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

PROJECT PROPOSALS: SAO TOME AND PRINCIPE

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

Phase-out		
• HCFC phase-out management plan (stage II, first tranche)	UNEP	Individual consideration
Phase-down		
• Kigali HFC implementation plan (stage I, first tranche)	UNEP	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

Sao Tome and Principe

PROJECT TITLE	AGENCY
HCFC phase-out management plan (stage II)	UNEP (lead)

ARTICLE 7 DATA (Annex C, Group I)	Year: 2025	0.04 ODP tonnes

COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)							Year: 2025
Substance	Aerosol	Foam	Firefighting	Refrigeration		Solvent	Total sector consumption
				Manufacturing	Servicing		
HCFC-22					0.04		0.04

CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	2.20	Starting point for sustained aggregate reductions:	0.15
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	0.05	Remaining:	0.10

ENDORSED BUSINESS PLAN		2026	2027	2028	Total
UNEP	ODS phase-out (ODP tonnes)	0.02	0.00	0.00	0.02
	Funding (US $)	169,535	0	0	169,535

PROJECT DATA AS AGREED			2026	2027	2028	2029	2030	Total
Consumption (ODP tonnes)	Montreal Protocol limits		0.72	0.72	0.72	0.72	0.00	n/a
	Maximum allowable		0.05	0.05	0.05	0.05	0.00	n/a
Project costs requested in principle (US $)	UNEP	Project costs	85,500	0	86,400	0	19,100	191,000
		Support costs	11,115	0	11,232	0	2,483	24,830
Total amounts recommended in principle (US $)		Project costs	85,500	0	86,400	0	19,100	191,000
		Support costs	11,115	0	11,232	0	2,483	24,830
		Total funds	96,615	0	97,632	0	21,583	215,830

Request for funding for the first tranche (2026)		
Implementing agency	**Funds recommended (US $)**	**Support costs (US $)**
UNEP	85,500	11,115
Total	85,500	11,115

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

Background

1. On behalf of the Government of Sao Tome and Principe, UNEP, as the designated implementing agency, has submitted a request for stage II of the HCFC phase-out management plan (HPMP), in the amount of US $191,000, plus agency support costs of US $24,830, as originally submitted.[2] The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage II of the HPMP being requested at this meeting amounts to US $85,500, plus agency support costs of US $11,115, for UNEP, as originally submitted.

Status of implementation of stage I of the HCFC phase-out management plan

3. Stage I of the HPMP for Sao Tome and Principe was approved at the 63rd meeting[3] of the Executive Committee to phase out 0.05 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector and to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US $160,000, plus agency support costs of US $20,800. Stage I of the HPMP was completed in December 2021.

Report on HCFC consumption

4. The Government of Sao Tome and Principe reported a consumption of 0.04 ODP tonnes of HCFCs in 2025, which is 98.2 per cent below the HCFC baseline for compliance and 73.3 per cent below the starting point for aggregate reductions in consumption of 0.15 ODP tonnes. The 2021–2025 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in 2021–2025 in Sao Tome and Principe (Article 7 data)

HCFC-22	2021	2022	2023	2024	2025	Baseline
Metric tonnes (mt)	1.00	0.90	0.80	0.80	0.70	38.95
ODP tonnes	0.06	0.05	0.04	0.04	0.04	2.20

5. The reduction in HCFC consumption during 2021–2025 reflects the continued implementation of the licensing and quota system, impact of activities implemented under stage I of the HPMP, and the gradual adoption of non-HCFC alternatives.

Country programme implementation report

6. The Government of Sao Tome and Principe reported HCFC sector consumption data under the 2025 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

7. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports, and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2020 to 2025 was correct (as shown in table 1 above for 2021-2025). The verification concluded that Sao Tome and Principe was in compliance with the Montreal Protocol and the Agreement with the Executive Committee for those years. The verification also concluded that Sao Tome

[2] As per the letter of 18 August 2026 from the Ministry of the Environment, Youth and Sustainable Tourism of Sao Tome and Principe to the Secretariat.
[3] Decision 63/42

and Principe's monitoring system is operating effectively and that imported and reported quantities of HCFCs were below the level allowed each year.

Status of progress and disbursement

Legal framework

8. The Ministry of Environment, Youth and Sustainable Tourism serves as the national designated authority for the Montreal Protocol. The National Ozone Unit (NOU) is housed under the Ministry's Directorate of Inspection, Legal Affairs and Environmental Impact Assessment, within the General Directorate of Environment and Climate Action. The National Ozone Committee (NOC) was established as an advisory body to support the NOU and includes the Ministry of Environment, Youth and Sustainable Tourism, the Ministry of Trade, the Customs Directorate, the Fiscal Police, the National Institute of Statistics, RAC associations, the Port Company, the Civil Aviation Institute, and the national fuel company. Overall policy and regulatory responsibility remains with the Ministry of Environment, Youth and Sustainable Tourism, through the NOU. The NOU coordinates the work on the introduction of legislative and regulatory measures and oversees monitoring and evaluation activities. Under stage I of the HPMP, several regulatory measures were introduced, including a licensing and quota system for HCFCs to regulate the import, sale and use of ODS, provisions on recovery and recycling, and a prohibition on the import of pre-blended polyols. The Government ratified the Kigali Amendment in 2019, and the licensing and quota system for ODS has been extended to include HFCs.

9. During stage I of the HPMP, 144 enforcement officers were trained to strengthen the control of HCFCs and prevent illegal trade: 61 customs officers, 39 environmental inspectors, 24 fiscal police officers, three trade officers, and 17 other enforcement personnel. Training topics included the control and identification of HCFCs, HCFC-based equipment and imported refrigerants, revisions to Harmonized System (HS) codes, and the prevention of illicit trade in controlled substances and equipment. In addition, four refrigerant identifiers were procured and distributed to key ports of entry to help detect and monitor HCFC imports.

Refrigeration servicing sector

10. During implementation of stage I of the HPMP, 188 RAC technicians were trained or re-trained on good servicing practices, recovery and recycling techniques, servicing of HCFC-based RAC equipment, and the safe handling of flammable refrigerants. A training workshop for 20 RAC trainers was organized on good servicing practices, safe-handling of hydrocarbons and servicing of HCFC-based equipment, and trainers were equipped with toolkits for good servicing. Vocational training institutions and large repair workshops were identified as reference centres for technician training and for managing basic service equipment. A memorandum of understanding was signed with the Vocational Training Centre of Sao Tome and Principe, and an ozone module was introduced into the curricula of the school. Awareness-raising activities were also conducted for consumers and importers on HCFC regulations and the availability of environmentally-friendly alternatives.

Project implementation and monitoring

11. The NOU oversees the implementation of the HPMP, assesses progress and produces reports, and manages project implementation. The NOU, with support of two consultants, monitored the effective implementation of HPMP activities.

Level of fund disbursement

12. As of August 2026, of the US $160,000 approved for stage I, the entire amount had been disbursed.

Stage II of the HCFC phase-out management plan

Remaining consumption eligible for funding

13. After deducting 0.05 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding under stage II amounts to 0.10 ODP tonnes of HCFC-22. Sao Tome and Principe reached the 67.5 per cent reduction target by 2025 without support from the Multilateral Fund.

