UNITED NATIONS

EP

United Nations Environment Programme

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/99/74
17 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(c) of the provisional agenda[1]

PROJECT PROPOSAL: TIMOR-LESTE

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

Phase-out

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

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

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Timor-Leste

PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNEP (lead), UNDP	80th	78% phase-out by 2025

ARTICLE 7 DATA (Annex C, Group I)	Year: 2025	0.11 ODP tonnes

COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)							Year: 2025
Substance	Aerosol	Foam	Firefighting	Refrigeration		Solvent	Total sector consumption
				Manufacturing	Servicing		
HCFC-22					0.11		0.11

CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	0.50	Starting point for sustained aggregate reductions:	0.50
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	0.39	Remaining:	0.11

ENDORSED BUSINESS PLAN		2026*	2027	2028	Total
UNEP	ODS phase-out (ODP tonnes)	0.02	0.00	0.00	0.02
	Funding (US $)	23,594	0	0	23,594
UNDP	ODS phase-out (ODP tonnes)	0.01	0.00	0.00	0.01
	Funding (US $)	15,173	0	0	15,173

*Delayed from 2025

PROJECT DATA			2017	2018-2019	2020	2021	2022-2023	2024*	2025	2026**	Total
Consumption (ODP tonnes)	Montreal Protocol limits		0.45	0.45	0.33	0.33	0.33	0.33	0.16	0.16	n/a
	Maximum allowable		0.45	0.39	0.30	0.30	0.28	0.17	0.11	0.11	n/a
Amounts approved in principle (US $)	UNEP	Project costs	83,000	0	0	62,000	0	141,000	20,880	0	306,880
		Support costs	10,790	0	0	8,060	0	18,330	2,714	0	39,894
	UNDP	Project costs	55,000	0	0	41,500	0	27,500	13,920	0	137,920
		Support costs	4,950	0	0	3,735	0	2,475	1,253	0	12,413
Funds approved by ExCom (US $)	Project costs		138,000	0	0	103,500	0	168,500	0	0	410,000
	Support costs		15,740	0	0	11,795	0	20,805	0	0	48,340
Total funds recommended for approval at this meeting (US $)	Project costs									34,800	34,800
	Support costs									3,967	3,967

* Delayed from 2023.

** Delayed from 2025, submitted to the present meeting.

Secretariat's recommendation:	Blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Timor-Leste, UNEP as the lead implementing agency has submitted a request for funding for the fourth and final tranche of stage II of the HCFC phase-out management plan (HPMP), at a total cost of US $38,767, consisting of US $20,880, plus agency support costs of US $2,714, for UNEP and US $13,920, plus agency support costs of US $1,253, for UNDP.[2] The submission includes a progress report on the implementation of the third tranche, the verification report on HCFC consumption for 2024 to 2025, and the tranche implementation plan for 2027 and 2028.

Report on HCFC consumption

2. The Government of Timor-Leste reported a consumption of 0.11 ODP tonnes of HCFCs in 2025, which is 78.0 per cent below the country's HCFC baseline for compliance. The 2021–2025 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in 2021–2025 in Timor-Leste (Article 7 data)

HCFC-22	2021	2022	2023	2024*	2025*	Baseline
Metric tonnes (mt)	4.27	2.18	1.15	1.90	1.94	9.08
ODP tonnes	0.23	0.12	0.06	0.10	0.11	0.50

*Data from the verification report on HCFC consumption.

3. HCFC consumption is limited exclusively to HCFC-22, which is used in the refrigeration and air-conditioning (RAC) servicing sector, with residential air-conditioning accounting for the majority of demand. Although annual HCFC consumption generally decreased during the reporting period, imports fluctuated from year to year, reflecting variations in market demand and purchasing patterns, as importers tend to purchase refrigerants in response to customer requirements rather than build up stocks.

