

**United Nations
Environment
Programme**Distr.
GENERALUNEP/OzL.Pro/ExCom/96/16
5 May 2025

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-sixth Meeting
Montreal, 26–30 May 2025
Item 9(a) of the provisional agenda¹

OVERVIEW OF ISSUES IDENTIFIED DURING PROJECT REVIEW**Introduction**

1. This document consists of the following sections:
 - I: An overview of projects and activities submitted by bilateral and implementing agencies
 - II: An overview of projects and activities following the project review process
 - III: Issues identified during the project review process:
 - III.1 Calculation of the climate impact of Kigali HFC implementation plans
 - III.2 Applicability of the cut-off date for eligible HFC capacity agreed by decision 95/86(h) to projects related to energy efficiency
 - III.3 Verification of HFC consumption for low-volume-consuming countries with approved stages of Kigali HFC implementation plans
 - III.4 Preparatory funding requests for projects to be submitted under decision 95/87(g)
 - III.5 Submission of new stages of HCFC phase-out management plans by low-volume-consuming countries to achieve reductions targets from past years
 - IV: Reports on the implementation of decisions and follow-up on previous discussions relating to project review.
2. Sections I, II, and IV are presented in the addendum to the present document (document UNEP/OzL.Pro/ExCom/96/16/Add.1).

¹ UNEP/OzL.Pro/ExCom/96/1

III. Issues identified during the project review process

III.1 Calculation of the climate impact of Kigali HFC implementation plans

3. Further to the update on the calculation of the climate impact of activities in the Kigali HFC implementation plans (KIPs) provided in the “Overview of issues identified during project review” at the 95th meeting,² the Secretariat was to provide at the 96th meeting more information about the methodology being tested using the updated version of the Multilateral Fund Climate Impact Indicator (MCII).³ Accordingly, the Secretariat is presenting the proposed methodology to estimate the climate impact of KIPs. The methodology has been shared with a member of the Scientific Assessment Panel (SAP) of the Montreal Protocol and his views were taken into account in its development.

Background

4. While the information related to the impact on the climate from the implementation of HCFC phase-out management plans (HPMPs) has been included in respective meeting documents, such information has been limited. For those HPMPs that only included activities in the servicing sector, the Secretariat noted that each kilogram of HCFC-22 not emitted due to better refrigeration practices resulted in the savings of approximately 1.8 CO₂-equivalent (CO₂-eq) tonnes, without providing a cumulative benefit achieved from such reductions from the HCFC phase-out. For HPMPs that included manufacturing conversions, information presented to date only reflected the climate impact from manufacturing conversions for one year, and not the cumulative climate impact over the duration of HPMP implementation. In particular, the reported impact on the climate from manufacturing conversions has been provided in terms of the benefit that would be achieved from the manufacturing in one year with the new technology; for refrigeration and air-conditioning (RAC) manufacturing conversions, the reported impact on the climate as calculated by the MCII also includes the reduced emissions from servicing equipment manufactured in one year and from energy-efficiency improvements of that equipment over the lifetime of the equipment.

5. The adoption of the Kigali Amendment added control obligations for HFCs that are measured in CO₂-eq tonnes. Reporting the reductions in consumption and production from HFC phase-down projects supported by the Multilateral Fund will be similarly straightforward as was the case for phase-out projects for ozone-depleting substances (ODSs), with the only substantive difference being the unit of measurement (i.e., CO₂-eq tonnes vice ODP tonnes). In contrast, estimating climate benefits that will be achieved from HFC phase-down projects is fundamentally different. Accordingly, the Secretariat developed a methodology described below that aims to take into account the cumulative benefit of the KIP implementation and ensure equity across Article 5 countries.

6. Article 5 countries’ HFC baseline for compliance includes both an HFC component, the HFC consumption in the baseline years,⁴ and an HCFC component, equivalent to 65 per cent of the HCFC baseline consumption. All KIPs approved so far have included targets to ensure that the Article 5 country concerned is in compliance with the Montreal Protocol; however, few KIPs have included a final target that is below the country’s most recently reported HFC consumption. If climate benefits were estimated based on the country’s most recent consumption, almost all KIP stages approved so far would have an estimated climate disbenefit, which would not reflect the emissions that were avoided from the implementation of the KIP. Moreover, this would not reflect the agreement reached by the Parties in determining the HFC baseline for compliance, which allowed Article 5 countries’ consumption to grow, including due to the possible phase-in of HFCs from the phase out of HCFCs. Accordingly, the

² UNEP/OzL.Pro/ExCom/95/31

³ Paragraph 145 of document UNEP/OzL.Pro/ExCom/95/94

⁴ 2020 to 2022 for group 1 Article 5 countries and 2024 to 2026 for group 2 Article 5 countries.

methodology to estimate the climate benefits from the implementation of KIPs is based on the emissions avoided relative to business-as-usual (BAU) scenarios.