Sector distribution of HCFCs

14. There are approximately 110 technicians (including four women) and 34 RAC workshops operating in the servicing sector, consuming HCFC-22 to service residential and commercial air-conditioning (AC) systems, as shown in table 2. No certification system for RAC technicians has been established, and the sector consists mainly of independent technicians or small workshops, including those informally trained. HCFC-22 represents 10 per cent of refrigerants used in the AC servicing sector, and HFCs for the remaining 90 per cent.

Table 2. Estimation of demand for HCFC-22 in the servicing sector in Sao Tome and Principe

Sector/Application	(a) Equipment inventory	(b) Average charge (kg)	(c) Equipment serviced (%)	(d) Estimated leakage rate (%)	(a*b*c*d) Annual need for servicing (2025) (mt)
Residential AC	669	1.17	30	15	0.04
Commercial AC	902	6.00	30	35	0.57
Total	**1,571**				**0.61**

Phase-out strategy

15. The Government of Sao Tome and Principe proposes to completely phase out HCFCs by 2030, with a servicing tail until 2040, in line with the Montreal Protocol. Stage II will have three tranches, building upon the progress made in stage I, focusing on further strengthening the legal and regulatory framework; improving the technical capacity of the country in managing HCFCs and alternatives; the establishment of a certification scheme; strengthening enforcement capacity; and ensuring ongoing monitoring, evaluation and reporting. The country plans to introduce a ban on the import of HCFC-based equipment and the import of HCFCs in non-refillable cylinders during stage II. Stage II of the HPMP will be implemented in coordination with stage I of the Kigali HFC implementation plan (KIP), proposed at the present meeting.

Proposed activities

16. Activities proposed for implementation in the servicing sector under stage II and in the first tranche and their cost breakdown are presented in table 3.

Table 3. Activities and cost breakdown under stage II of the HPMP for Sao Tome and Principe, as submitted

Activity	Stage II cost (US $)	First tranche (US $)
1. Strengthening the legal and regulatory framework to support HCFC phase-out		
1.1 Introduce a ban on imports of HCFC-based equipment and import of HCFCs in non-refillable cylinders by 2028, and a ban on the import of HCFCs as of 2030; analyze the expected annual HCFC consumption in the country for the 2030–2040 period, in line with the servicing tail; conduct two awareness meetings for importers, the Customs Directorate, and the Ministry of Trade on the bans and the servicing tail	12,000	4,000
1.2 Improve the collection, systematization and reporting of data and strengthen stakeholder collaboration, including establishment and maintenance of the national database on RAC workshops, RAC equipment and RAC training centres, and conduct two stakeholder workshops on the use of the database and data reporting	30,000	20,000
Subtotal	**42,000**	**24,000**
2. Capacity-building of customs and enforcement officers		
2.1 Update training material; and conduct nine trainings for 180 customs and fiscal police officers on ODS regulations, identification of controlled substances, and monitoring	40,000	19,000
Subtotal	**40,000**	**19,000**
3. Capacity-building of RAC technicians		
3.1 Update training material; and conduct four trainings of 80 RAC technicians in good servicing practices and safe handling of flammable refrigerants; conduct a campaign to address women participation in RAC sector including development of material on opportunities in RAC sector, and organizing information sessions and presentations at secondary and technical education institutions	27,000	14,500
3.2 Develop and operationalize a certification scheme for RAC technicians, including conducting two stakeholder consultation workshops, assessing and strengthening training centres through field visits, developing labour competency standards and certification guidelines, establishing certification centres, and certifying 25 RAC technicians	60,000	17,000
Subtotal	**87,000**	**31,500**
4. Monitoring, evaluation and reporting		
4.1 Conduct monitoring, evaluation and reporting activities	22,000	11,000
Subtotal	**22,000**	**11,000**
Grand total	**191,000**	**85,500**

Project implementation and monitoring

17. The system established under stage I of the HPMP will continue into stage II, with the NOU and UNEP monitoring activities, reporting on progress, and working with stakeholders to phase out HCFCs. The cost of those activities amounts to US $22,000 for UNEP, including project staff and consultants (US $12,000), travel (US $4,000), meetings and workshops (US $3,000), and other costs (US $3,000).

Total cost of stage II of the HCFC phase-out management plan

18. The total cost of stage II of the HPMP for Sao Tome and Principe has been estimated at US $191,000 (plus agency support costs), as originally submitted, for achieving a 100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in table 3 above.

Implementation plan for the first tranche of stage II of the HCFC phase-out management plan

19. The first funding tranche of stage II of the HPMP in the total amount of US $85,500 will be implemented between January 2027 and December 2029. Detailed information on the activities included in the first tranche and the level of funds requested is presented in table 3 above.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

20. The Secretariat reviewed stage II of the HPMP in light of stage I, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decisions 74/50 and 90/31), and the 2026–2028 business plan of the Multilateral Fund.

Overarching strategy

21. The Government of Sao Tome and Principe proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFCs in the period of 2030 to 2040 at a level consistent with Article 5, paragraph 8 ter(e)(i), of the Montreal Protocol.[4] The Government is committed to continue implementing strict measures to monitor and control levels of import and the uses of HCFCs during that period to ensure that they are limited to the conditions established by the Montreal Protocol.

22. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of Sao Tome and Principe agreed to submit a detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption is in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030–2040, and the expected annual HCFC consumption in Sao Tome and Principe for the period 2030–2040.

Legal framework

23. The Government of Sao Tome and Principe has issued HCFC import quotas for 2026 at 0.04 ODP tonnes, which is lower than the Montreal Protocol control target.

Technical and cost-related issues

24. The Secretariat noted that stage I of the HPMP was completed in 2021 and that the preparation project for stage II was approved at the 81st meeting, but that submission of stage II had been considerably delayed. UNEP explained that exceptional circumstances had temporarily affected the availability of the NOU, and that the newly appointed coordinator then needed a transition period to become familiar with ongoing activities, reporting requirements, and the preparation of stage II of the HPMP and stage I of the KIP. Considerable institutional changes within the Government during that period also affected continuity and implementation timelines. UNEP added that, while these circumstances had caused an unavoidable delay in submission, the country confirmed its strong commitment to the timely implementation of stage II of the HPMP and stage I of the KIP, upon approval.

25. On coordination between stage II of the HPMP and stage I of the KIP, UNEP confirmed that, as both projects will be implemented in parallel, a holistic approach will be taken to promote synergies, ensure harmonization and coordination, avoid duplication of effort, and conserve financial and other resources.

[4] HCFC consumption may exceed zero in any year so long as the sum of its calculated levels of consumption over the ten-year period from 1 January 2030 to 1 January 2040, divided by 10, does not exceed 2.5 per cent of the HCFC baseline.

UNEP added that activities under stage II of the HPMP, including strengthened data reporting and the technician certification system, will also support implementation of stage I of the KIP.

Total project cost

26. The total cost of stage II of the HPMP amounts to US $191,000, based on decision 74/50(c)(xii) on the eligible funding level for a low-volume-consuming country. The funding for the first tranche was agreed as submitted in the amount of US $85,500.

