragraphs of the submission were US $300,000 for Colombia, US $250,000 for Ghana, US $300,000 for Jordan and US $350,000 for the global component, plus agency support costs.

53. The total UNDP technical-assistance envelope across the three countries is US $1.2 million against US $20 million in EERF capital, yielding a country-level technical assistance-to-EERF ratio of 6.0 per cent on average. The ratio of technical assistance to EERF for Colombia is 3.75 per cent (US $300,000 against US $8 million); Jordan is 3.75 per cent (US $300,000 against US $8 million); and Ghana is 6.25 per cent (US $250,000 against US $4 million). The Ghana ratio is materially higher because the EERF capital base is half that of the other two countries. The proposed technical assistance envelope is needed given the relatively early stage of commercial-bank energy-efficiency lending in Ghana, the support needed for greater participation of beneficiaries in EERF and the need to bring two financial institutions simultaneously through eligibility-criteria training, appraisal-procedure training and monitoring systems.

54. The activity scope of the technical assistance is broadly common across the countries: awareness-raising and outreach with prospective end-users and equipment suppliers, training of financial-institution staff on EERF eligibility criteria and sub-project appraisal procedures, support for establishment of Special Purpose Vehicle (in the case of Grenada), market development and pipeline support, monitoring and reporting, third-party verification where applicable, and vendor support on technical and procurement matters.

55. The global coordination component for the global EERF under UNDP is described as supporting the implementation of all three country-level EERF projects. Its activities cover finalisation and headquarters clearance of legal and fiduciary arrangements; development of centralised technical guidance materials; provision of technical support to national stakeholders during EERF operationalisation; one mid-term and one final verification review covering all three country programmes; and systematic dissemination of lessons learned across the three participating countries. The component therefore performs three distinct functions: a fiduciary and legal-clearance function that is genuinely cross-country and would be inefficient to triplicate at country level; a knowledge-product function (centralised technical guidance materials and lessons-learned dissemination) that captures economies of scale across the three programmes; and an independent-verification function (one mid-term and one final review) that strengthens accountability beyond what country-level technical assistance alone could provide.

V. Secretariat's observations

V.1 World Bank projects

56. The World Bank submitted EERF proposals for Grenada and Thailand. While both projects target HFC phase-down and energy-efficiency gains in the cooling sector, they differ markedly in their technical approach, institutional architecture and financing modalities, as set out below.

V.1.1 Grenada

Coherence of overall project design

57. The Grenada EERF is structurally distinct from all other proposals in the portfolio given that it will work through a newly set-up Special Purpose Vehicle that will build and operate the seawater AC facility. Rather than financing conventional equipment replacement, it deploys US $8 million in concessional EERF capital as a subordinated instrument to fund customer connection infrastructure for a two-phase seawater AC district cooling system. The seawater AC technology harnesses naturally occurring cold deep seawater to replace HFC-based compression chillers entirely, yielding energy efficiency improvements in excess of 80 per cent compared to the baseline and achieving zero-GWP cooling at scale.

58. The institutional architecture is logically sequenced: the World Bank and the Ministry of Finance of Grenada will enter into a development credit agreement; funds will be transferred to the GDB under a subsidiary loan agreement with ring-fenced accounts; GDB will provide concessional EERF financing to a Special Purpose Vehicle that will finance, construct and operate the seawater AC system under fixed-price, date-certain engineering, procurement and construction and operations and maintenance contracts; and participating beneficiaries will each enter into a cooling-sales agreement with the Special Purpose Vehicle, generating the cash flows that enable the revolving mechanism. The Government of Grenada's obligation to repay the full US $8 million at project maturity under the Development Credit Agreement, irrespective of the internal recycling of funds, provides the strongest capital protection in the current portfolio.

59. Phase 1 will cover four identified anchor facilities — Maurice Bishop International Airport, St. George's University, Sandals Resort and Royalton Resort — with a combined cooling capacity of 1,135 TR. Phase 2 will extend to additional commercial users with a targeted total capacity of 2,100 TR. EERF loan amounts for the four anchor customers are determined on the basis of their share of total cooling demand, connection distance and the required customer-side infrastructure comprising pipelines, heat exchangers, retrofits and metering; allocation is therefore proportional to avoided HFC capacity and expected energy savings, with the project to examine options for upfront co-financing from customers. Engineering, procurement and construction activities outside customer connection infrastructure will be financed through other sources of financing and managed by the Special Purpose Vehicle. The design is coherent and well-sequenced, though it remains contingent on the mobilisation of approximately US $35 million in external financing not yet secured, and on the establishment of a Special Purpose Vehicle that does not yet exist.

Table 2. Grenada – Seawater AC project phases, emission reductions and energy savings

Phases	Average EERF per unit (US $)	Est. direct emission reduction (CO_2 t/year)	Total kWh/year saved	Average indirect emission reduction (CO_2 t/year)
Phase 1	8,000,000	501	16,606	11,318
Phase 2	8,000,000	445	14,745	10,049
Total		**946**	**31,350**	**21,367**

Relevance of the project for the country

60. The project is of high relevance for Grenada. Tourism dominates the Grenadian economy and cooling is a major cost driver for hotels and resorts; demand is projected to grow by 65 per cent by 2050. Grenada's small domestic financial sector, commensurate with a population of approximately 113,000, cannot provide the long-tenor infrastructure finance required for a project of this scale, making international concessional instruments essential. Commercial lending rates in Grenada for long-tenor infrastructure or energy efficiency projects are typically in the range of 7 to 10 per cent, often with shorter maturities and strict collateral requirements; EERF financing, by contrast, is structured as highly concessional with longer tenors and repayment aligned to verified energy savings, significantly improving affordability and project viability.

61. The seawater AC technology simultaneously addresses multiple national priorities: Grenada's Kigali Amendment ratification (May 2018), its second NDC target of a 40 per cent GHG reduction by 2030, and its National Cooling Action Plan. Strong national ownership is evidenced by the Government's formal bullet repayment obligation and the established policy framework including a National Energy Policy and National Cooling Action Plan. Exchange rate risk is negligible, as the Eastern Caribbean Central Bank has maintained a fixed peg of 2.70 Eastern Caribbean dollars to 1 United States dollar since 1976; under the development credit agreement, any residual exchange rate risk is borne by the Government of Grenada.

Relevance of the project for the Multilateral Fund

62. The project directly supports the Fund's mandate through the permanent elimination of HFC-based chillers serving four anchor facilities in phase 1, generating estimated direct emission reductions of 501 t CO_2-eq/year and indirect emission reductions of 11,318 t CO_2-eq/year, with a further direct emission reduction of 445 t CO_2-eq/year and indirect emission reductions of 10,049 t CO_2-eq/year, estimated for phase 2. For the funds estimated at US $8 million, this translates to costs in the amount of US $0.36 per kg CO_2-eq/year and US $0.255 per kWh/year saved. It must however be noted that the US $8 million would be returned to the MLF at the end of eight years; thus, in terms of opportunity cost at 4 per cent yield, this amounts to US $2.15 million. The costs are estimated at US $0.097 per kg CO_2-eq/year and US $0.069 per kWh/year saved.

63. The project represents the first use of EERF financing to support a not-in-kind district cooling system based on a zero-GWP technology, providing the MLF with important practical inputs on how large-scale not-in-kind projects can contribute simultaneously to HFC consumption reduction and energy performance improvement, as envisaged under the concept of sustainable cooling. This project would provide very useful inputs for demonstrating the technology on a commercially viable basis.

64. The Government of Grenada's bullet repayment obligation under the development credit agreement provides the strongest capital protection mechanism in the current portfolio: the Government is obligated to repay the full US $8 million to the World Bank and the MLF at maturity, irrespective of the internal recycling of funds, and EERF funds are fully ring-fenced through dedicated project accounts managed under GDB oversight with tight monitoring and supervision to ensure repayments are made on schedule. The multi-partner capacity building structure — drawing on MLF, World Bank Caribbean Efficient and Green-Energy Buildings Project and GCF[3] resources in a coordinated and non-overlapping manner — ensures that MLF resources are focused exclusively on Kigali-mandate activities.

Relative impact per Multilateral Fund dollar invested, including additional leverage

65. The total project cost is estimated at approximately US $43 million (revised downward from an initial estimate of US $50 million following optimisation of the subsea pipeline and updated terrestrial

[3] Green Climate Fund

pipeline costings), comprising the US $8 million EERF contribution and approximately US $35 million from external sources. External funds will primarily be used for the subsea pipeline, onshoring station, seawater pumps and circulation pumps, heat exchangers and project soft costs such as design, bathymetric studies,[4] legal fees and overall project management. More than ten potential investors have been identified; however, the funds have not yet been secured. The World Bank noted that securing these funds is not strictly contingent on MLF approval, but that approval would significantly enhance the prospects for their mobilisation and would have a powerful leveraging and catalytic effect.

66. The fund multiplier of two times is generated by recycling phase 1 repayments to finance phase 2 customer connections. The opportunity cost of the US $8 million at US $2.15 million, based on a discount rate of 4 per cent. EERF financing is structured as highly concessional with longer tenors and repayment aligned to verified energy savings. The fixed exchange rate peg eliminates foreign exchange risk entirely for this programme, preserving the full capital value for the MLF. The EERF is structured as a subordinated, concessional instrument ranking junior to senior commercial debt, with repayments made from project cash flows after senior obligations have been met.

