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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-ninth Meeting
Montreal, 7–11 December 2026
Item 9(d) of the provisional agenda[1]

# PROJECT PROPOSAL: CAMBODIA

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

Phase-down

| | | |
|---|---|---|
| • Kigali HFC implementation plan (stage I, second tranche) | UNEP and UNDP | Individual consideration |

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

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## Cambodia

| PROJECT TITLE | AGENCY | MEETING APPROVED | CONTROL MEASURE |
|---|---|---|---|
| Kigali HFC implementation plan (stage I) | UNEP (lead), UNDP | 93rd | 10% phase-out by 2029 |

| ARTICLE 7 DATA (Annex F) | Year: 2025 | 539.23 mt | 809,514 $CO_2$-eq tonnes |
|---|---|---|---|

| COUNTRY PROGRAMME SECTORAL DATA ($CO_2$-eq tonnes) | | | | | | | | Year: | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| Substance | Aerosol | Foam | Fire-fighting | Air-conditioning (AC) and refrigeration | | | Servicing | Solvent | Other |
| | | | | Manufacturing | | | | | |
| | | | | Refrigeration | AC | Other | | | |
| HFCs | | | | | | | 809,514 | | |

| CONSUMPTION DATA ($CO_2$-eq tonnes) | | | |
|---|---|---|---|
| HFC baseline: | 1,263,376 | Starting point for sustained aggregate reductions: | TBD |
| **CONSUMPTION ELIGIBLE FOR FUNDING** | | | |
| Already approved: | 126,338 | Remaining: | TBD |

| ENDORSED BUSINESS PLAN | | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|
| UNEP | HFC phase-down (mt) | 18.60 | 0.00 | 0.00 | 18.60 |
| | Funding (US $) | 122,040 | 0 | 0 | 122,040 |
| UNDP | HFC phase-down (mt) | 7.49 | 0.00 | 0.00 | 7.49 |
| | Funding (US $) | 41,502 | 0 | 0 | 41,502 |

| PROJECT DATA | | | 2023 | 2024-2025 | 2026* | 2027 | 2028 | 2029 | Total |
|---|---|---|---|---|---|---|---|---|---|
| Consumption ($CO_2$-eq tonnes) | Montreal Protocol limits | | n/a | 1,263,376 | 1,263,376 | 1,263,376 | 1,263,376 | 1,137,038 | n/a |
| | Maximum allowable | | n/a | 1,263,376 | 1,263,376 | 1,263,376 | 1,092,038 | 982,834 | n/a |
| | Reduction from baseline (%) | | 0.0 | 0.0 | 0.0 | 0.0 | 13.6 | 22.2 | n/a |
| Amounts approved in principle (US $) | UNEP | Project costs | 126,300 | 0 | 108,000 | 0 | 0 | 44,500 | 278,800 |
| | | Support costs | 16,419 | 0 | 14,040 | 0 | 0 | 5,785 | 36,244 |
| | UNDP | Project costs | 123,810 | 0 | 38,075 | 0 | 0 | 0 | 161,885 |
| | | Support costs | 11,143 | 0 | 3,427 | 0 | 0 | 0 | 14,570 |
| Funds approved by ExCom (US $) | | Project costs | 250,110 | 0 | 0 | 0 | 0 | 0 | 250,110 |
| | | Support costs | 27,562 | 0 | 0 | 0 | 0 | 0 | 27,562 |
| Total funds recommended for approval at this meeting (US $) | | Project costs | 0 | 0 | 146,075 | 0 | 0 | 0 | 146,075 |
| | | Support costs | 0 | 0 | 17,467 | 0 | 0 | 0 | 17,467 |

* Recommended for approval at the present meeting

| Secretariat's recommendation | Individual consideration |
|---|---|

## PROJECT DESCRIPTION

1. On behalf of the Government of Cambodia, UNEP as the lead implementing agency has submitted a request for funding for the second tranche of stage I of the Kigali HFC implementation plan (KIP), at a total cost of US $163,542, consisting of US $108,000, plus agency support costs of US $14,040, for UNEP and US $38,075, plus agency support costs of US $3,427, for UNDP[2]. The submission includes a progress report on the implementation of the first tranche, the verification report on HFC consumption for 2023 to 2025, and the tranche implementation plan for 2026 to 2029.

