UNITED NATIONS

EP

United Nations Environment Programme

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/99/60
3 November 2026

ORIGINAL: ENGLISH

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 PROPOSALS: MALDIVES

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

Phase-down		
• Kigali HFC implementation plan (stage I, first tranche)	UNEP	Individual consideration
Energy efficiency		
• Pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down (non-investment activities): Enforcement of the energy labelling programme by addressing key barriers that delay enforcement, assessment of minimum energy performance standards options for air conditioners and establishment of verification and market-surveillance arrangements	UNEP and UNIDO	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

Maldives

PROJECT TITLE	AGENCY
Kigali HFC implementation plan (stage I)	UNEP (lead)

ARTICLE 7 DATA (Annex F)	Year: 2025	167.86 mt	332,992 CO_2-eq tonnes

COUNTRY PROGRAMME SECTORAL DATA (CO_2-eq tonnes) AND ACTIVITIES								Year: 2025	
	Aerosol	Foam	Fire-fighting	Air-conditioning (AC) and refrigeration				Solvent	Other
				Manufacturing			Servicing		
				Refrigeration	AC	Other			
HFCs							332,992		
Planned activities agreed (Y/N)							Y		

AVERAGE 2020–2022 HFC CONSUMPTION IN SERVICING	148.73 mt	348,670 CO_2-eq tonnes

BASELINE DATA (CO_2-eq tonnes)	2020	2021	2022	Average 2020–2022
HFC annual consumption	289,705	315,809	440,495	348,670
HCFC baseline (65%)				85,549
HFC baseline				434,219

HFC CONSUMPTION ELIGIBLE FOR FUNDING (CO_2-eq tonnes)	
Starting point for sustained aggregate reductions	n/a
Previously approved HFC phase-down investment projects	No
Aggregate reductions from previously approved projects	n/a

PROJECT DATA AS AGREED			2026*	2027	2028	2029	2030	Total
Consumption (CO_2-eq tonnes)	Montreal Protocol limits		434,219	434,219	434,219	390,797	390,797	n/a
	Maximum allowable		434,219	434,219	434,219	390,797	390,797	n/a
	Reduction from baseline (%)		0.0	0.0	0.0	10.0	10.0	n/a
Project costs requested in principle (US $)	UNEP	Project costs	108,000	0	0	72,000	0	180,000
		Support costs	14,040	0	0	9,360	0	23,400
Total amounts recommended in principle (US $)		Project costs	108,000	0	0	72,000	0	180,000
		Support costs	14,040	0	0	9,360	0	23,400
		Total funds	122,040	0	0	81,360	0	203,400

* Recommended for approval at the present meeting

Reduction from remaining consumption eligible for funding in stage I (CO_2-eq tonnes)	n/a

Secretariat's recommendation	Individual consideration

PROJECT DESCRIPTION

1. The present document contains the following sections:

I. Summary of the proposal as submitted

II. Background: Status of implementation of the HCFC phase-out management plan and previous HFC-related activities

III. HFC consumption overview: HFC consumption levels, trends, and consumption by sector

IV. Stage I of the Kigali HFC implementation plan, as submitted: Regulatory framework, phase-down strategy, total stage cost, and implementation plan for the first tranche

V. Secretariat's comments, including the agreed cost of activities

VI. Recommendation

I. Summary of the proposal as submitted

2. On behalf of the Government of Maldives, UNEP as the designated implementing agency has submitted a request for stage I of the Kigali HFC implementation plan (KIP), in the amount of US $180,000, plus agency support costs of US $23,400, as originally submitted.[2]

3. The implementation of stage I of the KIP will assist the Government of Maldives in meeting the target of 10 per cent reduction from its HFC baseline consumption by 1 January 2029.

4. The first tranche of stage I of the KIP being requested at this meeting amounts to US $108,000, plus agency support costs of US $14,040 for UNEP, as originally submitted, for the period of January 2027 to December 2029.

II. Background

Status of implementation of the HCFC phase-out management plan

5. Table 1 presents information on the HCFC phase-out management plan (HPMP) in Maldives as of August 2026.

Table 1. HPMP implementation status for Maldives

Particulars	Stage I
Meetings when HPMP was approved or updated	60th/69th
Reduction from baseline	100% by 2020
Total stage cost (US $)	1,100,000
Date of completion (actual)	31 December 2021

Status of implementation of previous HFC-related activities

6. Table 2 presents an overview of activities implemented in Maldives in the context of the Kigali Amendment that have been funded by the Multilateral Fund.

[2] As per the letter of 17 August 2026 from the Ministry of Climate Change, Environment and Energy of Maldives to UNEP.

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.

Table 2. Previously approved HFC-related activities in Maldives

Approval meeting	Project title	Implementing agency	Cost (US $)	Date of completion
74th	Survey of ODS alternatives	UNEP	20,000	August 2017
80th	Enabling activities for HFC phase-down	UNEP/Italy	95,000	June 2022

III. HFC consumption overview

HFC consumption levels

7. Maldives only imports (does not produce) HFCs for use in the refrigeration and air-conditioning (RAC) servicing sector. The most consumed substances in 2025 were R-410A (47.8 per cent of total HFC consumption in CO_2-equivalent (CO_2-eq) tonnes), R-404A (27.8 per cent), HFC-134 (9.9 per cent), HFC-32 (6.7 per cent), and other HFCs (7.9 per cent). Table 3 presents the country's HFC consumption as reported to the Ozone Secretariat under Article 7 of the Montreal Protocol, and the country's HFC baseline.

Table 3. 2020–2025 HFC consumption and baseline for Maldives (Article 7 data)

HFC	GWP	2020	2021	2022	2023	2024	2025
Metric tonnes (mt)							
HFC-32	675	6.47	7.68	9.65	22.76	24.63	32.85
HFC-134a	1,430	12.02	13.22	14.16	10.35	18.90	23.01
HFC-23	14,800	0.06	0.18	0.05	0.12	0.04	0.02
R-404A	3,921.6	29.83	18.51	41.72	29.12	27.19	23.57
R-410A	2,087.5	52.71	79.06	90.62	106.37	95.56	76.31
R-407C	1,773.85	2.95	11.53	4.56	3.94	6.78	3.11
R-417A	2,346	10.74	12.83	8.78	8.36	8.36	1.81
R-438A	2,264.435	3.49	0.00	11.80	8.70	3.39	6.22
Other*		0.99	0.62	1.96	0.58	0.23	0.96
Total (mt)		**119.26**	**143.62**	**183.30**	**190.30**	**185.08**	**167.86**
CO_2-eq tonnes							
HFC-32	675	4,367	5,184	6,513	15,362	16,625	22,174
HFC-134a	1,430	17,186	18,902	20,250	14,799	27,027	32,904
HFC-23	14,800	947	2,664	799	1,776	592	296
R-404A	3,921.6	116,978	72,593	163,604	114,178	106,628	92,432
R-410A	2,087.5	110,035	165,037	189,178	222,051	199,482	159,297
R-407C	1,773.85	5,240	20,445	8,083	6,996	12,027	5,517
R-417A	2,346	25,184	30,089	20,606	19,617	19,613	4,246
R-438A	2,264.435	7,907	0	26,717	19,703	7,676	14,085
Other*		1,860	895	4,747	2,163	917	2,041
Total (CO_2-eq tonnes)		**289,705**	**315,809**	**440,495**	**416,644**	**390,586**	**332,992**
HFC baseline calculation (CO_2-eq tonnes)							
Average HFC consumption in 2020–2022							348,670
HCFC baseline (65%)							85,549
HFC baseline							**434,219**

***** Including R-448A, R-407A, R-507A, R-452A, R-417B and HFC-125. Each of these appears in only one or two years of the period and none exceeds 1.5 mt in any year.

Country programme implementation report

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

HFC consumption trends

9. HFC consumption in Maldives, in mt, increased from 2020 to 2023 before decreasing through 2025, driven mainly by changes in commercial refrigeration demand, including fisheries, retrofit of HCFC-22-based equipment with HFC blends, and substitution of high-global-warming potential (GWP) substances with lower-GWP alternatives in air-conditioning (AC). HFC-32 and HFC-134a rose steadily over the period, while the higher-GWP refrigerants (R-404A, R-410A, R-407C and R-438A) were more volatile and have generally declined since 2023.

HFC consumption by sector

10. HFCs are mainly consumed for servicing in residential AC (56.4 per cent in mt and 44.5 per cent in CO_2-eq tonnes), followed by commercial refrigeration (18.6 per cent in mt and 29.0 per cent in CO_2-eq tonnes), industrial refrigeration (11.3 per cent in mt and 12.6 per cent in CO_2-eq tonnes), and other subsectors, as shown in tables 4 and 5.