Scalability and degree of innovation/demonstration

67. The Grenada seawater AC project is the most innovative proposal in the portfolio and offers very high demonstration value. Within Grenada, a successful phase 1 and phase 2 implementation will enable further expansion to other parts of the island, including St. George's proper (encompassing the major ferry terminal), a new hospital under construction and resort developments along the northwest coast. Once the Special Purpose Vehicle has connected and served customers for a number of years, it will have sufficient operating funds to continue expansion to serve new customers without further EERF support.

68. At the regional level, the World Bank has already identified and conducted initial assessments of multiple promising seawater AC sites on the north shore of Jamaica and several brownfield and greenfield sites in the Dominican Republic. Following successful implementation in Grenada, it is anticipated that private and public entities in other feasible locations across the Caribbean and beyond will proceed with seawater AC projects, contributing to regional replication of this innovative cooling technology. The project provides the MLF with a replicable model for deploying EERF capital as a subordinated concessional instrument within a project finance structure, a design approach applicable in other LVC contexts where conventional revolving fund models are not viable given limited market size.

Assessment of project implementers and national financial institutions

69. The World Bank provides strong institutional oversight as Implementing Agency. The GDB serves as Executing Agency with ring-fenced dedicated accounts; a senior full-time person will be assigned within GDB — not within the Special Purpose Vehicle — to manage fund administration, oversight, reporting and coordination. GDB will manage the financial administration, disbursement and monitoring of the EERF within its existing institutional structure; no separate project implementation unit is required. GDB, as Executing Agency, will prepare and submit the required technical and financial reports; World Bank staff, as Implementing Agency, will consolidate and transmit those reports to the Secretariat and ensure compliance with MLF requirements. The Advisory Board, comprising six members drawn from the NOU, GDB, the Grenada Electricity Services and private sector actors, will approve the Operational Manual, advise on HFC phase-down and MEPS compliance, facilitate coordination and monitor progress.

70. The Special Purpose Vehicle will be constituted during the initial phase of implementation; it will manage both the construction and operation of the seawater AC system, including collecting payments from users and repaying borrowed funds; while it will not self-perform construction, it will contract experienced,

[4] Bathymetric studies are the underwater equivalent of topography, involving the measurement and mapping of the depths and shapes of underwater terrains such as ocean floors, lake beds, and river channels.

internationally qualified Engineering, Procurement, and Construction and Operations and Maintenance firms. The selection of the Special Purpose Vehicle will be undertaken during the initial phase based on demonstrated experience, ability to secure finance for the project and capacity to manage the project in Grenada. The Secretariat notes, however, that GDB has no prior EERF revolving fund experience, and the Special Purpose Vehicle — not yet established — introduces a governance dependency requiring careful management to ensure cooling service revenues flow through to EERF repayments as designed.

Key risks, mitigations and outstanding issues

71. The principal risks are the non-mobilisation of the approximately US $35 million in external financing required for the seawater AC infrastructure and selection of the Special Purpose Vehicle. While this financing has not yet been secured, the World Bank has identified more than ten potential investors and considers MLF approval a significant catalytic prerequisite. The World Bank has also identified ten companies that may have the required set of competencies to take on the management of the Special Purpose Vehicle. Credit risk is fully covered by the Government of Grenada through the legal agreements. Exchange rate risk is eliminated by the Eastern Caribbean Central Bank's longstanding fixed peg. Construction risk is mitigated through fixed-price, date-certain Engineering, Procurement, and Construction and Operation and Maintenance contracts with experienced internationally qualified contractors.

72. Outstanding issues include: the establishment of the Special Purpose Vehicle and execution of Cooling Sales Agreements with the four Phase 1 anchor customers; and the timeline for receipt of Phase 1 repayments and the modality for on-granting those funds to Phase 2 customers. Subject to Executive Committee approval at the ninety-eighth meeting, World Bank board approval is expected by February 2027, with Special Purpose Vehicle legal arrangements finalised by May 2027, overall project financing secured by October 2027, disbursement of EERF funds for customer connections expected in the third quarter of 2027, and Phase 1 of the seawater AC system operational by mid-2028.

73. Capacity-building for the Grenada EERF and the seawater AC system will be financed through a complementary, multi-partner approach. MLF financing will cover capacity building directly linked to its mandate, including measurement, reporting, and verification systems for energy savings and HFC reductions, institutional strengthening of GDB for EERF management, and awareness and training related to low- and zero-GWP cooling transitions. World Bank-supported projects, notably the Caribbean Efficient and Green-Energy Buildings programme, will fund broader and longer-term capacity building covering energy efficiency financing, fiduciary management, safeguards, energy auditing and professional certification. GCF-funded energy development assistance programmes and government resources will continue to support institutional capacity within the NOU and climate finance functions more broadly. This multi-source approach ensures that MLF financing is focused on the seawater AC and Kigali-relevant needs, while other partners cover systemic and sector-wide requirements; activities will be implemented in an integrated fashion with the KIP activities currently under implementation.

74. With respect to disposal of equipment replaced by the seawater AC system, the recovery and recycling of refrigerants will be coordinated with the refrigerant recovery, recycling and reclamation (RRR) activities of the approved KIP. Given that Grenada does not have a facility capable of disposing of refrigerants, recovered refrigerant that cannot be recycled or reused will be stored at the national RRR centre; its disposal will be addressed as part of the national inventory and lifecycle refrigerant management activities currently being undertaken by the Government of Grenada with the assistance of UNEP. During Phase 2, some equipment may be retained as backup with the remainder handled as greenfield replacement; arrangements will depend on the type of equipment and the number of units replaced.

75. Revolving fund closure will be managed contractually through the development credit agreement between the World Bank and the Government of Grenada and the Subsidiary Loan Agreement between the Government and GDB. The EERF is structured with a fixed eight-year tenor and a bullet repayment, under

which the Government of Grenada is obligated to repay the full US $8 million at maturity, irrespective of the internal recycling of funds.

V.1.2 Thailand

Coherence of overall project design

76. The Thailand EERF is the largest and most comprehensively developed proposal in the portfolio, requesting US $20 million across five HFC-consuming market segments: large AC systems (chillers), commercial-size AC systems, residential AC systems, large refrigeration systems and medium-sized refrigeration systems. The design deploys differentiated financing modalities calibrated to each segment: an energy service companies-based delivery model for large chillers; an innovative inventory finance approach for commercial AC equipment that reduces manufacturer working capital costs; zero-interest credit card loans for residential AC; and technical package financing for large and medium refrigeration systems. All modalities are channelled through selected participating financial institutions and coordinated by the Ministry of Energy's DEDE.

77. The segment-by-segment pipeline is operationally defined. For large AC systems (chillers), an ESCO-based delivery model will be used; approximately 20 to 30 domestic energy service companies operators and five to 10 foreign operators are currently active in Thailand, and the World Bank project team and DEDE will reach out through the Federation of Thai Industries and its Refrigeration and Air Conditioning (RAC) Club. Energy service companies will serve as a critical implementation link, and this segment carries the longest payback period of seven years. For commercial-size AC systems, the World Bank proposes an innovative inventory finance approach: a working capital loan, tied to the purchase of high efficiency components, of US 1 million offered at 3 per cent instead of 8 per cent saves the manufacturer US $50,000 per year in financing costs; the higher cost of more efficient components is offset by lower financing costs, and the payback period is estimated at 12 months. The associated reduction in manufacturing costs can be passed on to consumers, and additional awareness activities with wholesalers, hotels, convenience stores and real estate developers could aggregate demand and generate bulk purchase options, further reducing appliance costs. For residential AC systems, the World Bank will work with commercial credit card companies to provide zero-interest loans for the most efficient appliances (Level 5, one to three stars). For large refrigeration systems, which may be technically complex, DEDE will provide technical support to help financial institutions understand the risks associated with potentially hazardous refrigerants such as ethylene glycol or ammonia, de-mystifying new technology risks to unlock finance. For medium-sized refrigeration systems, the focus is on identifying aggregators such as supermarket chains to package technical solutions covering multiple pieces of equipment for a single site or multiple sites operated by the same owner, reducing perceived technical risk and unlocking revolving fund finance.

78. Refrigeration equipment must demonstrate the use of low-GWP refrigerants; AC equipment must demonstrate the use of lower-GWP refrigerants. The minimum energy efficiency improvement required is 10 per cent, though higher improvements are expected in most cases. The project includes identification of appropriate financial products for each category of end-user and manufacturer. The fund rotation of three times over the eight-year programme period is the strongest in the portfolio. The overall design is coherent and operationally well-developed, reflecting nearly 20 years of DEDE experience in energy efficiency programme management, though participating financial institutions' selection and final legal agreements remain to be concluded following project approval. A dedicated PMU will be established within DEDE; a working group comprising the heads of the NOU and the PMUs of DEDE and the DIW will provide oversight and approve annual fund allocations for each project pipeline, with any deviations requiring working group concurrence. The frequency of working group meetings will be confirmed during detailed project preparation.

