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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Montreal, 1–5 December 2025
Item 9(a) of the provisional agenda[1]

OVERVIEW OF ISSUES IDENTIFIED DURING PROJECT REVIEW

Introduction

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[1] UNEP/OzL.Pro/ExCom/97/1

I. Overview of projects and activities submitted by bilateral and implementing agencies

2. Table 1 presents a summary of requests that were submitted by bilateral and implementing agencies to the 97th meeting.

Table 1: Requests submitted by bilateral and implementing agencies

Projects and activities	No. of countries	No. of funding requests	Amounts requested (US $)	Amounts in principle (US $)
Stage II/III of HCFC phase-out management plans (HPMPs)	7	17	12,453,329	27,209,538
Tranches of approved HPMPs	22	38	36,234,353	
Tranche of an approved HFC-23 emission control plan	1	1	134,300	
Preparation of stage II/III of HPMPs	4	7	231,000	
Stage I of Kigali HFC implementation plans (KIPs)	13	33	5,337,859	10,050,217
Tranches of approved KIPs	3	6	6,813,516	
Preparation of stage I of KIPs	4	7	931,210	
Verification of compliance of selected Article 5 countries with their KIP Agreements	8	8	247,650	
Enabling activities for HFC phase-down	1	1	267,500	
Renewal of institutional strengthening (IS) projects	5	5	1,036,547	
Additional activities to maintain energy efficiency in the servicing sector (decision 89/6)*	7	7	899,602	
Pilot projects on energy efficiency (decision 91/65)	12	13	3,669,253	
Global pilot project for energy efficiency (decision 91/65)	--	1	1,502,280	
Pilot projects on energy efficiency (decisions 94/60)	3	3	18,868,330	
Pilot projects on energy efficiency (decisions 95/87)	1	1	2,894,350	
Preparation of pilot projects on energy efficiency (decisions 91/65 and 95/87)	3	3	119,500	
Preparation of national inventories of banks of waste controlled substances (decision 91/66)	28	29	2,674,620	
Compliance assistance programme (CAP) (2026 budget)	--	1	12,179,124	
Core unit costs (2026)	--	3	6,629,064	
Total		**184**	**113,123,386**	

*Requests for four countries (Brunei Darussalam, Chad, Madagascar and Senegal) have been submitted as part of their HPMP tranche requests.
Note: Funding amounts include agency support costs.

II. Overview of projects and activities following the project review process

3. Following the project review process, nine funding requests for projects and activities totalling US $2,234,777, including agency support costs, have been withdrawn, 88 requests totalling US $11,497,530, including agency support costs, have been recommended for blanket approval, and 87 requests totalling US $96,516,599, including agency support costs, have been forwarded for individual consideration. Together, the funding requests for projects and activities recommended for either blanket approval or individual consideration amount to US $108,014,129, including agency support costs.

II.1 Projects submitted and subsequently withdrawn

4. Table 2 presents a summary of requests that were submitted by bilateral and implementing agencies to the 97th meeting and subsequently withdrawn.

Table 2: Requests submitted and subsequently withdrawn

Projects and activities	No. of countries	No. of funding requests	Amount requested (US $)
Tranches of approved HPMPs	3	4	795,887
Preparation of stage I of a KIP	1	1	64,410
Stage I of a KIP	1	2	1,020,780
Verification of compliance of Article 5 country with its KIP Agreement	1	1	32,700
Pilot project on energy efficiency (decision 91/65)	1	1	321,000
Total		**9**	**2,234,777**

Note: Funding amounts include agency support costs.