Table 4. 2025 HFC consumption in Maldives in the servicing subsectors (mt)

Sector	HFC-32	HFC-134a	R-404A	R-410A	Other*	Total	Share of total (%)
Refrigeration subsectors							
Domestic	0.00	0.26	0	0	0	0.26	0.2
Commercial	0.00	9.93	21.02	0	0	30.95	18.6
Industrial	0.00	9.08	4.97	0	4.68	18.73	11.3
Transport	0.00	0.54	0.33	0	0	0.87	0.5
Air-conditioning subsectors							
Residential	33.43	0.00	0.00	59.87	0.42	93.72	56.4
Commercial	0.19	0.00	0.00	14.44	3.39	18.02	10.8
Chillers	0.10	0.96	0.00	1.23	0.36	2.65	1.6
Mobile	0.00	0.97	0.00	0.12	0.00	1.09	0.7
Total	**33.72**	**21.74**	**26.32**	**75.66**	**8.85**	**166.29**	**100**

Table 5. 2025 HFC consumption in Maldives in the servicing subsectors (CO_2-eq tonnes)

Sector	HFC-32	HFC-134a	R-404A	R-410A	Other*	Total	Share of total (%)
Refrigeration subsectors							
Domestic	0	372	0	0	0	372	0.1
Commercial	0	14,200	82,432	0	0	96,632	29.0
Industrial	0	12,984	19,490	0	9,594	42,069	12.6
Transport	0	772	1,294	0	0	2,066	0.6
Air-conditioning subsectors							
Residential	22,565	0	0	124,979	861	148,405	44.5
Commercial	128	0	0	30,144	6,950	37,221	11.2
Chillers	68	1,373	0	2,568	738	4,746	1.4

Sector	HFC-32	HFC-134a	R-404A	R-410A	Other*	Total	Share of total (%)
Mobile	0	1,387	0	251	0	1,638	0.5
Total	**22,761**	**31,088**	**103,217**	**157,940**	**18,143**	**333,149**	**100**

* Includes HFC-23 and high-GWP retrofit blends R-407C, R-417A, R-438A, and R-507A.
Note: The totals are marginally different from the consumption as these values are based on estimated use.

Refrigeration and air-conditioning servicing sector

11. Maldives consumes HFCs only in the RAC servicing sector, including mobile air-conditioning (MAC). Roughly 80 per cent of refrigerant consumption is concentrated in the Greater Malé Region and the tourism sector, served by a relatively small, more formal segment of importers, distributors and larger servicing enterprises. The remainder of servicing is dispersed across the country's approximately 1,192 islands, carried out by an estimated 750 to 1,000 active technicians, many working through smaller, less formal workshops in outer islands that face persistent shortages of qualified staff and specialised equipment. There is no mandatory requirement for servicing enterprises to keep records of refrigerant purchases, and recovery, recycling, leakage, and refrigerant distribution beyond import are not systematically tracked, leaving much of day-to-day servicing outside formal oversight despite mature import-side controls.

12. Fisheries servicing covers two types of refrigeration. The first is refrigerated seawater (RSW) systems on fishing and smaller collector vessels, classified as commercial refrigeration. More than 30 of an eventual 200-vessel programme have already fitted, using R-404A at roughly 30 kg per vessel. The second is larger freezing and cold-storage systems on fish collector and "mother" vessels, using R-404A and R-438A, and are classified as industrial refrigeration. Both are strategically relevant to reducing HFC consumption, because marine operating conditions (vibration, salinity and corrosion) tend to cause higher leakage than land-based systems, and the RSW rollout in particular is a fast-growing new source of high-GWP demand.

13. On certification, Maldives has not yet made technician registration mandatory. It moved from an informal baseline to a voluntary registration system in 2021, and the National Certificate III/IV competency framework was endorsed in July 2026. Recovery and recycling has a mixed track record: the recovery and reclamation programme under the HPMP procured recovery equipment and trained technicians, but the planned national reclamation centre did not become operational due to technical, operational and institutional challenges. These lessons have informed the design of recovery and recycling programmes under stage I of the KIP.

Domestic, commercial, industrial and transport refrigeration servicing

14. Domestic refrigeration (household refrigerators, freezers, water heaters) is serviced almost entirely on HFC-134a; however, consumption is negligible (0.26 mt in 2025) as HC-600a (isobutane) has become the dominant refrigerant in new imported units, and servicing needs for the remaining HFC-134a-based equipment stock are minimal.

15. Commercial refrigeration (stand-alone units, small cold rooms) is the second-largest consumer nationally, with 2025 consumption of 30.95 mt (18.6 per cent), but 96,632 CO_2-eq tonnes (29.0 per cent), because it relies mainly on R-404A and to a lesser extent on HFC-134a. Industrial refrigeration (large cold storage and fisheries-related applications) adds a further 18.73 mt (42,069 CO_2-eq tonnes) split across HFC-134a, R-404A and a group of high-GWP retrofit blends (R-407C, R-417A, R-438A, and R-507A). Ammonia (R-717) is used in existing industrial cold storage and ice-plant systems operated by the Maldives Industrial Fisheries Company, but more recent cold-storage investment has favoured HFC-based systems (R-404A, R-410A) over low-GWP alternatives, a gap the KIP flags for future intervention.

16. Transport refrigeration (vehicles, trailers, containers) is a minor application at 0.87 mt (2,066 CO_2-eq tonnes); this is served by HFC-134a and R-404A with assumed high leak rates reflecting the operating conditions of mobile refrigerated units.

Residential and commercial air-conditioning servicing

17. Split-type AC is the single largest consuming application in the country by both volume and climate impact, 93.72 mt (56.4 per cent) and 148,405 CO_2-eq tonnes (44.5 per cent), driven by Maldives' tropical climate, high density of AC units per residential dwelling, and the tourism sector's resort and hotel AC stock. R-410A remains the incumbent refrigerant across the existing installed base, but HFC-32 has emerged since 2019 as the preferred refrigerant for new residential and light commercial split systems, and by 2025 already accounts for a substantial share of split AC consumption.

18. Commercial AC (variable refrigerant flow (VRF) and variable refrigerant volume (VRV) multi-split systems) adds 18.02 mt (37,221 CO_2-eq tonnes), still predominantly R-410A, while chillers consuming 2.65 mt (4,746 CO_2-eq tonnes) use a mix of R-410A, HFC-134a, HFC-32, and high-GWP retrofit blends depending on system age. Servicing demand across all AC applications is assumed to scale with the installed equipment inventory and an annual leak rate of 10 to 15 per cent depending on system type and size.

Mobile air-conditioning servicing

19. Maldives has an estimated vehicle population of about 20,000 units fitted with AC, relying almost entirely on HFC-134a; HFO-1234yf penetration remains negligible and confined to a small number of newer imported vehicles from markets where it is already standard. MAC accounts for a small share of total consumption, is estimated at about 1.09 mt (1,638 CO_2-eq tonnes), but represents a persistent, slow-changing source of HFC-134a demand. A KIP-commissioned study recommends a phased approach: strengthening technician certification, recovery and recycling in the short term; accelerating fleet renewal and incentivising low-GWP refrigerants in the medium term; and a full transition to climate-friendly refrigerants, integrated into broader climate policy, in the long term.

Local installation and assembly

20. Installation in the servicing-sector context refers only to the refrigerant charge required when newly imported equipment is commissioned (proportional to equipment imports), not to local manufacture or assembly of the equipment itself; most domestic refrigeration, domestic AC and first-hand MAC units are imported fully pre-charged and require no installation charge at all. Whether any small-scale local assembly (e.g., small and medium-sized enterprise (SME) assembly of AC units from imported components) exists in Maldives has not yet been confirmed.

IV. Stage I of the Kigali HFC implementation plan as submitted

Institutional, policy and regulatory framework

21. Maldives ratified the Kigali Amendment on 13 November 2017. In 2015, the Ozone Layer Protection Act was approved, which provides the legal basis for controlling the import, export, storage, handling, and use of controlled substances and equipment containing such substances, including both HCFCs and HFCs, and which banned the import of HCFC-based equipment as of May 2016. HCFCs have been completely phased out as of 2023. The Government has in place an operational electronic licensing and quota system covering both HCFCs and HFCs. The HFC licensing system became operational in 2022, and the HFC quota system (Makudi Portal) took effect in 2024, with individual quotas allocated annually to registered importers in accordance with the Public Finance Act's procurement rules and the annual quota publicly announced by 15 December of the preceding year.

22. The Regulation on Chemical Substances and Equipment that Harm the Ozone Layer was introduced in 2017 and establishes requirements relating to licensing, permits, import controls, monitoring, reporting, and enforcement. It allows the establishment of restrictions and prohibitions on substances as required to comply with national obligations under the Montreal Protocol and its amendments. The primary Government agency responsible for the monitoring and administration of the 2015 Act and the 2017 Regulation is the Ministry of Climate Change, Environment and Energy.