Report on HFC consumption

2. The Government of Cambodia reported a consumption of 809,514 $CO_2$-equivalent ($CO_2$-eq) tonnes of HFCs in 2025, which is 36 per cent below the country's HFC baseline for compliance. The 2020–2025 HFC consumption is shown in table 1.

**Table 1. 2020–2025 HFC consumption and HFC baseline for Cambodia (Article 7 data)**

| HFCs | GWP | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|
| **Metric tonnes (mt)** | | | | | | | |
| HFC-32 | 675 | 2.85 | 0.00 | 11.70 | 29.99 | 13.93 | 42.63 |
| HFC-134a | 1,430 | 486.24 | 445.35 | 484.65 | 498.72 | 472.61 | 444.77 |
| R-404A | 3,921.6 | 2.56 | 14.70 | 13.26 | 16.89 | 26.48 | 18.74 |
| R-407C | 1,773.85 | 0.00 | 0.57 | 0.90 | 0.85 | 0.00 | 0.57 |
| R-410A | 2,087.5 | 91.93 | 123.27 | 104.56 | 83.46 | 48.24 | 31.24 |
| Other* | | 0.56 | 0.58 | 0.00 | 0.51 | 0.59 | 1.29 |
| **Total (mt)** | | **584.14** | **584.47** | **615.07** | **630.42** | **561.84** | **539.23** |
| **$CO_2$-eq tonnes** | | | | | | | |
| HFC-32 | 675 | 1,924 | 0 | 7,898 | 20,243 | 9,399 | 28,772 |
| HFC-134a | 1,430 | 695,323 | 636,851 | 693,050 | 713,170 | 675,825 | 636,025 |
| R-404A | 3,921.6 | 10,039 | 57,648 | 52,000 | 66,236 | 103,860 | 73,479 |
| R-407C | 1,773.85 | 0 | 1,011 | 1,596 | 1,508 | 0 | 1,002 |
| R-410A | 2,087.5 | 191,904 | 257,326 | 218,269 | 174,223 | 100,691 | 65,218 |
| Other* | | 2,232 | 2,311 | 0 | 2,032 | 2,322 | 5,018 |
| **Total ($CO_2$-eq tonnes)** | | **901,422** | **955,147** | **972,813** | **977,412** | **892,097** | **809,514** |
| **HFC baseline calculation ($CO_2$-eq tonnes)** | | | | | | | |
| HFC average consumption in 2020–2022 | | | | | | | 943,127 |
| HCFC baseline (65%) | | | | | | | 320,249 |
| **HFC baseline** | | | | | | | **1,263,376** |

* Including HFC-227ea and R-507A.

3. Cambodia's HFC consumption shows an increasing trend from 2020 to 2023 but decreased in 2024, and further in 2025. The reduction in consumption beginning in 2024 is attributed to the complex quota system that was implemented in 2024. The system was inflexible and made it difficult to reallocate quotas between different HFCs or transfer unused quotas between importers.

4. Additionally, since mid-2025, the border situation has led to the closure of tourism-related businesses in affected areas, including hotels, guesthouses and restaurants, and has contributed to a broader economic slowdown in Cambodia. Combined with a decline in international tourist arrivals, impacts on the tourism sector created a significant drag on the services sector. Subsequent reduced demand for HFC

[2] As per the letter of 21 September 2026 from the Ministry of Environment of Cambodia to UNEP.

refrigerants has resulted in lower HFC consumption in 2025. Increase in HFC-32 consumption, with reduction in R-410A, also contributed to lower consumption in 2025 in $CO_2$-eq tonnes.

*Country programme implementation report*

5. The HFC consumption data provided by the Government of Cambodia in its country programme implementation report for 2025 is consistent with the data reported under Article 7 of the Montreal Protocol.

*Verification report*

*6.* The verification report confirmed that the Government was implementing a licensing and quota system for HFC imports and exports and that the total consumption of HFCs reported under Article 7 of the Montreal Protocol for 2023 to 2025 was correct (as shown in table 1 above). The report noted that Cambodia has a robust system for monitoring and reporting HFC trade statistics. It further noted that transferring HFC quotas expressed in $CO_2$-eq tonnes is more complex than transferring quotas expressed in mt and recommended establishing clear procedures and maintaining supporting documentation for quota transfers between importers following each reallocation or readjustment. UNEP has confirmed that this will be done as part of the second tranche implementation.