Development of business-as-usual scenarios

7. The methodology proposed by the Secretariat uses three BAU scenarios to capture the range of likely avoided HFC consumption. HFC consumption is used as a proxy for emissions, given that all consumption is assumed to result in emissions eventually; the methodology makes no assumption about when the emission takes place. Accordingly, the term “avoided emissions” can be understood to be equivalent to “avoided consumption.” Since Montreal Protocol control measures result in consumption reductions, those control measures result in sustained aggregate reductions that result in cumulative benefits.

8. Rather than using consumption as a proxy for emissions, methodologies also exist that estimate emissions of refrigerants based on a detailed inventory of a country’s bank of installed equipment and, where relevant, level of manufacturing of HFC-based equipment in the country, as well as emission factors from other sectors (e.g., firefighting, aerosols and solvents). The Intergovernmental Panel on Climate Change (IPCC) recommends three different assessment tiers depending on, inter alia, whether inventory data are available over multiple years and whether country-specific uncertainty estimates are available for each source category estimate, with tier 1 being the simplest and least work-intensive assessment, and tier 3 the most data- and work-intensive.⁵ Estimating the avoided emissions using an emissions inventory-based approach would not only require an initial emissions inventory, but the KIP proposal would also have to specify how the inventory is expected to change over the course of the KIP, including inter alia how the installed equipment bank would change, and emissions of HFCs from that bank based on servicing practices improved under the KIP. Considerable additional resources would need to be provided to agencies to include such information when they prepare KIPs, to Article 5 countries to enable the collection of the necessary data and to maintain the emissions inventory, and to the Secretariat to review such information.

9. The BAU scenarios proposed depend on the initial HFC consumption during baseline years and estimated consumption growth, as follows:

- (a) BAU Scenario Low: Calculated using the HFC component of the baseline multiplied by the growth rate. This represents the lowest initial consumption from which growth can be calculated as it reflects a country’s HFC consumption in its baseline years;
- (b) BAU Scenario Intermediate: Calculated using the HFC component of the baseline multiplied by the growth rate, plus the average HCFC consumption during the country’s HFC baseline years. This represents an intermediate initial consumption from which growth can be calculated as it considers remaining HCFC consumption that could still result in additional HFC consumption from the HCFC phase-out, where that HCFC consumption is assumed to gradually convert to HFCs over a five-year period; and
- (c) BAU Scenario High: Calculated using the HFC baseline multiplied by the growth rate. This represents the highest initial consumption from which growth can be calculated as it reflects the entirety of the HFC baseline, irrespective of whether a country’s HFC consumption has reached that level.

10. In its assessment reports, the SAP has used world-avoided scenarios to evaluate the impact of the Montreal Protocol on climate. The world-avoided scenario is an idealized counterfactual scenario and typically assumes that uncontrolled ODSs would have increased at a rate of 3.0 to 3.5 per cent per year in the absence of the Montreal Protocol based on expected growth in gross domestic product (GDP) and

⁵ https://www.ipcc.ch/site/assets/uploads/2019/12/19R_V0_01_Overview.pdf

market analysis; a sustained rate of emissions of ODSs of 3.0 to 3.5 per cent per year should be viewed as only one of many possible world-avoided scenarios, which could also include scenarios with varying assumptions about future GDP growth.⁶

11. The Secretariat proposes using a 3 per cent nominal growth rate in HFC consumption for all Article 5 countries, consistent with the low-end of the growth rate used by the SAP. The Secretariat does not propose using the BAU scenario included in KIP proposals submitted by agencies because doing so would result in differing growth rates across Article 5 countries and would raise concerns about equity. For example, using a country-specific growth rate would result in lower estimated climate benefits for an Article 5 country with a lower expected growth in GDP than one with higher expected growth. Furthermore, using the BAU scenarios provided by agencies as part of their KIP proposals could incentivize agencies to propose higher growth rates than would otherwise be applicable.

12. The estimated range of avoided emissions from the implementation of the KIP is the difference between the high and low BAU scenarios and the target for that year specified in the KIP Agreement, noting that the target could be a lower value than that specified under the Montreal Protocol. In order to ensure that the methodology captures the emission reductions to be achieved from the reductions in consumption, benefits are integrated over ten years and through 2050, where targets in future KIP stages are assumed to be in line with the Montreal Protocol control obligations. Ten years and through 2050 will also provide consistency when comparing/reviewing KIP stages in future years. If HFC consumption under a BAU scenario in a given year is below the target specified for that year, the avoided emissions for that year are set to zero.