23. The Government further strengthened its national climate reporting framework through the Regulation on Greenhouse Gas Data Collection that establishes a framework for the collection, verification and management of greenhouse gas emissions data required to support national reporting obligations under international climate agreements.

24. Maldives has in place an energy efficiency labelling programme for appliances and equipment that were proposed to be made mandatory under the project on additional activities for the introduction of alternatives to HCFCs with low or zero GWP and on maintaining energy efficiency in the refrigeration servicing sector in Maldives, approved at the 91st meeting.[3] The project also aims to support the development of minimum energy performance standards (MEPS) as there are no mandatory MEPS in Maldives for air conditioners or commercial refrigeration equipment, and no established monitoring, verification or enforcement. Responsibility for energy-efficiency policy and appliance-labelling programmes rest primarily with the Energy Department of the Ministry of Climate Change, Environment and Energy. Any future MEPS would be developed and updated by the competent energy authorities following technical assessment, stakeholder consultation and Government approval. The national ozone unit (NOU) plays a coordinating and advisory role to ensure alignment between energy-efficiency measures and Kigali Amendment implementation; was involved in the development of the voluntary energy labelling programme and supported the inclusion of refrigerant-related information, including ODP and GWP indicators. The NOU also contributes to awareness activities promoting the link between energy efficiency and low-GWP cooling technologies.

25. To support future policy development, the Government has submitted a pilot project proposal under decision 91/65 (as presented in paragraphs 51 to 80) to strengthen the voluntary energy labelling programme, assess MEPS options for air conditioners and establish verification and market-surveillance arrangements.

Phase-down strategy for stage I of the Kigali HFC implementation plan

Overarching strategy

26. Maldives' overarching HFC phase-down strategy focuses on the servicing sector, since the country's consumption is driven entirely by imported technologies and by servicing demand from existing equipment stock. The strategy builds on the institutional arrangements, regulatory framework and technical capacities established under the HPMP, while addressing the challenges in transitioning from high-GWP HFCs to lower-GWP alternatives. It will be implemented through a series of sequential KIP stages (at least two) extending to 2045, with stage I (2026–2030) designed to ensure compliance with the first Kigali Amendment reduction step of 10 per cent below the baseline by 2029. To avoid potential risks of non-compliance, the strategy aims to strengthen the HFC licensing and quota system; reduce servicing-sector demand for high-GWP refrigerants through improved installation, leak prevention, and recovery and recycling practices; facilitate market uptake of low-GWP alternatives through awareness, technical assistance and capacity-building; and strengthen institutional capacity for monitoring, enforcement and long-term compliance. Recognizing Maldives' vulnerabilities as a small island developing state, the strategy is designed to achieve HFC reductions while safeguarding continued access to reliable, safe and energy-efficient cooling for public health, food security, fisheries and tourism. Stage I is therefore

[3] Decision 91/60(a)

part of a long-term transition to reduce dependence on high-GWP refrigerants and lay the policy and technical groundwork for all subsequent control measures through 2045. The project relating to energy efficiency, as submitted, would facilitate adoption of energy-efficient alternatives to high-GWP refrigerants in AC and commercial refrigeration.

Proposed reductions

27. The forecast consumption provided by the Government in CO_2-eq tonnes in the table below are based on estimated inventory calculations (from census, survey, import data and expert interviews) and servicing practices (desk review, survey and expert interviews). The trends observed over the last five years show an overall decrease in consumption of the majority of the high-GWP substances, although there is some expected growth due to possible substitution of some HCFC-based equipment in fisheries with high-GWP HFCs, noting lower-GWP alternatives such as R-448A are becoming more popular.

Table 6. HFC consumption forecast under the unconstrained scenario, Montreal Protocol limits, and proposed HFC reductions under stage I (CO_2-eq tonnes)

	2026	2027	2028	2029	2030
HFC consumption forecast at an annual growth rate*	393,377	405,178	411,256	416,396	421,393
Montreal Protocol HFC consumption limits	434,219	434,219	434,219	390,797	390,797
HFC consumption levels proposed under the KIP	434,219	434,219	434,219	390,797	390,797
Proposed reductions from the HFC consumption baseline (%)	0	0	0	10	10

* Based on application level HFC consumption assessment, the growth is calculated at 3.50 per cent for 2026, 3.00 per cent for 2027, 1.50 percent for 2028, 1.25 per cent for 2029 and 1.20 per cent for 2030. The import quota issued for 2026 is 433,064 CO_2-eq tonnes, which is lower than the Montreal Protocol limit and higher than the current consumption.

Proposed activities

28. Stage I of the KIP will focus on strengthening the national training systems, supporting implementation of the technician certification programme, upgrading training infrastructure, and enhancing the technical capacity of the RAC servicing sector to safely manage the transition to low-GWP cooling technologies.

29. Activities proposed for implementation in the servicing sector under stage I and in the first tranche and their cost breakdown are presented in table 7.

Table 7. Servicing sector activities and their costs in stage I and in the first tranche of stage I of the KIP for Maldives, as submitted

Activity	Cost (US $)	
	Stage I	First tranche
Strengthening the regulatory framework	***93,000***	***71,000***
Six stakeholder consultations for priority sectors (AC, industrial refrigeration, and commercial refrigeration, including fisheries, tourism and public procurement)	12,000	4,000
Feasibility study and assessments: • Feasibility study on equipment bans for HFC-134a-based domestic refrigeration, R-410A-based AC, and HFC-based standalone commercial refrigeration equipment, and on restricting the import of substances in priority sectors • Impact assessment of the supply chain and availability of low-GWP alternatives to R-404A and HFC-134a in commercial refrigeration and industrial refrigeration (including fisheries land-based operations)	20,000	20,000

Activity	Cost (US $)	
	Stage I	First tranche
• An assessment of SMEs in the local assembly sector		
Assessment of refrigeration systems used on fisheries vessels, including RSW systems and large freezing and cold-storage systems on fish collectors	20,000	20,000
Support the regulatory authority in strengthening the servicing sector regulatory framework: • Review and draft the regulatory framework, with technician registration and licensing to gradually become mandatory • Develop an online registration platform	25,000	25,000
Gap analysis on building codes to update safety standards relevant to low-GWP installations	8,000	0
Capacity-building of 40 customs officers, importers, and customs brokers (at least ten women): • Training of customs trainers and customs officers on risk profiling and the use of refrigerant identifiers • Training of importers and customs brokers (at least five women) on classification and import procedures	8,000	2,000
Capacity-building of the servicing sector	***67,000***	***27,000***
Assessment on the needs of training centres and gaps for effective training on low-GWP alternatives, including skill assessment methods and training equipment and tools	15,000	15,000
Gap assessment and update of RAC competency standards, training curricula, and training materials	15,000	0
Train 55 refrigeration technicians (at least five women) on handling low-GWP and natural refrigerants in AC, commercial refrigeration, and industrial refrigeration	25,000	12,000
Train at least eight fishing vessels refrigeration servicing technicians in a specialised training on low-GWP refrigerated seawater systems for fishing vessels, including on safe handling in marine applications, leak detection, and fire prevention	12,000	0
Awareness-raising	***20,000***	***10,000***
Four information campaigns targeting the fishery sector, tourism sector, RAC technicians, general public, and schools; includes information materials, media, and update of school syllabus	20,000	10,000
Total	**180,000**	**108,000**

Project implementation, coordination and monitoring

30. As submitted, there is no project implementation, coordination and monitoring costs included in the proposal; these activities will be undertaken through the staff and other resources available within the NOU.

Total cost of stage I of the Kigali HFC implementation plan

31. The budget for stage I has been proposed at US $180,000. The costs of activities in the refrigeration servicing sector have been proposed in line with decision 92/37.

Implementation plan for the first tranche

32. The first funding tranche of stage I of the KIP was submitted in the total amount of US $108,000, as shown in table 7 above, to be implemented between January 2027 and December 2029. Detailed

information on the activities to be implemented under the first tranche, including adjustments and level of funds as agreed, are presented in table 9 below.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

V. Comments

Overarching strategy

33. Given that the HFC consumption is decreasing across different high-GWP HFCs, the Secretariat asked UNEP if the Government considered a higher consumption targets for stage I of the KIP. UNEP explained that though a decrease in the consumption of HFCs can be observed in 2024 and 2025 compared to the year 2022, the Government expects HFC consumption to increase in certain applications, such as commercial refrigeration and fisheries, which could pose risks in committing to targets beyond the 10 per cent reduction required under the Montreal Protocol. Taking into consideration the time required for implementation, the Government is proposing that the implementation period of stage I of the KIP extend to the end of 2030. During the implementation of stage I, the Government will continue to assess the evolution of technology options and the possibility of their sustainable adoption as well as policies and regulations for controlling their dependence on HFCs, which would help in defining a longer-term action plan up to 2040 under stage II of the KIP.

