



**Multilateral
Fund** for the
Implementation of
the Montreal Protocol

UN
environment
programme

The Multilateral Fund in Action 2022

Year-end Update





Season's greetings!

What we do gives us pride and makes us happy. We are honored and delighted to support the Executive Committee in their vision, in changing the world to make it a better place to live, in assisting the developing countries in implementing the Montreal Protocol and its amendments. This is a time to thank all members of the Executive Committee for the trust given to us, our implementing partners for their close collaboration, and all parties to the Montreal Protocol for making our work so rewarding. Thank you ever so humbly from all of us.

During this holiday season, we wish you happiness, health, and the most joyful days with those you love.

The Multilateral Fund Secretariat



Chair's statement

It has been my pleasure to serve the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, as its Chair for 2022. It has been my privilege to serve the Executive Committee as the Multilateral Fund is a unique and very successful financial mechanism established for the specific purpose of assisting countries to comply with the Montreal Protocol and its amendments.

2022 is the first year where we met again in person after three challenging years of the pandemic and online meetings. I am proud of the progress we have made with the cost funding guidelines for the implementation of the Kigali Amendment, with the decision on strengthening even more the capacity of the developing countries to implement the plans at the national level, the discussions on energy efficiency while phasing down HFCs, and on the disposal, with the projects we have approved, and with the preparatory funding we have allocated for the years to come. We are closer to implementing the Kigali Amendment, to protect the ozone layer and to mitigate climate warming.

This annual newsletter gives a snapshot of the progress we all made together, and we are all so proud of. I would like to thank all members of the Executive Committee, the Vice Chair, and all colleagues from the Multilateral Fund Secretariat for their dedication and commitment to our common cause. I would also like to wish the best to the incoming Chair, my colleague Annie Gabriel, from Australia to continue with our work in 2023.

Hasan Ali Mubarak
Chair of the Multilateral Fund Secretariat



Hasan Ali Mubarak
Chair for 2022 of the Executive
Committee of the Multilateral
Fund for the Implementation of
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Year in Review

The Executive Committee held their 90th and 91st meetings in 2022. Bilateral and implementing agencies submitted a total of 233 funding requests for tranches of approved multiyear agreements, projects and activities amounting to US \$113,003,310 including agency support costs, where applicable. This resulted in the approval of 218 projects for 95 countries, for a total funding of US \$101,068,390. These approvals included 106 projects related to HCFC phase out, 58 HFC-related projects, and 54 projects of other categories.

This year also saw tremendous progress in the discussion of various policy issues facing the Executive Committee. Agreements were reached on an increase in the funding levels for institutional strengthening projects, and a funding window for the preparation of national inventories of used and unwanted controlled substances.

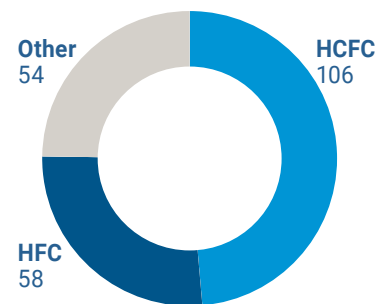
In an important boost of support for energy efficiency activities agreed as part of the Kigali Amendment, the Executive Committee established criteria and a funding window for pilot projects to maintain and/or enhance energy efficiency in the context of HFC phase down to start at the 93rd meeting.

The Executive Committee ended 2022 having considered the first Kigali HFC implementation plan (KIP), and the promise of a new year that is expected to bring closer collaboration on outstanding policy issues, especially on HFC cost guidelines.