13. The methodology accounts for neither the global-warming potential (GWP) of substances not controlled under the Montreal Protocol that may be phased in during the HFC phase-down, nor the GWP of substances that are not HFCs that may nonetheless be phased out as part of the HFC phase-down.⁷ The former results in an overestimate of the avoided emissions, while the latter results in an underestimate. The methodology also does not account for the use patterns of HFCs that may differ across climate zones and economies, which can in turn affect the expected growth in HFC consumption and when HFCs that are consumed are expected to be emitted to the atmosphere, nor for possible increased heatwaves or other climatic effects.

14. The Secretariat applied this methodology to stage I of a KIP approved at the 95th meeting. The estimated avoided emissions through 2035 range from 12.46 million to 38.55 million CO₂-eq tonnes; and through 2050, from 138.08 to 225.74 million CO₂-eq tonnes, as shown in table 1. In this example, the KIP targets were lower than those required under the Montreal Protocol, which resulted in additional avoided emissions of 4.32 million CO₂-eq tonnes for each BAU scenario and that are included in the ranges below.

Table 1. Avoided emissions (million CO₂-eq tonnes)

	Low	Intermediate	High
Through 2035	12.46	18.07	38.55
Through 2050	138.08	155.71	225.74

⁶ World Meteorological Organization (WMO). *Scientific Assessment of Ozone Depletion: 2022*, GAW Report No. 278, 509 pp.; WMO: Geneva, 2022.

⁷ For example, R-508B consists of 46 per cent HFC-23 and 54 per cent PFC-116, and has a GWP of 12,802; however, the calculated consumption from that blend only reflects the GWP of HFC-23, resulting in an effective GWP under the Kigali Amendment of 6,808. Similarly, R-401A is a blend consisting of 53 per cent HCFC-22, 13 per cent HFC-152a, and 34 per cent HCFC-124, and has a GWP of 1,182.48; however, for the purposes of calculated consumption, the GWP of the blend is 16.12.

Future work

Energy efficiency

15. The methodology developed by the Secretariat to estimate the likely range of avoided emissions from the implementation of KIPs only takes into account the direct benefits achieved, i.e., the reductions in HFC consumption; the methodology does not take into account the indirect benefits, i.e., reduced emissions from improved energy efficiency. The Secretariat is still considering how this could be done and will provide an update on the matter to the 98th meeting.

Application of the Multilateral Fund Climate Impact Indicator to stand-alone investment projects

16. The Secretariat will continue to use the MCII to estimate the climate impact of stand-alone HFC phase-down projects in the RAC manufacturing sector. Because the purpose of the MCII is to provide information on the climate benefits of RAC manufacturing conversions, the Secretariat proposes to further update the MCII by revising the GWP of HFCs to those provided in the 6th IPCC Assessment Report, rather than the current values that are based on the 4th IPCC Assessment Report, which are the GWP values used in the Montreal Protocol. The Secretariat will continue to update the GWP of HFCs in the MCII model in line with future IPCC assessment reports. In addition, should the Executive Committee so wish, the Secretariat could seek to revise the MCII to estimate the climate benefits from the conversion of enterprises that manufacture domestic refrigerators that have both a refrigeration and a cooling compartment.

Estimating the climate benefit from the implementation of HCFC phase-out management plans

17. The Secretariat proposes using a similar methodology to estimate the climate benefits from the implementation of HPMPs as for KIPs, i.e., the estimated climate benefits would be based on the difference in consumption between the targets under the HPMP and a BAU scenario based on 3 per cent growth from the HCFC baseline. Unlike the methodology for KIPs, however, an appropriate methodology would need to account for HFCs that were phased in because of the HCFC phase-out. The Secretariat will present an update on a possible methodology to account for such a phase-in at the 98th meeting.

Recommendation

18. The Executive Committee may wish:

- (a) To consider approving the methodology to calculate the climate impacts from the implementation of Kigali HFC implementation plans (KIPs) described in paragraphs 7 to 14 of document UNEP/OzL.Pro/ExCom/96/16 and requesting the Secretariat to apply the methodology;
- (b) To note that the Secretariat will provide an update, at the 98th meeting, on future work related to the following:
 - (i) Further updates to the Multilateral Fund Climate Impact Indicator as described in the document referred to in subparagraph (a);
 - (ii) An updated methodology referred to in subparagraph (a), taking into account reduced emissions from improved energy efficiency from the implementation of KIPs; and
 - (iii) A possible methodology to account for the phase-in relating to the implementation of HCFC phase-out management plans.

