

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Inter-agency Coordination Meeting
Montreal, 17 – 19 March 2026

MLF/IACM.2026/1/2

2 April 2026

REPORT OF THE INTER-AGENCY COORDINATION MEETING

FOLLOW-UP ACTIONS AFTER THE IACM

Institution	Action	Timeline
Agencies	To submit reports of projects with specific reporting requirements	13 April 2026
Agencies	To submit reports on projects with implementation delays and additional project status reports	27 April 2026
Agencies	To submit reports on projects for the preparation of national inventories of banks of waste controlled substances and action plans	Early October 2026
Agencies	To submit the 2025 progress reports	31 August 2026
Agencies	To submit project completion reports due	27 April 2026
Secretariat/Agencies	To send final list of tranche submission delays following the 10-week submission deadline and agencies to report back	27 April 2026
Agencies	To provide updated feedback on the status of alternatives in the polyurethane foam sector for the currently implemented projects	31 March 2026

AGENDA ITEM 1: WELCOME BY THE CHIEF OFFICER

1. Ms. Tina Birmipili, Chief Officer, welcomed representatives of the bilateral and implementing agencies¹ to Montreal, acknowledging the new UNIDO team. She highlighted three major priorities for the year: the Kigali Amendment implementation noting that the Amendment was agreed almost 10 years ago; the replenishment of the Multilateral Fund and the need to deliver activities contained in the endorsed business plan in the last year of the 2024-2026 triennium; and the milestone of 100th meeting of the Executive Committee next year where the Fund's cumulative achievements could be showcased and celebrated.

2. On reporting, she underlined the urgency of finalizing national inventories of banks of waste controlled substances and action plans being prepared under decision 91/66, in order to allow the Secretariat to have enough information for the policy paper requested by the Executive Committee on life-cycle refrigerant management (LRM) and facilitate consideration by the Committee of the establishment of a funding window. She also noted the importance of reports on energy efficiency-related projects approved under decision 91/65, as consideration of whether a funding framework is required for similar projects in future would be based on the results of these projects.

3. Summarizing and thanking agencies for their project submissions to the 97th meeting, she outlined the challenges remained in project submission and review relating to Kigali HFC implementation plans (KIPs) which would be discussed in detail under agenda item 6 on issues relating to project submission/review. She was hopeful that the online session on the item would allow colleagues from the

¹ The list of participants is attached as annex I to the present report.

agencies who are directly involved in preparing and implementing projects with Article 5 countries to share their views, experience and challenges. Despite the challenges, she highlighted opportunities weaving in compliance-related projects, particularly those new issues that will be considered at upcoming Executive Committee meetings relating to strategic approaches to Kigali Amendment implementation.

4. On the knowledge management system (KMS), she thanked agencies for their comments on the project submission module, most of which have been addressed in the version that would be used in the demonstration session. She also noted that the Secretariat was at the final stage of migrating all project data to the new master database and to validate each data entry migrated.

AGENDA ITEM 2: ORGANIZATION OF WORK

5. The Chief Officer introduced the agenda and described the organization of work for the three days of the meeting. Bilateral meetings would be held in the margins of the meeting and after the plenary concluded. A demonstration session on the project submission module of the KMS would take place in the morning of the third day of the meeting, and it would be open for online participation. She also flagged that the session would be followed by a brief demonstration of the Kigali Sim tool, updated with artificial intelligence features.

6. It was agreed to consider, under agenda item 6 on issues relating to project submission/review, verification of HFC consumption and under agenda item 12 on other matters the 100th meeting of the Executive Committee.

7. The meeting followed the agenda presented in document MLF/IACM.2026/1/1.

AGENDA ITEM 3: COUNTRY PROGRAMME DATA

8. The Secretariat noted that one country had an outstanding 2024 country programme (CP) data, which the implementing agency reported would be submitted shortly. For 2025, 14 countries had submitted data: 13 through the online reporting system and one via Excel. The Secretariat requested agencies to assist countries in submitting their CP data through the online platform and reminded them of the 1 May deadline.

9. While noting improvements in data quality and fewer submission errors since the launch of the online CP data reporting system in January 2025, the Secretariat drew attention to several recurring discrepancies, particularly in sections A and B. These included: countries reporting sectoral use data without corresponding value under import, export and production (or vice versa); cases where countries reporting only exports entered a negative value for sectoral use rather than zero; and instances where HFOs were incorrectly reported, despite not being included in the CP data reporting requirements.

10. Regarding the CP data reporting format, the Secretariat noted that the revised sections D and E on HFC-23 generated, destroyed or maintained as stocks were integrated into the online reporting system for the 2025 reporting cycle.

11. There were additional reporting gaps related to HFC-23: for one country, the Secretariat stressed the need to provide details on the uses and applications of HFC-23 reported under the “other” column. In addition, three countries reported HFC-23 generation in 2024 but did not report HFC-23 by-product emissions. Relevant agencies confirmed that they are actively following up with the relevant national ozone units (NOUs) to resolve these issues.