Institutional, policy and regulatory framework

HFC licensing and quota system

34. In line with decision 87/50(g), UNEP has confirmed that Maldives has an established and enforceable system of licensing and quotas for monitoring HFC imports/exports in place. The HFC quota for 2026 is 433,064 CO_2-eq tonnes, which is lower than the Montreal Protocol limit and higher than the current consumption.

Prohibition of the import and sale of HFC-based equipment

35. With regard to the prohibition of the import and sale of specific categories of equipment, UNEP explained that a decision would be taken following detailed consultations with relevant stakeholders and an assessment of technology trends. The Secretariat specifically discussed the possibility of defining timelines for the prohibition of the import and sale of HFC-134a-based domestic refrigerators, HFC-based self-contained commercial refrigeration equipment, and R-410A- and R-407C-based AC equipment; UNEP explained that based on consultations, the Government agrees, in principle, to consider 31 December 2029 as the indicative date for prohibiting the import and sale of HFC-134a-based domestic refrigerators, air conditioners relying on R-410A and standalone commercial refrigeration equipment based on HFCs, subject to agreement after consultations with national stakeholders. This allows time to amend the regulation through the administrative processes and to give importers adequate notice on enforcement of these regulations (typically 12-18 months). UNEP will provide a status report on development and enforcement of these regulations when the second tranche request for KIP stage I is submitted.

Technical and cost-related issues

Use of HFCs in fisheries applications

36. Regarding controls on the use of HFCs in fisheries applications, UNEP explained that the Government continues to undertake several initiatives, including minimizing leakage and promoting the adoption of lower-GWP refrigerant-based technologies. These include an assessment of evolving technical options and of the results of previously implemented demonstration projects that identified lower-GWP

refrigerants (e.g., R-448A). The Government will continue to consult with the Ministry of Fisheries, Agriculture and Ocean Resources on this matter so that fishing vessels with retrofitted refrigeration equipment will use lower-GWP refrigerants like R-448A.

Certification of servicing technicians

37. Regarding the certification of servicing technicians, UNEP explained that the Government recognizes the importance of ensuring that all refrigeration, air-conditioning and heat pump (RACHP) equipment in the country is serviced by trained technicians. During the voluntary phase, expected to commence in the second quarter of 2027, technicians would be certified through a combination of registration, awareness activities, competency assessment and recognition of prior learning; the Government intends to register and assess as many active technicians as possible before licensing becomes mandatory, which is expected by the second quarter of 2028. In addition, the standards for equipment servicing developed under stage I of the KIP would be used in developing the competency standards.

38. UNEP also explained that Maldives National Skills Development Authority and Maldives Qualifications Authority (MQA) will be responsible for competency standards, qualifications and certification, while the Utility Regulatory Authority will administer the licensing regime. MQA-approved RAC qualifications will form the competency basis for licensing, ensuring that licensing is linked directly to nationally recognized qualifications rather than operating as a separate or parallel system. UNEP agreed to provide a detailed report on the status of implementation of the certification system for servicing technicians when the second tranche request is submitted.

39. The Secretariat had consultations with UNEP on possible adjustments in the costs as submitted in the original proposal. It was agreed that the costs for assessment of technical options for fisheries would be reduced from US $20,000 to US $15,000, considering the need to update the technical study reports already conducted; and to increase the number of technicians trained from 55 to 64 resulting increased training costs from US $27,000 to US $32,000.

Total project cost

40. At a total cost of US $180,000, stage I of the KIP for Maldives will result in a reduction of 43,422 CO_2-eq tonnes from the country's HFC consumption eligible for funding. Table 8 provides a summary of stage I project funding request as submitted and as agreed.

Table 8. Summary of stage I project funding request as submitted and as agreed

Activity	Cost (US $)	
	As submitted	**As agreed**
Strengthening the regulatory framework	93,000	88,000
Service sector capacity-building	67,000	72,000
Awareness raising and stakeholder engagement	20,000	20,000
Total	**180,000**	**180,000**

41. Stage I of the KIP will be implemented in two tranches.

Implementation plan for the first tranche of the Kigali HFC implementation plan

42. The activities for the first tranche were agreed, at a total cost of US $108,000, as shown in table 9.

Table 9. Servicing sector activities and their costs in the first tranche of stage I of the KIP for Maldives, as agreed

Activity	Cost (US $)	
	Submitted	Agreed
Strengthening the regulatory framework	***71,000***	***66,000***
Two stakeholder consultations for priority sectors (AC, industrial refrigeration, and commercial refrigeration, including fisheries, tourism and public procurement)	4,000	4,000
Feasibility study and assessments: • Feasibility study on equipment bans for HFC-134a-based domestic refrigeration, R-410A-based AC, and HFC-based standalone commercial refrigeration equipment, and on restricting the import of substances in priority sectors • Impact assessment of the supply chain and availability of low-GWP alternatives to R-404A and HFC-134a in commercial refrigeration and industrial refrigeration (including fisheries land-based operations) • An assessment of SMEs in the local assembly sector	20,000	20,000
Assessment of refrigeration systems used on fisheries vessels, including RSW systems and large freezing and cold-storage systems on fish collectors	20,000	15,000
Support the regulatory authority in strengthening the servicing sector regulatory framework: • Review and draft the regulatory framework, with technician registration and licensing to gradually become mandatory • Develop an online registration platform	25,000	25,000
Capacity-building of 10 customs officers, importers, and customs brokers: • Training of customs trainers and customs officers on risk profiling and the use of refrigerant identifiers • Training of importers and customs brokers on classification and import procedures	2,000	2,000
Capacity-building of the servicing sector	***27,000***	***32,000***
Assessment on the needs of training centres and gaps for effective training on low-GWP alternatives, including skill assessment methods and training equipment and tools	15,000	13,000
Train 38 refrigeration technicians on handling low-GWP and natural refrigerants in AC, commercial refrigeration, and industrial refrigeration	12,000	19,000
Awareness-raising	***10,000***	***10,000***
Two information campaigns targeting the fishery sector, tourism sector, RAC technicians, general public, and schools; includes information materials, media, and update of school syllabus	10,000	10,000
Total	**108,000**	**108,000**

Co-financing

43. UNEP explained that the Government will contribute to the implementation of the KIP through the provision of staff time, office facilities, coordination support, participation of relevant Government institutions (e.g., institutions working with Fisheries), organization of meetings and stakeholder consultations, and support for monitoring and reporting activities. Additionally, opportunities for collaboration with national institutions, training providers, the private sector, and development partners will be pursued to maximize synergies with ongoing initiatives related to sustainable cooling (e.g., ongoing project with Climate and Clean Air Coalition, climate action, and skills development. Further opportunities for co-financing and in-kind contributions will be explored for activities that support sustainable cooling, vocational training and institutional strengthening.

2026–2028 business plan of the Multilateral Fund

44. UNEP is requesting US $180,000, plus agency support costs, for the implementation of stage I of the KIP for Maldives. The total value of US $122,040, including agency support costs, requested for the period of 2026–2028, is US $80,001 below the amount in the business plan.

Gender policy implementation

45. In line with decisions 84/92, 90/48 and 92/40, the Government of Maldives has incorporated the policy in the preparation and formulation of stage I of the KIP. During the project preparation, an action plan was developed. Throughout stage I of the KIP, the NOU will undertake an assessment of women in the RAC sector workforce, develop awareness-raising activities to encourage women to join the RAC sector and participate in training sessions and consultations; and continue tracking the number of women and men engaged in project implementation. The Government continues its efforts to diligently identify barriers to women participation in Montreal Protocol activities and address those barriers. Sex-disaggregated data will be collected and reported for all major training, consultation, and awareness activities, with progress on related indicators reported through annual progress reports and tranche implementation reports.

Sustainability of the HFC phase-down and assessment of risks

46. The sustainability of the HFC consumption reductions under stage I of the KIP will be ensured through the enforcement of the HFC licensing and quota system, operated in CO_2-eq tonnes through the electronic permitting system (Makudi portal); strengthened monitoring of HFC and HFC-based equipment imports; regulatory measures to be considered during stage I, including restrictions on the import of selected HFC-based equipment; the assessment of lower-GWP alternatives in fisheries applications to avoid long-term dependence on R-404A; the adoption of safety standards for flammable refrigerants; and the mandatory licensing of servicing technicians, expected by the second quarter of 2028 and linked to national competency standards. In addition, the activities proposed under the energy efficiency project submitted in line with decision 91/65 will strengthen the capacity of the country to adopt energy-efficient RACHP equipment based on low- and lower-GWP refrigerants. The proposed implementation period for stage I of the KIP, up to the end of 2030, will provide sufficient time for the country to implement the planned activities and avoid risks of project implementation delays.