Country programme implementation report

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

Verification report

5. The verification report confirmed that the Government was operating an enforceable licensing and quota system for HCFC imports and exports, but the report found discrepancies between reported and verified HCFC consumption for 2024 and 2025. For 2024, the verified quantity of 1,897.2 kg (0.1043 ODP tonnes) was lower than reported under Article 7 of 2,814.0 kg (0.1548 ODP tonnes) because importers either did not import or imported less than their authorized quotas. For 2025, the verified amount of 1,940.6 kg (0.1067 ODP tonnes) excluded the 97.4 kg confiscated by the Government from a shipment by an importer that had exceeded its annual quota, which was not released in 2025. The verification concluded that the country was in compliance with the targets of the Montreal Protocol and with the Agreement with the Executive Committee.

6. The verification report recommends strengthening ODS quota management and licensing, improving consumption data accuracy and reconciliation, and ensuring proper documentation and resolution of confiscated ODS cases. It also recommends enhancing customs capacity and enforcement through refrigerant identifiers, improved cylinder labelling, market surveillance, and adoption of necessary

[2] As per the letter of 22 September 2026 from the Ministry of Tourism and Environment of Timor-Leste to UNEP.

legislative amendments and implementing regulations. UNEP confirmed that the Government agreed to address these recommendations under HPMP implementation.

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

Legal framework

7. An amendment to Decree-Law No. 36/2012, on the control of imports and exports of ODSs, is under review to extend national controls to HFCs and alternatives, formally designate the national ozone unit (NOU) as the competent authority, introduce shipment-level post-clearance reporting, and strengthen labelling, information exchange and equipment controls. It also provides for a ban on imports of all HCFCs except HCFC-22 and of new and second-hand HCFC-based RAC equipment.

8. The National Single Window System, powered by ASYCUDA and incorporating HCFC and HFC licensing modules, has been fully operational since 1 January 2022, improving the monitoring of controlled-substance imports. In 2026, the Government of Timor-Leste updated ASYCUDA World and the National Single Window System to transition from the 2017 to the 2022 Harmonized System (HS) codes.

Refrigeration servicing sector

9. During implementation of the third tranche, the following activities were implemented:

(a) *Policy and regulations:* Continued advancement of the amendment of Decree-Law No. 36/2012 to strengthen import controls; consulted the National Directorate of Internal Commerce on requiring RAC servicing workshops to employ at least one certified technician to obtain or renew business licences; initiated discussions with the National Procurement Commission to restrict ODS-based technologies in public procurement; and enforced mandatory HCFC container labelling through at least semi-annual market inspections;

(b) *Customs and enforcement training*: Translation of the Customs Handbook on ODS and HFC trade controls into Timor-Leste's second official language, which is being finalized for publication; training included two workshops for 67 customs and enforcement officers (52 men and 15 women), one workshop for 16 customs brokers and importers (11 men and five women), and a joint Indonesia–Timor-Leste border workshop for 26 officers covering licensing, substance identification, refrigerant identifiers, risk profiling, enforcement and cross-border cooperation; and two representatives from the NOU and Customs Authority attended consecutive regional meetings on strengthening trade controls in December 2025;

(c) *Capacity-building in the RAC servicing sector*: One good servicing practices workshop trained 34 technicians; ten experts received training in Jakarta on competency-based assessment and certification, and Indonesian assessment tools were adapted and translated for use in Timor-Leste; one training centre was accredited to certify RAC technicians, a national good practices handbook and training curriculum were developed, and 96 RAC servicing students were certified;

(d) *Provision of tool and equipment for training on new technologies*: Eight sets[3] of RAC servicing tools and equipment were distributed to servicing companies, and 16 technicians received practical training on HCFC alternatives, good servicing practices, technical standards and the safe handling of new technologies; an additional 13 tool packages were

[3] Including vacuum pumps, refrigerant weighing and leak detection devices, gauges, brazing and cutting tools, measuring instruments, wrenches, and personal protective equipment (safety goggles and gloves).

handed over to the Government in early October for subsequent distribution and delivery of technical training through the National Professional Training Centre;

(e) *Education and public awareness:* Competency-based certification was promoted through government channels and the National Institute for the Workforce; regular awareness-raising on mandatory labelling was conducted; and tools including "WhatGas" were disseminated to customs officers, trainers and technicians; and

(f) *Activities to maintain energy efficiency in the refrigeration servicing sector:* Three Timor-Leste representatives participated in a regional study visit on minimum energy performance standards (MEPS) for room air conditioners in Singapore; the nationwide market survey is approximately 90 per cent complete; legal instruments on MEPS and energy labelling for air conditioners are under development; inter-institutional coordination commenced; and awareness-raising materials on energy-efficient practices were finalized for distribution.