12. The Secretariat also noted that three countries without approved KIPs have reported their latest HFC consumption levels above their baselines and enquired about the expected submission dates of their

KIPs. Relevant agencies reported that all three KIPs are planned for submission at the 99th meeting, although for one country the timeline remains tentative owing to the complexity of the national circumstances.

13. Agencies were invited to share feedback from Article 5 countries on their experience using the online CP data reporting portal. UNEP highlighted that it had integrated training on the use of the online CP data system in network meetings and during capacity-building sessions provided to the NOUs, and that training efforts would continue during the current year to increase online submission rate, especially in the Africa region where adoption has been slower. UNIDO reported that countries have appreciated several features of the new online system, including the automatic retrieval of previously reported substances, the clear separation between the 'inputter' and 'submitter' roles, the automatic conversion from metric tonnes to CO₂-equivalent tonnes, and the strong version control and audit trail functions. The Chief Officer encouraged agencies to continue providing suggestions for additional features to be incorporated into the online CP data reporting system and the recently launched CP data centre noting that such input will also support the development of upcoming dashboards. She also informed that the Secretariat is exploring the possibility of data transfer/integration with the Ozone Secretariat's system to streamline reporting by the NOUs.

AGENDA ITEM 4: MATTERS ON PROGRAMME IMPLEMENTATION AND MONITORING

(a) Status reports and projects with specific reporting requirements

14. The Secretariat recalled that the list of projects with specific reporting requirements had been sent as part of the 98th meeting planning document. Agencies were reminded to submit the requested reports and information by the deadline of 27 April 2026 for reports on projects with implementation delays and projects/tranches of multi-year agreements (MYAs) recommended for additional status reports, and by 13 April 2026 for reports on projects with specific reporting requirements. **(ACTION: Agencies to submit reports on projects with specific reporting requirements by 13 April and reports on projects with implementation delays and additional project status reports by 27 April.)**

15. Agencies provided information on the status of implementation of energy efficiency pilot and investment projects under decisions 91/65 and 94/60, and projects for the preparation of national inventories of banks of waste controlled substances and action plans that have completion dates up to and including June 2026. Of the three energy efficiency-related projects, two were progressing well and one would require an extension of the completion date for six months. The Secretariat reminded agencies of using the format developed by the Secretariat to report on these pilot projects as this would allow capturing of useful information to understand the project impacts.

16. While noting that many projects for the preparation of national inventories of banks of waste controlled substances and action plans would require an extension to the end of 2026, the Secretariat urged agencies to submit, by early October 2026, the reports for those completed ones in order that they could be included in the document on LRM to be submitted to the 99th meeting; having a representative sample of the finalized projects will facilitate the Executive Committee to decide on the establishment of a funding window at the 100th meeting to further assist countries. The importance of knowing which aspects of LRM have been supported through the Multilateral Fund and works well and where more funding may be needed was also noted. **(ACTION: Agencies to submit reports on projects for the preparation of national inventories of banks of waste controlled substances and action plans by early October.)**

17. One agency shared that while the preparation of inventories and surveys is a familiar undertaking, using their results to create a business model and plan of action is less straightforward absent clear guidance or cost guidelines. It was clarified that similar to other national plans, activities are to be customized based on each country's circumstances, that potential activities to be included in the plan for the management of

used and unwanted waste controlled substances and cost considerations had been detailed in relevant meeting documents,² and that any proposed business model should be sustainable.

(b) Financial progress reports as at 31 December 2025

18. The Secretariat reported that the new format for the 2025 progress report database and narrative will be implemented in line with decision 96/54. The dissemination of the progress report template and guidelines to agencies was slightly delayed due to data migration into the KMS; the email is expected to be circulated by the end of March 2026. The format will include an updated Excel template aligned with the KMS master data conventions and revised terminology, which agencies will be required to use for the submission of their 2025 progress reports. The Secretariat also clarified that the submission process remains unchanged. The deadline for submitting the 2025 progress reports is 31 August 2026. **(ACTION: Agencies to submit 2025 progress reports by 31 August.)**

(c) Project completion reports

19. The list of project completion reports (PCRs) due was provided to agencies in annex III of the planning communication, with a submission deadline of 27 April 2026. Because this list was based on the 2024 progress reports, it only includes those projects completed as of 31 December 2024. However, in line with decision 24/9(b), PCRs should be submitted within six months of project completion; therefore, PCRs for projects completed after 31 December 2024 are also expected to be submitted.

20. The Secretariat clarified that agencies are required to continue using the existing PCR format. The universal PCR format approved at the 94th meeting will be used once online submission of PCRs through the KMS becomes operational. **(ACTION: Agencies to submit PCRs due by 27 April.)**

AGENDA ITEM 5: BUSINESS PLANNING

(a) Status of implementation of the 2026-2028 business plan

21. The Secretariat presented the status of implementation of the 2026-2028 business plan, with a total value of US \$555.02 million. The total business plan value for 2026 amounts to US \$244.6 million. Of this amount, US \$99.5 million is planned for submission for the 98th meeting, leaving a potential balance of US \$145.1 million for the 99th meeting.