*Assessment of HFC consumption trends and market demand in Cambodia (decision 93/56(c))*

7. In line with decision 93/56(c), the tranche request included an assessment of HFC consumption trends and market demand in Cambodia and proposed adjustments to the maximum allowable consumption limits for 2028 and 2029.

8. The assessment noted that average annual HFC consumption during 2020–2024 was 592.5 mt, close to the average consumption of 594.6 mt during the baseline years. Consumption in 2025 was excluded from this calculation for the reasons described in paragraph 4 above. On this basis, the assessment concluded that the HFC baseline remained representative of market demand.

9. Nevertheless, HFC consumption in 2024 and 2025 was lower than anticipated in the KIP approved at the 93rd meeting, mainly because of the complexity of the quota system, the border situation that began in mid-2025 and a faster-than-projected transition to low-global-warming-potential (GWP) alternatives, as explained in paragraphs 3 and 4 above. In light of these factors, the Government reassessed future HFC demand.

10. The forecast considered continued growth in residential AC demand, servicing needs of the installed base of high-GWP equipment, and the ongoing transition from HCFCs to HFCs. It also considered that HFC consumption could increase once the national circumstances improve, reflecting servicing needs for appliances that have been out of operation since mid-2025.

11. To derive the revised targets, the HFC component of the baseline was retained as originally proposed in the KIP, while the HCFC component was adjusted to reflect market conditions, based on average HCFC consumption in 2024 and 2025 of 111.85 mt (148,911 $CO_2$-eq tonnes). Assumptions regarding the transition from HCFCs to HFCs were based on Cambodia's installed equipment base, import patterns, servicing practices and technology availability, as shown in table 2 below.

**Table 2. Estimation of future HFC demand based on current HCFC consumption**

| Sector | Share of HCFC Consumption (%) | 2024-2025 average HCFC consumption (mt) | Alternatives | Ratio (%) | GWP | Tonnes $CO_2$-eq for replacement of HCFC |
|---|---|---|---|---|---|---|
| Residential AC | 70 | 78.29 | HFC-32 | 65 | 675 | 34,349 |
| | | | R-410A | 35 | 2,087.50 | 57,200 |
| Chillers | 20 | 22.37 | R-407C | 80 | 1,773.85 | 31,743 |
| | | | R-454A | 20 | 236.25 | 1,057 |
| Cold storage and industrial refrigeration | 8 | 8.95 | R-404A | 70 | 3,921.60 | 24,562 |
| | | | $CO_2/NH_3$ | 30 | 0.00 | 0 |
| Commercial refrigeration | 2 | 2.24 | HC | 100 | 0.00 | 0 |
| Total | | 111.85 | | | | 148,911 |

12. Accordingly, the Government of Cambodia proposes to revise the maximum allowable consumption limits for 2028 and 2029 to better reflect actual market conditions, while preserving a prudent transition margin and avoiding disruption to the national market. Table 3 compares the established baseline, based on reported consumption, with the indicative market demand derived by adjusting the HCFC component of the baseline to reflect actual consumption needs.

**Table 3. Comparison between the established baseline, approved maximum allowable consumption and proposed adjustment to maximum allowable consumption of Cambodia**

| Official baseline HFC Consumption | | Proposed adjustment to maximum allowable consumption | |
|---|---|---|---|
| **Parameter** | **$CO_2$-eq tonnes** | **Parameter** | **$CO_2$-eq tonnes** |
| Average HFC consumption in 2020, 2021 and 2022 | 943,127 | Average HFC consumption in 2020, 2021 and 2022 | 943,127 |
| HCFC component | 320,249 | HCFC component (adjusted) | 148,911 |
| **Established baseline** | **1,263,376** | **Proposed adjustment based on market demand** | **1,092,038** |
| Reduction of 10 per cent | 126,338 | Reduction of 10 per cent | 109,204 |
| Maximum allowable consumption for 2029 | 1,137,038 | Maximum allowable consumption for 2029 | 982,834 |
| Reduction from established baseline | 10% | Reduction from established baseline | 22.2% |

13. In addition to the 22.2 per cent reduction from the HFC baseline planned for 2029, the Government of Cambodia also proposed interim targets of 1,092,038 $CO_2$-eq tonnes for 2028 (13.6 per cent below the baseline). Based on the available evidence, the Government of Cambodia considers that the proposed adjustment represents expected market demand while maintaining compliance with Kigali Amendment obligations, subject to uncertainty associated with economic conditions, technology transition rates and future market developments.