Tranches of approved HCFC phase-out management plans (North Macedonia, Qatar, the Bolivarian Republic of Venezuela)

5. UNIDO, on behalf of the Government of North Macedonia, submitted a request for the third tranche of stage II of the HCFC phase-out management plan (HPMP), in advance of the submission planned for the second meeting in 2026 as set out in the country's Agreement with the Executive Committee. Noting that the previous tranche disbursement was only at 27 per cent, the Secretariat questioned whether early submission was warranted. UNIDO clarified that the amount already obligated was at 47 per cent and that activities planned for early 2026 were expected to use the remaining budget, and therefore the early request would allow the country to avoid a funding gap. UNIDO further noted that submission to the second meeting in 2026 would mean that the related funds would only become available for implementation in 2027, which could delay progress. Following discussion, it was agreed that the tranche would be withdrawn and submitted again to the first meeting in 2026, to ensure that more progress could be reported and to avoid a potential funding gap.

6. UNIDO, on behalf of the Government of Qatar, submitted a proposal for the third tranche of stage II of the HPMP. As described in paragraphs 22-34 of document UNEP/OzL.Pro/ExCom/97/18, the Government decided to withdraw the project proposal as the conditions of decision 93/36 had not been met. Qatar will resubmit the third tranche of stage II in line with the recommendation contained in document UNEP/OzL.Pro/ExCom/97/18.

7. On behalf of the Government of the Bolivarian Republic of Venezuela, UNIDO submitted a request for the fourth tranche of stage II of the HPMP. During its review of the accompanying verification report, the Secretariat noted that HCFC consumption levels in 2023 and 2024, while remaining within the Montreal Protocol limits, exceeded by 2.5 and 3.7 times, respectively, the maximum allowable consumption targets established under the country's Agreement with the Executive Committee for those years. At the 91st meeting, stage II of the HPMP—including its consumption targets—was revised based on a demand analysis conducted with UNIDO's assistance. The Secretariat observed that the measures adopted to ensure compliance with HCFC consumption after the 91st meeting did not reflect the revised targets proposed by the country for stage II based on that analysis. UNIDO explained that the rebound in HCFC consumption following the post-pandemic slump was significantly greater than anticipated when the Agreement for stage II of the country's HPMP was revised to set lower consumption limits. UNIDO also informed the Secretariat of the Government's intention to reinstate the original maximum consumption limits approved at the 82nd meeting. Consequently, the tranche request has been withdrawn and will be resubmitted at the 98th meeting.

8. The Executive Committee may wish to consider requesting UNIDO to assist the Government of the Bolivarian Republic of Venezuela in conducting an updated market demand analysis to determine current HCFC requirements and to include the findings of this analysis in the resubmission of the fourth tranche of stage II of the HCFC phase-out management plan.

Stage I of the Kigali HFC implementation plan (Bolivarian Republic of Venezuela)

9. UNIDO, on behalf of the Government of Venezuela, had previously submitted to the 95th meeting a proposal for stage I of the Kigali HFC implementation plan (KIP), including a pilot project on energy efficiency in line with decision 91/65. Upon raised concerns and discussion about the level of HCFC consumption in 2023, which exceeded the allowable limit by more than double, UNIDO accepted the Secretariat's request to withdraw the submission and to resubmit it alongside the 2025 tranche of the country's HPMP, including an HCFC verification report and detailed explanation on the level of 2023 and 2024 HCFC imports and the application and enforcement of the licensing and quota system for controlled substances in the country.

10. UNIDO resubmitted to the 97th meeting stage I of the KIP along side the HPMP tranche request. Upon discussions on the current level of HFC consumption in comparison with the baseline and the reductions that could be achieved under stage I of the KIP, UNIDO informed the Secretariat that the Government of Venezuela decided to undertake an extensive HFC consumption survey to better decide on the reductions that could be achieved under stage I of the KIP. On this basis, UNIDO confirmed the withdrawal of stage I of the KIP and the energy efficiency project.

Pilot projects on energy efficiency pursuant to decision 91/65 (Bolivarian Republic of Venezuela)

11. The request was withdrawn for reasons described in paragraph 10 above.

II.2 Projects recommended for blanket approval

12. Table 3 presents a summary of requests recommended for blanket approval. Document UNEP/OzL.Pro/ExCom/97/28, considered under agenda item 9(c), includes additional information on those requests, the Secretariat's recommendation for the consideration of the Executive Committee, and an annex containing a full list of projects recommended for blanket approval.