Agreed implementation plan for the first tranche of stage II of the HCFC phase-out management plan

27. The agreed plan of action will include the following activities:

(a) *Strengthening the legal framework:* Introducing the ban on imports of HCFC-based equipment and the import of HCFCs in non-refillable cylinders by 1 January 2028, and a ban on the import of HCFCs as of 2030; conducting one awareness meeting for importers, customs, and the Ministry of Trade on the bans and the servicing tail; establishing of the national database (US $24,000);

(b) *Capacity-building of customs and enforcement officers:* Updating the training material; conducting four training sessions for 75 customs and fiscal police officers on the Montreal Protocol, pertinent laws and regulations. (US $19,000);

(c) *Capacity-building of RAC technicians:* Updating the training material for technician training; conducting one training session for 20 technicians on good service practices; conducting meetings and workshops related to certification of technicians; conducting field visits to collect relevant data, assessment of training centres and evaluation of equipment; organizing one campaign for awareness for women in RAC sector (US $31,500); and

(d) *Project implementation and monitoring:* activities to include hiring of local consultants, travel, meetings and other costs (US $11,000).

Co-financing

28. The Government of Sao Tome and Principe will provide in-kind co-financing to support the coordination and management of stage II of the HPMP, including the provision of offices, assignment of local temporary staff to assist in meetings and workshops, and transport organization for meeting and workshop participants.

2026–2028 draft business plan of the Multilateral Fund

29. UNEP is requesting US $191,000, plus agency support costs, for the implementation of stage II of the HPMP for Sao Tome and Principe. The total requested value of US $194,247, including agency support costs for the period of 2026–2028, is US $24,712 above the amount in the business plan.

Gender policy implementation

30. In line with decisions 84/92(d), 90/48(c) and 92/40(b), the Government of Sao Tome and Principe has incorporated the policy into the project preparation and formulation for stage II of the HPMP. During the implementation of stage I of the HPMP, it was reported that 22 per cent of participants in customs trainings were women. The NOU is undertaking stakeholder consultations in order to develop strategies to track and encourage the participation of women in HPMP activities. Under stage II of HPMP, the country will collect and monitor participant data, promote the participation of women in training and certification

activities, organize a targeted workshop to motivate women students to study and join the RAC sector, and report on the progress.

Sustainability of the HCFC phase-out and assessment of risks

31. The sustainable phase-out of HCFCs will be supported by strengthening the capacity of RAC technicians through training, involving RAC associations, introducing a certification programme, continuing capacity-building for customs and enforcement officers, monitoring enforcement of the ban on imports of HCFC-based equipment, and implementing KIP activities. Together, these measures will facilitate the safe and sustainable adoption of low- and lower-GWP alternatives.

32. The risks to the implementation and sustainability of stage II of the HPMP include possible administrative or institutional changes affecting national commitment, external factors affecting timely implementation, and import-control and enforcement mechanisms being unable to respond to the challenges associated with HCFC phase-out. These risks will be mitigated through continued advocacy by the NOU, close coordination by UNEP with the NOU, regular stakeholder consultations, strengthened collaboration among stakeholders, continued training and technical capacity-building for customs and enforcement authorities, and training and certification of RAC technicians.

Impact on the climate

33. The activities proposed in the servicing sector, including better refrigerant management through training of RAC technicians and ban on import of HCFC-based equipment, will reduce the use of HCFC-22 in servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO_2-eq tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Sao Tome and Principe, including its efforts to strengthen technician capacity through training and certification as well as improving monitoring through data reporting, indicate that the implementation of the HPMP will reduce refrigerant emissions in the atmosphere, resulting in climate benefits.

Draft Agreement

34. A draft Agreement between the Government of Sao Tome and Principe and the Executive Committee for stage II of the HPMP is contained in annex I to the present document.

RECOMMENDATION

35. The Executive Committee may wish to consider:

(a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Sao Tome and Principe for the period from 2026 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $191,000, plus agency support costs of US $24,830, for UNEP, on the understanding that no more funding from the Multilateral Fund will be provided for the phase-out of HCFCs;

(b) Noting the commitment of the Government of Sao Tome and Principe

(i) To completely phase out HCFCs by 1 January 2030, and that HCFCs will not be imported after that date, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol;

(ii) To implement a ban on the import of HCFC-based equipment and on import of HCFCs in non-refillable cylinders by 1 January 2028;

(c) Deducting 0.10 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(d) Approving the draft Agreement between the Government of Sao Tome and Principe and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in annex I to the present document;

(e) That, to allow for consideration of the final tranche of its HPMP, the Government of Sao Tome and Principe should submit:

(i) A detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption was in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030–2040;

(ii) The expected annual HCFC consumption in Sao Tome and Principe for the period 2030–2040; and

(f) Approving the first tranche of stage II of the HPMP for Sao Tome and Principe, and the corresponding tranche implementation plan, in the amount of US $85,500, plus agency support costs of US $11,115, for UNEP.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Sao Tome and Principe

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

ARTICLE 7 DATA (Annex F)	Year: 2025	14.70 mt	34,040 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	0	0	0	0	0	0	34,040	0	0
Planned activities agreed (Y/N)							Y		

AVERAGE 2020–2022 HFC CONSUMPTION IN SERVICING	10.77 mt	25,214 CO_2-eq tonnes

BASELINE DATA (CO_2-eq tonnes)	2020	2021	2022	Average 2020–2022
HFC annual consumption	17,696	29,038	28,907	25,214
HCFC baseline (65%)				45,825
HFC baseline				71,039

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	Total
Consumption (CO2-eq tonnes)	Montreal Protocol limits		71,039	71,039	71,039	63,935	n/a
	Maximum allowable		38,962	38,962	38,962	35,066	n/a
	Reduction from baseline (%)		45.2	45.2	45.2	50.6	n/a
Project costs requested in principle (US $)	UNEP	Project costs	74,500	0	60,500	0	135,000
		Support costs	9,685	0	7,865	0	17,550
Total amounts recommended in principle (US $)		Project costs	74,500	0	60,500	0	135,000
		Support costs	9,685	0	7,865	0	17,550
		Total funds	84,185	0	68,365	0	152,550

* 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

36. 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

37. On behalf of the Government of Sao Tome and Principe, 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 $135,000, plus agency support costs of US $17,550, as originally submitted.[5]

38. The implementation of stage I of the KIP will assist the Government of Sao Tome and Principe in meeting its commitment to reduce HFC consumption by 50.64 per cent from its HFC baseline consumption by 1 January 2029.

39. The first tranche of stage I of the KIP being requested at this meeting amounts to US $72,500, plus agency support costs of US $9,425 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

40. Table 4 presents information on the HCFC phase-out management plan (HPMP) in Sao Tome and Principe as of August 2026.

Table 4. HPMP implementation status for Sao Tome and Principe

Particulars	Stage I	Stage II
Meeting when HPMP was approved or updated	63rd	Submitted to the present meeting
Reduction from baseline	35% by 2020	
Total stage cost (US $)	160,000	
Date of completion (actual or planned)	31 December 2021	

[5] As per the letter of 10 August 2026 from the Ministry of the Environment, Youth and Sustainable Tourism of Sao Tome and Principe to the Secretariat.

Status of implementation of previous HFC-related activities

41. Table 5 presents an overview of activities implemented in Sao Tome and Principe in the context of the Kigali Amendment that have been funded by the Multilateral Fund.