Impact on the climate

47. The activities proposed, including efforts to promote low-GWP alternatives and to strengthen the capacity of the servicing sector, indicate that the implementation of stage I of the KIP will reduce refrigerant emissions in the atmosphere, resulting in climate benefits. A calculation of the impact on the climate of the activities in the KIP indicates that by 2029, Maldives will have reduced its HFC emissions by approximately 43,422 CO_2-eq tonnes, calculated as the difference between the HFC baseline for compliance and the 2029 target, assuming that all consumed HFCs would have eventually been emitted.

Draft Agreement

48. A draft Agreement between the Government of Maldives and the Executive Committee for stage I of the KIP is contained in annex I to the present document.

Coordination of activities in the servicing sector under HCFC phase-out and HFC phase-down plans

49. All HPMP-related activities including activities under decision 89/6 have been completed and the project completion report was submitted in October 2026. The HPMP activities have resulted in increased capacity of national stakeholders including equipment importers and customs on implementation of energy efficiency related policies and measures including labelling system. The project also increased awareness

among end users on adopting energy efficient low- and lower-GWP refrigerant-based technologies in RAC applications. The learning from HPMP implementation was carefully considered while designing KIP stage I project activities, particularly relating to alternative technologies in commercial refrigeration and fisheries applications and training of technicians for ensuring that the new equipment is serviced in a safe manner.

VI. Recommendation

50. The Executive Committee may wish to consider:

(a) Approving, in principle, stage I of the Kigali HFC implementation plan (KIP) for Maldives for the period 2026–2030 to reduce HFC consumption by 10.0 per cent of the country's baseline by 2029, in the amount of US $180,000, plus agency support costs of US $23,400, for UNEP;

(b) Noting that UNEP would include, in the report on implementation when the second tranche of stage I of the KIP is submitted, progress made in the consultations undertaken by the Government of Maldives and UNEP with relevant national stakeholders on the early implementation of regulations to prohibit the import and sale of high-global-warming-potential HFC-based refrigeration, air-conditioning and heat pump equipment;

(c) Approving:

(i) The draft Agreement between the Government of Maldives and the Executive Committee for the reduction in consumption of HFCs in accordance with stage I of the KIP, contained in annex I to the present document; and

(ii) The first tranche of stage I of the KIP for Maldives and the corresponding tranche implementation plan, in the amount of US $108,000, plus agency support costs of US $14,040, for UNEP.

PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECT

Maldives

PROJECT TITLE	AGENCY
Pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down (non-investment activities): Enforcement of the energy labelling programme by addressing key barriers that delay enforcement, assessment of minimum energy performance standards (MEPS) options for air conditioners and establishment of verification and market-surveillance arrangements	UNEP (lead), UNIDO

PROJECT OBJECTIVE
This project aims to improve energy efficiency in refrigeration and air-conditioning (RAC) equipment using low-global-warming-potential (GWP) technologies, through technology demonstration with end users; policy support for implementing the Hakathari labelling programme and for the development and enforcement of MEPS; and targeted capacity-building for key stakeholders, including technicians, suppliers and procurement officials. The project will accelerate the market uptake of high-efficiency, low-GWP technologies and strengthen the enabling conditions for long-term market transformation, supporting the HFC phase-down and the adoption of energy-efficient technologies.

NATIONAL COORDINATING AGENCY	National ozone unit / Ministry of Climate Change, Environment and Energy

ARTICLE 7 DATA (Annex F)	Year: 2025	167.86 mt	332,992 CO_2-eq tonnes

PROJECT DETAILS		
HFC consumption in servicing sector in 2025 (country programme data)	mt	167.86
	CO_2-eq tonnes	332,992
Project duration	months	36
Grant amount requested from the Multilateral Fund	US $	325,000
Grant amount agreed	US $	230,000
Project support costs for UNEP	US $	15,600
Project support costs for UNIDO	US $	9,900
Total cost of project to Multilateral Fund	US $	255,500
Co-financing	US $	n/a
Total project cost, including co-financing	US $	255,500
Energy-efficiency savings to be achieved through the project	kWh/year	To be determined
Counterpart funding		Yes
Project monitoring milestones included		Yes
Minimum energy performance standards for relevant applications are established		No
Minimum energy performance standards for relevant applications are enforced		No

SECRETARIAT'S RECOMMENDATION	Individual consideration

PROJECT DESCRIPTION

Summary of the proposal as submitted

51. On behalf of the Government of Maldives, UNEP as the lead implementing agency has submitted, in line with decision 91/65, a request for a pilot project to enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down (non-investment activities); enforcement of the energy labelling programme by addressing key barriers that delay enforcement, assessment of minimum energy performance standards (MEPS) options for air conditioners and establishment of verification and market-surveillance arrangements at a total cost of US $360,250, consisting of US $150,000, plus agency support costs of US $19,500, for UNEP and US $175,000, plus agency support costs of US $15,750, for UNIDO, as originally submitted.[4]

Background

52. Maldives ratified the Kigali Amendment on 13 November 2017. The request for stage I of the Kigali HFC implementation plan (KIP) is being submitted to the present meeting (see paragraphs 1 to 50) The country is proposing to reduce its HFC consumption by 10 per cent of the baseline by 2029.

Status of implementation of other activities related to energy efficiency

53. At the 91st meeting, funding was approved for additional activities to maintain energy efficiency in the refrigeration servicing sector in line with decision 89/6, including promoting the adoption of low-global-warming-potential (GWP) energy-efficient technologies in the refrigeration and air-conditioning (RAC) servicing sector by strengthening the voluntary Hakathari energy labelling scheme,[5] training customs officers and importers, and undertaking consumer research and developing awareness materials.[6] As of September 2026, the following had been achieved: a strengthened standard operating procedure for the Hakathari energy labelling scheme, including established protocols for random sampling and testing of imported units against declared energy ratings; development of procedures for government procurement of Hakathari-compliant products; updated testing procedures for testing equipment; strengthened provisions for refrigerant lifecycle management and technician licensing; the consumer behavior study and development of outreach videos and infographics were completed; and the findings of the consumer behaviour study will be used for defining relevant provisions of the labelling system and implementation.

54. Maldives is a signatory to the Global Cooling Pledge, committing to work collectively to reduce cooling-related emissions by at least 68 per cent globally by 2050. The country also participates in the Climate and Clean Air Coalition (CCAC) project on "Strengthening Implementation of Energy Efficiency Programs in the Cooling Sector," ongoing until end of 2026, which focuses on awareness-raising activities, including workshops on Hakathari label implementation for manufacturers, importers, and testing laboratories, as well as the Maldives Energy Efficiency Guideline for Buildings.

55. The Energy Roadmap 2024-2033[7] identifies “mainstreaming efficient consumption” as a flagship intervention (Section 5.1.5), including expanding energy efficiency standards and labelling programmes as stronger labelling requirements, MEPS and market-surveillance arrangements are needed to ensure that

[4] As per the letter of 27 August 2026 from the Ministry of Climate Change, Environment and Energy of Maldives to UNEP.

[5] The Hakathari energy-labelling programme was developed with support from UNEP-GEF Low Carbon Energy Island project and introduced in 2021 to promote the import and use of energy-efficient appliances, with the long-term objective to progressively transition the scheme from a voluntary to a mandatory program.

[6] Decision 91/60

[7] Paving the Way for a Just Energy Transition in Maldives: Roadmap for the Energy Sector 2024–2033 - Climate Change Laws of the World

lower-GWP technologies also achieve high levels of energy efficiency and reduce import of energy-inefficient equipment.

Policy, regulatory and institutional framework

56. The Ministry of Climate Change, Environment and Energy, host of the national ozone unit (NOU) and the Energy Department, is responsible for energy-efficiency policy and appliance-labelling programmes in the country and receives technical input from the Energy Department and Maldives Customs Service. Maldives recently strengthened its climate reporting framework through the Regulation on Greenhouse Gas Data Collection (Regulation No. 2026/R-58), enacted under the Climate Emergency Act (Law No. 9/2021). The RAC servicing sector is identified as a relevant stakeholder group and may be required to provide data through designated reporting mechanisms.

57. The NOU, supported by the Energy Department, will coordinate national monitoring activities, facilitate data collection and stakeholder engagement, review technical outputs and validate project deliverables. The NOU will serve as the primary national focal point for monitoring implementation progress and ensuring consistency with national priorities, the KIP and the Hakathari programme.

Minimum energy performance standards

58. There are no mandatory MEPS in Maldives for RAC equipment, and no established monitoring, verification or enforcement. The label under the current voluntary Hakathari labelling programme developed for RAC equipment displays the refrigerant name and its ODP and GWP values; however, there is no local accredited laboratory to verify energy efficiency and refrigerant claims resulting in limited testing capacity, which undermines credibility and enforcement.