Table 3. Thailand – Market segments, emission reductions and energy savings

Market Segment	Average EERF per unit (US $)	No. of projects (units)	Total EERF funding (US $)*	Avg. direct emission reduction (kg/unit/ year)	Est. direct emission reduction (CO_2 t/year)	Average savings (kWh/unit/ year)	Total kWh/year saved	Average indirect emission reduction (CO_2 t/year)
Air conditioning (large systems)	322,000	22	7,084,000	50	852.5	1,200,000	26,400,000	10,560
Air conditioning (medium systems)	2,100	10,000	21,000,000	1.40	19,782	6,000	60,000,000	24,000
Air conditioning (residential systems)	1,000	50,000	50,000,000	0.24	16,956	1,255	62,750,000	25,100
Refrigeration (large systems)	258,000	23	5,934,000	6	540.96	60,000	1,380,000	552
Refrigeration (medium systems)	161,000	56	9,016,000	6	622.94	58,000	3,248,000	1,299
Total		**60,101**	**93,034,000**		**38,754.4**	**1,325,255**	**153,778,000**	**61,511**

*This is an estimate including EERF funding with rotation and is presented to illustrate the market's capacity to absorb the fund; actual values may vary depending on the type of clients and corresponding funding levels.

Relevance of the project for the country

79. The Thailand EERF is of direct and high relevance to the country's energy and climate policy landscape. Cooling accounts for over 50 per cent of electricity consumption in Thai commercial buildings and approximately 20 per cent of GHG emissions from that sector. Rapid urbanisation and rising incomes are generating sustained growth in the appliance market, making the RAC sector a critical intervention point. The project directly supports Thailand's 20-year Energy Efficiency Development Plan, which targets a 20 per cent reduction in energy consumption by 2030, and its Kigali Amendment HFC freeze commitments in force since 2024.

80. The project builds on six successive phases of the Energy Conservation Fund programme (2003–2019) that collectively disbursed over US $453 million in energy efficiency financing and generated annual savings of US $154 million, demonstrating that the institutional foundations for an EERF are mature and proven. Bangkok's tropical climate generates year-round cooling demand, the market of energy service companies (as mentioned above) and the market for energy-efficient cooling technologies is well established. Six major commercial banks participated in the Thailand EERF programme and developed in-depth familiarity with energy efficiency project appraisal. Complementary instruments in the market include the Electricity Generating Authority of Thailand Cooling Innovation Fund (20 per cent subsidies for cooling equipment replacement) and the EXIM Bank Kill Bill by Biz Transformation Fund for chiller replacement. The Bank of Thailand has issued environment and social governance lending guidelines, and a MLF EERF pilot project preparation fund was approved in 2025. Thailand with their experience and understanding of similar projects is the country that can deploy and scale an EERF programme.

81. The lead counterpart institution will be DEDE under the Ministry of Energy, in collaboration with the Electricity Generating Authority of Thailand and DIW in technical advisory roles. EERF loan amounts will be channelled to clients through national banks selected from the long list of candidate participating financial institutions; the final number of these institutions will be agreed during project preparation in accordance with the selection criteria relating to experience in energy efficiency financing, existing business relationships with prospective enterprises, engagement with green financing programmes, and ability to meet World Bank fiduciary requirements. Thai financial institutions have historically participated in government-supported energy efficiency initiatives through the Energy Conservation Fund but have not yet

built sufficient experience to develop energy efficiency lending as a standalone business line; the EERF is specifically designed to address this barrier. An additional incentive for Thai banks is the requirement to achieve targets under Thailand's green finance taxonomy.

Relevance of the project for the Multilateral Fund

82. Thailand is one of the largest Article 5 parties consuming HFCs, making it a strategically important country for the Fund's HFC phase-down mandate. The project targets the replacement of HFC-134a, R-404A and R-410A with low-GWP alternatives across five segments, generating the highest total indirect emission reductions in the portfolio (61,511 t CO_2-eq/year) and the largest energy savings (153,778,000 kWh/year). The fund rotation of three times maximises the environmental and financial return per dollar of MLF capital deployed.

83. The project makes a significant contribution to the Fund's market transformation objective by embedding green lending as a mainstream product within Thai commercial banks, aligned with the Bank of Thailand's environment and social governance guidelines. Given that Thailand has a mature financial sector and established regulatory framework, this project offers an important opportunity to move beyond grant-based support and demonstrate how non-grant instruments can scale impact in a country and help it move the production and consumption of low- and lower-GWP equipment on a sustainable commercial basis. Success in Thailand may open comparable approaches in other mature Article 5 markets in the region, notably Indonesia, India and Viet Nam, and in other regions.

Relative impact per Multilateral Fund dollar invested, including additional leverage

84. The US $20 million EERF is projected to generate approximately US $60 million in total financing over the eight-year programme period, representing a fund rotation of three times and an aggregate leverage ratio of 3:1 on MLF capital. The ability to reuse funds depends on the amortisation period, which ranges from one year for commercial AC (inventory finance) to seven years for large chillers. End-user equity contributions of approximately 20 per cent augment the total investment pool, and participating financial institutions may additionally blend their own or third-party resources to expand the available capital further.

85. The project generates estimated emission reductions, including direct and indirect, of approximately 100,266 t CO_2-eq/year and 153,778,000 kWh/year in energy savings. For the funds estimated at US $20 million, this translates to costs in the amount of US $0.20 per kg CO_2-eq/year and US $0.13 per kWh/year saved. It must however be noted that the US $20 million would be returned to the MLF at the end of eight years; thus, in terms of opportunity cost at 4 per cent yield, this amounts to US $5.40 million. Based on this, the costs are estimated at US $0.054 per kg CO_2-eq/year and US $0.035 per kWh/year saved.

86. The World Bank calculated the opportunity cost of the US $20 million allocation at US $5.4 million, based on a discount rate of 4 per cent (equivalent to the approximate yield of a 10-year United States Treasury bill in April 2026). In calculating the ratio of benefits to costs, this US $5.4 million opportunity cost, plus US $600,000 in technical assistance and capacity building, plus agency support costs at 7 per cent, was used as the cost base; This translates to approximately US $0.06 per kilogram of CO_2-eq per year for direct and indirect emission reductions combined and US $0.04 per kilogram of CO_2-eq per year for direct emission reductions, representing strong value for money.

87. On-lending rates to participating enterprises are expected to be in the range of 2 to 3 per cent per annum, compared with prevailing market rates of approximately 8 per cent, providing a material incentive for end-users to adopt energy-efficient and low-GWP technologies while allowing participating financial institutions to cover their administrative costs at a minimum.

Scalability and degree of innovation/demonstration

88. The Thailand EERF has strong scalability prospects both within the country and internationally. Within Thailand, a successful programme is expected to serve as a catalyst for broader adoption of energy-efficient RAC technologies by the private sector, complemented by policies and regulations restricting the import of high-GWP refrigerant-based equipment. The working capital financing product for commercial AC manufacturers, if validated, would offer a novel model for stimulating production of higher-efficiency, low-GWP appliances that is not dependent on grants and could reduce appliance costs for consumers; this model could result in broader adoption in markets where equipment is manufactured. The zero-interest credit card loan modality for residential AC has already been tested in Thailand, making further scaling within this window a high-confidence proposition, and increasing the amount of funding available in this window would be a good test of scalability within Thailand and beyond.

89. Internationally, the project's multi-modality design offers a demonstration template applicable in other large Article 5 markets in Southeast Asia and beyond. HPMP and KIP activities will continue to publicise programme outcomes, further promoting the adoption of energy-efficient RAC technologies. The project results will be publicised within Thailand and to other countries, facilitating the adoption of similar instruments by other relevant stakeholders. The project design has a number of innovative aspects which might be replicated in Thailand with other funders and beyond, perhaps in further iterations of revolving funds or other instruments to be used by the MLF and others.

Assessment of project implementers and national financial institutions

90. DEDE has nearly 20 years of experience in energy efficiency financing programme management and has overseen six phases of the Energy Conservation Fund with aggregate disbursements exceeding US $453 million, generating annual savings of US $154 million. It is well-positioned to serve as lead counterpart for the EERF. Electricity Generating Authority of Thailand and DIW will provide technical advisory support. DEDE will establish a dedicated PMU with experienced staff; for specific technical and subject-specialist expertise — including awareness and outreach activities and technical advisory services — engineering consulting firms and technical consultants will be engaged as required. The PMU will also screen projects recommended by commercial banks and guide potential beneficiaries in developing proposals in line with programme guidelines.

91. A long list of nine candidate participating financial institutions has been identified: Bank of Ayudhya/Krungsri, Bangkok Bank, CIMB Thai, Kasikornbank, Krungthai Bank, LH Bank, Siam Commercial Bank, TMB/Thanachart and UOB (Thailand). All are established major commercial banks with prior exposure to government-supported energy efficiency programmes through the Energy Conservation Fund. Final participating financial institution selection is expected by June 2027 in consultation with the Ministry of Finance and DEDE. The Bank of Thailand's environment and social governance lending guidelines create an additional structural incentive for banks to participate, as does the requirement to achieve targets under Thailand's green finance taxonomy. The Secretariat notes that while Thai financial institutions have not yet built sufficient stand-alone energy efficiency lending capacity, the EERF is specifically designed to address this barrier and the institutional conditions for doing so are more favourable in Thailand than in any other country in the current portfolio.