Table 5. Previously approved HFC-related activities in Sao Tome and Principe

Approval meeting	Project title	Implementing agency	Cost (US $)	Date of completion
74	Survey of ODS alternatives	UNEP	40,000	January 2017
81	Enabling activities for HFC phase-down	UNEP	95,000	January 2022

III. HFC consumption overview

HFC consumption levels

42. Sao Tome and Principe 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-404A (40.3 per cent of total HFC consumption in CO_2-eq tonnes), R-410A (35.0 per cent), HFC-134a (16.4 per cent), and R-407C (8.3 per cent). Table 6 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 6. 2020–2025 HFC consumption and baseline for Sao Tome and Principe (Article 7 data)

HFC	GWP	2020	2021	2022	2023	2024	2025
Metric tonnes (mt)							
HFC-134a	1,430	2.00	3.00	3.20	3.00	3.60	3.90
R-404A	3,921.6	2.00	3.00	3.00	3.00	3.20	3.50
R-407C	1,773.85	1.00	1.20	1.20	1.40	1.70	1.60
R-410A	2,087.5	2.50	5.20	5.00	5.00	5.40	5.70
Total (mt)		**7.50**	**12.40**	**12.40**	**12.40**	**13.90**	**14.70**
CO_2-eq tonnes							
HFC-134a	1,430	2,860	4,290	4,576	4,290	5,148	5,577
R-404A	3,921.6	7,843	11,765	11,765	11,765	12,549	13,726
R-407C	1,773.85	1,774	2,129	2,129	2,483	3,016	2,838
R-410A	2,087.5	5,219	10,855	10,438	10,438	11,273	11,899
Total (CO_2-eq tonnes)		**17,696**	**29,038**	**28,907**	**28,976**	**31,985**	**34,040**
HFC baseline calculation (CO_2-eq tonnes)							
Average HFC consumption in 2020–2022							25,214
HCFC baseline (65%)							45,825
HFC baseline							71,039

Country programme implementation report

43. The sectoral HFC consumption data provided by the Government of Sao Tome and Principe in its country programme (CP) implementation report for 2025 is consistent with the data reported under Article 7 of the Montreal Protocol.

HFC consumption trends

44. HFC consumption decreased in 2020 owing to the global COVID-19 pandemic, and imports rose in 2021 as economic activity resumed. HFC consumption has grown steadily since 2022, with increases of 10 and 6 per cent in 2024 and 2025, respectively. The rise is partly due to the growth of tourism: after a temporary slowdown caused by the pandemic, international visitors reached record levels in 2024 and 2025.

More tourists and longer stays have increased demand for RAC equipment in hotels, guesthouses, restaurants, supermarkets and other tourism facilities, which in turn has raised HFC consumption.

HFC consumption by sector

45. HFCs are mainly consumed for servicing in residential air-conditioning (AC) (38.5 per cent in mt and 33.0 per cent in CO_2-eq tonnes), followed by commercial refrigeration (36.4 per cent in mt and 51.5 per cent in CO_2-eq tonnes), mobile air-conditioning (MAC) (18.5 per cent in mt and 10.9 per cent in CO_2-eq tonnes), and other subsectors, as shown in tables 7 and 8.

Table 7. 2025 HFC consumption in Sao Tome and Principe in servicing subsectors (mt)

Sector	HFC-134a	R-404A	R-407C	R-410A	Total	Share of total (%)
Domestic refrigeration	0.36	0.00	0.00	0.00	0.36	2.52
Commercial refrigeration	1.00	4.20	0.00	0.00	5.20	36.41
Chillers	0.19	0.00	0.11	0.00	0.30	2.11
Transport refrigeration	0.03	0.03	0.00	0.00	0.06	0.42
Residential AC	0.00	0.00	0.00	5.49	5.49	38.45
Commercial AC	0.00	0.00	0.06	0.17	0.23	1.61
Mobile AC	2.64	0.00	0.00	0.00	2.64	18.48
Total	**4.22**	**4.23**	**0.17**	**5.66**	**14.28***	**100**

Table 8. 2025 HFC consumption in Sao Tome and Principe in servicing subsectors (CO_2-eq tonnes)

Sector	HFC-134a	R-404A	R-407C	R-410A	Total	Share of total (%)
Domestic refrigeration	515	0	0	0	515	1.48
Commercial refrigeration	1,430	16,471	0	0	17,901	51.53
Chillers	272	0	195	0	467	1.34
Transport refrigeration	43	118	0	0	161	0.46
Residential AC	0	0	0	11,460	11,460	32.99
Commercial AC	0	0	106	355	461	1.32
Mobile AC	3,775	0	0	0	3,775	10.88
Total	**6,035**	**16,589**	**301**	**11,815**	**34,740***	**100**

* The small difference between sector-wise consumption and reported consumption is due to use of available substances of previous years.

Refrigeration and air-conditioning servicing sector

46. There are approximately 110 RAC servicing technicians (including four women) and 34 RAC servicing workshops in Sao Tome and Principe. In addition, the country has about 30 MAC technicians and 12 MAC workshops. The sector consists mostly of independent technicians and small workshops, including informal ones. A certification scheme for RAC technicians has not yet been established but is planned under the stage II of the HPMP, proposed at this meeting.

47. There are two vocational training centres providing RAC training. The Vocational Training Centre of Sao Tome and Principe, under the Ministry of Labour, Solidarity and Social Security, offers a one-year RAC programme with dual certification, through a partnership with Portugal's Institute for Employment and Vocational Training. In 2025, it enrolled 20 students, including one woman. Graduates receive a Professional Qualification Certificate as RAC technicians, enabling them to work independently or establish businesses, applying environmentally sound practices for ODS and HFC management. The Vocational Training Centre Brazil, Sao Tome and Principe, established in 2014 in cooperation with Brazil and managed by the Ministry of Education, Culture, Science and Higher Education, offers both short-term RAC courses and a three-year technical qualification programme with an annual intake of 12 students. It had six graduates in 2023 and seven in 2024, with limited female participation.

Domestic, commercial, industrial and transport refrigeration servicing

48. Domestic refrigeration servicing includes an estimated 51,000 units using HFC-134a exclusively. Commercial refrigeration servicing uses HFC-134a and R-404A in an estimated 550 units, while an estimated 40 chillers use HFC-134a and R-407C, and transport refrigeration uses HFC-134a and R-404A in an estimated 40 units. Low-global-warming-potential (GWP) alternatives remain limited, with R-600a used in small amounts in the domestic refrigeration and a small number of R-290-based commercial systems.

Residential and commercial air-conditioning servicing

49. Residential AC represents the largest demand in metric tonnes, mainly with R-410A in an estimated 22,500 units. The commercial AC subsector uses R-410A and R-407C in an estimated 650 units. Approximately 280 residential AC units using HFC-32 have been imported in recent years but have not yet required servicing; therefore, no HFC-32 imports for servicing have been reported to date.

Mobile air-conditioning servicing

50. MAC servicing covers an estimated 33,000 cars and small vans using HFC-134a. This subsector accounts for 2.64 mt of servicing needs in 2025, equivalent to 18.4 per cent of total HFC servicing needs.