14. The Government of Cambodia considers that this proposal reflects its commitment to a more ambitious reduction pathway while ensuring an orderly transition for the refrigeration and air-conditioning (RAC) sector. The Government of Cambodia also underlined that the proposed approach responds to the specific circumstances of the national market and is presented to facilitate the continued implementation of

stage I of the KIP and the approval of the second tranche. This proposal should therefore not be interpreted as establishing a precedent for other countries.

Progress report on the implementation of the first tranche of stage I of the Kigali HFC implementation plan

*Legal framework*

15. The Government of Cambodia has an established licensing and quota system for HFCs which is enforced to control their import and use. The following activities were completed under the first tranche:

(a) Following five consultation meetings with 114 stakeholders, the Ministerial Declaration on the Limitation of High-GWP and Energy Efficient RAC Equipment has been drafted to ban the import of second-hand RAC equipment containing or using high-GWP HFC refrigerants, to ban the use of any HFCs with a GWP of greater than 750 in manufacturing of RAC equipment and to ban the import of R-410A single split air conditioners;

(b) A consultation meeting was organized with relevant ministries and stakeholders, resulting in the draft decree being extended to include provisions that enable the Ministry of Environment to establish a GWP limit and prohibit the use of refrigerants in different types of RAC equipment for the local market, public procurement, investment and construction, and to periodically review and update this based on technological advancements, Montreal Protocol obligations, and the national climate change mitigation target;

(c) A feasibility study on introducing fiscal incentives for the import of lower-GWP refrigerants and lower-GWP energy-efficient equipment was completed; and

(d) Safety guidelines on handling, transportation and storage of flammable refrigerants were drafted, and two consultation meetings were organized for 55 participants to review and provide feedback on the new guidelines.

*Refrigeration servicing sector*

16. The following servicing sector activities were completed under the first tranche:

(a) *Strengthening monitoring, reporting, verification and enforcement of licensing system:* Recruited one consultant to develop Standard Operating Procedure (SOP) for the enforcement process and organized two consultation meetings with 44 participants (including 10 women) on the SOP; conducted three training workshops for 105 customs officers (including 17 women) on the SOP for the enforcement of the HFC licensing system, HFC-based RAC equipment, and requirements under the Montreal Protocol; training for one customs officer on risk profiling at the Twinning National Ozone Officer-Customs Workshop on Strengthening Enforcement of Trade Control of Controlled Substances under the Montreal Protocol held in Lao People's Democratic Republic; procurement and delivery of four refrigerant identifiers to major customs checkpoints;

(b) *Mobile air-conditioning (MAC) servicing sector:* Procured and provided equipment/tools[3] to two technical and vocational education training institutes; provided training to 236 participants on the proper use and maintenance of the equipment/tools; initiated development of standardized training modules on handling MAC systems in second-hand

[3] Automotive AC system training bench, one electric-vehicle AC system training bench, digital multi-refrigerant gauge manifolds, refrigerant identifier, dual-refrigerant MAC recovery and recharging units, refrigerant cylinders, refrigerant leak detectors, tube flaring, cutting and repair tool kits, puncture can taps/valve core removers, ODS/HFC-free flushing kits for automotive applications, vacuum pump with scale

vehicle imports; conducted four consultation meetings for 68 participants (including one woman) to receive feedback on the training manual; and

(c) *Public awareness and outreach:* Organized four workshops on HFC phase-down and the Kigali Amendment obligations for a total of 140 participants (including 44 women) across various stakeholders including importers and retailers, technicians, and local authorities.

*Project implementation and monitoring*

17. The national ozone unit (NOU) has been monitoring activities, reporting on progress, and working with stakeholders to phase down HFCs. Of the US $9,000 approved for project monitoring activities under the first tranche, the entire amount was disbursed for domestic travel.

Level of fund disbursement

18. As of September 2026, of the US $250,110 approved so far (US $126,300 for UNEP and US $123,810 for UNDP), US $172,948 (69 per cent) had been disbursed (US $49,138 for UNEP and US $123,810 for UNDP). The balance of US $77,162 will be disbursed in 2026-2027.