HFC consumption and sector background

59. The HFC consumption baseline for Maldives has been established at 434,219 CO_2-equivalent (CO_2-eq) tonnes. HFC consumption in the country is presented in table 3 (see paragraphs 7 to 9).

Project overview

Project objectives and coordination with stage I of the Kigali HFC implementation plan

60. The pilot project, implemented in coordination with stage I of the country's KIP, aims to maintain and enhance energy efficiency during the transition to low-GWP cooling technologies through three main components: a pilot demonstration of the technical feasibility of high-efficiency R-290 and HFC-32 split air-conditioning (AC) units and high-efficiency R-290 condensing units; development of adoption-ready policy instruments to strengthen the Hakathari labelling programme and future MEPS, product registration, market surveillance, green procurement and fiscal measures for promoting energy-efficient technology adoption; and targeted capacity-building for technicians, suppliers and procurement officials.

61. The KIP addresses HFC import controls, compliance, refrigerant management and the safe adoption of low-GWP alternatives, including associated servicing-sector safety training. This pilot project addresses the energy-performance of low- and lower-GWP refrigerant-based refrigeration, air-conditioning and heat pump (RACHP) applications. The KIP and pilot projects would be implemented together, and the sequencing of activities would ensure that the implementation is cost-effective and impact is maximised. The project also builds on the activities implemented under KIP and project activities implemented under decision 89/6.

Project beneficiaries

62. Pilot beneficiaries will be selected from public institutions like schools for split AC units and retail sector for condensing units; co-financing would be provided in the form of support for installation, monitoring support and support for other related activities such as information sharing for awareness programmes.

Proposed activities as submitted

63. The activities and costs proposed for the implementation of the project are presented in table 10.

Table 10. Project components and activities proposed for the project and their costs

Project components and activities	Cost (US $)
Demonstrations of energy-efficient and low-GWP split AC units in public institutions and standalone or condensing refrigeration equipment in the retail sector (UNIDO)	***175,000***
Pilot design, technical specifications, and beneficiary selection	15,000
Baseline assessments and installation of monitoring equipment	30,000
Procurement and installation of up to 30 R-290 or HFC-32 single split AC units in public institutions such as schools or Government buildings; includes refrigerant recovery, safe storage and decommissioning of all replaced units	33,000
Procurement and installation of up to 30 R-290 standalone or condensing units in the retail sector; includes refrigerant recovery, safe storage and decommissioning of all replaced units	57,000
Post-installation monitoring and analysis	10,000
Technical report, dissemination workshop, and operational guidance for facility managers	30,000
Strengthening the regulatory framework for energy efficiency (UNEP)	***85,000***
Technical support for strengthening the Hakathari labelling programme and the enforcement of MEPS, including an assessment of the programme, a revised labelling framework, and a MEPS implementation roadmap	25,000
Assessment of verification options for energy-performance claims, resulting in a market-surveillance protocol identifying responsible agencies, sampling procedures, escalation steps, and treatment of non-compliance	20,000
Strengthening of green public procurement for air conditioners through a targeted baseline survey and report on government-building AC stock, a lifecycle-cost assessment tool, model procurement specifications and guidance materials, and a procurement orientation workshop for Government officials	15,000
Technical support for project implementation and monitoring, comprising one technical consultant to support implementation, review, and monitoring, and participation of three Government officials in a regional energy-efficiency training programme, with lessons disseminated through the national coordination mechanism	25,000
Capacity-building and market readiness of energy efficiency in the RAC sector (UNEP)	***65,000***
Development of a dedicated energy-efficiency training module, translated into relevant languages and integrated into the national RAC curriculum, with training of at least five master trainers and at least 30 RAC technicians	40,000
An orientation programme of at least two workshops for at least 100 suppliers and retailers on product registration and the energy use evidence needed to substantiate label and performance claims, intended to increase supplier participation in the Hakathari programme and improve sales staff's ability to communicate lifecycle-cost and energy-performance information to consumers	10,000
Development of simplified monitoring and verification templates, guidance materials, and a facility-manager and technician toolkit, supported by at least one practical workshop on energy-performance monitoring and interpretation for at least 20 facility managers and technicians	15,000

Project components and activities	Cost (US $)
Subtotal for UNEP	**150,000**
Subtotal for UNIDO	**175,000**
Total	**325,000**

Cost of the pilot project as submitted

64. At a total cost of US $325,000, plus agency support costs, as initially submitted, the project is expected to be completed within 36 months from approval, between January 2027 and December 2029.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

65. The Secretariat has reviewed the project proposal in light of decisions 89/6, 91/65 and 95/87 and taking account activities implemented under stage I of the country's KIP.

Eligibility under decisions 89/6, 91/65, and 95/87

66. This proposal meets the eligibility criteria of decision 95/87(d), since it has been submitted prior to the 100th meeting of the Executive Committee, and in line with decision 91/65(b)(iv), the Government of Maldives has confirmed that the NOU would coordinate with the Maldives Energy Authority and the Utility Regulatory Authority to facilitate consideration of refrigerant transition when developing energy-efficiency standards; that if Maldives were to mobilize funding from sources other than the Multilateral Fund for energy-efficiency components when phasing down HFCs, the project would not result in the duplication of activities among those funded by the Multilateral Fund and those funded from other sources; the information on project progress, results and key learning would be made available, as appropriate; the date of completion of the project would be set as no more than 36 months after the date of approval by the Executive Committee and a detailed project report would be submitted to the Executive Committee within six months of the date of completion of the project.

Coordination with the Kigali HFC implementation plan

67. On technology choices for demonstration, UNEP explained that the AC sector is experiencing high growth in use of HFC-32, and in commercial refrigeration, HFC-based technologies (e.g., R-404A, HFC-134a) are still prevalent. The current project will demonstrate use of low-GWP alternatives in these applications as well as safe operations and maintenance of equipment. The KIP project training activities would assist in capacity building of service technicians and other relevant stakeholders in safe adoption of these alternatives. Further, the Secretariat had a detailed discussion on the demonstration of energy-efficient performance to promote low-GWP technologies, and it was agreed that the project funding for energy efficiency measurement and monitoring would be used for the already prevalent lower-GWP as well as low-GWP refrigerant-based technologies in AC applications and low-GWP technology in refrigeration applications. The equipment procurement component would be only for low-GWP technologies, and the Government would work with the different end users to choose appropriate demonstration sites for performance measurement. The Secretariat considers that this approach would help the Government in providing energy efficiency performance-related inputs to the energy efficiency authorities and other Government bodies and strengthen their confidence, thus facilitating expedited adoption of MEPS.

68. On adoption of R-290-based air conditioners, UNEP and UNIDO explained that though the current levels of adoption of these products is not high, this project along with KIP activities would result in promoting and increasing end-user awareness and confidence in using low-GWP refrigerant-based air

conditioners; specifically, the activities relating to safe adoption of flammable refrigerants in buildings; data from the current project on the superior performance of R-290-based air conditioners as compared to high-GWP refrigerant-based air conditioners; practical training under the KIP that strengthens the capacity of service technicians in servicing and maintenance of equipment; and awareness and outreach programmes including experiences on adoption of such technologies in other countries in the region. These activities are expected to address barriers in adoption of low-GWP technologies and promote faster adoption of alternatives; further, other steps to ensure appropriate support to align Maldives' market needs (e.g., prohibition of high-GWP refrigerant-based equipment) would catalyse adoption of these technologies.

Institutional, policy and regulatory framework

69. Regarding the demonstration project, the Secretariat requested clarification from UNIDO whether the results and insights from previous projects were incorporated into the design of this project. UNIDO confirmed that previous projects including activities completed under decision 89/6 and the ongoing CCAC project were considered while designing the first component of this project. While the earlier Global Environment Facility (GEF) project established the Hakathari thresholds, the preferential financing arrangement did not attract many clients due to barriers relating to understanding the performance of the equipment. This demonstration component would provide practical examples on the performance, practical use of the new technology, and the results from the consumer behaviour study would be used to design specific activities to promote adoption of such low-GWP technologies.

Minimum energy performance standards

70. UNIDO explained that the current project outputs would contribute to development of MEPS in the country, and following detailed consultations on this matter, it was agreed that the Government of Maldives will implement MEPS for domestic refrigerators and residential air conditioners by 31 December 2029; this will also facilitate procurement guidelines for these appliances. The results of the energy performance for commercial refrigeration appliances using low-GWP technologies will be used and appropriately incorporated in MEPS that will be developed for commercial refrigeration appliances at a future date.