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

Institutional, policy and regulatory framework

51. The Ministry of Environment, Youth and Sustainable Tourism serves as the national designated authority for the Montreal Protocol. The National Ozone Unit (NOU) is housed under the Ministry's Directorate of Inspection, Legal Affairs and Environmental Impact Assessment, within the General Directorate of Environment and Climate Action. The National Ozone Committee (NOC) was established as an advisory body to support the NOU and includes the Ministry of Environment, Youth and Sustainable Tourism, the Ministry of Trade, the Customs Directorate, the Fiscal Police, the National Institute of Statistics, RAC associations, the Port Company, the Civil Aviation Institute, and the national fuel company. Overall policy and regulatory responsibility remains with the Ministry of Environment, Youth and Sustainable Tourism, through the NOU. The NOC provides policy guidance, supports regulatory development, oversees licensing and quota issuance, and serves as the consultation platform for stakeholders. HFCs are currently covered by an extension of existing ODS rules, and no HFC-specific decree has yet been adopted. The Ministry of Trade handles licensing together with the Ministry of Environment, the NOC supports quota establishment and allocation, customs and fiscal police enforce border controls, and importers are responsible for applying for licenses and quotas and reporting imports.

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

Overarching strategy

52. The overarching strategy for stage I of the KIP is to reduce HFC consumption in Sao Tome and Principe in a sustainable manner by focusing on the RAC servicing sector, while complementing the ongoing stage II HPMP activities. Stage I plans a 50.64 per cent reduction in HFC consumption from the HFC baseline by 2029. The strategy prioritizes strengthening the legal and regulatory framework through an HFC decree, improvements to the licensing and quota system, consideration of import bans and restrictions on installing selected HFC-based equipment, and development of standards and protocols for the safe use of flammable and toxic refrigerants. It also includes targeted awareness-raising and capacity-building activities for servicing technicians and customs and enforcement officers, with particular attention to low-GWP alternatives, good servicing practices, and leakage reduction.

Proposed reductions

53. The established HFC baseline is 71,039 CO_2-eq tonnes, including an HCFC component of 45,825 CO_2-eq tonnes. The country noted, however, that the HCFC baseline had been overestimated and that the starting point for the HPMP was corrected when stage I of the HPMP was submitted and approved at the 63rd meeting. In light of this correction, the country proposed maximum allowable HFC consumption of 38,962 CO_2-eq tonnes for 2026 to 2028, and 35,066 CO_2-eq tonnes for 2029. The 2029 level represents a 50.64 per cent reduction from the established HFC baseline.

54. The Government of Sao Tome and Principe and UNEP have forecasted HFC consumption under a business-as-usual scenario as shown in table 9 below.

Table 9. 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
HFC consumption forecast at an annual growth rate of 8%*	36,763	39,704	42,881	46,311
Montreal Protocol HFC consumption limits	71,039	71,039	71,039	63,935
HFC consumption levels proposed under the KIP	38,962	38,962	38,962	35,066
Proposed reductions from the HFC consumption baseline (%)	45.15	45.15	45.15	50.64

* Calculated based on 8 per cent increase from 2025 to reflect expected growth in the sector

Proposed activities

55. Activities proposed for implementation in the servicing sector under stage I and in the first tranche and their cost breakdown are presented in table 10.

Table 10. Servicing sector activities and their costs in stage I and in the first tranche of stage I of the KIP for Sao Tome and Principe, as submitted

Activity	Stage I cost (US $)	First tranche cost (US $)
1. Strengthening the legal and regulatory framework		
1.1. Develop and adopt the decree on HFCs; conduct one stakeholder workshop before adoption on scope of work for 100 participants; and one awareness-raising workshop after development on implementation for 100 participants	9,000	7,000
1.2. Develop bans on import and restrictions on installation of HFC-based equipment, including one meeting with importers, one market assessment study, drafting of regulations, and one awareness-raising meeting on implementation of regulations with relevant stakeholders for 100 participants	10,000	6,000
1.3. Develop a guide on ODS and HFC legislation, and disseminate in four workshops and meetings to relevant stakeholders	10,000	5,000
1.4. Update and strengthen the licensing and quota system for HFCs; and conduct one workshop with importers, customs, and the Ministry of Trade on HFC licensing and quota system for 50 participants	9,000	7,000
1.5. Develop the national technical standards and protocols on the use of flammable and/or toxic substances in RAC equipment with support of an international consultant; conduct two stakeholder consultation meetings for development and finalisation of standards; organize two workshops for the standards officers, customs officials, owners of larger RAC workshops, training centres and importers (total 200 participants) for creating awareness and building their capacity on implementation of standards	21,000	14,000
Subtotal component 1	**59,000**	**39,000**

Activity	Stage I cost (US $)	First tranche cost (US $)
2. Capacity-building of customs and enforcement officers		
2.1. Develop and disseminate posters and other information material on the rules and regulations on imports of controlled substance, equipment and HS codes, for customs officers, brokers and importers	5,000	3,000
2.2 Strengthen the capacity of customs officers through two study visits to an Economic Community of Central African States (ECCAS) member country advanced in implementing the regional customs regulations and codes established by the regional economic community, to learn best practices in regulation implementation, reporting, monitoring, and inspection, with three officers per mission, for a total of six customs and fiscal police officers	15,000	7,500
Subtotal component 2	**20,000**	**10,500**
3. Capacity-building of RAC and MAC technicians		
3.1. Update the curriculum of two vocational schools on low-GWP technology, safety procedures for handling flammable refrigerants, and recovery and recycling (RR)	6,000	3,000
3.2. Develop training material for training of MAC technicians; organize two training programmes of 20 MAC and RAC technicians each, to a total of 40 participants on new technologies, safety standards, leakage control, and energy efficiency	10,000	6,000
3.3 Develop and disseminate a manual on safe handling of flammable and/or toxic refrigerants for distribution to technical workshops, technicians and training centres (to a total of 300 recipients)	12,000	0
3.4. Organize four awareness-raising campaigns for a total of 400 participants, including end users, professional associations of engineers, architects, various industries, and other business associations, on low-GWP energy efficient alternatives and their economic and environmental benefits, and preventive maintenance	15,000	7,500
Subtotal component 3	**43,000**	**16,500**
4. Coordination, monitoring and evaluation		
4.1. Coordination, monitoring and evaluation activities (see paragraph 58)	13,000	6,500
Subtotal component 4	**13,000**	**6,500**
Grand total	**135,000**	**72,500**

Project implementation, coordination and monitoring

56. Project implementation, coordination and monitoring will be undertaken by the NOU, following the monitoring, evaluation and reporting approach used under the HPMP. The total cost for this component is US $13,000 for stage I, including consultants (US $6,000), travel (US $3,000), meetings (US $3,000), and other costs (US $1,000).

Total cost of stage I of the Kigali HFC implementation plan

57. The budget for stage I has been proposed at US $135,000. The costs of activities in the refrigeration servicing sector have been proposed in line with decision 92/37.

Implementation plan for the first tranche

58. The first funding tranche of stage I of the KIP was submitted in the total amount of US $72,500, as shown in table 10 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 paragraph 71 below.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

V. Comments

Overarching strategy

59. At the 63rd meeting, during the review of stage I of the HPMP, it was noted that the HCFC baseline consumption for compliance was 2.2 ODP tonnes, calculated as the average of consumption reported under Article 7 of the Montreal Protocol for 2009 (4.1 ODP tonnes) and 2010 (0.2 ODP tonnes). The review also found that HCFC consumption for 2009 was overestimated. Based on the survey conducted for the preparation of the HPMP, the Government of Sao Tome and Principe agreed to establish its starting point for sustained aggregate reduction in HCFC consumption at 0.15 ODP tonnes, the average of 0.1 ODP tonnes for 2009, as reported under the HPMP and 0.2 ODP tonnes for 2020, as reported under Article 7. The HCFC baseline remained unchanged.