22. On levels of certainty for the submission of remaining projects from their 2026 business plans, agencies noted that several projects would be delayed to 2027, including a few KIPs pending the countries' ratification of the Kigali Amendment, and that some projects planned for 2026 remain uncertain. On any additional projects not included in their 2026 business plans but planned for submission, agencies expected a few activities to be submitted to the 98th or 99th meeting.

23. In response to a request for clarification, the Chief Officer confirmed that preparation requests for energy efficiency pilot projects in the non-manufacturing sector, including servicing and demonstration, are eligible under the funding window established by decision 91/65, but that resulting proposals have to be submitted for consideration no later than the 100th meeting.

² Including document UNEP/OzL.Pro/ExCom/91/66, which includes options for disposal and funding, and specifically paragraph 32 on what a national plan of action is expected to describe and include; document UNEP/OzL.Pro/ExCom/97/87, which gives more ideas and parameters to develop the plans; and the builds and lessons learned of past demonstration projects, that would include examples of cost.

24. In closing the item, she emphasized the limited time for preparation between the 98th and 99th meetings, and encouraged agencies to plan proactively, to submit any prepared projects outside the regular cycle whenever feasible.

(b) Tranche submission delays

25. Agencies provided updates on the expected submission of MYA tranches for each country with a tranche due at the 98th meeting and reasons for their non-submission where applicable. Agencies confirmed that the tranches of HFC-23 emission control for Argentina and Mexico, the tranches of HCFC phase-out management plans (HPMPs) for Albania, the Bahamas, Benin, Bosnia and Herzegovina, the Dominican Republic, Fiji, Guyana, Indonesia, Kenya, Malawi, the Niger, Nigeria, Panama, Syrian Arab Republic, and Uruguay and the tranches of KIPs for Albania, Ecuador, and Mexico would be submitted.

26. The Secretariat recalled decision 72/19, which allows consideration of a tranche on the understanding that the Treasurer will release the approved funds to the implementing agencies only after receipt by the Secretariat of the verification report confirming the country's compliance with its obligations. Accordingly, agencies were strongly encouraged to submit the tranches for which the only outstanding issue was the pending verification report. **(ACTION: Secretariat to send final list of tranche submission delays following the 10-week submission deadline and agencies to report back by 27 April.)**

AGENDA ITEM 6: ISSUES RELATING TO PROJECT SUBMISSION/REVIEW

(a) Funding withheld pending fulfilment of certain conditions

27. The Secretariat sought an update on the fulfilment of the conditions for releasing funding for the second tranche of stage II of the HPMP for Qatar and the second and third tranches of stage II of the HPMP for Senegal. With regard to Qatar, UNEP reported that the country has approved two decisions that were put forward by the Ministry of Environment and Climate Change related to the monitoring of controlled substances. It was agreed that the Secretariat and UNEP would continue discussions bilaterally on whether these measures are sufficient or if additional steps are required at this stage. With regard to Senegal, UNIDO reported that the feasibility study for the establishment of a recovery and reclamation centre will be submitted to the Secretariat in March 2026.

(b) General observations on projects

28. A discussion was held to address issues in project submissions. The Secretariat highlighted the relevance of the discussion to decisions of the Executive Committee, noting that the discussion would be divided into five modules.

(i) Module 1: HFC consumption data

29. The Secretariat recalled that differences between Article 7 (A7) data and CP data should be identified and fully reconciled before project submissions and that A7 data remains the reference for establishing baselines and assessing compliance, while CP data is used for project-level and sectoral analysis. Agencies were asked to describe their data-verification processes.

30. Agencies confirmed that data access was generally not an issue and described their data-verification processes which include cross-checking A7, CP, and survey data. They explained that their regional teams review data with relevant NOUs, and some mentioned a secondary review of data by headquarters. One agency also mentioned reviewing data across multiple years and against historical HPMP information for consistency. Agencies noted that data may not align as CP data is easier to adjust than A7 data, particularly for baseline years, and that obtaining the documentation needed to justify revised baselines can be challenging particularly in conflict-affected countries. It was noted that discrepancies sometimes arise due

to the use of incorrect global-warming-potential (GWP) values or rounding inconsistencies when transferring figures from spreadsheets to project documents. Agencies underscored the need for more careful final quality control to ensure consistent data, and it was suggested that NOUs could be supported with training on accurate data entry. It was also reported that the Secretariat's new CP online platform has strengthened the verification process.

31. The Secretariat noted improvements in data quality over the past two years, but that there exist some projects with unresolved inconsistencies continue to be submitted which delays the review process. It clarified that consistency does not require numerical matching, but that any deviations, such as stockpiling, must be clearly explained. KIP surveys were highlighted as valuable tools that often reveal the need to revise CP or A7 data; such revisions are acceptable when properly justified and flagged as being under review.