III.2 Applicability of the cut-off date for eligible HFC capacity agreed by decision 95/86(h) to projects related to energy efficiency

Background

19. The Executive Committee has been approving stand-alone HFC phase-down investment projects and stage I of KIPs since its 80th and 92nd meetings, respectively.⁸ At the 94th meeting, the Executive Committee approved the operational framework on energy efficiency while phasing down HFCs in the manufacturing sector and established a relevant funding window; the operational framework was further adjusted at the 95th meeting.⁹ Subsequently, several refrigeration, air-conditioning and heat-pump (RACHP) manufacturers expressed interest in using the funding window. So far, one project has been approved for Malaysia in line with decision 94/60, and additional projects are expected to be submitted under the same decision for Egypt, Nigeria, Thailand, Tunisia and Türkiye. The details of the beneficiary enterprises for the projects currently under preparation are not yet known, and it is unclear whether those enterprises' manufacturing capacity has been established before or after the cut-off date determining their funding eligibility.

20. At the 95th meeting, when considering the request for the preparation of the project for Tunisia, it was noted that one enterprise appeared to have been established after the cut-off date for eligible HFC capacity, and that the question relating to eligibility for funding relating to energy efficiency might be linked to a broader policy issue of the operational framework for energy efficiency. Subsequently, the Executive Committee agreed that the Secretariat would prepare a brief background document on the issue of enterprises established after the cut-off date for eligible HFC capacity that sought funding for their energy-efficiency projects in the manufacturing sector under decisions 94/60 and 95/87, for consideration at the 96th meeting under the agenda item on the overview of issues identified during project review.¹⁰

Projects related to energy efficiency in conjunction with the cut-off date for eligible HFC capacity

21. Through paragraph 17 of decision XXVIII/2, the Parties decided that the cut-off date for eligible HFC capacity would be 1 January 2020 for Article 5 group 1 countries, and 1 January 2024 for group 2 countries. The enterprises with manufacturing capacity established after those dates, as applicable, would thus not be eligible for funding for HFC phase-down. Subsequently, the Executive Committee adopted these cut-off dates for eligible HFC capacity as part of its HFC cost-funding guidelines (decision 95/86(h)). However, a cut-off date for projects related to energy efficiency in manufacturing has not been explored, whether in the operational framework for energy efficiency or in the HFC cost-funding guidelines. Therefore, while the Government and industries are cognizant of a clearly defined cut-off date for HFC-based equipment manufacturing capacity, it is not the case for HFC phase-down projects related to energy efficiency.

22. The Secretariat notes that countries developing KIPs that could result in a conversion of an entire sector or application (e.g., residential air-conditioning or commercial refrigeration) to alternative technologies, and that have enterprises with manufacturing capacity established after the cut-off date, could also be interested in improving the energy efficiency of the manufacturing processes in those sectors or applications. Applying the cut-off date established for eligible HFC capacity to activities related to energy efficiency may pose challenges in converting such sectors or applications with respect to reducing their HFC consumption. For example, an Article 5 country could have some enterprises' manufacturing capacity ineligible for HFC phase-down solely due to their establishment after the cut-off date and would like to phase down HFC consumption for the whole sector or application together with funding sources outside of

⁸ Projects pursuant to decision 78/3(g) were approved since the 80th meeting.

⁹ Decision 94/60 (approved 31 May 2024) and decision 95/87 (approved 8 December 2024)

¹⁰ Paragraph 185 of document UNEP/OzL.Pro/ExCom/95/94

the Multilateral Fund. All these enterprises, including the ineligible ones, may be interested in implementing projects to enhance the energy efficiency of their equipment under decision 94/60 and/or 95/87.

23. The implementation of comprehensive, country-wide sector plans to phase down HFCs with energy-efficiency gains (e.g., banning or prohibiting the use of HFCs across the entire application, or implementing higher levels of minimum energy performance standards in different applications) without engaging all industry players would be difficult, and could result in creating a non-level playing field for enterprises in the context of energy efficiency in the sectors or applications addressed under the KIP.