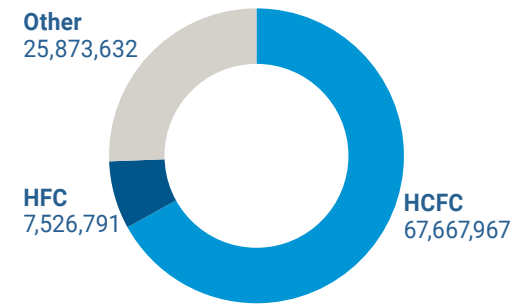
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Approved
in 2022

95
Countries
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US \$101,068,390
Total Funds Approved
including Support
Costs in 2022



Projects Approved
in 2022



Total Funds Approved
in 2022 (US\$)

Policy Highlights

1. Institutional Strengthening (IS) projects

Developing countries (Article 5) will get a boost in funding and an extended implementation period for their institutional strengthening (IS) projects, as agreed by the Executive Committee at its 91st meeting. The Committee also decided on a revised format for IS reporting and renewal requests, and new performance indicators, to be used for those IS renewal requests submitted from the 92nd meeting.

The 38 per cent increase for IS projects with the minimum funding at US \$60,000 demonstrates the importance placed on these unique capacity building activities, which form the cornerstone of the success of the Montreal Protocol. IS projects fund the national ozone units (NOUs) of each Article 5 country and have enabled governments to coordinate national activities, ensure the effective implementation of their Multilateral Fund supported projects, and report data under Article 7 and the country programme to meet compliance with the Montreal Protocol. This additional funding was given as Article 5 countries face new responsibilities in implementing the Kigali Amendment while at the same time completing projects to phase out HCFCs and including activities to implement the policy agreed by the Executive Committee on gender. The Committee has also agreed to review IS funding in 2029, considering the evolution of responsibilities of the NOUs, as the implementation of their HCFC phase out management plans (HPMP) ends and HFC phase down becomes the priority.



2. Preparation of national inventories of banks of unwanted controlled substances

The Executive Committee decided to establish a funding window to fund the preparation of national inventories of banks of used or unwanted controlled substances and to develop a plan for the collection, transport, and disposal (including consideration of recycling, reclamation, and cost-effective destruction) of such substances, for Article 5 countries.

Requests for inventories and national plans will be part of the business plan for 2024-2026 and can be submitted to the meetings of the Executive Committee from the 93rd up to and including the 97th meetings. The national inventories and the resulting plans are also expected to be completed within 24 months after funding is approved.

They will also be integrated into the country's HPMP or Kigali HFC implementation Plan (KIP), to ensure that there are synergies between the recovery, recycling, and reclamation programmes in the servicing sector plans of Article 5 countries.



3. Energy efficiency

Demonstrating their commitment to the Kigali Amendment, the Executive Committee agreed on criteria for pilot projects to maintain and/or enhance energy efficiency of replacement technologies and equipment in the context of HFC phase down and established a funding window of US \$20 million with a possibility of augmenting the funding window at a future meeting, for these pilot projects.

The funding window opens up opportunities for Article 5 countries to initiate projects which could help understand the opportunities and challenges of activities to maintain and/or enhance energy efficiency while phasing down HFCs, in both the manufacturing and servicing sectors and costs of relevant energy efficiency related interventions. These would also help the Committee understand how policy and regulatory measures could support the adoption and market acceptance of energy-efficient alternatives. They would also strengthen institutional coordination among stakeholders and support policy development.

The Executive Committee also agreed on criteria for selecting these pilot projects which defined the scope of activities that are eligible under this funding window. Pilot projects are expected to be completed within 36 months after approval and could be submitted from the 93rd to the 96th meetings.

4. Cost guidelines for the phase down of HFC

The discussion of the cost guidelines for the phase down of HFCs was done in two parts, the first one related to costs related to activities in the servicing sector, and the second part was on those outstanding items related to incremental capital costs (ICC) and incremental operating costs (IOC) for manufacturing projects, and the starting point for aggregate reduction during HFC phase down.

The exchange of views among members was made in contact groups which allowed interested parties to provide their perspective across the various issues. Deliberations for the servicing sector included discussions of proposals for funding for low-volume consuming and non-low volume consuming countries, and concerns from Article 5 countries on increasing challenges for the effective implementation of HFC phase down.