Technical and cost-related issues

Technology selection

71. The Secretariat had detailed consultations on the procurement of air conditioners noting that HFC-32-based air conditioners are widely available in the country and through consultations with identified end users, the practical energy performance information of these air conditioners using HFC-32 as the refrigerant can be obtained. Following the consultations, it was agreed that 20 R-290-based AC units and 20 R-290-based stand-alone commercial refrigeration units or some condensing units would be purchased for demonstration keeping in view cost-economics of procurement volumes and demonstration needs, the latter being dependent on availability of low-GWP refrigerant-based equipment. Further, an estimated total of 60 sites will be used for energy-efficiency monitoring and reporting for creating awareness resulting in faster adoption of those technologies. The sites that are identified from market (i.e., those equipment users that do not have equipment financed through the Multilateral Fund-supported project) and whose energy performance is also measured, can be considered as "co-financed" equipment for this project that aims to measure energy efficiency.

Selection of beneficiary

72. The Secretariat had discussions on beneficiary selection for the demonstration component. UNIDO explained that the beneficiaries receiving equipment support (air conditioners and commercial refrigerators) would be identified noting the types of users, geographic location and their active interest in participating

in this project, including monitoring the performance of equipment. Further, in consultation with the Government, locations using HFC-32-based air conditioners would also be identified and their energy performance would be monitored, though equipment procurement support for HFC-32 would not be provided by the project.

73. Regarding report development and dissemination, the Secretariat viewed the funds requested to be high, UNIDO clarified that the purpose is to turn 12 months of measured data into communication products that decision makers will understand and use, and so UNIDO proposed to prepare one technical report and two short briefs (on procurement specifications and on labelling and MEPS). UNIDO would work closely with the Government and the other relevant stakeholders for expeditious installation of equipment and monitoring so that results are available in a timely manner for energy standards authorities. Further, the dissemination workshop would be held in a hybrid format, back-to-back with a KIP or Hakathari stakeholder meeting, to avoid separate venue and travel costs.

Calculation of costs

74. Based on consultations with UNEP and UNIDO, the costs were adjusted to reduce the number of demonstration units for R-290-based air conditioners and R-290-based commercial refrigeration equipment to 20 units each, the cost of pilot design, technical specifications and beneficiary selection was reduced from US $15,000 to US $10,000, the baseline assessment cost was removed, the cost of post-installation monitoring and analysis including equipment was revised from US $10,000 to US $20,000 and the cost for information exchange and dissemination was adjusted from US $30,000 to US $20,000. The costs for technical support for strengthening the Hakathari labelling programme and the enforcement of MEPS, including an assessment of the programme, a revised labelling framework, and a MEPS implementation roadmap were adjusted from US $25,000 to US $20,000. The assessment of verification options and market surveillance was removed, and the cost of the orientation programme was reduced from US $10,000 to US $5,000.

Cost of the pilot project as agreed

75. The agreed cost of the pilot project to enforce the energy labelling programme by addressing key barriers that delay enforcement, assess MEPS options for air conditioners and establish verification and market-surveillance arrangements in Maldives amounts to US $230,000, as shown in table 11.

Table 11. Activities and costs of the project, as agreed

Project components and activities	Cost (US $)	
	Submitted	Agreed
Demonstrations of energy-efficient and low-GWP split AC units in public institutions and standalone or condensing refrigeration equipment in the retail sector (UNIDO)	***175,000***	***110,000***
Pilot design, technical specifications, and beneficiary selection	15,000	10,000
Baseline assessments and installation of monitoring equipment	30,000	0
Procurement and installation of residential air conditioners	33,000	22,000
Procurement and installation of standalone or condensing units in the retail sector	57,000	38,000
Post-installation monitoring and analysis	10,000	20,000
Technical report, dissemination workshop, and operational guidance for facility managers	30,000	20,000
Strengthening the regulatory framework for energy efficiency (UNEP)	***85,000***	***60,000***
Technical support for strengthening the Hakathari labelling programme and the enforcement of MEPS, including an assessment of the programme, a revised labelling framework, and a MEPS implementation roadmap	25,000	20,000

Project components and activities	Cost (US $)	
	Submitted	Agreed
Assessment of verification options for energy-performance claims, resulting in a market-surveillance protocol identifying responsible agencies, sampling procedures, escalation steps, and treatment of non-compliance	20,000	0
Strengthening of green public procurement for air conditioners through a targeted baseline survey and report on government-building AC stock, a lifecycle-cost assessment tool, model procurement specifications and guidance materials, and a procurement orientation workshop for Government officials	15,000	15,000
Technical support for project implementation and monitoring, comprising one technical consultant to support implementation, review, and monitoring, and participation of three Government officials in a regional energy-efficiency training programme, with lessons disseminated through the national coordination mechanism	25,000	25,000
Capacity-building and market readiness of energy efficiency in the RAC sector (UNEP)	***65,000***	***60,000***
Development of a dedicated energy-efficiency training module, translated into relevant languages and integrated into the national RAC curriculum, with training of at least five master trainers and at least 30 RAC technicians	40,000	40,000
An orientation programme of at least two workshops for at least 100 suppliers and retailers on product registration and the energy evidence needed to substantiate label and performance claims	10,000	5,000
Development of simplified monitoring and verification templates, guidance materials, and a facility-manager and technician toolkit, supported by at least one practical workshop on energy-performance monitoring and interpretation for at least 20 facility managers and technicians	15,000	15,000
Subtotal for UNEP	**150,000**	**120,000**
Subtotal for UNIDO	**175,000**	**110,000**
Total	**325,000**	**230,000**

Energy-efficiency enhancements and estimated savings

76. The pilot links refrigerant choice with energy efficiency as data from the pilot will show how R-290 and HFC-32 units perform under Maldivian conditions. The Hakathari label shows the ODP and GWP of the refrigerant, and this will help the Government consider refrigerant GWP criteria for MEPS and thresholds, extend them to commercial refrigeration and accelerate adoption of low-GWP refrigerant-based equipment in different applications. The specific performance improvement levels are difficult to assess at this stage since more reliable information and insights will become available during project implementation.

Sustainability, replicability and assessment of risks

77. The global and regional situation has become more conducive for the adoption of low-GWP refrigerants-based technologies since 2010, when an earlier R-290 pilot project in the country did not lead to broad commercial uptake. International safety standards for flammable refrigerants have been revised, and training on the safe use of flammable refrigerants is currently being implemented and will continue under the KIP. Further, supply chain issues are steadily getting resolved on availability of refrigerants, equipment and components for hydrocarbon-based technologies.

78. Implementation of demonstration projects for residential AC and commercial AC are primarily aimed at showcasing energy-efficient performance of new alternative low-GWP refrigerant technologies; this would also promote accelerated adoption of low-GWP refrigerant-based products in the market and ensure that stakeholders implementing policies and regulations on energy efficiency gain practical insights on implementation of energy-efficiency measures. The knowledge gained in understanding consumer

behaviour on using the equipment can also be helpful in designing information for training programmes. This will facilitate accelerated and sustained adoption of these technologies.

79. The Government has confirmed that the Hakathari labelling programme and MEPS for domestic refrigerators and residential air conditioners will be mandatory by 31 December 2029; green procurement guidelines would also be finalised and adopted for this equipment by the end of December 2029. The risks associated with timely completion of the project activities including data collection from the demonstration sites would be mitigated by close monitoring of project implementation with support from implementing agencies and relevant authorities.

RECOMMENDATION

80. The Executive Committee may wish to consider:

(a) Approving the project to enforce the energy labelling programme by addressing key barriers that delay enforcement, assess minimum energy performance standards (MEPS) options for air conditioners and establish verification and market-surveillance arrangements in Maldives, in the amount of US $255,500, consisting of US $120,000, plus agency support costs of US $15,600, for UNEP, and US $110,000, plus agency support costs of US $9,900, for UNIDO;

(b) Noting:

(i) That the Government of Maldives has committed to the conditions referred to in decision 91/65(b)(iv)b. to b(iv)d.;

(ii) That the Government of Maldives will implement, by 31 December 2029, minimum energy performance standards for domestic refrigerators and residential air conditioners, green public procurement policies and procedures for this equipment, and mandatory labelling for this equipment under Hakathari scheme; and

(iii) That the project will be operationally completed no later than 31 December 2029 and a detailed project report will be submitted to the Executive Committee within six months of the date of completion of the project, including a detailed description of the activities undertaken to disseminate the results of the technology demonstration and to promote the adoption of the selected energy-efficient alternative technologies.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF MALDIVES 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

(Period: 2026–2030)

Purpose

1. This Agreement represents the understanding of the Government of Maldives ("the Country") and the Executive Committee with respect to the reduction of controlled use of Annex F substances set out in Appendix 1-A ("The Substances") to a sustained level of 390,797 CO_2-equivalent (CO_2-eq) tonnes by 1 January 2029 in compliance with the Montreal Protocol schedule and the terms of this Agreement.