Project implementation and monitoring

10. The NOU of Timor-Leste has been responsible for the planning, implementation and monitoring of all approved activities under stage II of the HPMP, with the assistance of UNEP as the lead implementing agency and UNDP as the cooperating agency. No additional funds were requested to perform the project management and monitoring.

Level of fund disbursement

11. As of August 2026, of the US $410,000 approved so far, US $268,981 had been disbursed (US $147,358 for UNEP and US $121,623 for UNDP), as shown in table 2. The balance of US $141,019 will be disbursed in 2026 and 2027.

Table 2. Financial report of stage II of the HPMP for Timor-Leste (US $)

Tranche		UNEP	UNDP	Total	Disbursement rate (%)
First	Approved	83,000	55,000	138,000	99.8
	Disbursed	82,679	55,000	137,679	
Second	Approved	62,000	41,500	103,500	80.5
	Disbursed	41,847	41,500	83,347	
Third	Approved	141,000	27,500	168,500	28.5
	Disbursed	22,831	25,123	47,954	
Total	**Approved**	**286,000**	**124,000**	**410,000**	65.6
	Disbursed	**147,358**	**121,623**	**268,981**	
	Balance	**138,642**	**2,377**	**141,019**	

Implementation plan for the fourth and final tranche of stage II of the HCFC phase-out management plan

12. The following activities will be implemented between January 2027 and June 2028:

(a) *Policy, regulations and customs and enforcement training*: Enforce the amended Decree-Law No. 36/2012 upon its gazettal and continue mandatory HCFC container labelling; discuss RAC equipment procurement policies with the National Procurement Commission; and train 20 customs and enforcement officers through a train-the-trainer workshop, refresher training for 40 officers, and a refresher workshop for 15 customs brokers and importers (UNEP) (US $8,000, plus funds from previous tranches);

(b) *RAC servicing sector capacity-building*: Conduct five workshops for 75 technicians on good servicing practices and the safe handling of flammable refrigerants; and continue working with the Labour Force Development Institute to establish an assessment pathway, including recognition of prior learning, to assess practising technicians' competencies, identify training needs and certify those meeting national requirements (UNEP) (US$6,000, plus funds from previous tranches);

(c) *Provision of tool and equipment for training on new technologies*: Procure specialized tool packages for four servicing workshops to strengthen their capacity to detect and repair refrigerant leaks, reduce avoidable refrigerant losses and repeated recharging, and ensure the reliable and efficient operation of serviced equipment (UNDP) (US $13,920, plus funds from previous tranches);

(d) *Education and public awareness*: Promote mandatory labelling and the benefits of purchasing government-labelled HCFC cylinders; and develop posters and information materials for RAC technician and customs training activities (UNEP) (US$6,880, plus funds from previous tranches); and

(e) *Activities to maintain energy efficiency*: Continue developing MEPS and energy-labelling regulations for air conditioners, including refrigerant information; establish product registration and verification procedures and refrigerant safety requirements; conduct three training workshops to train customs officers, importers and market inspectors; and undertake public consultations, awareness-raising and market assessments (UNEP) (funds from previous tranches).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Report on HCFC consumption and verification

13. The verification report identified discrepancies between verified consumption and reported data. UNEP confirmed that the Article 7 and CP data will be revised in accordance with the verified consumption. The Government has submitted requests to the Ozone Secretariat for revision of the 2024 and 2025 data. The data revision is in progress. The revised 2024 and 2025 CP reports were received on 2 November 2026. Further, UNEP confirmed that the Government had agreed to address the verification recommendations as outlined in paragraph 6.

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

Legal framework

14. The Government of Timor-Leste has issued HCFC import quotas for 2026 at 0.077 ODP tonnes, which is below both the Montreal Protocol control targets and the maximum allowable consumption under the Agreement.