Key risks, mitigations and outstanding issues

92. Credit risk corresponds to standard risks associated with lending to commercial and industrial entities and will be managed through established know-your-client and financial due diligence procedures by the participating financial institutions. There is no direct consumer lending in the strict sense; the delivery mechanisms targeting the general population are based on zero-interest credit card instruments rather than direct sub-loans.

93. Exchange rate risk is borne by the MLF, as the legal agreement with DEDE will be denominated in Thai Baht; standard hedging instruments are available in the range of 3 to 12 months with an estimated annual hedging cost of at least 2.5 per cent. Following consultations with the World Bank, it was agreed that the World Bank would explore and implement viable financial instruments to protect the exchange rate loss to the extent possible. Any expenditures incurred would be covered by the MLF and adjusted at US $5.1/kg[5] and the estimated kilogram amount will be multiplied by the average CO_2 tonnes for servicing in the baseline years and reduced from the remaining consumption eligible for funding for Thailand.

94. Key operational risks include delays in the selection of participating financial institutions and finalisation of legal agreements, which are contingent on project approval and not expected before June 2027; the concentration of the largest segment allocation (US $7 million) in large chillers, which carry the longest payback period of seven years; and the novelty of the working capital product for commercial AC manufacturers, which has not previously been deployed in an MLF context. Mitigations include the strong institutional capacity of DEDE, the active market of domestic energy service companies, and the Federation of Thai Industries Refrigeration and Air-Conditioning Club as a structured outreach channel. Programme performance will be jointly endorsed by the NOU and the PMUs of DIW and DEDE.

95. With respect to equipment disposal, replaced equipment will be rendered inoperable in accordance with established practice: equipment taken out of operation will be disassembled; recyclable materials will be collected and sold; compressors and other components that could be reused will be physically damaged to prevent reuse; and refrigerants will be recovered and reused on a best-efforts basis in accordance with existing markets for recovery and recycling.

96. With respect to revolving fund closure, on-lending arrangements from participating financial institution to participating enterprises will require repayment within the project implementation timeframe; in some cases, this may involve conversion of MLF-funded loans to commercial terms for any remaining balance. Participating financial institution will then transfer funds to the main project account, which will in turn transfer funds to the World Bank. Repayment of loan proceeds to the World Bank may begin before the end of the eight-year period in accordance with the prevailing cash flow situation as project closure approaches.

V.2 Global project submitted by UNDP

97. UNDP submitted one consolidated global EERF proposal covering Colombia, Ghana and Jordan, accompanied by a global coordination component of US $350,000. The three country projects share a common implementing agency approach but differ in their financial institution structures, market contexts and programme designs, as set out below.

V.2.1 Colombia

Coherence of overall project design

98. The Colombia EERF is logically structured and operationally well-conceived. It targets four commercial RAC sub-sectors — supermarkets with centralised refrigeration exceeding 25 kW and centralised AC exceeding 100 TR; hotels with refrigerated cold rooms exceeding 7 kW and centralised AC systems exceeding 100 TR; food distribution companies with centralised refrigeration exceeding 100 TR; and other sub-sectors with centralised refrigeration for cold rooms exceeding 200 TR and centralised AC systems exceeding 100 TR — with the most stringent eligibility threshold in the UNDP portfolio: a minimum 25 per cent energy efficiency improvement and GWP below 150 for refrigeration and below 750 for AC. Average payback periods are estimated at three to eight years depending on sub-sector and equipment type:

[5] Decision 92/37 specifies that cost-effectiveness of service sector at US $5.1 per kg for non-LVC countries for stage I of KIP.

refrigeration equipment in supermarkets – seven years; AC in supermarkets – four years; refrigeration in hotels – eight years; AC in hotels – four years; food distribution companies and other large RAC equipment – three years.

99. The credit architecture deploys two layers of risk management: EERF technical screening is applied by Bancóldex as a precondition before financial assessment, filtering out technically non-compliant projects; credit risk is then fully transferred to participating financial intermediaries in the rediscount model, or borne directly by Bancóldex under the direct lending model. When a borrower defaults on a second-tier loan, the intermediary prepays the corresponding amount to Bancóldex, thereby insulating MLF capital from credit defaults. Bancóldex will report to UNDP and the Advisory Board on portfolio performance including non-performing loan ratios, enabling early identification of systemic credit trends. A currency swap instrument entered into by Bancóldex addresses exchange rate risk at a cost of 6 to 7 per cent; notwithstanding this cost, the resulting lending rate is estimated at up to 5.3 percentage points below commercial market rates. Fondo nacional de garantías credit guarantees of up to 50 per cent of loan value extend EERF eligibility to SME segments with limited collateral. An Advisory Board will be established within three months of project approval. The fund rotation of 1.6 times is the lowest in the portfolio, reflecting the longer payback periods inherent to the targeted high-value equipment categories.

Table 4. Colombia – Market segments, emission reductions and energy savings

Market Segment	What is proposed to be funded through EERF	Average EERF per unit (US $)	No. of projects (units)	Total EERF funding (US $)*	Avg direct emission reduction (kg/unit/year)	Est. direct emission reduction (CO_2 t/year)	Average savings (kWh/unit/ year)	Total kWh/year saved	Average indirect emission reduction (CO_2 t/year)
Supermarkets	Refrigeration	123,673	95	11,748,903	29.90	10,892.08	30,661	2,912,784	516
Supermarkets	AC	100,688	58	5,839,875	40.73	4,578.15	59,736	3,464,715	613
Hotels	Refrigeration	17,900	161	2,881,900	1.87	1,156.70	3,442	554,201	98
Hotels	AC	111,875	46	5,146,250	52.62	4,690.52	65,723	3,023,243	535
FDC	Refrigeration	214,800	8	1,718,400	145.75	4,471.63	155,749	1,245,991	221
Other sub-sectors	Refrigeration	214,800	8	1,718,400	96.50	2,961	166,757	1,334,055	236
	AC	100,688	22	2,215,125	289.43	12,340	74,928	1,648,426	292
Total			**398**	**31,268,853**		**41,090.09**		**14,183,416**	**2,511**

*This is an estimate including EERF funding with rotation and is presented to illustrate the market's capacity to absorb the fund; actual values may vary depending on the type of clients and corresponding funding levels.

Relevance of the project for the country

100. The project is of direct relevance to Colombia's substantial cooling demand across diverse climate zones, particularly in Cartagena, Barranquilla and Cali, driven by rapid urbanisation and a growing middle class. Colombia's NDC targets a 51 per cent GHG reduction by 2030, underpinned by the 2021 Energy Transition Law and the 2022 Climate Action Law, establishing a strong legal basis for clean energy finance. Colombia ratified the Kigali Amendment and has demonstrated its leadership in green finance as the first South American country to access Climate Investment Funds Renewable Energy Integration funding in 2023.

101. Co-financing of US $11.8 million — comprising blended finance of US $9.9 million and end-user equity of US $1.9 million — reflects strong national green finance engagement. The EERF directly addresses an identified gap in sector-specific cooling regulations, including MEPS and energy labelling for RAC equipment, areas where regulatory development remains in progress. GIZ[6] and the Inter-American Development Bank are providing complementary technical assistance. The Ministry of Mines and Energy and the Unidad de Planeacion Minero Energetica (Mining and Energy Planning Unit) have established programme management capacity.

[6] German Corporation for International Cooperation

Relevance of the project for the Multilateral Fund

102. Colombia achieves the highest direct emission reduction in the portfolio at 41,090 t CO_2-eq/year, driven by high-GWP refrigerant replacement in supermarket and food distribution sub-sectors. Total emission reductions, including indirect emission reductions of 2,510 t CO_2-eq/year are estimated at 43,600 t CO_2-eq/year with annual energy savings of 14,183,416 kWh; the CO_2 emission reduction impact of energy savings is lower in Colombia for equivalent kWh/year savings due to lower carbon intensity of energy in the country. The MLF cost per tonne of direct emission reduction is US $0.183 per t CO_2-eq/year, the most favourable overall and the best among UNDP proposals, representing strong value for the MLF's mandate.

103. The higher energy savings cost ratio of US $0.564 per kWh/year reflects the programme's primary emphasis on refrigerant transition in high-value commercial equipment. The project contributes to the Fund's market transformation objectives by embedding green lending as a commercial product within Bancóldex's second-tier lending operations, thereby increasing the availability of concessional energy efficiency finance across the Colombian banking sector.

Relative impact per Multilateral Fund dollar invested, including additional leverage

104. The initial US $8 million will revolve to 1.6 times its original value over the programme period. The lower revolving ratio is mainly on account of longer repayment tenors for the different end-users though the energy savings performance is expected to be high. Total additional co-financing from non-MLF sources is estimated at US $11.8 million, comprising US $9.9 million in blended finance and US $1.9 million in end-user equity secured by beneficiaries through the EERF project.

105. It must however be noted that the US $8 million would be returned to the MLF at the end of eight years; thus, in terms of opportunity cost at 4 per cent yield, this amounts to US $2.15 million. The costs are estimated at US $0.049 per kg CO_2-eq/year and US $0.152 per kWh/year saved.

106. The MLF funding, processed through a currency swap instrument to hedge against foreign exchange risk, reduces the effective lending rate by up to 5.3 percentage points below commercial market rates, representing a meaningful concessional benefit to end users and strengthening the incentive for equipment replacement. Disbursement of EERF funds will begin by the end of May 2027, following the finalisation of administrative and legal agreements, which are expected to be completed by December 2026; technical and marketing documentation will be ready by April 2027, and project launch is planned for May 2027.