Table 3: Requests recommended for blanket approval

Projects and activities	No. of countries	No. of funding requests	Amounts recommended (US $)
Tranches of approved HPMPs	15	21	5,066,659
Preparation of stage II/III of HPMPs	4	7	209,000
Tranches of approved KIPs	2	3	305,665
Preparation of stage I of KIPs	4	6	866,800
Verification of compliance of selected Article 5 countries with their KIP Agreements	7	7	214,950
Renewal of IS projects	5	5	1,036,547
Enabling activities for HFC phase-down	1	1	267,500
Additional activities to maintain energy efficiency in the servicing sector (decision 89/6)*	6	6	757,689
Preparation of pilot projects on energy efficiency (decision 91/65)	2	2	66,000
Preparation of a pilot project on energy efficiency (decision 95/87)	1	1	32,100
Preparation of national inventories of banks of waste-controlled substances (decision 91/66)	28	29	2,674,620
Total		**88**	**11,497,530**

*Requests for three countries (Brunei Darussalam, Chad and Madagascar) have been submitted as part of their HPMP tranche requests.

Note: Funding amounts include agency support costs.

II.3 Projects recommended for individual consideration

13. Table 4 presents a summary of requests submitted for individual consideration. More details on those projects and activities are contained in document UNEP/OzL.Pro/ExCom/97/29, considered under agenda item 9(d).

Table 4: Requests recommended for individual consideration

Projects and activities	No. of countries	No. of funding requests	Amounts recommended (US $)	Amounts in principle (US $)
Stage II/III of HPMPs	7	17	11,037,261	26,609,648
Tranches of approved HPMPs	4	13	30,370,328	
Tranche of an approved HFC-23 emission control plan	1	1	134,300	
Stage I of KIPs	12	31	4,370,748	8,430,919
Tranches of approved KIPs	1	3	6,507,851	
Additional activities to maintain energy efficiency in the servicing sector (decision 89/6)*	1	1	135,479	
Pilot projects on energy efficiency (decisions 91/65)	11	12	3,194,281	
Global pilot project for energy efficiency (decision 91/65)	--	1	727,600	
Pilot projects on energy efficiency (decisions 94/60)	3	3	19,887,445	
Pilot project on energy efficiency (decisions 95/87)	1	1	1,343,118	
CAP (2026 budget)	--	1	12,179,124	
Core unit costs (2026)	--	3	6,629,064	
Total		**87**	**96,516,599**	

* Submitted as part of the HPMP tranche request for Senegal

Note: Funding amounts include agency support costs

III. Issues identified during the project review process

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

14. At the 96th meeting the Executive Committee considered the methodology to calculate the climate impact of the KIPs, contained in document UNEP/OzL.Pro/ExCom/96/16. Members offered a number of suggestions on how the methodology might be improved, including:

(a) Only using the 10-year period to communicate the impact of the KIPs, noting that the estimate of emissions avoided to 2050 could be considered as additional information;

(b) Different members proposed various growth rates to determine the business-as-usual (BAU) scenario, ranging from no growth, to the growth rate applied to most recent reported consumption, to growth rates based on the circumstances in different Article 5 countries;

(c) One member recommended adding “avoided consumption” to the metrics provided, using the approach developed within the Cool Contributions fighting Climate Change II project of the International Climate Initiative to calculate emission reductions, and seeking coordination with the Task Force on National Greenhouse Gas Inventories of the Intergovernmental Panel on Climate Change (IPCC); and

(d) Using the last target of stage I of the KIP and keeping the benefits at that level to determine the climate impact of stage I, noting that the benefits of stage II, when approved, would be additional.

15. Subsequently, the Executive Committee agreed to establish a contact group to further discuss the matter and, following further discussion in the contact group, the Executive Committee agreed to continue its consideration of the calculation of the climate impact of KIPs at its 97th meeting.