60. The Secretariat noted that if the HCFC baseline were revised to reflect the HCFC starting point, the HCFC component of the HFC baseline would be lower, resulting in an HFC baseline of 28,402 CO_2-eq tonnes. The country, however, had proposed 38,962 CO_2-eq tonnes as the maximum allowable consumption for 2026. UNEP explained that HCFC consumption in Sao Tome and Principe has historically been very low and that the country had agreed to a starting point of 0.15 ODP tonnes based on the stage I HPMP survey. HFC consumption, by contrast, has followed a markedly different trend, doubling between 2020 and 2025. UNEP indicated that tourism is expected to remain a key driver of economic growth in 2026 and beyond, sustaining demand for air-conditioning and commercial refrigeration services. Given the relatively large HCFC component in the established HFC baseline and the low HCFC starting point under the HPMP, the country proposed in stage I of the KIP a 50.64 per cent reduction from the established HFC baseline by 1 January 2029, and a maximum allowable HFC consumption of 38,962 CO_2-eq tonnes in 2026, based on actual consumption in recent past years and projected market growth.

61. Following further discussion, the Secretariat noted that the country's HFC consumption has exceeded 28,402 CO_2-eq tonnes every year since 2021, reaching 34,040 CO_2-eq tonnes in 2025, which indicates that the country's actual HFC needs are higher than that level. The proposed maximum allowable consumption of 38,962 CO_2-eq tonnes in 2026 accounts for the structural volatility in consumption that very small consuming countries have, where one or two shipments in one year compounded by the limited shipping frequency and storage capacity typical of small island states. Taking these factors into account, the Secretariat considers the proposed level acceptable. Under the proposed reduction schedule, the country would then reduce consumption by 10 per cent from this level by 2029, resulting in a maximum allowable consumption of 35,066 CO_2-eq tonnes, equivalent to a 50.64 per cent reduction from the established HFC baseline.

Institutional, policy and regulatory framework

HFC licensing and quota system

62. In line with decision 87/50(g), UNEP has confirmed that Sao Tome and Principe has an established and enforceable system of licensing and quotas for monitoring HFC imports and exports in place. The quota for 2026 is set at 36,513 CO2-eq tonnes which is lower than the maximum allowable consumption proposed in the Agreement.

63. Noting that a legal text specifically addressing HFCs has not yet been adopted, and that in the interim, the decree governing the import control system for ODS has been applied to HFCs, the Secretariat asked how import control is managed and how quotas are issued. UNEP replied that the present system will continue until the new decree on import, placing on the market, use and re-export of HFCs is adopted. In the meantime, continued compliance will be ensured through oversight by the NOU, in close cooperation

with customs, the Ministry of Trade and all eight importers of HFCs. Quotas are issued in metric tonnes, and the NOU monitors consumption with all eight importers to ensure that it stays within the limit.

64. Regarding the HFC decree, an activity under the proposed project, UNEP elaborated that the planned decree will specifically address import, export and use of HFCs. It may also include other regulatory measures such as those to prevent venting of HFCs during installation, servicing and decommissioning of RAC equipment; leakage checks for larger HFC-based equipment; record-keeping practices; and mandatory recovery of HFCs during servicing from containers and equipment at their end-of life. Depending on the progress in introducing the certification scheme under stage II of the HPMP, the decree might include related provisions, if necessary. Otherwise, the certification scheme will be covered by separate regulations.

Technical and cost-related issues

65. On bans on HFC-based equipment, UNEP stated that the country will consider introducing gradual import bans and restrictions under stage I of the KIP. Before any ban is adopted, an assessment will be carried out to evaluate the availability and affordability of alternative technologies in each sector and their economic impact. Based on the results, decisions will be made on the types of HFC-based equipment to be banned and the timing of the bans. Additionally, the country will assess whether bans should apply to new and/or used equipment and will finalize the specific implementation dates. Initial priority may be given to HFC-134a-based domestic refrigerators and R-404A-based commercial refrigeration equipment, where alternatives are already available. Stakeholder consultations, particularly with importers, will be conducted to ensure a balanced approach that supports market needs while meeting the Kigali Amendment objectives. Progress and any decisions on the scope and timing of import bans will be reported with the submission of the second tranche of stage I of the KIP.

66. Considering the high levels of HFC consumption in the residential AC and commercial refrigeration sectors, the Secretariat requested additional information on the strategy to address this. UNEP explained that a small number of units using alternatives (HFC-32 for residential AC and R-290 for small commercial refrigeration sector) have entered the market. Stage I of the KIP will focus on regulatory and capacity building activities to create an enabling environment for such technologies to penetrate the market. Under regulatory measures, development of standards for flammable refrigerants, the bans being considered by the country and improvements to the quota system to encourage import of low-GWP technologies are expected to assist market penetration of alternatives. Capacity building activities including training of RAC and MAC technicians, update of training curriculum and other awareness activities will prepare the market for the adoption of alternative technologies.

67. On further discussion on high HFC consuming sectors, and high leakage rate of equipment, while remaining within the overall budget, two additional activities were added under component 3. Costs of other activities were rationalized and adjusted accordingly. A revised budget is presented in table 11 below. The two additional activities include:

(a) Procurement of tools for training centres: two sets of residential air conditioners, leak detectors and recycling machines (US $2,500);

(b) Development of a practical guide on leak detection and prevention for technicians involved in the installation, servicing, maintenance, and decommissioning of RAC equipment, complemented by at least two capacity-building workshops reaching 400 end users, particularly in the commercial refrigeration and residential air-conditioning subsectors. The workshops will provide guidance and hands-on demonstrations on diagnosing and optimizing RAC system performance, reducing refrigerant leakage, lowering refrigerant

purchase costs, reducing energy costs, minimizing equipment downtime, and reducing emissions (US $8,000).

Total project cost

68. At a total cost of US $135,000, stage I of the KIP for Sao Tome and Principe will result in a reduction of 35,973 CO_2-eq tonnes from the country's HFC consumption eligible for funding, as summarized in paragraph 61 above. While no changes were made to the overall budget, reallocation was made between components of the original budget. Following revisions, the first-tranche funding increased from US $72,500 to US $74,500 owing to reallocation between components. A summary of the agreed costs is presented in table 11 below.