24. The Secretariat notes that higher levels of direct (i.e., HFC-related) and indirect (i.e., energy-related) emission reductions could be achieved through a holistic plan addressing HFC-using enterprises while encouraging countries to include energy efficiency as an integral part of their KIPs. As HFC phase-down can be accelerated by addressing energy efficiency in all relevant enterprises across the entire sector or application, support for projects related to energy efficiency at enterprises manufacturing RACHP equipment and components, whether already converted or undergoing conversion from HFCs to lower- or low-GWP technologies, could be considered in the following cases:

- (a) Capacity established between 1 January 2020 (cut-off date for eligible HFC capacity) and 31 May 2024 (adoption of decision 94/60) for the manufacturing of five categories of equipment specified in decision 94/60, would be eligible;
- (b) Capacity established between 1 January 2020 and 8 December 2024 (adoption of decision 95/87) for the manufacturing heat pumps and RACHP components specified in decision 95/87, would be eligible; and
- (c) Capacity established between 16 October 2016 (adoption of the Kigali Amendment) and 31 December 2019 for the manufacturing of RACHP equipment and components specified in decisions 94/60 and 95/87, could be considered on a case-by-case basis.

Recommendation

25. The Executive Committee may wish to consider that enterprises with the following types of manufacturing capacity, whether converted or undergoing conversion from HFCs to technologies with lower or low global-warming potential, would be eligible for funding related to energy efficiency:

- (a) Capacity established between 1 January 2020 and 31 May 2024 for the manufacturing of five categories of equipment specified in decision 94/60;
- (b) Capacity established between 1 January 2020 and 8 December 2024 for the manufacturing of heat pumps and refrigeration, air-conditioning and heat-pump (RACHP) components specified in decision 95/87; and
- (c) Capacity established between 16 October 2016 and 31 December 2019 for the manufacturing of RACHP equipment and components specified in decisions 94/60 and 95/87, on a case-by-case basis.

III.3 Verification of HFC consumption for low-volume-consuming countries with approved stages of Kigali HFC implementation plans

Background

26. The verification of annual consumption of controlled substances is an essential part of performance-based multi-year agreements (MYAs) under the Multilateral Fund. Under these agreements, the Executive Committee releases funding tranches upon a country's fulfillment of several conditions, including submission of an independent verification indicating that the country has met the agreed consumption targets for all relevant years. The guidelines for the verification of national consumption targets for MYAs were agreed at the 46th meeting.¹¹

27. While the verification of national consumption targets is mandatory for releasing funding tranches under the MYAs for non-low-volume consuming countries, the Executive Committee has decided only to require, on an annual basis, verification of a selected sample of low-volume consuming (LVC) countries, as follows:

- (a) To require, on an annual basis, verification of a randomly selected sample of approved terminal phase-out management plans (TPMPs) for LVC countries under implementation (i.e., 10 per cent of approved TPMPs), noting that the costs associated with verification would be added to the relevant work programme of the lead implementing agency ([decision 45/54\(d\)](#)); and
- (b) To request the Secretariat to provide, at the first meeting of each year, a sample of 20 per cent of countries with consumption at or below 360 metric tonnes (mt), to enable the Executive Committee to approve such a sample for the purposes of verification of that country's compliance with HPMP agreement for that year, and not to require verification under the HPMP agreement for LVC countries other than those included in the sample ([decision 61/46 \(d\) and \(e\)](#)).

Implementation of the verification of HCFC consumption for low-volume-consuming countries

28. Verification reports submitted with MYA tranche requests have provided independent confirmation that countries met the targets specified in their agreements with the Executive Committee, that reported consumption aligned with the customs' records, and that the established licensing and quota systems were operational and properly implemented. In addition, they have helped LVC countries identify deficiencies in their regulatory frameworks regarding the licensing and quota systems, including enforcement measures, and provided valuable recommendations for improvement and optimization.

29. Under the HPMPs, based on decision 61/46 and several additional criteria, including the proximity of the next tranche, completion of previous verifications, geographical distribution, level of consumption, and distribution among bilateral and implementing agencies, the Secretariat has presented a balanced sample of LVC countries for verification every year since 2012. By selecting 16 to 17 (20 per cent) LVC countries each year, nearly all LVC countries benefitted from at least one verification between 2013 and 2019, that is the implementation period for stage I in most LVC countries. This process has continued in subsequent stages of HPMPs, with almost all LVC countries receiving at least one additional verification during stage II and beyond, where applicable.

¹¹ Decision 46/38 and annex XIII of document UNEP/OzL.Pro/ExCom/46/47 (2005)

Verification of HFC consumption for low-volume-consuming countries

30. With the ongoing approvals of KIPs submitted since the 92nd meeting and the template agreement approved at the 95th meeting, Article 5 countries are now expected to comply with similar conditions for the release of KIP funding tranches as those stipulated by previous MYAs, including the requirement for independent verification of compliance with the agreed national HFC consumption targets.