16. Based on the suggestions from members, the Secretariat proposes the following changes to the methodology presented to the 96th meeting:

(a) To only use the 10-year period to communicate the impact of the KIPs. Information related to the benefits accrued through 2050 will be provided as additional information; and

(b) Using the last target of stage I of the KIP and keeping the benefits at that level to determine the climate impact of stage I.

17. Regarding the use of the 10-year period to communicate the impact of KIPs, the methodology proposed by the Secretariat makes no assumption of when the avoided emissions will be realized, which could be during the 10-year period, or later. In addition, the global-warming potential (GWP) values used by the Ozone Secretariat to calculate consumption, and that are reflected in the consumption targets contained in Agreements between Article 5 countries and the Executive Committee, are 100-year GWPs, in line with Annex F of the Montreal Protocol. It would be more accurate to use a 10-year GWP value and actual emissions when determining the climate impact of Article 5 countries' HFC emissions in a 10-year period. However, the objective of the methodology proposed by the Secretariat is different: it seeks to estimate the benefit of implementing KIPs in Article 5 countries relative to a range of plausible BAU scenarios.

18. In order to clarify the application of changes proposed at the present meeting, the Secretariat reproduced relevant paragraphs explaining the methodology from document UNEP/OzL.Pro/ExCom/96/16 and **introduced changes that are shown in bold.**

Background

19. While the information related to the impact on the climate from the implementation of 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 CO_2-equivalent (CO_2-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 Multilateral Fund Climate Impact Indicator (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.

20. The adoption of the Kigali Amendment added control obligations for HFCs that are measured in CO_2-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., CO_2-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.

21. Article 5 countries' HFC baseline for compliance includes both an HFC component, the HFC consumption in the baseline years,[2] 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 methodology to estimate the climate benefits from the implementation of KIPs is based on the emissions avoided relative to BAU scenarios.

Development of business-as-usual scenarios

22. 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.

23. 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 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.[3] 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.

24. 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

[2] 2020 to 2022 for group 1 Article 5 countries and 2024 to 2026 for group 2 Article 5 countries.
[3] https://www.ipcc.ch/site/assets/uploads/2019/12/19R_V0_01_Overview.pdf

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.

25. In its reports, the Scientific Assessment Panel (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 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.[4] The methodology has been shared with a member of the SAP and his views were taken into account in its development.

26. 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.

27. 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 10 years, **where the final target of stage I of the KIP is used for the years subsequent to the date completion of the stage.** 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. **In order to provide information on the possible long-term benefits of KIP implementation, which more easily shows the benefits of early action, the benefits through 2050 can be provided for informational purposes.**

28. The methodology accounts for neither the 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.[5] 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.

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

[5] 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.

29. The Secretariat applied this methodology to stage I of a KIP approved at the 95th meeting. The estimated avoided emissions **through 2034** range from **9.02** million to **31.90** million CO_2-eq tonnes, as shown in table 5. 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 CO_2-eq tonnes for each BAU scenario and that are included in the ranges below. **It should be noted that this 10-year estimate does not mean that those benefits will be accrued in those 10 years: the methodology does not presume when consumption is emitted. For informational purposes, the cumulative climate benefits through 2050 range between 87.29 million to 174.95 million CO_2-eq tonnes.**

Table 5. Avoided emissions (million CO_2-eq tonnes)

Low	Intermediate	High
9.022	13.88	31.90

Future work

Energy efficiency

30. 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 **104th** meeting.

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

31. 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 Executive Committee could consider requesting the Secretariat** 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, **and to** 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

32. 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 **104th** meeting.