(ii) Module 2: HFC sector use estimation

32. Noting the common inconsistency in information on equipment inventories, leakage rates, and servicing needs in project proposals, the Secretariat encouraged agencies to compare estimates with countries of similar characteristics and invited them to share methodologies for collecting application-specific leakage rates and good practices for estimating sectoral HFC use.

33. Agencies reported using workshop logbooks or electronic databases where available, cross-checking these with field surveys, and relying on country-provided data when formal systems are lacking. UNDP and UNIDO noted using external technical references when data is limited and that reliable leakage data mainly come from larger, well-established workshops, while mobile air-conditioning (MAC), smaller or informal workshops often require inferred estimates due to limited records. UNEP described using data on equipment placed on the market and still in operation, supplemented by registration systems (where they exist) and importer/distributor information, which is then reconciled with service-workshop data, noting this can be challenging and often requires a sector expert. The World Bank highlighted the complexity in large countries and noted that detailed information on specific subsectors can be difficult to gather (such as commercial and industrial refrigeration) and often require case-by-case treatment. Participants agreed that obtaining complete leakage and inventory data is difficult due to variations in servicing practices, equipment condition, and data-availability limitations, and that reliable information is generally confined to sectors with well-tracked equipment.

34. The Secretariat acknowledged these difficulties, especially in large countries and in commercial/industrial refrigeration and advised that abnormal or unrealistic values must be accompanied by a clear explanation. Agencies were encouraged to continue to work with NOUs to improve data over time through iterative reconciliation and documentation.

(iii) Module 3: Setting the targets

35. The Secretariat noted that assessing reduction targets and HFC forecasting are not straightforward and time-consuming and invited agencies to share their experience on assisting countries in setting targets and making forecasts which are reasonable and reliable.

36. On targets, agencies highlighted that low-volume-consuming (LVC) countries are especially cautious, given the severity of penalties for non-compliance, while large countries face difficulties in adopting a higher reduction target due to lengthy governmental approval processes. One agency suggested that since countries do not witness Executive Committee deliberations directly, they may not fully understand the basis for the concerns raised. Agencies stressed that the targets they propose to countries are to allow them to meet Kigali Amendment obligations, align with national climate, energy-efficiency and sustainable-development strategies, ensure continuity of servicing, and consider the availability and suitability of alternatives. Reduction targets may also be influenced by quota-setting approaches, the types

of interventions proposed (e.g., manufacturing vs. servicing), and the availability of alternative technologies; reductions are generally easier to quantify when manufacturing interventions are proposed. In some countries, the process is further complicated when industry stakeholders influence the position on targets or quotas. An agency noted the difficulty for countries to commit to more aggressive reductions when this would require additional funding, particularly for large sectors such as MAC.

37. Regarding forecasting, agencies observed that several factors complicate it, including the COVID-19 pandemic, the unreliability of pre-2020 data in some regions, and the influence of the HCFC component within the HFC baseline. Agencies noted that year-to-year increases of around 20 per cent can occur when monitoring and controls improve, reinforcing the need to interpret trends by substance rather than only by totals. In servicing-sector countries where forecasts exceed control limits, quantifying the impact of good servicing practices or competency-based training is difficult; thus, quota systems and equipment bans are important tools to limit growth. Where forecasts fall below a 10 per cent reduction due to a large HCFC-baseline component, agencies work with NOUs to establish a target that safeguards the country while remaining acceptable to the Executive Committee although countries may decline to modify their targets. Agencies also described developing negotiation scenarios in advance of the Executive Committee meetings to support discussions.

(iv) Module 4: Defining the activities

38. The Secretariat noted that some submissions lack sufficient detail on how activities are designed and costed, and invited agencies to describe processes for selecting interventions, estimating local costs, and aligning activities with national priorities.

39. UNEP and UNIDO explained that the first step for KIPs is to review previously approved activities and assess their relevance for the KIP stage to build upon existing work and noted challenges in designing activities for the MAC sector, given limited funding for LVC countries, market constraints, and technology availability. Agencies stressed the need to avoid duplication and to build on HPMPs. UNDP emphasized that designing activities is closely linked to understanding sectoral behavior and data collection, particularly for high-GWP sectors and that linking activities to policy outcomes can strengthen project rationale and facilitate country uptake. One agency highlighted that for Eastern Europe and Central Asia, alignment with neighbouring-country experience helps calibrate costs, and that European Union (EU)-candidate countries may prioritize MAC measures given evolving EU low-GWP requirements in new vehicles. Agencies noted that in many countries HFC-134a remains a dominant substance, which indicates a need to focus on MAC servicing practices while concurrently preparing technicians for emerging alternatives.

40. Agencies described working with national counterparts to determine local cost estimates. Costing considerations include technician training costs, local market prices for tools and equipment, and whether training units and servicing toolkits need to be included. It was further noted that it may be helpful if the Executive Committee were to consider issuing guidance to encourage prioritization of certain sectors as it had for HPMPs where the Executive Committee had provided guidance on sector prioritization.

41. The Secretariat reiterated that proposals benefit from concrete regulatory deliverables, thorough technical descriptions, realistic tranche design and budgets, careful alignment with sectoral consumption, precise terminology, quantified outputs, and concrete sustainability plans; these elements collectively improve project submission quality.