Implementation plan for the second tranche of stage I of the Kigali HFC implementation plan

19. The following activities will be implemented between December 2026 and December 2029:

(a) *Policy and regulation development to support HFC phase-down:* Organize one meeting for stakeholders on the ministerial declaration on the limitation of high-GWP and energy-efficient RAC equipment; organize one meeting for stakeholders to finalize technical guidelines on sector-specific thresholds and timelines for transition; and organize one meeting for stakeholders to discuss results of the feasibility study on the fiscal incentive policy and propose the report to the General Department of Customs and Excise (UNEP) (US $3,000);

(b) *Strengthening of monitoring, reporting, verification and enforcement:* Conduct one border dialogue with neighbouring countries for 10 enforcement officers; and conduct four training workshops for a total of 60 customs officers on requirements under the Montreal Protocol, licensing and quota systems, avoiding illegal trade and Harmonized System codes (UNEP) (US $27,000);

(c) *Capacity-building for the MAC servicing sector:* Conduct one train-the-trainer workshop for 20 trainers on good servicing practices and produce one training-of-trainer video translated into local language; conduct six training workshops for a total of 120 MAC servicing technicians on good servicing practices, HCFC and HFC alternatives, and safety protocols; recruit one consultant to develop the standard assessment module for competency-based certification of MAC technicians and organize one pilot workshop to validate the assessment standard; organize one consultation meeting and one training for 20 participants including importers of second-hand vehicles and MAC servicing workshops on good servicing practices for second-hand vehicles; and recruit one consultant to assist the Ministry of Labour and Vocational Training to review occupational training and the curriculum (UNEP) (US $52,000);

(d) *Capacity-building for the RAC servicing sector:* Conduct a pilot demonstration of up to six R-290-based condensing units for small commercial refrigeration applications including comparison of baseline conditions, energy performance, maintenance needs, and development of final report (UNDP) (US $38,075);

(e) *Public awareness and outreach:* Develop and disseminate information materials on MAC good servicing practices and competency-based assessment for MAC technicians; support enactment of government policy, standards and initiatives supporting HFC phase-down including the ministerial declaration, technical guidelines, fiscal incentives and safety guidelines; disseminate UNEP OzonAction tools and materials including mobile applications for relevant stakeholders (UNEP) (US $9,000); and

(f) *Project monitoring:* coordination and evaluation activities including domestic travel (UNEP) (US $17,000).

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

Compliance with decision 93/56(c)

20. The Secretariat noted that the assessment had determined that consumption during the baseline years reflected actual market demand, while HFC consumption in 2024 and 2025 was lower than anticipated owing to the complexity of the quota system, national circumstances and a faster-than-anticipated transition to low-GWP alternatives. Taking into account expected growth and continuing national circumstances, the Government of Cambodia had proposed revised HFC consumption targets for 2028 and 2029.

21. It was noted that HFC consumption increased by 2.5 per cent in mt in 2023 but declined by 14.5 per cent between 2023 and 2025. Quota utilization was approximately 79 per cent in 2024 and 73 per cent in 2025, partly owing to the complexity of the quota system. UNEP explained that the system was simplified in 2026 to manage quotas entirely in aggregate $CO_2$-eq tonnes, allowing greater flexibility and facilitating monitoring and quota reallocation, which could result in higher quota utilization and HFC imports.

22. With regard to 2026 consumption, as of July 2026, Cambodia had imported 193.8 mt of HFCs, equivalent to 324,373 $CO_2$-eq tonnes, representing approximately 29 per cent of the quota. UNEP explained that the low utilization did not necessarily indicate lower annual consumption than in 2025, as continued border-related disruptions had led importers to delay their import plans. In addition, HFC imports are typically lower in the first half of the year, and thus higher imports could occur during the remainder of 2026.

23. Regarding future demand, UNEP stated that the Government of Cambodia considered the proposed targets to reflect the country's anticipated needs, taking into account local market conditions, expected sector growth and national circumstances. The Secretariat noted that the proposed reductions of 13.6 per cent from the HFC baseline in 2028 and 22.2 per cent in 2029 were substantially greater than the 10 per cent reduction initially envisaged. The proposed 2029 target of 982,834 $CO_2$-eq tonnes is 154,204 $CO_2$-eq tonnes lower than the initially proposed target of 1,137,038 $CO_2$-eq tonnes, at no additional cost to the Fund. The Executive Committee may wish to consider the revised targets accordingly.

Progress report on the implementation of the first tranche of stage I of the Kigali HFC implementation plan

*Legal framework*

24. The Government of Cambodia has issued HFC import quotas for 2026 at 1,122,671 $CO_2$-eq tonnes which is lower than the Montreal Protocol control targets.