Recommendation

33. 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 19-29 of document UNEP/OzL.Pro/ExCom/97/26 and requesting the Secretariat to apply the methodology;

(b) To note that the Secretariat will provide an update, at the **104th** 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 Consideration of an extension of the funding window for the preparation of national inventories of banks of used or unwanted controlled substances and a plan for the collection, transport and disposal of such substances (decision 91/66)

34. At the 91st meeting, the Executive Committee established a window for the preparation of national inventories of banks of used or unwanted controlled substances and a plan for the collection, transport and disposal of such substances, including consideration of recycling, reclamation and cost-effective destruction. Projects under this funding window would be submitted for the consideration of the Executive Committee as of the 93rd meeting up to and including the 97th meeting, on the understanding that they would be included in the relevant business plans before their approval (decision 91/66(c)(iii)). Subsequently, the Executive Committee allowed, on an exceptional basis, bilateral and implementing agencies to submit, during 2024, projects under the funding window established pursuant to decision 91/66, even in cases where such projects had not been included in the agencies' business plans (decision 93/26(b)).

35. At the 93rd meeting, the Executive Committee requested the Secretariat to prepare, for consideration by the Committee at its 97th meeting, a report providing an overview of the report of the Technology and Economic Assessment Panel and the outcomes of the workshop that would be held in line with decision XXXV/11 of the Thirty-Fifth Meeting of the Parties; and of the status of implementation and preliminary outcomes of the projects submitted under decision 91/66 with a view to considering the establishment of a funding window in line with decision XXXV/11. Such report was prepared for consideration at the present meeting and is contained in document UNEP/OzL.Pro/ExCom/97/87.

36. To date, the Executive Committee has approved under decision 91/66 a total of US $8,406,800, plus agency support costs of US $943,950, to prepare a national inventory of banks of waste controlled substances and to develop a national plan for the management of those substances in 100 Article 5 countries. As originally approved, projects in 33 countries had an expected date of completion by December 2025; 25 by May 2026; 30 by December 2026; and 12 by May 2027, with a final report and copy of the resulting national inventories and action plans to be submitted within six months of completion. Requests for extension of several of these projects are discussed in document UNEP/OzL.Pro/ExCom/97/11.

37. At the 97th meeting, bilateral and implementing agencies submitted requests for preparation of inventories of banks of used or unwanted controlled substances and a plan for the collection, transport and disposal of such substances for an additional 29 countries. If these projects are approved at the present meeting, a total of 129 Article 5 countries would have received funding for the preparation of their inventories.

38. To enable the remaining countries should they choose to do so, to submit funding requests for the preparation of their national inventories, the Executive Committee may wish to consider extending the funding window established pursuant to decision 91/66 until the 99th meeting.

III.3 Issues related to the projects submitted under the operational framework on energy efficiency (decisions 94/60 and 95/87)

39. Decision 94/60(b)(ii) *inter alia* requested the Secretariat to periodically propose updates to the agreed methodology in light of the experience gained from projects reviewed under the operational framework. During the review of project proposals submitted to the 97th meeting, the Secretariat has identified the following issues for the consideration of and guidance from the Executive Committee.

Proportion of equipment manufactured by an enterprise qualifying for the additional component incentive

40. In certain cases, due to commercial considerations, equipment manufacturers participating in a project under decision 94/60 may have only a limited number of models qualifying for the additional component incentive. This could pose a risk that an enterprise may, during project implementation, shift its manufacturing from those models that qualify for the incentive to those that do not, thereby undermining the goal of the project and the Government's ability to strengthen minimum energy performance standards. The Secretariat therefore proposes that the following conditions apply for any enterprise with less than 50 per cent of its manufacturing volume qualifying for the additional component incentive:

(a) If an enterprise has less than or equal to 25 per cent of its manufacturing volume qualifying for the additional component incentive, no funding would be made available; and

(b) If an enterprise has between 25 and 50 per cent of its manufacturing volume qualifying for the additional component incentive, funding will be provided on the understanding that additional assurances from the enterprise and the Government, including periodic implementation reports to the national ozone unit on the enterprise's progress in achieving the targets, a ban on the manufacturing and sale of equipment models that do not achieve the energy efficiency targets, or other measures, are provided to ensure that the enterprise achieves the proposed targets.

41. The Executive Committee may wish to consider approving the additional conditions for enterprises with less than 50 per cent of their manufacturing volume qualifying for the additional component incentive specified in subparagraphs 40(a) and (b) above.