(v) Module 5: Energy efficiency pilot projects

42. The Secretariat introduced the module on pilot projects under decisions 91/65 and asked whether a dedicated session on manufacturing-sector proposals (decisions 94/60 and 95/87) would be useful, noting that such energy-efficiency projects differ from earlier conversion projects based on agreed incremental

cost, as incentives depend on added components and achieved efficiency level. It also noted that for pilot projects in the non-manufacturing sector (decision 91/65), submissions should include concrete and, where possible, quantifiable objectives, reasonable numbers of units for demonstration, explicit MEPS-related commitments, and a clear nexus to the HFC phase-down. Agencies were invited to share challenges in preparing these proposals.

43. Agencies agreed that barriers to submitting projects include gathering enterprise-level data to substantiate energy-efficiency gains, the absence of MEPS or the need to update them, and the time it takes to update or establish them. UNIDO noted that for enterprises that have already converted their manufacturing lines, additional energy-efficiency projects can be beneficial but require extensive technical and performance data from the enterprises, which are slow and difficult to obtain. The World Bank highlighted practical issues under decision 94/60, including the difficulty of meeting specified testing conditions when national test methods differ. It further noted that it had worked with the Secretariat to facilitate approval of a project, even when MEPS for the targeted application were not yet in place, by separating project elements under different decisions (e.g., developing MEPS under decision 91/65 and proceeding with manufacturing activities under decision 94/60 once standards are established).

44. UNDP observed that many countries roll out MEPS in stages (typically domestic refrigeration, then residential air-conditioning, then stand-alone commercial refrigeration) and that while some flexibility is possible in the absence of MEPS, a structural challenge under decision 94/60 is that its performance-based thresholds reference MEPS. The Secretariat reiterated that, in some cases, decisions 91/65 and 94/60 had been used together to address MEPS gaps, while stressing that robust MEPS also protect early adopters from being undercut by imports with lower efficiency. The Secretariat reminded agencies that testing centres can be eligible under decision 94/60 on a case-by-case basis. The Secretariat also clarified that agencies may submit a decision 91/65 project even if it has not yet been included in the business plan and may also submit a second project under decision 91/65 in a country where one had been approved previously.

45. It was further noted that the manufacturing-sector operational framework will be reviewed at the 100th meeting, with potential adjustments informed by implementation experience. The Secretariat reiterated its openness to hold a post-meeting session on manufacturing-sector proposals (decisions 94/60 and 95/87) and encouraged agencies to continue liaising on proposal structuring, testing protocols, and MEPS pathways so that submissions are concrete, measurable where possible, and linked to the HFC phase-down.

46. The Secretariat added a final note to the present sub-item 6(b), emphasizing that agencies should be systematically integrating in their submissions of MYA projects how the gender mandatory indicators have been (i.e., in project preparation or under a previous stage) or will be (i.e., during the project implementation) met, and should not include the checklist on gender, which is meant to be used as an internal tool. It was also underlined that the project submission module of the KMS requires the entry of sex-disaggregated data, and that this is a mandatory requirement under decision 92/40.

(c) Guides and submission forms for project submissions

47. The Secretariat presented the new submission form for KIP tranches, introducing the different aspects to be filled in Excel format, including the HFC data and targets; non-investment and monitoring activities; training and equipment targets; investment activities; and Appendix 2-A of the Agreement, and mentioned that the instructions for use are incorporated into the form. This form has been shared with agencies, several of which expressed gratitude to the Secretariat for developing it, noting its use in implementation and tracking progress. The Secretariat acknowledged that flexibility would be required in using the new form, understanding the period of adaptation and encouraged agencies to use the submission form going forward.

(d) Agreements for stage I of Kigali HFC implementation plans

48. In providing an update on the finalization of Agreements for stage I of the KIPs that had been approved before the Agreement template was agreed, the Secretariat reported that Agreements had been finalized for 35 out of the 85 KIPs approved so far, leaving 49 Agreements to be approved at the 98th meeting (one KIP was cancelled). Of those, 46 pertain to projects approved between the 92nd and 95th meetings, while the remaining three were to be revised due to baseline changes. The Secretariat further noted that nine countries had had their HFC baselines changed and approved by the Meeting of the Parties (MOP) since the time of their respective KIPs' approval, with no funding implications to the Multilateral Fund. The Secretariat sent 47 draft KIP Agreements to agencies for review and approval prior to their consideration by the Executive Committee at its 98th meeting.

(e) Verification of HFC consumption

49. On the matter that had been raised by UNEP regarding the verification of HFCs, UNEP sought clarification on three issues: (i) which years need to be verified for HFC consumption; (ii) the meaning of "encouraging" baseline-year verification, particularly where licensing systems were not yet functional at the time; and (iii) whether verification can be aligned with the final tranche rather than the second. The Secretariat clarified that verification coverage begins from the year in which the previous tranche was approved. Baseline verification is voluntary but strongly encouraged, especially for countries requesting changes to their baselines. It can help countries better understand historical consumption patterns. The Secretariat confirmed it will provide agencies with a list of LVC countries that are due for HCFC and HFC verification in 2027 so the preparatory funding can be included in the work programmes for the 98th meeting. The complexity of HFC verification using CO₂-equivalent metrics was highlighted and the need for trained verifiers was stressed. It is expected that HFC verification reports will contain substantive and actionable recommendations.