25. The KIP proposal approved at the 93rd meeting indicated that the country would establish, by 2026, a regulation banning the use of HFCs in the manufacture of RAC equipment and, by 2027, a ban on the import of second-hand RAC equipment containing or designed to use high-GWP HFC refrigerants. On inquiring its status, UNEP stated that the proposed regulations require endorsement by relevant government

entities, including the General Department of Customs and Excise, Ministry of Economy and Finance, Ministry of Commerce, Council for the Development of Cambodia, and Ministry of Industry, Science, Technology and Innovation. Despite a series of consultations, the regulations have not yet been endorsed. Under the second tranche, the NOU will continue to liaise with the relevant government entities to secure their endorsement and facilitate implementation as planned under the KIP.

*Refrigeration servicing sector*

26. Regarding the delay in the training-of-trainers activity for the MAC sector, UNEP explained that the increasing penetration of electric vehicles in the country has created a need for expertise in thermal management systems, and identifying a suitably qualified resource person has been challenging. Efforts are ongoing to identify such expertise.

Implementation plan for the second tranche of stage I of the Kigali HFC implementation plan

27. Noting the delays in the training of trainers in MAC sector and border dialogue activities, the Secretariat sought confirmation that all outstanding activities under the first tranche, together with those proposed under the second tranche, would be completed during the implementation period of the second tranche. UNEP confirmed that all such activities are expected to be completed during this period. However, the implementation of the two border dialogue activities, one pending from the first tranche and one planned under the second tranche, will depend on the border situation. UNEP therefore proposed that, if only one border dialogue can be conducted, US $10,000 would be reallocated to two additional training sessions for 30 customs and enforcement officers; if neither dialogue can be conducted, US $25,000 would be reallocated to five additional training sessions for 75 officers.

Co-financing

28. The co-financing of stage I of the KIP for Cambodia is in the form of in-kind contribution from the Government of Cambodia including the human resources constituting management and support level officers in the NOU who oversee and implement activities. The contribution included office space, telecommunication and administrative procedures for the implementation of KIP activities. The beneficiary enterprises participating in the demonstration project will provide in-kind contributions, including staff time and technical support during implementation and monitoring, as well as operational data and feedback on energy performance, maintenance requirements and other practical considerations.

Gender policy implementation

29. In line with decisions 84/92(d) and 90/48(c), the NOU will continue to apply the Multilateral Fund policy during the second tranche of stage I of the KIP. During implementation of the first tranche, the NOU encouraged women's participation in the decision-making and monitoring and evaluation processes of KIP implementation, collected sex-disaggregated data for progress reporting, and included relevant topics in meetings and workshops in order to improve women's participation. Since the beginning of the first tranche, 21 per cent of participants attending meetings or training workshops were women. The NOU intends to continue and build on this during the subsequent tranche.

Updated Agreement

30. In view of the revised maximum allowable consumption and reduction targets, the Agreement between the Government of Cambodia and the Executive Committee has been updated. Specifically, Appendix 2-A has been revised, and paragraph 17 has been added to indicate that the updated Agreement supersedes that reached at the 98th meeting, as contained in annex I to the present document. The full updated Agreement will be appended to the final report of the 99th meeting.

Sustainability of the HFC phase-out and assessment of risks

31. The sustainability of Cambodia's HFC phase-down is supported through the institutionalization and enforcement of the HFC licensing and quota system, its digitalization and integration with the National Single Window, and the development of bans on HFC-based equipment and the use of HFCs in manufacturing. Further measures include restrictions on high-GWP refrigerants and RAC equipment and requirements for relevant enterprises to employ at least one certified technician. Key risks include challenges in enforcement and quota management, continued demand for high-GWP HFCs, and delays in strengthening servicing sector capacity, particularly in the MAC sector. These risks are being mitigated through the strengthened regulatory and electronic licensing framework, promotion of lower-GWP alternatives, technician certification and capacity-building, and accelerated implementation of outstanding MAC training during the second tranche.