31. Regarding stage I of the KIPs, the Executive Committee may wish to consider whether it should require LVC countries to submit independent HFC consumption verification reports with every tranche request, or whether to annually select a sample of LVC countries for verification, as was done for the TPMPs and the HPMPs. To facilitate consideration of this issue, the following section presents relevant information on the similarities and differences between HFC phase-down and HCFC phase-out plans.

The complexity of recording and reporting HFCs

32. The recording and reporting of HFC consumption has so far proven challenging for Article 5 countries, including the LVC ones. While recording and reporting the CFC and HCFC consumption in LVC countries focused mostly on one substance (CFC-12 and HCFC-22, respectively), their HFC consumption includes, in most cases, at least two pure substances (e.g., HFC-32, HFC-134a) and two to four blends (e.g., R-404A, R-407C, R-410A and R-507A), and compliance with control targets is measured in a different metric (CO₂-eq tonnes as opposed to ODP tonnes). Furthermore, for many Article 5 countries the first (2024) HFC control measure came shortly after they ratified the Kigali Amendment and started to report HFC consumption data, while in the case of HCFCs, they had been reporting consumption long before the first control measure took effect in 2013.

33. As the Secretariat reported in the “Overview of issues identified during project review” at the 93rd meeting,¹² several countries had to revise their previously reported HFC data based on the findings from their KIP preparation. Additionally, fluctuations in reported HFC consumption during baseline years were observed, influenced by the outbreak of the coronavirus disease (COVID-19) and other unidentified factors. To better understand HFC consumption patterns, continuous monitoring of import records and consumption behaviour is essential over the coming years, especially given the additional complexities encountered in the recording and reporting of HFC consumption, and that countries have only recently started to implement their quota and licensing systems. Verification of HFC consumption will help LVC countries in this monitoring process, enabling them to identify deficiencies and enhance their regulatory frameworks and licensing and quota systems.

Lower number of tranches expected under stage I of the Kigali HFC implementation plans

34. The majority of LVC countries implemented stage I of their HPMPs up to 2020, and stage II up to year 2030. The relatively long duration of those stages allowed for the inclusion of several tranches in each, and all stages would also have a final tranche scheduled for the last year of every agreement, in line with decision 62/17.

35. Stage I of KIPs differ from HPMP stages inter alia in the number of tranches they propose. Pursuant to decision 94/59, many stages of the currently submitted KIPs have only two tranches, with many of these second and final tranches scheduled in 2027. Table 2 outlines the number of tranches scheduled per year for the 44 LVC countries with approved KIPs.

Table 2. Tranches scheduled for stage I of KIPs approved for LVC countries (group 1 and 2)

	2026	2027	2028	2029	2030	2031	2032
Number of tranches scheduled	9*	35	1	7	9*	0	0

*Including tranches for stage I of the KIP for Nicaragua, being considered for cancellation at the present meeting

¹² UNEP/OzL.Pro/ExCom/93/31

36. As shown in the table, the annual pattern of tranches remains unclear, and shows that selecting a sample of 20 per cent of LVC countries per year would restrict the number of countries to undergo verifications during stage I of their KIPs. Given the additional benefits of carrying out verifications in LVC countries and the fact that an annual sample of 20 per cent would not encompass all of them, the Secretariat proposes an alternative method, to ensure that every LVC country benefits from one verification during stage I of the KIP. Namely:

- (a) Each year, the Secretariat will select for verification those LVC countries that have scheduled a tranche for the following year and have not yet received a verification;
- (b) At the first meeting of the year, the Secretariat will present to the Executive Committee the list of LVC countries due for verification, with a tranche request scheduled in the following year, and the lead bilateral and implementing agencies responsible for the verification will be requested to include the funding for the preparation of the verification reports at the same meeting; and
- (c) The level of funds recommended for the verification of HFC consumption is maintained at up to US \$30,000, as was the case with the verifications of HCFC consumption. While more experience has been gained in the preparation of verifications, the number of substances to be verified under the KIPs is higher.

37. Accordingly, based on the tranche distribution of the 44 KIPs approved for LVC countries so far, the number of countries that could be selected to carry out relevant verifications in 2026 is nine, and 35 in 2027. The number of verifications to be requested between 2027 and 2032 will increase based on the number of additional KIPs approved for LVC countries in the coming years.