Provision of additional capital costs to manufacturers that use complete knock-down kits

42. The Secretariat considers that manufacturing enterprises that use complete knock-down (CKD) kits should be treated differently than enterprises that do not. The additional component costs specified in document UNEP/OzL.Pro/ExCom/94/61 was based on manufacturers that do not use CKD kits. Purchasing CKD kits that provide a specific level of energy efficiency enhancement will likely be more expensive than purchasing components individually, which, when assembled by the manufacturer, result in the same enhancement. In contrast, such manufacturers are likely to have lower additional capital costs (e.g., related to product design and development). Noting that small- and medium-sized enterprises may choose to manufacture with CKD kits, and will need assistance to improve the energy efficiency of their products, the Secretariat proposes not to change the level of eligible funding provided to enterprises that manufacture using CKD kits but instead to change how the additional capital costs are provided. Instead of providing the entire capital cost upon approval, half of the additional capital costs would be provided upon approval of the project, and the other half would be provided one year after project approval, once it is confirmed that the enterprises have manufactured equipment that meets at least the energy efficiency targets proposed under the project.

43. The Executive Committee may wish to note the Secretariat's proposed approach to providing additional capital costs to manufacturers that use complete knock-down kits.

Manufacturing volumes to be considered while evaluating additional component costs for projects under decision 94/60

44. The additional component incentive is provided based on the volume of equipment manufactured and the additional component incentive level per unit, determined using the methodology specified in decision 94/60.

45. The Executive Committee may wish to note that the Secretariat will use either the latest year, or the average of the three years preceding project submission to determine the manufacturing volume.

IV. Reports on the implementation of decisions and follow-up on previous discussions relating to project review

IV.1 Institutional strengthening renewal requests

46. The Secretariat reviewed the terminal reports and requests for the extension of institutional strengthening (IS) funding for five countries against relevant decisions, including decision 91/63(d) on the funding level for IS projects, and decision 91/63(c) on the requirement to use the revised format for terminal reports and requests for the extension of IS funding and the corresponding performance indicators. All requests were crosschecked against original work plans for the previous IS phase, data reported under the country programme implementation report (CP) and Article 7 of the Montreal Protocol; the latest reports on the implementation of HPMPs; implementing agencies' progress reports; and any relevant decisions on compliance adopted by the Parties to the Montreal Protocol. All countries submitted the 2024 CP data as at the date of issuance of the relevant work programme documents. All the requests submitted included an assessment of performance indicators, project risk and sustainability, and achievement of the IS objectives, in accordance with decision 91/63(b). The Secretariat observed that there was a good level of consistency in the application of the performance indicators between the countries requesting IS funding. The Secretariat recommended all IS projects submitted to the 97th meeting for blanket approval.

IV.2 Funding withheld pending submission of verification reports or meeting specific conditions

47. At the 93rd meeting, the Executive Committee also approved the second tranche of stage II of the HPMP for Qatar on the understanding that the approved funds of US $144,500, plus agency support costs of US $18,785, would only be transferred by the Treasurer to UNEP after the Secretariat had confirmed that the country had implemented the commitments listed in decision 88/54(e)(i), (ii), and (iii) (decision 93/36(a)). This issue is being addressed in document UNEP/OzL.Pro/ExCom/97/18.

IV.3 Prices of controlled substances and alternatives

48. In line with decision 79/4(c), the Secretariat includes in each "Overview of issues identified during project review", a summary of the prices of the controlled substances and the alternatives to be phased in, as communicated by enterprises requesting funding for incremental operating costs (IOCs) in any new project proposals, including clarification of any differences between those and the prices reported in the CP data report. The Secretariat received two investment projects in the commercial refrigeration sector as part of stage III of the HPMP for Argentina and stage I of the KIP for South Africa. None of the enterprises included in the proposals is requesting funding for IOCs, therefore, no discussions on the prices of controlled substances and alternatives took place.