15. In response to inquiries regarding the approval of the draft Amendment to the Decree, UNEP clarified that the Ministry of Tourism and Environment has reviewed the draft Decree and submitted it to the Council of Ministers for approval. The NOU has been closely following up with the Minister's office to expedite approval of the Amendment. During this process, the NOU has engaged RAC importers and suppliers of HCFC-based equipment in consultations on the draft Decree and has raised awareness of the

ban and the transition to non-HCFC-based technologies. Importers are therefore aware of the ban and are collaborating with the NOU in preparation for its implementation.

Refrigeration servicing sector

16. Changes in government leadership and ministerial responsibilities, staff turnover within the NOU and customs, and lengthy administrative procedures affected institutional continuity and delayed implementation across successive tranches. The postponement of the third tranche submission from 2023 to 2024 further delayed implementation. Following its approval, the NOU prioritized outstanding activities from previous tranches alongside third tranche activities. Consequently, implementation and fund disbursement progressed more slowly than anticipated, requiring the postponement of the fourth tranche submission to 2026 and a one-year extension of the project.

17. In response to the Secretariat's query on the main alternatives to HCFCs, UNEP confirmed that R-410A and R-32 are widely used, particularly in residential air-conditioning. To reduce reliance on these refrigerants, the Government is advancing regulatory measures to control HFCs, including the proposed amendment of Decree-Law No. 36/2012 and ratification of the Kigali Amendment. Complementary measures include incorporating lower-GWP and energy-efficient technologies into technician training, raising public awareness, and integrating refrigerant information into the proposed product registration and energy-labelling framework

Implementation plan for the fourth and final tranche of stage II of the HCFC phase-out management plan

18. In response to the Secretariat's query on how activities under decision 89/6 would support the adoption of lower-GWP technologies, UNEP explained that developing MEPS for residential air conditioners and domestic refrigerators would complement the proposed ban on HCFC-based equipment imports and HFC trade controls. The proposed product registration and energy-labelling framework would also include refrigerant information to monitor market trends and the uptake of lower-GWP technologies. Although no technical challenges were anticipated, completion of the MEPS within the project timeline could be affected by government legal reviews, inter-institutional consultations and approval procedures.

Gender policy implementation

19. In line with decisions 84/92(d) and 90/48(c), the principles of the Multilateral Fund policy were integrated into activities to promote women’s participation and equitable benefits. The NOU encouraged women's participation in consultations, decision-making, RAC and customs training, workshops and awareness-raising activities, including inviting female students to observe RAC technician training. Sex-disaggregated data was collected where possible, and the policy was discussed during stakeholder meetings and workshops. These efforts aimed to improve women's access to project activities and capacity-building opportunities.

Updated Agreement

20. In view of the Government's request to postpone the original fourth tranche submission from 2025 to 2026 and to extend the implementation period, the Agreement between the Government of Timor-Leste and the Executive Committee has been updated. Specifically, Appendix 2-A has been revised, and paragraph 17 has been modified to indicate that the updated Agreement supersedes that reached at the 94th meeting, as contained in annex I to the present document. The full updated Agreement will be appended to the final report of the 99th meeting.

Completion of stage II of the HCFC phase-out management plan

21. The Government of Timor-Leste is requesting an extension to the date of completion of stage II to 30 June 2028 to allow sufficient time for the NOU to complete all pending activities under the project. Stage III of the HPMP is under preparation and will be submitted to the 101st meeting.

Sustainability of the HCFC phase-out and assessment of risks

22. Risks to the implementation and sustainability of the HPMP include the limited availability and higher cost of HCFC alternatives and related equipment, insufficient technical capacity among RAC technicians, weaknesses in import controls and reporting, and possible institutional and staffing changes. Most are being addressed through HPMP activities and national policy measures. However, fluctuations in the prices and availability of alternative refrigerants and compatible equipment remain external factors that could affect the pace of the transition. Market monitoring and engagement with suppliers and importers are in place to help address these challenges.

23. Timor-Leste is taking measures to sustain the HCFC phase-out, with HCFC-22 remaining the only HCFC imported and used in the servicing sector and a ban on imports of HCFC-based RAC equipment under approval. Measures include strengthening customs capacity and HCFC import monitoring, providing tools and equipment to RAC training institutes, servicing companies and technicians, and integrating the National Code of Good Practices into vocational training programmes. These initiatives support HCFC import controls and enforcement, technician training, the safe use of natural refrigerants and improved servicing practices. Engagement with the Labour Force Development Institute is also under way to establish a recognition of prior learning scheme to improve training quality and strengthen technicians' capacity to adapt to the technology transition.