2. The Country agrees to meet the annual consumption limits of Annex F substances as set out in row 1.2 of Appendix 2-A ("The Targets, and Funding") in this Agreement as well as in the Montreal Protocol reduction schedule for Annex F substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of Annex F substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for Annex F substances specified in Appendix 1-A.

3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A ("Funding Approval Schedule").

4. The Country agrees to implement this Agreement in accordance with stage I of the Kigali HFC implementation plan ("the Plan") as approved. In accordance with subparagraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of Annex F substances set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

Conditions for funding release

5. The Executive Committee will only provide the Funding, in accordance with the Funding Approval Schedule, when the Country satisfies the following conditions at least 10 weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:

(a) That the Country has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;

(b) That the meeting of these Targets has been independently verified for all relevant years, unless the Executive Committee decided that such verification would not be required;

(c) That the Country had submitted a Tranche Implementation Report in accordance with Appendix 4-A ("Format of Tranche Implementation Reports and Plans") covering each previous calendar year; that it had achieved a significant level of implementation of

activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

(d) That the Country has submitted a Tranche Implementation Plan in accordance with Appendix 4-A covering each calendar year until and including the year for which the Funding Approval Schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

Monitoring

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A ("Monitoring Institutions and Roles") will monitor and report on implementation of the activities in the previous Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same appendix.

Flexibility in the reallocation of funds

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all approved funds, according to the evolving circumstances, to achieve the smoothest reduction of consumption and phase-down of Annex F substances specified in Appendix 1-A, in accordance with the following considerations:

(a) Reallocations categorized as major changes must be documented in advance, either in a Tranche Implementation Plan as foreseen in subparagraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted 10 weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:

(i) Issues potentially concerning the rules and policies of the Multilateral Fund;

(ii) Changes that would modify any clause of this Agreement;

(iii) Changes in the annual levels of funding allocated to the individual bilateral or implementing agencies for the different tranches;

(iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche;

(v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact on the climate, and any differences in CO_2-eq tonnes to be phased down if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would accordingly decrease the overall funding level under this Agreement;

(b) Reallocations not categorized as major changes may be incorporated into the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report; and

(c) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

8. Specific attention will be paid to the execution of activities in the refrigeration servicing sector included in the Plan, in particular that the Country may use the flexibility available under this Agreement to address specific needs that might arise during project implementation.

Bilateral and implementing agencies

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the "Lead IA") in respect of the Country's activities under this Agreement. The Country agrees to evaluations, which might be carried out under the evaluation work programme of the Multilateral Fund or under the evaluation programme of the Lead IA taking part in this Agreement.

10. The Lead IA will be responsible for ensuring coordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to the independent verification as per subparagraph 5(b). The role of the Lead IA is contained in Appendix 6-A. The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 of Appendix 2-A.

Non-compliance with the Targets in the Agreement

11. Should the Country, for any reason, not meet the Targets for the elimination of Annex F substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A ("Reductions in Funding for Failure to Comply") in respect of each CO_2-eq kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement and take related decisions. Once decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.

12. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decisions that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA with access to the information necessary to verify compliance with this Agreement.

Date of completion

14. The completion of the Plan and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in Appendix 2-A. Should at that time there still be activities that are outstanding, and which were foreseen in the last Tranche Implementation Plan and its subsequent revisions as per subparagraph 5(d) and paragraph 7, the completion of the Plan will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per subparagraphs 1(a), 1(b), and 1(d) of Appendix 4-A will continue until the time of the completion of the Plan unless otherwise specified by the Executive Committee.

Validity

15. All conditions set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

16. This Agreement may be modified or terminated only by mutual written agreement of the Country and the Executive Committee of the Multilateral Fund.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substances	Starting point for aggregate reductions in consumption (CO_2-eq tonnes)
HFCs	n/a

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars		2026	2027	2028	2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex F substances	%	freeze	freeze	freeze	10	10	n/a
		CO_2-eq tonnes	434,219	434,219	434,219	390,797	390,797	n/a
1.2	Maximum allowable total consumption of Annex F substances	Reduction in %	0.0	0.0	0.0	10.0	10.0	n/a
		CO_2-eq tonnes	434,219	434,219	434,219	390,797	390,797	n/a
2.1	Lead IA (UNEP) agreed funding (US $)		108,000	0	0	72,000	0	180,000
2.2	Support costs for Lead IA (US $)		14,040	0	0	9,360	0	23,400
3.1	Total agreed funding (US $)		108,000	0	0	72,000	0	180,000
3.2	Total support costs (US $)		14,040	0	0	9,360	0	23,400
3.3	Total agreed costs (US $)		122,040	0	0	81,360	0	203,400

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the second meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF THE TRANCHE IMPLEMENTATI\ON REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plans for each tranche request will consist of four parts:

(a) A narrative report, with data provided by tranche, describing the progress achieved since the previous report, reflecting the situation of the Country in regard to phase-down of Annex F substances, how the different activities contribute to it, and how they relate to each other, including, where applicable, activities related to energy efficiency approved in the context of HFC phase-down pursuant to decision 91/65. The report should include the amount of Annex F substances consumption reduced as a direct result of the implementation of activities, by substance, the alternative technology used and the related phase in of alternatives, to allow the Secretariat to inform the Executive Committee on the resulting change in climate relevant emissions. The report should also include quantitative

information on the activities implemented and further highlight the successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Tranche Implementation Plan(s), such as delays, use of flexibility for the reallocation of funds during implementation of a tranche as provided for in paragraph 7 of this Agreement, or other changes;

(b) An independent verification report on the Plan's results and the consumption of Annex F substances, as per subparagraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification of consumption data must be provided with each tranche request, covering all relevant years for which a verification report has not yet been acknowledged by the Committee, as specified in subparagraph 5(a) of the Agreement;

(c) A written description of the activities to be undertaken during the period covered by the requested tranche including quantitative information, highlighting implementation milestones, the time of completion and the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the Plan will be provided by calendar year. The description should include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall Plan that are foreseen. The description should also specify and explain in detail such changes to the overall Plan. This description of future activities can be submitted as a part of the same document as the narrative report under subparagraph 1(a) above; and

(d) An Executive Summary of about five paragraphs, summarizing the information contained in subparagraphs 1(a) to 1(c) above.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The national ozone unit (NOU), under the Ministry of Climate Change, Environment and Energy, will be responsible for the day-to-day execution of all components of the Plan, including oversight of the monitoring, evaluation and reporting consultant.

2. The NOU will be responsible for the monitoring and regular reporting that will be conducted during the implementation of the Plan to ensure efficient and effective implementation; overall project coordination; stakeholder engagement and coordination; smooth implementation of activities planned under various tranches; delivery of trainings and other expected outcomes; and facilitation of the HFC consumption verification undertaken by the Lead IA. The Lead IA will be responsible for ensuring that periodic progress and financial reports are generated, monitoring progress with the tranches and disbursing funds in accordance with the Agreement between the Government and the Executive Committee.

3. The Ministry of Climate Change, Environment and Energy will be responsible for the sustainability of consumption reduction targets achieved through the Agreement.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities, including at least the following:

(a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's Plan;

(b) Assisting the Country in the preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;

(c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan, consistent with Appendix 4-A;

(d) Ensuring that the experiences and progress are reflected in the updates to the overall Plan and in the future Tranche Implementation Plans, consistent with subparagraph 1(c) of Appendix 4-A;

(e) Fulfilling the reporting requirements of the Tranche Implementation Reports and Plans and of the overall Plan as specified in Appendix 4-A for submission to the Executive Committee;

(f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual Tranche Implementation Reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HFC consumption targets had been met;

(g) Ensuring that appropriate independent technical experts carry out the technical reviews;

(h) Carrying out the required supervision missions;

(i) Ensuring the presence of an operating mechanism to allow for an effective and transparent implementation of the Tranche Implementation Plan and accurate data reporting;

(j) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country, the allocation of the reductions to the different budget items and to the funding of the Lead IA;

(k) Ensuring that disbursements made to the Country are based on the use of the indicators;

(l) Providing assistance with the policy, management and technical support when required; and

(m) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent entity to carry out the verification of the Plan's results and of the consumption of Annex F substances mentioned in Appendix 1-A, as per subparagraph 5(b) of the Agreement and subparagraph 1(b) of Appendix 4-A.

APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY WITH THE TARGETS IN THE AGREEMENT

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US $7.00 per CO_2-eq tonne of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the Target specified in row 1.2 of Appendix 2-A has not been met, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years. Where the Country has failed to comply with the Agreement due to illegal trade, the reduction in funding

would not be applied if the illegally traded controlled substances are seized and subsequently confiscated, destroyed, exported, or returned to the country of origin.