Conclusion

32. Cambodia is in compliance with the Montreal Protocol control targets and the maximum allowable consumption level for 2024 and 2025, as confirmed by the verification. The disbursement of funds approved in the previous tranche is at 69 per cent, with sufficient progress achieved during tranche implementation despite delays in training for MAC sector. In line with decision 93/56(c)(i), the submission included information on the monitoring of HFC consumption to understand the extent to which consumption reported in the baseline years was representative of the local market's needs and to assess future HFC demand. Based on this information, the Government proposes to revise the maximum allowable consumption limits for 2028 and 2029 with a reduction of 22.2 per cent from the baseline in 2029, including an interim reduction of 13.6 per cent in 2028. The Agreement has been updated to reflect these reductions. The Executive Committee may wish to consider the tranche request in light of this information.

**RECOMMENDATION**

33. The Executive Committee may wish to consider:

(a) Noting:

(i) The progress report on the implementation of the first tranche of stage I of the Kigali HFC implementation plan (KIP) for Cambodia, including the information provided by the Government of Cambodia in line with decision 93/56(c)(i) on the monitoring of HFC consumption to understand the extent to which consumption reported in the baseline years was representative of the local market's needs and assessment of future demand;

(ii) The commitment of the Government of Cambodia to reduce HFC consumption by 13.6 per cent of the country's baseline by 2028 and 22.2 per cent by 2029;

(iii) That the Fund Secretariat has updated the Agreement between the Government of Cambodia and the Executive Committee, as contained in annex I to the present document; specifically Appendix 2-A to reflect reduction targets as per subparagraph (a)(ii) above and paragraph 17, which had been added to indicate that the updated Agreement superseded that reached at the 98th meeting (decision 98/12); and

(b) Approving the second tranche of stage I of the KIP for Cambodia, and the corresponding 2026–2029 tranche implementation plan, in the amount of US $163,542, consisting of US $108,000, plus agency support costs of US $14,040, for UNEP and US $38,075, plus agency support costs of US $3,427, for UNDP.

## Annex I

## TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF CAMBODIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROFLUOROCARBONS IN ACCORDANCE WITH STAGE I OF THE KIGALI HFC IMPLEMENTATION PLAN

(Relevant changes are in bold font for ease of reference)

17. **This updated Agreement supersedes the Agreement reached between the Government of Cambodia and the Executive Committee at the 98th meeting of the Executive Committee.**

### APPENDIX 2-A: THE TARGETS, AND FUNDING

| Row | Particulars | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 1.1 | Montreal Protocol reduction schedule of Annex F substances | % | n/a | freeze | freeze | freeze | freeze | freeze | 10 | n/a |
| | | $CO_2$-eq tonnes | n/a | 1,263,376 | 1,263,376 | 1,263,376 | 1,263,376 | 1,263,376 | 1,137,038 | n/a |
| 1.2 | Maximum allowable total consumption of Annex F substances | Reduction in % | n/a | 0.0 | 0.0 | 0.0 | 0.0 | **13.6** | **22.2** | n/a |
| | | $CO_2$-eq tonnes | n/a | 1,263,376 | 1,263,376 | 1,263,376 | 1,263,376 | **1,092,038** | **982,834** | n/a |
| 2.1 | Lead IA (UNEP) agreed funding (US $) | | 126,300 | 0 | 0 | 108,000 | 0 | 0 | 44,500 | 278,800 |
| 2.2 | Support costs for Lead IA (US $) | | 16,419 | 0 | 0 | 14,040 | 0 | 0 | 5,785 | 36,244 |
| 2.3 | Cooperating IA (UNDP) agreed funding (US $) | | 123,810 | 0 | 0 | 38,075 | 0 | 0 | 0 | 161,885 |
| 2.4 | Support costs for Cooperating IA (US $) | | 11,143 | 0 | 0 | 3,427 | 0 | 0 | 0 | 14,570 |
| 3.1 | Total agreed funding (US $) | | 250,110 | 0 | 0 | 146,075 | 0 | 0 | 44,500 | 440,685 |
| 3.2 | Total support costs (US $) | | 27,562 | 0 | 0 | 17,467 | 0 | 0 | 5,785 | 50,814 |
| 3.3 | Total agreed costs (US $) | | 277,672 | 0 | 0 | 163,542 | 0 | 0 | 50,285 | 491,499 |
| 4.1.1 | Deductions of HFCs agreed under this Agreement ($CO_2$-eq tonnes) | | | | | | | | | **280,542** |
| 4.1.2 | Deductions of HFCs from previously approved projects ($CO_2$-eq tonnes) | | | | | | | | | 0 |
| 4.1.3 | Remaining eligible consumption for HFCs ($CO_2$-eq tonnes) | | | | | | | | | TBD |