Scalability and degree of innovation/demonstration

107. A primary objective of the UNDP global component is to build institutional capacity for financing GHG emission reductions and energy efficiency gains from RAC equipment, with lessons from Colombia disseminated systematically to Ghana and Jordan through the centrally coordinated global component. This global framework would also allow additional countries to be added to the portfolio at a later date, and with additional funding from other sources, with lower set-up costs. Bancóldex's second-tier rediscount model, if validated, provides a replicable framework for deploying concessional energy efficiency capital through commercial banking networks in other Latin American countries with similar development bank architectures. Through the EERF and related capacity-building measures among end-users and financial institutions, financing for low- and lower-GWP energy-efficient technologies is expected to increase, resulting in higher adoption levels and lower HFC consumption in the longer term.

108. The integration of Fondo nacional de garantías credit guarantees to reach SME borrowers with limited collateral is an innovative feature that extends EERF coverage beyond large commercial users, increasing the breadth of market transformation. The stringent eligibility threshold of 25 per cent energy

efficiency improvement sets a high-performance bar that could serve as a reference for future EERF programme designs targeting high-value commercial RAC equipment.

Assessment of project implementers and national financial institutions

109. Bancóldex was selected as National Financial Institution through a structured, transparent and evidence-based competitive process. It is 99.72 per cent state-owned, holds the highest domestic credit ratings, maintains a solvency ratio of 29.7 per cent, and manages total assets of approximately US $2.37 billion. Between 2013 and 2025, Bancóldex disbursed US $546 million across 10,715 credit operations in energy efficiency and climate-related programmes, demonstrating deep institutional familiarity with the programme type. Its operation through second-tier rediscount channels and direct lending provides broad territorial coverage across Colombia.

110. The six-member Advisory Board, providing guidance on target sectors and the operational framework, will be established within three months of project approval. Colombia's NOU will provide technical advice on low-GWP technological alternatives. UNDP's country office has a strong in-country presence and established working relationships with Bancóldex.

Key risks, mitigations and outstanding issues

111. The primary financial risk is exchange rate exposure associated with deploying United States-dollar MLF capital in a Colombian peso-denominated lending environment. This is mitigated by a currency swap instrument entered into by Bancóldex, with the swap cost estimated at 6 to 7 per cent, though the net concessional benefit to end-users remains positive at up to 5.3 percentage points below commercial rates.

112. Under the rediscount model, each participating intermediary bears 100 per cent of credit risk for its sub-loan portfolio, insulating MLF capital from default; Fondo nacional de garantías guarantees provide a further backstop for higher-risk SME segments.

113. Colombia has a regulatory framework for the integrated management of hazardous waste and waste electrical and electronic equipment. EERF beneficiaries must contract companies with the appropriate environmental permits for the management of replaced RAC equipment, including refrigerant recovery and handling through the recovery, recycling and reclaiming network or designated destruction facilities; beneficiaries bear these costs and must submit a final disposal certificate as a condition for loan disbursement approval. The NOU will monitor compliance with the support of competent environmental authorities, and reclamation capacity for the environmentally sound management of HFCs will be strengthened under stage I of the KIP. Revolving fund closure will be managed through a pre-agreed wind-down process built into the UNDP–custodian agreement; lending tenors are aligned early with the eight-year horizon; new lending is tapered in the later years; liquidity is progressively ring-fenced; and the outstanding principal balance is consolidated for return to UNDP by the agreed closure date, avoiding abrupt loan recalls. The capital return obligation remains at the custodian level rather than being linked to each individual sub-loan.

V.2.2 Ghana

Coherence of overall project design

114. The Ghana EERF is internally consistent and well-structured, deploying US $2 million each to Fidelity Bank Ghana Limited and First National Bank Ghana Limited across six commercial RAC sub-sectors: large hotels (100 or more rooms), mid-market hotels (30 to 99 rooms), small hotels (10 to 29 rooms), restaurants and catering enterprises, cold chain and cold store service providers, and supermarket chains. Eligibility criteria require refrigerant GWP below 150 for refrigeration and below 750 for AC, and a minimum 20 per cent energy consumption reduction. Additional criteria include exclusion rules for

disqualifying non-compliant projects, end-of-life requirements and regulatory compliance conditions. The programme applies milestone-based disbursement and mandatory energy audits.

115. UNDP selected two financial institutions following a detailed mapping of Ghana's financial sector and a structured assessment based on financial performance, risk management capacity, interest in climate financing and environmental and social safeguard capacity; this dual-institution structure provides geographic coverage optimisation, risk diversification, competitive performance incentives and operational continuity. This provides an opportunity for demonstrating efficiency of directly operating through national banks in certain cases and so an important learning opportunity for MLF in how to efficiently structure non-grant instruments.

116. Following Secretariat consultations, the RAC service provider component in the amount of US $358,568, which was intended to provide equipment support to service companies to improve energy performance of low-GWP refrigeration equipment but was found to be analogous to service sector support under the KIP, was removed from the project scope; UNDP confirmed that alternative end-users will be identified for the reallocation of these funds. The dual financial institution structure provides risk diversification and geographic coverage. The programme design is sensitive to exchange rate performance given the historical depreciation of the Ghanaian Cedi, and the mitigation framework, while multilayered, requires careful monitoring. The nine-member Advisory Board, to be formed in the third quarter of 2026, is the largest governance body among the five EERF programmes.

Table 5. Ghana – Market segments, emission reductions and energy savings

Market Segment	What is proposed to be funded through EERF	Average EERF per unit (US $)	No. of projects (units)	Total EERF funding (US $)*	Avg direct emission reduction (kg/unit/ year)	Est. direct emission reduction (CO_2 t/year)	Average savings (kWh/unit/ year)	Total kWh/year saved	Average indirect emission reduction (CO_2 t/year)
Large hotels (100+ rooms)	Central chiller replacement (200 TR); low-GWP VRF AC; commercial refrigeration	408,000	12	4,896,000	18.00	308.88	684,298	4,105,788	2,381
Mid-market hotels (30–99 rooms)	Split AC upgrade (R-410A → R-290); reach-in coolers	780	660	514,800	0.18	242.48	109,294	1,202,234	697
Small hotels (10–29 rooms)	Window/split AC upgrade; mini-fridges (R-134a → R-600a)	543	1,430	776,490	0.10	303.29	63,866	1,660,516	963
Restaurants & catering	Display coolers & ice machines (R-290); split AC (R-290)	870	392	341,040	0.30	306.69	17,827	998,312	579
Cold chain & cold stores	Rack condensing-unit replacement (R-404A → R-290/R-717); walk-in cooler upgrade	160,650	14	2,249,100	6.00	329.41	641,543	4,490,801	2,605
Supermarket chains	Island freezers, deli display cases (R-290/R-744); split AC	1,547	900	1,392,300	0.41	1,109.88	39,930	2,395,800	1,390
Total			**3,408**	**10,169,730**		**2,600.63**		**14,853,451**	**8,615**

*This is an estimate including EERF funding with rotation and is presented to show the market capacity to absorb the fund; the actual values would vary depending on the types of clients and corresponding funding.

Relevance of the project for the country

117. The project is directly relevant to Ghana's rapidly growing RAC market, driven by a warm tropical climate, rapid urbanisation and an expanding middle class. As cited in the IEA[7] Global Energy Report 2025, Ghana and comparable emerging economies account for over 80 per cent of recent global energy demand growth, making the RAC sector a critical intervention point for both energy and climate policy. The project addresses a critical gap in commercial bank energy efficiency lending while supporting compliance with Kigali Amendment HFC phase-down obligations.

118. The project builds on prior programme experience, including the ECOFRIDGES GO programme and the AGORA project, and is underpinned by revised Energy Efficiency Standards and Labelling Regulations enacted in 2022 (LI 2458 and LI 2441), though enforcement of labelling standards remains inconsistent. The EERF is designed to strengthen the enabling environment for energy efficiency financing at a critical juncture of market development. The project indirectly is also expected to strengthen energy efficiency policy development and enforcement of energy efficiency regulations.

Relevance of the project for the Multilateral Fund

119. The project finances the replacement of high-GWP refrigerants (HFC-134a, R-404A, R-410A) with low-GWP alternatives across six commercial sub-sectors, generating 11,216 t CO_2-eq/year in total emission reductions including direct and indirect CO_2 emissions savings and 14,853,451 kWh in annual energy savings. The programme finances equipment upgrades across a diverse range of hotel types, cold chain operators, supermarket chains and food service enterprises, reflecting a broad market coverage approach appropriate to a first-generation EERF in an emerging economy. This directly contributes to the HFC phase-down plans through reduction in dependence and growth of HFC-based equipment in the country and while doing so, contributes to energy efficiency in this equipment.

120. Ghana's selection as a West African pilot EERF country under the UNDP global programme contributes to the MLF's objective of developing replicable financing models adapted to countries with low HFC consumption with developing financial markets. Embedding green lending capacity within two established commercial banks with existing SME infrastructure and national reach represents a systemic benefit that extends beyond the immediate portfolio. The MLF will gain important insights into how energy efficiency financing for sustainable cooling can be made to work effectively in comparable countries in the West African sub-region.