Table 11. Agreed budget for stage I and the first tranche

Activity	Original (US $)		Revised (US $)	
	Total	First tranche	Total	First tranche
1. Strengthening the legal and regulatory framework (no change in activities)	59,000	39,000	50,000	31,000
2. Capacity-building of customs and enforcement officers (no change in activities)	20,000	10,500	17,500	9,000
3. Capacity-building of RAC and MAC technicians (two activities added: (i) Procurement of tools/equipment for two training centres for training purposes and (ii) Development of a leakage control guide)	43,000	16,500	54,500	28,000
4. Project coordination and monitoring	13,000	6,500	13,000	6,500
Total	**135,000**	**72,500**	**135,000**	**74,500**

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

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

70. The agreed plan of action at a total cost of US $74,500 will include the following activities:

(a) *Regulatory framework and control mechanism*: Develop and adopt the decree on HFCs; conduct one stakeholder workshop for 100 participants on scope of work for adoption; conduct one awareness-raising workshop for 100 participants on implementation of the decree; develop and disseminate a guide on ODS and HFC legislation; update and strengthen the licensing and quota system for HFCs, and conduct one workshop on HFC licensing and quotas for 50 participants; develop national technical standards and protocols on the use of flammable and toxic substances in RAC equipment and organize one awareness workshop for a total of 100 participants on standards (US $31,000);

(b) *Capacity-building of customs and enforcement officers:* Develop and disseminate posters and information material on the imports of controlled substances, equipment, and HS codes for customs officers, brokers and importers; conduct one study visit to ECCAS member country for three customs/fiscal police officers (US $9,000);

(c) *Capacity-building of RAC and MAC technicians*: Update the curriculum of one vocational school on low-GWP technologies, safety procedures and RR; develop training material for MAC technicians; conduct one training for trainers; organize two trainings for a total of 40 technicians on new technologies, safety standards, leakage control and energy efficiency; procure and deliver two sets of HFC-32-based residential AC, leak detectors and recycling stations to training centres for training purposes; develop a leakage control guide and conduct one workshop on leak management to support end-users; organize two awareness-

raising campaigns for 200 participants on low-GWP energy efficient alternatives and preventative maintenance (US $28,000); and

(d) *Project monitoring and evaluation activities*: including consultants (US $3,000), travel (US $1,500), meetings (US $1,500), and other costs (US $500).

Co-financing

71. The Government of Sao Tome and Principe will provide in-kind co-financing for the implementation of stage I of the KIP, including its support for coordination, organization of meetings and workshops, stakeholder consultations, and follow-up on regulatory and capacity-building activities, through the use of national facilities and staff time for training, awareness-raising and monitoring activities.

2026–2028 business plan of the Multilateral Fund

72. UNEP is requesting US $135,000, plus agency support costs, for the implementation of stage I of the KIP for Sao Tome and Principe. The total value of US $152,550, including agency support costs, requested for the period of 2026–2028, is US $76,275 above the amount in the business plan.

Gender policy implementation

73. In line with decisions 84/92, 90/48 and 92/40, the Government of Sao Tome and Principe has incorporated the policy in the preparation and formulation of stage I of the KIP. During the project preparation, an assessment of women in the RAC sector workforce was carried out, identifying very low participation of women in the RAC servicing sector, with four women among 110 servicing technicians. During stage I of the KIP, the NOU will undertake awareness-raising activities to encourage women to join the RAC sector and participate in training sessions and consultations; include female expertise where available and support targeted outreach under the complementary HPMP activity encouraging women students and technicians in the RAC field. Stage I will also continue tracking the number of women and men engaged in project implementation, including in technician training, customs and enforcement officer training, stakeholder consultations and project staffing. Also, the NOU plans to follow up on discussions, recommendations and good practices arising during implementation, to ensure equitable participation of women and men across KIP stage I activities.

Sustainability of the HFC phase-down and assessment of risks

74. The sustainability of the HFC phase-down will be supported by both the activities proposed under the KIP and the institutional, technical, and regulatory capacities established through the HPMP. Key measures include the training and certification of RAC technicians, strengthening of training centres, development and adoption of national standards for the safe use of flammable refrigerants, and capacity-building programmes for customs and enforcement officers. These interventions will help ensure the long-term adoption of good servicing practices, the safe handling of alternative refrigerants, and effective enforcement of control measures. In addition, the introduction of regulatory measures, including planned restrictions and bans on selected high-GWP refrigerants and equipment, will further support and sustain the country's HFC phase-down efforts.

75. Potential risks to the sustainability of the HFC phase-down in Sao Tome and Principe include administrative or institutional delays affecting the adoption and enforcement of HFC-related measures; insufficient legislative, regulatory or project-management capacity; limited commitment by stakeholders; external factors that could delay implementation; and limited availability, affordability and market acceptance of low-GWP alternatives. To mitigate these risks, the NOU, with support from UNEP, will maintain close coordination with relevant ministries and stakeholders, reinforce the licensing and quota system, advance the preparation of the HFC decree and other regulatory measures, and continue

strengthening import controls and enforcement capacity. Sustainability will be monitored through regular NOU coordination, tranche implementation reports, annual progress reporting, verification of HFC consumption where required, and continuous review of consumption trends, stakeholder participation and implementation progress, so that any emerging risks can be addressed in time.

Impact on the climate

76. The activities proposed, including efforts to promote low-GWP alternatives, refrigerant recovery and reuse, good servicing practices, leakage reduction, safe use of flammable refrigerants, and targeted awareness-raising, 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, Sao Tome and Principe will have reduced its HFC emissions by approximately 35,973 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

77. A draft Agreement between the Government of Sao Tome and Principe and the Executive Committee for stage I of the KIP is contained in annex II to the present document.

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

78. Annex III summarizes the simultaneous implementation of activities under the HPMP and the KIP.

VI. Recommendation

79. The Executive Committee may wish to consider:

(a) Approving, in principle, stage I of the Kigali HFC implementation plan (KIP) for Sao Tome and Principe for the period 2026–2029 to reduce HFC consumption by 50.64 per cent of the country's baseline, in the amount of US $135,000, plus agency support costs of US $17,550, for UNEP;

(b) Approving:

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

(ii) The first tranche of stage I of the KIP for Sao Tome and Principe and the corresponding tranche implementation plan, in the amount of US $74,500, plus agency support costs of US $9,685, for UNEP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF SAO TOME AND PRINCIPE 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

Purpose

1. This Agreement represents the understanding of the Government of Sao Tome and Principe (the "Country") and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A ("The Substances") to a sustained level of 0 ODP tonnes by 1 January 2030 in compliance with Montreal Protocol schedule.

2. The Country agrees to meet the annual consumption limits of the 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 all 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 the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in row 4.1.3 (remaining consumption eligible for funding).

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 II of the HCFC phase-out management plan approved ("the Plan"). In accordance with subparagraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as 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 eight 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 the form of 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 the form of Appendix 4-A covering each calendar year until and including the year for which the funding 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 of the approved funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

(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 eight 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 which would modify any clause of this Agreement;

(iii) Changes in the annual levels of funding allocated to 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 to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;

(b) Reallocations not categorized as major changes may be incorporated in 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.

Considerations for the refrigeration servicing sector

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sector included in the Plan, in particular:

(a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and

(b) The Country and relevant bilateral and/or implementing agencies would take into consideration relevant decisions on the refrigeration servicing sector during the implementation of the Plan.