38. This proposed approach will be simpler to implement than annually selecting a sample, will ensure that all LVC countries with a KIP receive a verification during stage I, and will allow countries to take corrective actions to improve their licensing and quota systems, where relevant, while still within the implementation period of stage I. The Secretariat suggests that this system be reviewed for stage II, based on the specific circumstances at that future time.

Combined verification of HCFCs and HFCs

39. Decision 94/59 encouraged Article 5 countries to harmonize the timing of their KIP and HPMP tranches. For countries that have done it, verifications of both their HFC and HCFC consumption can be conducted simultaneously. If one of the tranches is delayed, the verification report for both HCFCs and HFCs would be submitted with the tranche request that is submitted first. When selecting countries for the verification of HCFC consumption at the first meeting of the year, the Secretariat will also take into consideration those countries that have harmonized their HPMP and KIP tranches. The Secretariat recommends that the funding level for the simultaneous verification of HCFC and HFC consumption in these countries should be up to US \$45,000, noting that collecting information related to both HFCs and HCFCs at the same time would not represent double the efforts of the selected auditor, and that the review and finalization of a single combined report would be cost-effective.

Verification of HFC consumption in baseline years

40. The years covered by the HFC verification reports start from the year of approval of the previous tranche. Noting the issues described in paragraph 33 above, those countries that wish to include the baseline years in their first verification should be encouraged to do so.

Non-low-volume-consuming countries that are funded as low-volume-consuming countries

41. Decision 92/37(c) permits countries with an average HFC consumption above 360 mt in the servicing sector in the baseline years to receive funding up to the level determined for LVC countries with average HFC consumption in servicing in the baseline years between 300 and 360 mt if they chose to do so. The Secretariat recommends that these countries be included among those selected for verification, similar to the verification process applied to countries with HCFC consumption above 360 mt that were funded as LVC countries under the HPMPs.¹³

Recommendation

42. The Executive Committee may wish:

- (a) To request:
 - (i) The Secretariat:
 - a. To provide to the Executive Committee at the first meeting of each year, starting in 2026, the list of countries with average HFC consumption in servicing in baseline years of 360 metric tonnes (mt) and below that have scheduled a tranche of their Kigali HFC implementation plans (KIPs) during the following year and have not previously received funding to undertake such verifications, to enable the Executive Committee to approve the list for the purpose of verification of that country's compliance with its KIP agreement;
 - b. To include, in the list referred to in subparagraph (a)(i)a. above, those countries with an average HFC consumption in the servicing sector in baseline years above 360 mt that have opted to be funded as low-volume-consuming (LVC) countries, in line with decision 92/36(c);
 - (ii) Bilateral and implementing agencies acting as lead agencies for the respective agreements to include the related costs of verification in their work programmes in the same year, and to submit the related verification in conjunction with a tranche request in the following year;
- (b) To maintain the level of funds recommended for the verification of HFC consumption for countries with consumption up to 360 mt in servicing in the baseline years at up to US \$30,000, or US \$45,000 for those combined with verification of HCFC consumption;
- (c) To encourage countries with consumption up to 360 mt in servicing in the baseline years and countries with consumption above 360 mt that have opted to be funded as LVC countries, that wish to do so, to include the baseline years in their verification of HFC consumption; and
- (d) To further request relevant bilateral and implementing agencies acting as lead agencies to include in their respective bilateral cooperation documents and work programme amendments submitted to the 97th meeting, as applicable, funding for verification reports for stage I of the KIPs for Albania, the Congo, Cuba, Kyrgyzstan, Malawi, Mozambique, North Macedonia and Turkmenistan, for submission with their tranches in 2026, noting that Albania is also on the list for verification of HCFC consumption, to be submitted with the tranche of its HCFC phase-out management plan in 2026.

¹³ In the case of HCFCs, Benin, Burkina Faso, Ecuador, Gabon, Madagascar and Togo had consumption above 360 mt in baseline years but were funded as LVC countries.

III.4 Preparatory funding requests for projects to be submitted under decision 95/87(g)

43. At the 95th meeting, the Executive Committee established a funding window of US \$40 million for two energy-efficiency end-user projects using a revolving fund mechanism developed and supported by implementing agencies, and decided to provide funding for the preparation of no more than five of these projects, of no more than US \$100,000 per project, on the understanding that those proposals would be submitted to the 96th meeting and that only up to two projects would be selected for the funding window (decision 95/87(f) and (g)).