Relative impact per Multilateral Fund dollar invested, including additional leverage

121. The initial US $4 million will revolve to approximately two times its original value over the eight-year fund tenor, generating cumulative disbursements of approximately GHS 83.4 million (equivalent to approximately US $7.79 million) through principal recycling alone. Additional co-financing from non-MLF sources is estimated at US $2 to US $2.5 million, to be secured by beneficiaries through the programme.

122. For the funds estimated at US $8 million, this translates to costs in the amount of US $0.36 per kg CO_2-eq/year and US $0.27 per kWh/year saved. It must however be noted that the US $8 million would be returned to the MLF at the end of eight years; thus, in terms of opportunity cost at 4 per cent yield, this amounts to US $2.15 million. The costs are, thus, estimated at US $0.096 per kg CO_2-eq/year and US $0.073 per kWh/year saved.

123. Average payback periods are comparatively short: hotels – 3 to 3.25 years; cold chains – 3.53 years; supermarkets – 2.81 years; and restaurants – 2.12 years, reflecting the significant energy efficiency savings

[7] International Energy Agency

achievable through equipment modernisation in the Ghanaian market and supporting the fund rotation objective. EERF financing is capped at the Ghana reference rate of 14.58 per cent; commercial banks add their own risk premium and operational fees, typically resulting in effective rates of 18 to 25 per cent. EERF financing capped at the Ghana reference rate of 14.58 per cent therefore represents a meaningful reduction and makes the programme attractive to target end-users. Disbursement of EERF funds will begin by the end of the first quarter of 2027, scaling up in the third and fourth quarters of 2027, with results from fund revolving expected from 2030.

Scalability and degree of innovation/demonstration

124. The Ghana EERF is designed with an explicit regional demonstration function. The dual financial institution structure, embedding green lending capacity simultaneously within Fidelity Bank Ghana and First National Bank Ghana, is designed to generate portfolio performance data and institutional familiarity with RAC energy efficiency lending that can attract additional capital from development finance institutions and be replicated in comparable West African markets. The initial US $4 million is expected to cover 222 projects across six beneficiary segments, promoting broader understanding of energy efficiency financing benefits and demonstrating viability across multiple commercial sub-sectors.

125. The UNDP global coordination component specifically provides for the systematic dissemination of lessons among the three participating countries, maximising knowledge transfer. Ghana's selection as one of three UNDP EERF pilot countries is expected to generate replicable lessons for other West African nations; the fund design explicitly anticipates this regional demonstration function. As financial institutions build familiarity with green lending products and portfolio performance data accumulates, the model is positioned to attract additional capital from development finance institutions in Ghana and the region.

Assessment of project implementers and national financial institutions

126. Fidelity Bank Ghana Limited has extensive experience in donor-funded and blended finance programmes and operates a national network of over 80 branches. First National Bank Ghana Limited, backed by South Africa's FirstRand Group, maintains a dedicated credit team of 45 professionals. Both institutions have active working relationships with UNDP on energy efficiency and green transition programmes and have expressed confirmed interest in participating. Each financial institution will maintain four dedicated and segregated accounts, including a United States dollar reserve account holding a 10 per cent liquidity reserve.

127. There is no standalone project implementation unit; the fund will be managed by the selected financial institutions with overall coordination and oversight from UNDP. Projects will be originated through direct marketing and existing financial institution client relationships. Project management and monitoring processes will be integrated into each financial institution's existing SME and sustainability banking structure; financial institutions' personnel and operating costs are borne by the financial institutions and recovered through the interest rate margin embedded in the Ghana reference rate lending rate. The Environmental Protection Authority and the Energy Commission have established experience in international programme implementation. The nine-member Advisory Board, the most robust governance body in the portfolio, is to be constituted in the third quarter of 2026.

Key risks, mitigations and outstanding issues

128. The most significant risk is exchange rate depreciation of the Ghanaian Cedi, which has experienced sustained depreciation in recent years. The proposal models a base case annual depreciation of 6.48 per cent. Mitigating measures include financial institution discretion over the timing and mechanism of currency transactions; the use of natural hedges for borrowers with export-oriented revenues; investment of uncommitted balances in Government of Ghana Treasury Bills yielding 8 to 11 per cent; a foreign exchange depreciation buffer of approximately 2.5 percentage points embedded in the Ghana reference rate lending

rate; and a capital preservation safety margin of 116.3 per cent. These measures are projected to result in a full return of the US $4 million at the end of the eight-year period, though this outcome is dependent on exchange rate performance materialising within the modelled range.

129. Credit risk is fully transferred to the two partner financial institutions under the Fund Management Agreement, with no first-loss protection from the MLF or UNDP. Each financial institution applies its own credit assessment framework supplemented by EERF-specific eligibility criteria: minimum debt service coverage ratios of 1.15 to 1.30 times; loan-to-value ratios of 60 to 80 per cent; mandatory energy audits; and direct vendor payment. EERF funds are strictly ring-fenced for the purchase and installation of pre-approved energy-efficient, low-GWP RAC equipment. The reallocation of the US $358,568 previously allocated to RAC service providers remains to be confirmed with identified replacement end users.

130. Decommissioned equipment will be managed through the EERF impact monitoring system, with documentation of equipment type, age, refrigerant charge and serial number. All refrigerants will be recovered by certified technicians; recyclable materials will be separated; and non-recyclable components will be disposed of through licensed waste management operators. KIP and other relevant projects will provide support for environmentally responsible disposal. Revolving fund closure will be managed through a pre-agreed wind-down process built into the UNDP–custodian agreement: lending tenors are aligned with the eight-year horizon; new lending is tapered in the later years; liquidity is progressively ring-fenced; and the outstanding principal balance is consolidated for return to UNDP by the agreed closure date. The capital return obligation remains at the custodian level. Finalization of financial institution agreements is expected by March 2027, with project launch planned for May 2027.

V.2.3 Jordan

Coherence of overall project design

131. The Jordan EERF is the most operationally ready proposal in the UNDP sub-portfolio, supported by the most comprehensive institutional enabling ecosystem of any programme under consideration. The project deploys US $8 million through the CBJ as apex custodian, on-lending to commercial banks at 0.5 to 1 per cent for end-user loans capped at 3.5 per cent, compared with commercial rates of 8 to 12 per cent.

132. Five commercial sub-sectors are targeted: hotels and resorts; restaurants and catering services; hypermarkets and supermarkets of 2,500 m² or more; cold stores and third-party logistics warehouses; and industrial cold chain facilities in the food, beverage, dairy, meat and pharmaceutical sectors. The borrowers will be the hotels, restaurants etc. but the loan proceeds will be paid directly to pre-approved suppliers and installers. Eligibility criteria require refrigerant GWP below 150 for refrigeration and below 750 for AC, and a minimum 20 per cent energy consumption reduction; additional criteria include exclusion rules, end-of-life requirements and regulatory compliance conditions.

133. The design deploys layered safeguards: mandatory beneficiary equity contributions of 10 to 20 per cent; bank-led credit appraisal and exposure caps; direct vendor payment; and Jordan Loan Guarantee Corporation credit guarantees covering up to 85 per cent of principal for higher-risk SME segments. The supporting ecosystem comprises Jordan Loan Guarantee Corporation for credit guarantees; Jordan Renewable Energy and Energy Efficiency Fund for technical assistance on energy efficiency appraisal, awareness and market development; Cities and Villages Development Bank for municipal demand aggregation; Jordan Enterprise Development Corporation for SME identification; and Jordan Energy Sustainability Fund for environmental compliance support. The additional leverage of US $6.83 million is based on a minimum beneficiary equity contribution of 20 per cent and loans from commercial banks, GEF,[8] CBJ and other non-MLF sources; the estimated total project investment, including the revolving of

[8] Global Environment Facility

US $8 million twice to US $16 million and US $6.83 million from other sources, amounts to US $22.83 million, representing a leverage ratio of 1.43 on the initial seed capital.

Table 6. Jordan – Market segments, emission reductions and energy savings

Market Segment	What is proposed to be funded through EERF	Average EERF per unit (US $)	No. of projects (units)	Total EERF funding (US $)*	Avg. direct emission reduction (kg/unit/ year)	Est. direct emission reduction (CO_2 t/ year)	Average savings (kWh/unit/ year)	Total kWh/year saved	Avg. indirect emission reduction (CO_2 t/ year)
Hotels	Central chillers, VRF systems, AHU/FCU, limited split ACs; kitchen cold rooms	139,535	43	6,000,000	38.75	3,499.31	284,755	12,244,473	5,755
Supermarkets/ hypermarkets	Central refrigeration racks, display cases, rooftop AHUs, packaged units	222,222	18	4,000,000	55.19	2,086.25	405,659	7,301,871	3,432
Cold stores & 3PL	Centralised refrigeration plants (ammonia, CO_2, HFCs), minimal HVAC	230,769	13	3,000,000	57.47	1,568.97	422,276	5,489,583	2,580
Food processing	Process chillers, refrigeration lines, cold rooms, limited comfort AC	166,667	12	2,000,000	30.94	779.57	227,360	2,728,316	1,282
Restaurants	Split/packaged ACs, kitchen exhaust make-up air, reach-in & walk-in refrigeration	20,000	50	1,000,000	8.81	924.90	64,715	3,235,757	1,521
Total			**136**	**16,000,000**		**8,859.00**		**31,000,000**	**14,570**

*This is an estimate including EERF funding with rotation and is presented to illustrate the market's capacity to absorb the fund; actual values may vary depending on the types of clients and corresponding funding levels.