AGENDA ITEM 7: UPDATED REPORT ON THE ISSUE OF ALTERNATIVES IN POLYURETHANE FOAM MANUFACTURING WITH A FOCUS ON SMALL AND MEDIUM-SIZED ENTERPRISES, IN PARTICULAR FOR SPRAY AND INSULATING FOAM APPLICATIONS

50. The Secretariat briefly summarized the previous documents on the issue, first raised at the 93rd meeting by Article 5 countries concerned about the lack of market availability and affordability of alternatives to HFCs. Since then, the Secretariat had prepared the relevant report, which was presented at the 94th meeting, and updated reports considered at the 95th and 96th meetings. Another updated report would be presented at the 98th meeting, as requested, following consultations with technology providers, beneficiary countries, and agencies. The agencies were invited to provide detailed input by email in response to the Secretariat's follow-up questionnaire, focusing on the ongoing projects, changes observed over the past few years in the evolution of selected technologies, and supply-chain and regulatory issues. An agency indicated that hydrofluoroolefin (HFO) spray foam was currently the most widely adopted alternative to HFCs in the foam sector, particularly for the spray foam applications, and cited examples of small and medium-sized enterprises (SMEs) and systems houses disregarding regular distributors and importing HFOs directly from producers to ensure stable supply. **(ACTION: Agencies to provide, by 31 March 2026, updated feedback on the status of alternatives in the polyurethane foam sector for the currently implemented projects.)**

AGENDA ITEM 8: SUPPLY CHAIN ISSUES IN THE REFRIGERATION, AIR-CONDITIONING AND HEAT PUMP SECTOR AND POSSIBLE WAYS TO ADDRESS THE CHALLENGES

51. The Secretariat introduced the item by providing a summary of the discussion and decision 96/59, and thanked agencies for their responses to the Secretariat's questionnaire. The Secretariat indicated that consultations conducted with stakeholders, including technology providers during the participation at the

American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) conference in January 2026, as well as through data collected during the inter-agency coordination meeting (IACM) in September 2025, desk reviews, and the targeted questionnaire sent to implementing agencies and NOUs, were efforts aimed at gathering insights on the supply chain challenges of conversion projects in the refrigeration, air-conditioning and heat pump sector, including availability, pricing, and technical specifications. The analysis from the questionnaire focused on data collected from the past three years of ongoing projects, covering approximately 30 projects across 15 countries noting that collecting information on challenges from earlier years' projects would not properly reflect the highly dynamic and evolving nature of the sector.

52. The Secretariat shared the key findings identified through the questionnaire, as completed by the agencies and NOUs. Regarding availability and price challenges, which are linked, the main barrier is the economy of scale where supply is limited to large original equipment manufacturers (OEMs) that have just started to transform to alternatives in recent years, absence of local/regional packaging and storage setups is another key challenge leading to, or associated with, long and delayed times for delivery. While alternatives such as R-32, which have been on the market longer, are generally more accessible, newer refrigerants like HFOs are only gradually entering the market. Price instability remains a significant hurdle, driven by fluctuations in raw material costs, the specific requirements of alternative technologies, and unstable currency exchange rates in several Article 5 countries.

53. Another important key finding, underscored by most agencies and NOUs, is that the transition to alternative refrigerants disproportionately burdens SMEs. OEMs command the business volume necessary to import alternative components directly from international technology providers, while SMEs depend heavily on local suppliers and off-shelf components. Domestic supplier networks for these specialized components however remain severely underdeveloped. Agencies also noted that SMEs lack the in-house research and development knowledge required for product redesign and face a shortage of local experts capable of facilitating the conversion processes. Without sufficient market demand and economies of scale, many SMEs prioritize basic business survival over technological upgrading. To prevent these enterprises from abandoning the trade entirely, agencies noted that future conversion projects should integrate dedicated business development support alongside technical assistance.

54. Other barriers identified relate to policy and regulatory constraints, limited local technical expertise to support sector conversion, and safety requirements in manufacturing plants. Many Article 5 countries continue to rely on outdated safety standards that restrict allowable charge sizes for flammable refrigerants, while building codes often limit their use in high-rise buildings. In addition, although beyond the current mandate, discussions highlighted the MAC sector, the servicing sector, and end-user product supply chains as important areas for future consideration.

AGENDA ITEM 9: UPDATE ON THE LOCAL INSTALLATION AND ASSEMBLY SUBSECTOR

55. The Secretariat provided an overview of the update on the local installation and assembly subsector, including the discussion at the 95th meeting and a summary of responses received from agencies to the Secretariat's email on the matter sent in February 2026.