An agreement in principle was also made related to ICC costs for the manufacturing sector, IOC costs were discussed with the Executive Committee requiring further clarification on the definition of “*small- and medium-sized enterprise*” in the commercial air-conditioning manufacturing and commercial refrigeration manufacturing sectors.

The rich discussion of both issues resulted in an agreement to further discuss these funding modalities at the 92nd meeting.



Featured Project 1:

Niger: Taking first steps to phase down HFCs



Strong participation among all stakeholders was essential in the KIP preparation in Niger



Leading the way for Article 5 countries, Niger submitted the first Kigali HFC implementation plan (KIP) to the 91st meeting with an approach determined to be the best way for the country to meet its first compliance target of 10 per cent reduction of the HFC baseline under the Kigali Amendment. This supported the country's commitment to take early and sustainable action to phase down HFC's and maximize climate benefits with the phase out of HCFCs in the country. This is the first KIP to be considered by the Executive Committee for an Article 5 country from the time the Parties agreed to the Kigali Amendment in October 2016.

The Executive Committee noted the submission of the KIP with appreciation and, while there continued to be a number of challenges due to the lack of an established HFC baseline, a starting point for sustained aggregate HFC reductions and an agreement on the cost guidelines for the HFC phase-down, the Committee approved

the sum of US\$100,000 plus support costs for UNIDO and UNEP on an exceptional basis to support the initiation of activities identified in the implementation plan of the first tranche of stage I of the KIP for the Niger. It was also decided that that this funding will be incorporated within the first tranche of the project when stage I of the KIP is further considered by the Executive Committee at a future meeting.

Strong participation among all stakeholders was essential in the KIP preparation in Niger. An active and committed national ozone unit (NOU) further guaranteed that the identified actions would support the livelihoods of many and often informal service technicians. Such practical collaboration was the driver to first identify priority sub-sectors in the KIP, rationalize activities and budgets, and ensure cost-effective implementation and complementarity with ongoing HPMP activities. The Niger will also implement other supporting activities for policy and legislation to strengthen the national framework to implement the Kigali Amendment.

Featured Project 2:

India: Spotlight on micro- and small medium enterprises and the firefighting sector



India is one of those large Article 5 countries with high consumption of controlled substances. In stage III of its HPMP, the Government of India will implement activities supporting the conversion of the remaining enterprises in the AC and refrigeration manufacturing sectors; strengthening capacity of the refrigeration servicing sector; and technical assistance (TA) and enabling activities, including regulatory actions.

Two key elements define this final stage of the HPMP: India's focus on micro, small, and medium sized enterprises (MSMEs) where specialized assistance will be provided; and attention to the fire-fighting sector principally for hand-held extinguishers using HCFCs. A large part of the country's HCFC consumption in large manufacturing enterprises had been addressed in previous stages, and the remaining manufacturing is dominated by MSMEs whose consumption range from less than 1 metric ton to 20 tons of HCFC annually. Many of these MSMEs face challenges in converting their operations, including the capacity to complete their conversion projects and continue to manufacture equipment based on low-GWP alternatives while competing with large enterprises manufacturing similar products, and the impact of the COVID pandemic

on their operations, which make them economically very vulnerable. These MSMEs are essential to India's economy and the cooling sector in the country, as they provide services for a specific market niche, installation, and electrical work to smaller clients across the country. Acknowledging their importance, the Government of India in partnership with UNDP designed a dedicated technical assistance programme that will be critical to helping ensure the successful and sustainable conversion of the MSMEs across the assisted manufacturing sectors, particularly as it would focus on the micro- and small-sized enterprises.

Activities in the firefighting sector are aimed at improving the servicing of HCFC-123-based fire suppression and fire protection equipment, which could help avoid further uptake of high- and very high GWP HFCs in the sector.

Stage III of India's HPMP will phase out all remaining HCFC consumption in the country by 2030, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol.