Relevance of the project for the country

134. The project is directly relevant to Jordan's arid climate, where summer temperatures frequently exceed 40 degrees Celsius, making cooling essential for commercial, industrial and residential users. Jordan's growing urban population concentrated around Amman generates sustained and expanding commercial cooling demand. The project aligns with Jordan's National Energy Efficiency Action Plan 2024–2026, which includes specific cooling measures: MEPS and labelling for commercial RAC, technician certification and financial incentives for low/zero-GWP refrigerant-based appliances. Previous National Energy Efficiency Action Plan cycles achieved 40 to 46 per cent of targeted savings, demonstrating credible programme execution capacity.

135. Jordan has ratified the Kigali Amendment and the CBJ has an established track record of managing over Jordanian Dina 1.3 billion (approximately US $1.83 billion) in concessional green credit lines on-lent to commercial banks at 3 to 4 per cent. External financing from GIZ, European Bank for Reconstruction and Development and the World Bank is active in the energy efficiency space. Co-financing is estimated at US $6.83 million from beneficiary equity contributions and commercial bank lending at concessional rates.

Relevance of the project for the Multilateral Fund

136. Five commercial sub-sectors that are targeted in this project would directly contribute to reducing dependence of this equipment in these applications on HFCs and growth in HFC-based equipment, thus directly resulting in faster HFC consumption reduction in the country and while doing so, contributes to energy efficiency in this equipment.

Relative impact per Multilateral Fund dollar invested, including additional leverage

137. The Jordan project finances the transition from high-GWP refrigerants to low-GWP alternatives across five commercial sub-sectors, generating 23,429 t CO_2-eq/year in total emission reductions — comprising 8,859 t CO_2-eq/year in direct reductions and 14,570 t CO_2-eq/year in indirect reductions.

138. For the funds estimated at US $8 million, this translates to costs in the amount of US $0.34 per kg CO2-eq/year and US $0.26 per kWh/year saved. It must however be noted that the US $8 million would be returned to the MLF at the end of eight years; thus, in terms of opportunity cost at 4 per cent yield, this amounts to US $2.15 million. The costs, thus, are estimated at US $0.092 per kg CO_2-eq/year and US $0.070 per kWh/year saved.

139. EERF lending rates of 1.5 to 4.5 per cent compare favourably to commercial rates of 8 to 12 per cent, providing a strong incentive across all five target sub-sectors. Average payback periods range from three years for restaurants to 3.5 years for supermarkets, cold stores and third-party logistics, four years for hypermarkets, hotels and food processing, and 4.5 years for hotels and resorts. UNDP confirmed that disbursement of EERF funds will begin before the end of the first quarter of 2027; given that CBJ will hold capital and manage reflows, the process of initiation is expected to proceed quickly.

140. The project implementation and learning can provide important findings of using similar financial architecture for promoting low/lower-GWP refrigerant-based energy efficient technologies in different countries in the region for similar categories of end-users. The market for cooling is experiencing high growth in the region and thus, appropriately structured financing models based on learning from the project could contribute to an integrated strategy while developing and implementing KIPs in the region.

Scalability and degree of innovation/demonstration

141. The Jordan EERF is structured as a platform rather than a standalone project, with its institutional architecture and enabling ecosystem designed to provide the foundation for broader adoption of energy-efficient and low-GWP cooling technologies across the Jordanian economy. The revolving capital mechanism ensures that repayments from initial sub-loans are recycled into new lending cycles; the initial US $8 million seed capital is projected to generate up to US $22.83 million in total investment including the revolving value of US $8 million, representing a leverage ratio of up to 2.86 times. The eligibility framework mandating MEPS and Kigali-aligned refrigerant pathways ensures that only future-proof technologies enter the portfolio.

142. The institutional architecture anchored through CBJ and supported by participating financial institutions embeds green lending practices into the banking sector, building the credit appetite necessary for market transformation. Investments in technician certification, safety standards and a digital platform for application processing and monitoring — primarily funded through KIP resources — strengthen the enabling ecosystem, ensuring that financing demand translates into quality installations at scale. The CBJ apex model represents a proven and scalable architecture for concessional green lending that is replicable in other Middle Eastern and North African Article 5 parties with comparable central banking capacity. As commercial banks build familiarity with green lending products and portfolio performance data accumulates, the model is positioned to attract additional capital from development finance institutions in Jordan and the wider region.

Assessment of project implementers and national financial institutions

143. The CBJ is the apex institutional custodian with a demonstrated track record of managing over Jordanian Dinar 1.3 billion in concessional green credit lines on-lent at 3 to 4 per cent, providing strong institutional credibility and operational capacity. CBJ's oversight role and ability to reduce intermediation costs are expected to enable rapid initiation. The supporting ecosystem is very comprehensive for supporting EERF activities: Jordan Loan Guarantee Corporation provides credit guarantees of up to 85 per cent for

SME segments; Jordan Renewable Energy and Energy Efficiency Fund provides targeted technical assistance on energy efficiency including appraisal support, awareness and outreach; City and Villages Development Bank aggregates municipal demand; Jordan Enterprise Development Corporation identifies SME borrowers; and Jordan Energy Sustainability Fund supports environmental compliance. The Ministry of Energy and Mineral Resources has strong programme management capacity and a six-member Advisory Board, which will endorse the Operational Framework, provide performance monitoring and risk management guidance and facilitate inter-agency coordination.

144. Rather than establishing a new project implementation unit, EERF lending management capacity is being built within the existing operational structure of the participating financial institutions, with coordination and monitoring costs borne by the institutions themselves. Jordan Renewable Energy and Energy Efficiency Fund will provide targeted technical assistance on energy efficiency aspects, including appraisal support, awareness and outreach activities and market development, assisting UNDP with operational aspects of project implementation including monitoring and verification.

Key risks, mitigations and outstanding issues

145. Exchange rate risk is the lowest in the portfolio given the longstanding Jordanian Dinar peg to the United States dollar, maintained continuously since 1995 and underpinned by strong CBJ reserves. The EERF is capitalised in United States dollars while all sub-loans are denominated in Jordanian Dinars; however, given the longstanding peg, no structural currency mismatch requiring active management has been identified. The CBJ apex model, with its transparent on-lending architecture, mandatory beneficiary equity and vendor payment controls, offers a high-confidence replication template for other Middle Eastern Article 5 parties with comparable central bank capacity.

146. Credit risk is managed through mandatory beneficiary equity contributions of 10 to 20 per cent, bank-led credit appraisal and exposure caps, direct vendor payment and Jordan Loan Guarantee Corporation guarantees; each participating financial institution bears full credit risk for its portfolio. No first-loss protection is required from the MLF.

147. Old equipment financed for replacement under the EERF cannot be returned to service. Borrowers will be required, as a condition of final disbursement, to provide evidence of proper decommissioning, certified refrigerant recovery and handover through authorised implementing parties or designated end-of-life channels. The NOU and KIP activities will support compliance by reinforcing refrigerant recovery practices, technician capacity and regulatory handling procedures. Disposal and recovery costs are expected to be included within project transaction costs and borne primarily by the beneficiary, vendor or implementing party, with EERF eligibility and final disbursement conditions used to enforce compliance. Revolving fund closure will be managed through a pre-agreed wind-down process: lending tenors are aligned with the eight-year horizon; new lending is tapered in the later years; liquidity is progressively ring-fenced; and the outstanding principal balance is consolidated for return to UNDP by the agreed closure date. The capital return obligation remains at the custodian level rather than being linked to each individual sub-loan.

148. Key outstanding issues are limited and primarily relate to principal programme execution risk relates to the pipeline development process and uptake rate across the five sub-sectors, particularly for industrial cold chain facilities in the food processing segment where project complexity may extend appraisal timelines; the Jordan Renewable Energy and Energy Efficiency Fund's technical assistance role and CBJ's institutional capacity provide strong mitigants.

V.3 Technical assistance, capacity-building and project management

149. Technical assistance activities across the five EERF proposals encompass awareness-raising and outreach, training of financial institution staff on eligibility criteria and appraisal procedures, market development and pipeline support, monitoring and reporting, third-party verification where applicable, and

vendor support on technical and procurement matters. Activity types and intensity vary by country context. For Thailand, US $600,000 for technical assistance will be drawn from the HPMP project-management component, as outlined in UNEP/OzL.Pro/ExCom/98/49. Total HPMP project-management funding amounts to US $1,444,000, 8.26 per cent of the overall HPMP budget, including this US $600,000. The remaining US $844,000, intended for stage III of the HPMP, will be implemented in coordination with stage I of the KIP, enabling activity-level alignment and shared PMU staffing and management costs. The Secretariat notes that this integrated approach will enhance cost-effectiveness across the HPMP, the KIP, and related energy-efficiency activities.