56. A technical discussion took place on the complexities of phasing out HFCs in this subsector where several interconnected challenges were identified, including classification ambiguity caused by overlapping roles among manufacturers, servicing companies, and contractors that both assemble and install equipment, making accurate categorization of consumption difficult; the lack of reliable baseline data as equipment assembled and charged on-site is rarely documented by end users and most countries lack comprehensive checking registries; and the sector's high degree of fragmentation—characterized by a large number of diverse, geographically dispersed contractors of varying sizes and specializations—make coordination, data collection, and the establishment of standardized reporting or oversight mechanisms difficult. Several data collection approaches were discussed: to leverage existing programmes such as HPMPs and institutional

strengthening projects, to track and classifying local assemblers; to collaborate with stakeholders including partnering with national statistics offices and industry associations to obtain top-down inventories; to use import licensing databases to track HFC usage; and to conduct bottom-up surveys, which have been successful in some countries.

57. UNEP indicated that to assist LVC countries to understand and distinguish this subsector from the servicing sector, a pilot project is being implemented in one of those countries, was designed to be replicable in other LVC countries and includes the following key components: sectoral assessment and stakeholder mapping; national technicians registry; practical technical toolkit and awareness and engagement activities.

58. To address the subsector, agencies highlighted the need for advanced data collection strategies, specialized technical training, and innovative policy measures, as well as funding guidelines specific to local assembly. One bilateral agency noted that information from ongoing projects in the subsector should be used to characterize additional costs for equipment/components (e.g., compressors, heat exchangers for low-GWP systems), training costs for handling different refrigerant alternatives and price differentials between high- and low-GWP system components; this information will help develop cost guidance for the subsector in future.

AGENDA ITEM 10: STRATEGIC APPROACHES TO KIGALI AMENDMENT IMPLEMENTATION IN ARTICLE 5 COUNTRIES

59. The Secretariat provided an update on the preparation of the policy document on the matter, requested by the Executive Committee in decision 96/57, including a summary of responses received from the implementing agencies to an email sent earlier this year. The primary concern of the document was pivoting from traditional, isolated compliance strategies to more holistic and strategic approaches to the design and implementation of KIP-related activities for Article 5 countries. Through a review and bottom-up assessment of national technical, policy, and data-management capacities, the Secretariat and implementing agencies sought to identify the fundamental paradigm shift required to effectively manage HFC phase-down alongside other goals, such as enhanced energy efficiency.

60. The discussion highlighted technical and infrastructural bottlenecks hindering the adoption of low-GWP technologies, including insufficient technician training and inadequate infrastructure for the safe handling of toxic or flammable alternative refrigerants. Weaknesses of the current supply chains for alternative technologies further complicate the transition, creating a market paradox where distributors are hesitant to import new equipment without existing demand, while end users cannot adopt new technologies without a reliable supply. Additionally, limitations in energy-efficiency testing capacities were noted, as well as internal capacity constraints within NOUs, which often lacked specialized sources to independently manage the compounding technical challenges.

61. It was observed that, in the context of the KIPs, most current policy frameworks remained narrow, often focusing strictly on establishing licensing systems rather than fostering comprehensive market transformations. Among the discussed pathways to sustainable change was long-term policy integration that included mandatory certification systems, stringent import/export controls on equipment containing high-GWP HFCs, and robust MEPS. It was noted that energy efficiency contributes strongly to Nationally Determined Contributions (NDCs) but that reporting tools do not yet capture HFC-related mitigation adequately. Reframing the Multilateral Fund as a compliance capacity-development mechanism was proposed, alongside with greater use of demand-side tools including public procurement and carbon markets under Article 6 of the Paris Agreement.

62. Another point under discussion was the scaling of implementation efforts through reimagining traditional governance structures, particularly for large countries, where centralized NOUs may not have sufficient outreach into the local markets. The discussion highlighted successful models and agencies suggested utilizing the existing national ozone committees or sub-regional governments to manage local

compliance and data collection. On a macro level, regional cooperation was identified as an essential mechanism to harmonize varying technical capacities. Strategies discussed included unifying the certification programmes to ensure that technicians across borders are suitably trained and equipped and utilizing regional economic unions to harmonize MEPS and combat illegal trade and dumping of obsolete controlled substances.

63. It was acknowledged that transitioning end users to low-GWP and energy-efficient technologies required overcoming certain capital barriers, necessitating the introduction of innovative financial instruments beyond traditional Multilateral Fund grants. Agencies highlighted pilot initiatives utilizing blended finance, green bonds issued in domestic currencies, private sector investments and concessional lending mechanisms to attract commercial bank participation, for instance in transitioning the fisheries sector. Agencies also stressed the importance of segmenting the end-user market and integrating the needs of large commercial consumers with public sector “green” certification initiatives, interventions centered on consumer protection, ensuring the phase-out of obsolete technologies and guaranteeing proper servicing. To manage the scale of those financial mechanisms, participants noted the need of involvement of NOUs to share governance with external financial institutions, regional development banks, and major climate funds to prevent administrative collapse.