Conclusion

24. Timor-Leste reduced its HCFC consumption to 0.11 ODP tonnes in 2025, 78 per cent below the HCFC baseline and in line with the maximum allowable consumption for the year. Progress under the approved tranches includes continued implementation of the HCFC licensing and quota system; capacity-building for customs and enforcement authorities; training and certification of RAC technicians; provision of support to vocational training institutes and servicing workshops; awareness-raising; and the initiation of energy efficiency and MEPS activities. Disbursement has reached 65.6 per cent of the total funding approved and 28.5 per cent of the third-tranche funding. Due to the slow progress in implementation and fund disbursement, the submission of the fourth tranche was postponed to 2026, and a one-year project extension was requested. Implementation of the fourth and final tranche and completion of outstanding activities will support the country in sustaining low HCFC consumption and achieving the complete phase-out by 2030.

RECOMMENDATION

25. The Fund Secretariat recommends that the Executive Committee:

(a) Note:

(i) The progress report on the implementation of the third tranche of stage II of the HCFC phase-out management plan (HPMP) for Timor-Leste;

(ii) That the Fund Secretariat has updated the Agreement between the Government of Timor-Leste and the Executive Committee, as contained in annex I to the present document, specifically: Appendix 2-A based on the one-year extension of the

implementation period; and paragraph 17 that has been adjusted to indicate that the updated Agreement supersedes that reached at the 94th meeting; and

(b) Request the Government of Timor-Leste, UNEP and UNDP to submit a progress report on the implementation of the work programme associated with the final tranche and the project completion report to the second meeting of the Executive Committee in 2028.

26. The Fund Secretariat further recommends blanket approval of the fourth and final tranche of stage II of the HPMP for Timor-Leste, and the corresponding 2027-2028 tranche implementation plan, at the funding levels shown in the table below, on the understanding that the approved funds will not be transferred to UNEP and UNDP until the Secretariat has confirmed that the revised Article 7 data for 2024 and 2025 has been submitted by the Government of Timor-Leste.

	Project title	Project funding (US $)	Support costs (US $)	Implementing agency
(a)	HCFC phase-out management plan (stage II, fourth tranche)	20,880	2,714	UNEP
(b)	HCFC phase-out management plan (stage II, fourth tranche)	13,920	1,253	UNDP

Annex I

TEXT TO BE INCLUDED IN THE REVISED UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF TIMOR-LESTE AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE II OF THE HCFC PHASE-OUT MANAGEMENT PLAN

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

17. This **revised** updated Agreement supersedes the Agreement reached between the Government of Timor-Leste and the Executive Committee at the **94th** meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	0.45	0.45	0.45	0.33	0.33	0.33	0.33	0.33	0.16	0.16	**0.16**	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.45	0.39	0.39	0.30	0.30	0.28	0.28	0.17	0.11	0.11	**0.11**	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	83,000	0	0	0	62,000	0	0	141,000	0	**20,880**	**0**	306,880
2.2	Support costs for Lead IA (US $)	10,790	0	0	0	8,060	0	0	18,330	0	**2,714**	**0**	39,894
2.3	Cooperating IA (UNDP) agreed funding (US $)	55,000	0	0	0	41,500	0	0	27,500	0	**13,920**	**0**	137,920
2.4	Support costs for Cooperating IA (US $)	4,950	0	0	0	3,735	0	0	2,475	0	**1,253**	**0**	12,413
3.1	Total agreed funding (US $)	138,000	0	0	0	103,500	0	0	168,500	0	**34,800**	**0**	444,800
3.2	Total support cost (US $)	15,740	0	0	0	11,795	0	0	20,805	0	**3,967**	**0**	52,307
3.3	Total agreed costs (US $)	153,740	0	0	0	115,295	0	0	189,305	0	**38,767**	**0**	497,107
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)												0.34
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)												0.05
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)												0.11

*Date of completion of stage I of the HPMP is 31 December 2018.