44. Accordingly, the World Bank and UNDP submitted to the 96th meeting funding requests for the preparation of end-user projects using a revolving fund mechanism. While the World Bank submitted four project preparation funds for US \$100,000 each (Grenada, Mexico, Thailand and Türkiye), UNDP submitted one multi-country project preparation proposal for US \$200,000, covering Colombia, Ghana and Jordan. The details of preparatory funding requests, included in the work programmes of UNDP¹⁴ and the World Bank,¹⁵ provide an overview of different aspects of those projects.

45. As the funding requests received cumulatively exceed the maximum of US \$500,000 allocated for this purpose by decision 95/87(g), the Executive Committee will need to select among the proposals submitted those that it wishes to pursue. The Secretariat notes that UNDP's project proposal for the three countries is above US \$100,000, i.e., the maximum amount specified in decision 95/87(g) for each project preparation request.

46. In selecting the five preparatory proposals to be approved, the Executive Committee may wish to consider those with the potential to best suit the purpose of the funding window and that could result in a quick and effective operationalisation of the revolving fund mechanism and in achieving maximum impact on energy efficiency while phasing down HFCs. This issue can be further considered under agenda item 9(d) (Projects recommended for individual consideration).

III.5 Submission of new stages of HCFC phase-out management plans by low-volume-consuming countries to achieve reductions targets from past years

47. At the 96th meeting, the implementing agencies submitted the final HPMP stages for Antigua and Barbuda, Armenia and Haiti. Upon review, the Secretariat noted that:

- (a) Antigua and Barbuda received approval for stage I to phase out 10 per cent of the HCFC baseline by 2015; however, the project was cancelled at the 82nd meeting (2018). Stage II was seeking funding to achieve the 35 per cent reduction target in 2020, the 67.5 per cent reduction target in 2025 and the total phase-out in 2030;
- (b) Armenia received approval for stages I and II to phase out 10 per cent of the HCFC baseline by 2015 and 66.6 per cent by 2020, respectively. Stage II seeks funding to achieve the 67.5 per cent reduction target in 2025 and the total phase-out in 2030; and
- (c) Haiti received approval for stage I to phase out 35 per cent of the HCFC baseline by 2020; however, the project was cancelled at the 95th meeting (2024). Stage II was seeking funding to achieve the 35 per cent reduction target in 2020, the 67.5 per cent reduction target in 2025 and the total phase-out in 2030.

¹⁴ UNEP/OzL.Pro/ExCom/96/20

¹⁵ UNEP/OzL.Pro/ExCom/96/23

48. In all cases, the proposed costs as submitted were based on the difference between the eligible costs for the complete phase-out established in the cost guidelines for the phase-out of HCFCs (decision 74/50) and the net funding received in previously approved stages. Each of these submissions was reviewed based on the specific circumstances of the country and the discussions and recommendations are contained in documents UNEP/OzL.Pro/ExCom/96/24 (Antigua and Barbuda), UNEP/OzL.Pro/ExCom/96/25 (Armenia) and UNEP/OzL.Pro/ExCom/96/40 (Haiti).

49. In line with decision 74/50, LVC countries would be provided with funding on the understanding that project proposals demonstrate that the funding level was necessary to achieve the phase-out targets. In all three cases, the Secretariat recommended funding to support the achievement of the 67.5 per cent reduction in 2025, despite the proposals being submitted in that same year. However, for Antigua and Barbuda and Haiti—both of which had stage I of their HPMP cancelled and were requesting funds to meet the 35 per cent reduction target in 2020—the Secretariat did not recommend this funding. This was because the 2020 target had already been achieved and sustained over the past four years, making further funding for that target unnecessary.¹⁶

50. In reviewing the issue more broadly, the Secretariat noted that nine additional LVC countries had approved stage I targeting a 35 per cent reduction in 2020, but had not submitted stage II proposals to meet the 67.5 per cent reduction target in 2025.¹⁷ If these countries submit stage II after 2025, they will be unable to demonstrate that funding is needed to achieve the 2025 target. In line with decision 74/50, funding in such cases would only be considered for achieving the total phase-out by 2030.

51. The Executive Committee may wish to encourage those low-volume-consuming countries that have not yet submitted stage II of their HCFC phase-out management plans to achieve the 67.5 per cent reduction in 2025, to submit it to the 97th meeting.

¹⁶ In line with decision 74/50(c)(xii), LVC countries would be provided with funding consistent with the level of consumption in the RAC servicing sector on the understanding that project proposals would still need to demonstrate that the funding level was necessary to achieve the phase-out targets.

¹⁷ Central African Republic, Djibouti, Dominica, Equatorial Guinea, Mali, Myanmar, Saint Kitts and Nevis, São Tomé and Príncipe, and South Sudan