64. The discussion underscored that the successful implementation of the Kigali Amendment could not rely solely on the business-as-usual practices of the past but also a strategic shift toward integrated policy frameworks, localized enforcement mechanisms, and sophisticated, blended financial instruments tailored to specific sub-sectoral dynamics.

AGENDA ITEM 11: REGIONAL THEMATIC CENTRES (99TH MEETING)

65. The Secretariat presented an update on the regional thematic centres following decision 97/87 requesting the Secretariat to prepare a policy paper for the 99th meeting, and the change in name of the previously referred to as centres of excellence. The Secretariat outlined the plan, developed in coordination with the UNEP OzonAction team, on how information will be collated, through dedicated discussions at the regional network meetings, the dissemination of a brief questionnaire to NOUs, discussion slots during the IACM with bilateral and implementing agencies, and additional research on existing centres and business models for compilation and presentation in the policy paper to be submitted.

66. Agencies noted issues relating to the sustainability of these centres beyond the support of the Multilateral fund, drawing on experience of some knowledge of similar self-sustaining existing centres, the differences across regions in terms of recognition, availability of technologies and differing business models, and the length of the approval process for new centres. The Secretariat highlighted three areas of importance noted at the Executive Committee meeting, being (i) technical assessment, data management, and market-driven policies, (ii) market uptake and interventions for faster adoption of low GWP technologies, and (iii) attracting and mobilizing co-financing on sustainable cooling. The Secretariat confirmed that research is in the early stages, and discussions will continue throughout the year in preparation for the document to be presented at the 99th meeting.

67. One agency noted that it had collected information on existing centres while preparing revolving fund proposals and are willing to share it with the Secretariat. Another highlighted the regional sustainable energy centres model, emphasizing their strong intergovernmental structures and sustained operations as useful examples in the development of the policy paper.

68. The Secretariat reiterated the importance of locating thematic centres in Article 5 countries to build local capacity while noting they could operate as branches of reputable international institutions already present in those countries. For areas such as fisheries, where advanced technology may not be available in Article 5 countries, the Secretariat emphasized the opportunity to partner with reputable non-Article 5 institutions while still strengthening regional capacity.

69. The Secretariat also sought examples of financing models beyond grants. One agency cited a regional sustainable energy centre that is now fully self-funded through its own projects. Agencies also noted that building regional recognition for a centre's services can be a lengthy process and highlighted the value of leveraging regional economic integration schemes or similar structures.

70. The Secretariat will continue developing ideas in collaboration with UNEP OzonAction and interested agencies and may hold an additional discussion at the next IACM, informed by consultations with NOUs through regional networks.

AGENDA ITEM 12: OTHER MATTERS

71. Agencies were encouraged to circulate a vacancy announcement for the P-3 position for a programme management officer at the Secretariat through their networks. The Chief Officer noted that the position will focus on business intelligence and data analytics as well as project review.

72. Looking ahead to the 100th meeting, the Chief Officer highlight its significance and proposed coordinating with the host country on possible commemorative elements. She invited agencies to contribute ideas so that communications and celebration activities could be developed jointly; an online meeting with agencies' focal points on the matter will be organized.

73. Further, the Secretariat highlighted a section on the Fund's website dedicated to stories that feature successful projects and encouraged agencies to submit story ideas to the Secretariat for possible inclusion.

Workshop on the project submission module of the knowledge management system

74. The workshop was attended in-person as well as online by participants from agencies in regions. The Secretariat provided an update on the modules and products within the KMS, including the status of migration of all project data (inventory) from the current offline systems into the KMS. It was noted that once all project data will have been migrated, the KMS will serve as the sole source for inputting new data.

75. The hands-on workshop familiarised agencies with the new project submission module and demonstrated its functionality. The workshop was supported by a user guide and pre-selected projects with their associated data sheets, which had been distributed to agencies prior to the meeting. With appreciation to colleagues from the four agencies, real projects were selected for the exercises conducted within the module's staging environment. All agencies expressed appreciation for the work completed to date and acknowledged the smooth operation of the module.

76. The workshop concluded with the Secretariat informing that a formal training framework will be developed and delivered between the 98th and 99th meetings. Participants were also informed that for the 98th meeting, all project submissions will be entered into the KMS by Secretariat staff, while agencies will be expected to input their own project submissions directly into the module starting from the 99th meeting.

AGENDA ITEM 13: CLOSURE OF THE MEETING

77. On behalf of the Secretariat, the Chief Officer expressed her appreciation to the participating bilateral and implementing agencies. She provided a high-level review of the topics covered in the meeting and noted the importance of the IACMs to the Secretariat and agencies' work. She also affirmed the importance of online participation of regional/outposted colleagues in the discussions relating to projects, allowing the Secretariat to understand their concerns.

78. She thanked everyone especially for the active participation and feedback on the workshop on the project submission module of the knowledge management system of the KMS and noted that the Secretariat would continue its work on the system. She looked forward to seeing everyone again at the 98th meeting.

Annex I
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