150. The global coordination component of US $350,000 supports the implementation of the three UNDP country-level EERF projects. It covers: finalisation and UNDP headquarters clearance of legal and fiduciary arrangements, which must be developed centrally given headquarters clearance requirements for revolving fund management; development of centralised technical guidance materials aligned with Montreal Protocol requirements and Executive Committee guidelines; provision of technical support to national stakeholders during EERF operationalisation and lending; conduct of one mid-term and one final verification review covering all three country programmes; and systematic dissemination of lessons learned across the three participating countries to enhance EERF delivery effectiveness. Country offices require support for fast and effective clearance of headquarters requirements, after which other administrative and operational aspects can be handled by country office staff. After consultations, UNDP agreed to adjust the global coordination component to US $300,000. The Secretariat considers this global coordination component justified and well-scoped given these headquarters clearance requirements and the need for centralised monitoring and verification.

151. The funding requests for technical assistance, capacity building and project management components, as agreed, are set out in table 7. Including UNDP's global component, the ratio of technical assistance component to the EERF funds for UNDP is 4.15 per cent.

Table 7. Agreed technical assistance, capacity-building and project management funding

Agency	Country	As agreed (US $)	Total EERF funds (US $)	Technical assistance as % of EERF
World Bank	Grenada	333,000	8,000,000	[TBC]
World Bank	Thailand	600,000	20,000,000	3.0
UNDP	Global	300,000	–	–
UNDP	Colombia	280,000	8,000,000	3.50
UNDP	Ghana	200,000	4,000,000	5.00
UNDP	Jordan	280,000	8,000,000	3.50
Total		**1,993,000**	**48,000,000**	**4.15***

*This includes total funding of US $48 million.

VI. Summary of key observations relating to EERF projects

152. Based on the above analysis, the Secretariat's integrated assessment supports approval of all three EERF proposals submitted for consideration at the present meeting: Thailand (World Bank, US $20 million), UNDP Global comprising Colombia, Ghana and Jordan (US $20 million combined), and Grenada (World Bank, US $8 million), representing combined MLF deployment of US $48 million and projected total financing mobilized in excess of US $180 million[9] over the eight-year programme period, excluding additional co-financing for projects funded and secure by beneficiaries.[10]

153. Pursuant to the decision 96/31 of the 96th meeting, project preparation funding was approved for EERF proposals in five countries through two implementing agencies. Türkiye is not assessed, as no

[9] This includes EERF multiplier for each country and additional financing estimates provided for all projects from non-MLF sources.

[10] This assumes that all the projects would be funded; the decision 95/87 specifies US $40 million for funding.

proposal was submitted within the required timeframe. The three UNDP country projects are treated as a single entity ("UNDP Global") reflecting their shared implementing agency, common eligibility framework, joint global coordination architecture, pooled verification reviews and systematic cross-country dissemination of lessons learned. The assessment applies 12 analytical parameters namely EERF capital deployed, fund rotation, additional leverage, minimum energy-efficiency improvement, emission reductions, capital protection, exchange-rate risk allocation, institutional readiness, co-financing status, innovation and demonstration value, policy and regulatory backstop, and implementing-agency capacity as an integrated judgement across the portfolio.

154. Thailand demonstrates the strongest operating fundamentals across the majority of parameters. A fund-rotation factor of three times translates the US $20 million seed capital into approximately US $60 million of total financing, the highest leverage ratio in the portfolio. Estimated emission reductions of approximately 100,266 t CO_2-eq/year and 153.8 GWh/year of electricity savings are the largest in absolute terms. The multi-modality design spans energy service companies-based delivery for large chillers, an innovative working-capital inventory-finance product for commercial AC manufacturers, zero-interest credit-card loans for residential equipment, and aggregator-based financing for refrigeration. Institutional foundations are mature, underpinned by nearly 20 years of Energy Conservation Fund experience and the most developed policy backstop in the portfolio. On the exchange-rate risk coverage, it was agreed that the World Bank would explore and implement viable financial instruments to protect the exchange-rate loss to the extent possible by working on this matter with participating financial institutions; any expenditures incurred would be covered by the MLF and adjusted at US $5.1/kg and the estimated kilogram amount will be multiplied by the average CO_2 tonnes for servicing in the baseline years and reduced from the remaining consumption eligible for funding for Thailand.

155. The UNDP Global package is well-balanced across three distinct country contexts and deploys some of the strongest risk-management architecture in the portfolio. Jordan is the most operationally ready entity in the entire portfolio, with lending expected to commence by the fourth quarter of 2026. Colombia offers the most stringent eligibility threshold and the only explicit currency-swap hedge, implemented through the exceptionally Bancóldex. Ghana delivers important demonstration value as a West-African pilot for countries with consumption below 360 mt, through a dual-financial-institution structure with a well-engineered exchange-rate buffer. The package is constrained by Colombia's fund-rotation factor of 1.6 times, the lowest in the portfolio, and Ghana's dependence on the exchange-rate buffer holding within modelled bands. These constraints are expected to be overcome by proactive promotion of EERF and careful management of exchange rate risks through the different options presented in the project proposal.

156. Grenada presents the most innovative submission in the portfolio and has the highest energy-efficiency gains expected through the project. The US $8 million is deployed as a subordinated instrument to fund customer-connection infrastructure for a seawater AC district-cooling system, delivering energy-efficiency improvements more than 80 per cent and achieving zero-GWP cooling at scale. The capital protection mechanism is the strongest in the portfolio, underpinned by a sovereign bullet-repayment obligation under the Development Credit Agreement, and exchange-rate risk is negligible given the Eastern Caribbean Central Bank’s fixed peg maintained since 1976. Two contingencies constrain the proposal: approximately US $35 million in co-financing is identified but not yet secured; and the Special Purpose Vehicle is not yet established. Approval is warranted given the exceptional demonstration value, provided these contingencies are resolved prior to disbursement.

157. Decision 95/87 specifies a maximum funding of US $40 million for two projects. While the project preparation funding approved for four projects i.e., three country projects for the World Bank and one global project for UNDP, only three projects namely, Thailand, Grenada and the global project under UNDP were submitted for the consideration of the current meeting. The Secretariat also noted that if the Executive Committee decides to approve the Thailand and global UNDP projects, the funding under the EERF funding window would be fully utilized. Keeping in view the unique environmental and demonstration benefits of the Grenada project as explained above, the Executive Committee may wish to consider whether to provide

funding in the amount of US $8 million as EERF funding in the form of a concessional loan returnable after eight years and US $333,000 for technical assistance, plus agency support costs, as this project could have catalytic impact and demonstration value of this not-in-kind, zero-GWP seawater AC district-cooling system under the MLF for LVC small-island countries.

VII. Recommendation

158. The Executive Committee may wish to consider:

(a) Approving the energy-efficiency revolving-fund end-user project for Thailand in the amount of US $20,600,000, plus agency support costs of US $1,442,000 for the World Bank, on the understanding that:

(i) US $20,000,000 principal amount will be deployed through a revolving-fund mechanism for an initial period of eight years, after which the principal amount will be returned to the Multilateral Fund;

(ii) US $600,000 will be deployed for technical assistance activities;

(iii) The minimum energy-efficiency improvement for the project would be at least 10 per cent compared to the baseline levels for the beneficiaries;

(b) Approving the global energy-efficiency revolving-fund end-user project in the amount of US $21,060,000, plus agency support costs of US $1,474,200 for UNDP, on the understanding that:

(i) For the project in Colombia:

a. US $8,000,000 principal amount will be deployed through a revolving-fund mechanism for an initial period of eight years, after which the principal amount will be returned to the Multilateral Fund;

b. US $280,000 will be deployed for technical assistance activities;

c. The minimum energy-efficiency improvement for the project would be at least 20 per cent compared to the baseline levels for the beneficiaries;

(ii) For the project in Ghana:

a. US $4,000,000 principal amount will be deployed through a revolving-fund mechanism for an initial period of eight years, after which the principal amount will be returned to the Multilateral Fund;

b. US $200,000 will be deployed for technical assistance activities;

c. The minimum energy-efficiency improvement for the project would be at least 25 per cent compared to the baseline levels for the beneficiaries;

(iii) For the project in Jordan:

a. US $8,000,000 principal amount will be deployed through a revolving-fund mechanism for an initial period of eight years, after which the principal amount will be returned to the Multilateral Fund;

b. US $280,000 will be deployed for technical assistance activities;

c. The minimum energy-efficiency improvement for the project would be at least 25 per cent compared to the baseline levels for the beneficiaries;

(iv) US $300,000 will be deployed for global technical assistance;

(c) Whether to approve the energy-efficiency revolving-fund end-user project for Grenada, in the amount of US $8,333,000, plus agency support costs of US $583,310 for the World Bank, on the understanding that:

(i) US $8,000,000 principal amount will be deployed through a revolving-fund mechanism for an initial period of eight years, after which the principal amount will be returned to the Multilateral Fund;

(ii) US $333,000 will be deployed for technical assistance activities;

(iii) The first disbursement of the principal amount for customer-connection infrastructure would be released by the Treasurer to the World Bank based on documented evidence that the US $35 million of external co-financing required for the seawater air-conditioning system has been committed, and that the Special Purpose Vehicle with audited Engineering, Procurement and Construction and Operation and Maintenance contracts is in place; and

(d) Requesting the Secretariat to prepare for consideration of the Executive Committee at the 99th meeting, a format for performance reporting for the projects approved.