Featured Project 3:

The Maldives: Green labels to encourage the use of low-GWP and energy efficient air conditioners



Following its successful implementation of the HCFC phase-out management plan (HPMP) that pursued an accelerated phase out schedule of HCFC consumption, the Maldives will embark on a project that will enhance the implementation of an existing energy efficiency labelling programme, to enable the country to promote energy-efficient and low-GWP alternatives in refrigeration and air-conditioning (AC) equipment and support strengthening of the country's minimum energy efficiency standards (MEPS). The project was approved following the Executive Committee's decision to provide funding for additional activities to enable the introduction of alternatives to HCFCs with low-or zero-GWP refrigerants, and to maintain energy efficiency in the refrigeration servicing sector for low-volume consuming countries.

In the Maldives, a successful energy efficiency labelling project for appliances and equipment called Hakathari covered certain equipment including air conditioners and domestic refrigerators. This green label includes information on the refrigerant used in

the equipment and its ozone depleting potential (ODP) and global warming potential (GWP). The programme also establishes the minimum qualification requirements for tested appliances to be eligible for the energy efficiency labels to meet the minimum energy performance standards (MEPS) already present in the country.

The project will promote the adoption of low-GWP energy-efficient technologies in Maldives by making improvements to the current green label through capacity building to continue development and refinement of the labelling programme. Outreach and awareness-raising activities focusing on increasing the demand for air conditioners and refrigerators operating with low- or zero-GWP refrigerants among all labeled energy-efficient products will also be implemented.

This project demonstrates the leadership of the Government of Maldives, who is consistently at the forefront of climate protection and ozone protection efforts.

Featured Project 4:

Bridging the divide: twinning of NOUs and energy policy officers for the Kigali Amendment



The implementation of the Kigali Amendment ramped up the level of ambition for maintaining and increasing the links between lowering HFC consumption and its impact on the climate. At its 91st meeting, the Executive Committee approved a project for UNEP for the creation of a “twinning” project between National Ozone Units (NOUs) and National Energy Policymakers (NEEPs). This will build upon UNEP’s successful Compliance Assistance Programme (CAP), which has built extensive regional networks on UNEP’s regional networking activities and bring these groups together in each region to share experiences, coordinate policies, and identify joint activities that will further the ozone-energy efficiency agenda. The need to strengthen these inter-governmental linkages to improve information sharing, policy development and build effectiveness in implementation has been expressed through the lessons learned and identification of gaps in previous programmes. This regional approach allows for broader participation and collaboration among countries with similar needs, and promotes efficiencies in delivery, improved information sharing, and peer support for the NOU staff on the ground.

The twinning project enables national ozone units (NOUs) to better understand policies, programmes and projects related to energy efficiency vis-à-vis their activities to phase out controlled substances (e.g., MEPS, labelling programmes, and energy efficiency policies), while also strengthening the NEEPs’ understanding of Montreal Protocol requirements and compliance objectives to see how these can contribute to integrated policy solutions. The project takes into account the lessons learnt from a previous activity that initiated this institutional cooperation and aims to further strengthen the capacity of Article 5 countries to put in place a formal national stakeholder consultative process on the ozone-energy efficiency nexus. The project would begin with a first phase in 2023 and 2024 and includes four components: (a) regional needs assessments; (b) workshops held back-to-back with existing regional network meetings; (c) development of new and/or sharing of existing capacity building material relating to identified needs, including energy efficiency and low-GWP alternatives; and (d) project monitoring and evaluation.

Depending on the results of the first set of workshops, a second phase might follow based on a report that would be considered by the Executive Committee.



Happy holidays and best wishes for a wonderful 2023
for you and your loved ones.

See you at the 92nd meeting on 29 May to 2 June 2023!

The final report of the 91st meeting of the Executive Committee is available at:
<http://www.multilateralfund.org/91/default.aspx>