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 programmes 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 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 Agreement

11. Should the Country, for any reason, not meet the Targets for the elimination of the 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 of 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 ODP 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), 1(d), and 1(e) 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 of the 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 between the Government of the Country and the Executive Committee of the Multilateral Fund.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	0.15

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2026	2027	2028	2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	0.72	0.72	0.72	0.72	0	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.05	0.05	0.05	0.05	0	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	85,500	0	86,400	0	19,100	191,000
2.2	Support costs for Lead IA (US $)	11,115	0	11,232	0	2,483	24,830
3.1	Total agreed funding (US $)	85,500	0	86,400	0	19,100	191,000
3.2	Total support costs (US $)	11,115	0	11,232	0	2,483	24,830
3.3	Total agreed costs (US $)	96,615	0	97,632	0	21,583	215,830
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)						0.10
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

* Date of completion of stage I as per stage I Agreement: 31 December 2021

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 TRANCHE IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plans for each tranche request will consist of five 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 out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include the amount of ODS phased out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight 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, uses of the flexibility for 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 of the Plan results and the consumption of the Substances, as per subparagraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in subparagraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;

(c) A written description of the activities to be undertaken during the period covered by the requested tranche, 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 also 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 (a) above;

(d) A set of quantitative information for all Tranche Implementation Reports and Plans, submitted through an online database; and

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

2. In the event that in a particular year two stages of the Plan are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:

(a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and

(b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. Overall monitoring will be undertaken by the Country, through the National Ozone Unit (NOU), with assistance from the Lead IA. The NOU will submit annual progress reports of status of implementation of the Plan to the Lead IA.

2. Consumption will be monitored and determined from official data of import and export of substances as registered by the relevant Government departments. The NOU will compile and report the following data and information each year on or before the relevant deadlines:

(a) Reports on the consumption of the substances to be submitted to the Ozone Secretariat in line with Article 7 of the Montreal Protocol; and

(b) Reports on country programme data to be submitted to the Secretariat of the Multilateral Fund.

3. Monitoring of development of the Plan and verification of the achievement of the performance targets will be assigned to an independent local company or to independent local consultant(s) by the Lead IA. The company or consultant(s) responsible for verification will have full access to relevant technical and financial information related to the implementation of the Plan.

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 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 is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with subparagraphs 1(c) and 1(d) of Appendix 4-A;

(e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and 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 HCFC consumption targets had been met;

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

(h) Carrying out required supervision missions;

(i) Ensuring the presence of an operating mechanism to allow effective, 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 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 the consumption of the 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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US $180 per ODP kg 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.

2. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the Plan being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.

Annex II

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF SAO TOME AND PRINCIPE 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: 2026–2029)

Purpose

1. This Agreement represents the understanding of the Government of Sao Tome and Principe ("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 35,066 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	Total
1.1	Montreal Protocol reduction schedule of Annex F substances	%	freeze	freeze	freeze	10	n/a
		CO_2-eq tonnes	71,039	71,039	71,039	63,935	n/a
1.2	Maximum allowable total consumption of Annex F substances	Reduction in %	45.2	45.2	45.2	50.6	n/a
		CO_2-eq tonnes	38,962	38,962	38,962	35,066	n/a
2.1	Lead IA (UNEP) agreed funding (US $)		74,500	0	60,500	0	135,000
2.2	Support costs for Lead IA (US $)		9,685	0	7,865	0	17,550
3.1	Total agreed funding (US $)		74,500	0	60,500	0	135,000
3.2	Total support costs (US $)		9,685	0	7,865	0	17,550
3.3	Total agreed costs (US $)		84,185	0	68,365	0	152,550

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 IMPLEMENTATION 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 Environment, Youth and Sustainable Tourism of Sao Tome and Principe, is responsible for monitoring the progress of implementation of activities in the Plan.

2. The monitoring 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.

3. The Ministry of Environment, Youth and Sustainable Tourism in the Country 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.

Annex III

SIMULTANEOUS IMPLEMENTATION OF THE HCFC PHASE-OUT MANAGEMENT PLAN AND THE KIGALI HFC IMPLEMENTATION PLAN IN SAO TOME AND PRINCIPE

	HPMP – stage II		KIP – stage I		HPMP+KIP combined cost (US $)
Category of activity	**Activity**	**Cost (US $)**	**Activity**	**Cost (US $)**	
Legal and regulatory framework	Introduction of regulatory measures to ensure the country's compliance with the HCFC phase-out schedule	12,000	Develop and adopt the decree on HFCs; conduct one stakeholder workshop before adoption on scope of work for 100 participants; and one awareness-raising workshop after development on implementation for 100 participants	8,000	
	Improving the collection, systematization and reporting of data and strengthening the collaboration among stakeholders	30,000	Consider bans on import and restrictions on installation of HFC-based equipment, including one meeting with importers, one market assessment study, drafting of further regulatory framework for the HFC phase-down, and one awareness-raising meeting on implementation of regulations with relevant stakeholders for 100 participants	8,000	
			Develop a guide on ODS and HFC legislation, and disseminate in four workshops and meetings to relevant stakeholders (organized under other activities)	8,000	
			Update and strengthen the licensing and quota system for HFCs; and one workshop with importers, customs, and the Ministry of Trade on HFC licensing and quota system for 50 participants	9,000	

	HPMP – stage II		KIP – stage I		HPMP+KIP combined cost (US $)
Category of activity	**Activity**	**Cost (US $)**	**Activity**	**Cost (US $)**	
			Develop the national technical standards and protocols on the use of flammable and/or toxic substances in RAC equipment with support of an international consultant; two stakeholder consultation meetings for development and finalisation of standards; organise two workshops for the standards officers, customs officials, owners of larger RAC workshops, training centres and importers (total 200 participants) for creating awareness and building their capacity on implementation of standards	17,000	
Subtotal		**42,000**		**50,000**	**92,000**
Capacity-building of servicing technicians	Training of RAC technicians in good servicing practices	20,000	Update the curriculum of vocational schools	6,000	
	Establishment of a certification scheme for RAC technicians	60,000			
	Targeted campaign and support for female students in the RAC field	7,000	Develop training material for training of MAC technicians; organize training of trainers, organize two training programmes of MAC and RAC technicians, 20 participants each, total 40 participants on new technologies, safety standards, leakage control, and energy efficiency	15,000	

	HPMP – stage II		KIP – stage I		HPMP+KIP combined cost (US $)
Category of activity	**Activity**	**Cost (US $)**	**Activity**	**Cost (US $)**	
			Purchase and deliver two sets of HFC-32-based residential air-conditioners, leak detectors and recycling stations to training centres for training purposes	2,500	
			Develop and disseminate manual on safe handling of flammable and/or toxic refrigerants for at least 300 users	8,000	
			Develop a leakage control guide for all those involved in installation, servicing, maintenance and decommissioning of RAC equipment, and carry out at least two "Zero Leaks" workshops to guide and demonstrate to end-users	8,000	
			Organize four awareness-raising campaigns for a total of 400 stakeholders on low-GWP energy efficient alternatives and their economic and environmental benefits, as well as on preventive maintenance	15,000	
Subtotal		**87,000**		**54,500**	**141,500**
Capacity building of customs and enforcement officers	Training of customs and fiscal police officers	40,000	Prepare and disseminate posters and information material on the main rules and regulations on imports	2,500	
			Conduct two study tours to exchange information and experience with other member countries of the Economic Community of Central African States (ECCAS), including	15,000	

	HPMP – stage II		KIP – stage I		HPMP+KIP combined cost (US $)
Category of activity	**Activity**	**Cost (US $)**	**Activity**	**Cost (US $)**	
			two missions with three officers per mission, to a total six officers		
Subtotal		**40,000**		**17,500**	**57,500**
Monitoring, evaluation and reporting	Monitoring, evaluation and reporting	22,000	Monitoring, evaluation and reporting	13,000	
Subtotal		**22,000**		**13,000**	**35,000**
Total		**191,000**		**135,000**	**326,000**
Percentage of total (%)		**59**		**41**	**100**