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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eightieth Meeting
Montreal, 13-17 November 2017

BILATERAL COOPERATION

1. This document provides an overview of requests from bilateral agencies, and consists of the following:

Part I: Requests for HCFC-related projects. It describes projects in five Article 5 countries submitted by two bilateral agencies, and whether the funding request were within the maximum level of bilateral cooperation of assessed contributions for the 2015-2017 triennium

Part II: Requests for HFC-related activities. It describes funding requests for enabling activities for HFC phase-down in seven Article 5 countries submitted by two bilateral agencies, and a funding request for preparation of an HFC investment project in one Article 5 country, submitted by one bilateral agency. These requests will be funded from additional contributions by a group of non-Article 5 countries for fast-start support for the implementation of the HFC phase-down

Recommendation

Part I: HCFC-related activities

2. Six HCFC-related projects for bilateral cooperation with a value of US \$1,955,918 have been submitted as shown in Table 1.

Table 1. Projects for bilateral cooperation submitted to the 80th meeting

Agency	Country	Project title	Funding requested (US\$)	Support costs (US \$)	Amount recommended (US\$)*
France	Kenya	HCFC phase-out management plan (stage II, first tranche)	456,500	52,803	(1)
France	Kenya	HCFC phase-out management plan (stage I, fifth tranche)	90,000	10,900	(1)
Subtotal			546,500	63,703	

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

Agency	Country	Project title	Funding requested (US\$)	Support costs (US \$)	Amount recommended (US\$)*
Germany	Brazil	HCFC phase-out management plan (stage II, second tranche) (refrigeration servicing sector)	686,978	76,457	(2)
Germany	China	HCFC phase-out management plan (stage II, second tranche) (extruded polystyrene foam sector plan)	267,386	31,877	(3)
Germany	Lesotho	HCFC phase-out management plan (stage I, third tranche)	84,000	10,920	(4)
Germany	Zimbabwe	HCFC phase-out management plan (stage I, fourth tranche) (refrigeration servicing sector)	168,000	20,097	(5)
Subtotal			1,206,364	139,351	
Total			1,752,864	203,054	

* Comments and recommendations of the Secretariat could be found in the following documents:

- (1) UNEP/OzL.Pro/ExCom/80/41.
- (2) UNEP/OzL.Pro/ExCom/80/34.
- (3) UNEP/OzL.Pro/ExCom/80/37.
- (4) UNEP/OzL.Pro/ExCom/80/42.
- (5) UNEP/OzL.Pro/ExCom/80/52.

Secretariats comments

3. The amount of US \$610,203 requested by the Government of France, together with the amount of US \$953,111 so far approved during the 2015-2017 triennium,¹ does not exceed the 20 per cent allowable allocation of US \$6,781,954.

4. The amount of US \$1,345,715 requested by the Government of Germany, together with the amount of US \$7,323,734 so far approved during the 2015-2017 triennium,² would exceed by US \$10,424 the 20 per cent allowable allocation of US \$8,659,025, assuming that the Executive Committee approves the projects submitted for individual consideration (i.e., stage II of the HPMP for Brazil, stage II of the XPS foam sector plan for China and stage I of the HPMP for Lesotho), at the funding levels being requested. The Government of Germany has been informed of this issue, and had indicated that it would consider shifting tranches of approved multi-year agreements in order to stay within the 20 per cent of the pledge contributions.

Part II: HFC-related activities

5. In line with decision 79/46, the Governments of Germany and Italy submitted funding requests for the implementation of enabling activities in seven countries as lead and cooperating implementing agency and preparation for a HFC-related investment project in one country as listed in Table 2.

Table 2. HFC-related activities submitted by the Governments of Germany and Italy

Agency	Country	Project title	Funding requested (US \$)	Agency support costs	Amount recommended (US \$)
Enabling activities for HFC phase-down					
Germany	Liberia	Enabling activities for HFC phase-down	95,000	12,350	*
Germany	Papua New Guinea	Enabling activities for HFC phase-down	95,000	12,350	*

¹ Amounts approved for France: US \$311,161 in 2015; and US \$641,950 in 2016.

² Amounts approved for Germany: US \$4,658,409 in 2015; US \$1,989,735 in 2016; and US \$675.590 in 2017 (as of the 79th meeting).

Agency	Country	Project title	Funding requested (US \$)	Agency support costs	Amount recommended (US \$)
Germany	Seychelles	Enabling activities for HFC phase-down	95,000	12,350	*
Italy	Lesotho**	Enabling activities for HFC phase-down	40,000	5,200	*
Italy	Maldives**	Enabling activities for HFC phase-down	40,000	5,200	*
Italy	Rwanda**	Enabling activities for HFC phase-down	40,000	5,200	*
Italy	Tunisia***	Enabling activities for HFC phase-down	75,000	9,750	*
Subtotal			480,000	62,400	*
Project preparation for HFC-related investment project					
Germany	China	Project preparation for conversion of a mobile air-conditioning production line	30,000	3,900	*
Subtotal			30,000	3,900	*
Total			510,000	66,300	*

*For individual consideration

**UNEP as lead implementing agency

***UNIDO as lead implementing agency

Technical assistance for enabling activities (decision 79/46)

6. The enabling activities submitted³ by the seven countries consist of the following elements:
- (a) Activities to support the early ratification of the Kigali Amendment, including stakeholder consultation, support the development of national ratification instruments, and raise awareness on HFC phase-down and energy efficiency improvement;
 - (b) Institutional arrangements to support licensing and reporting including the review of codes and standards for the use of HFCs and ODS alternatives; preparing harmonized tariff codes according to HFC commitments; and review of mechanisms used for ODS reporting to include HFCs consumption;
 - (c) Preparation of a national strategy for the implementation of the Kigali Amendment including assessment of the refrigeration and air-conditioning servicing sector; inventory and policy, institutional and management framework to facilitate the phase-down of HFCs and the introduction of low-GWP alternative technologies.

Secretariat's comments

7. The Secretariat notes that the Governments of Germany and Italy, were among the 17 non-Article 5 countries that agreed to provide additional contributions⁴ to provide fast-start support for the implementation of the HFC phase-down in Article 5 countries. The level of contributions committed amounted to US \$2,000,000 for Italy and US \$3,200,000 for Germany.

8. To facilitate the preparation and submission of requests for enabling activities, the Secretariat prepared a Guide for the submission of enabling activities for HFC phase-down and presented to bilateral and implementing agencies at the Inter-agency coordination meeting.⁵ The Secretariat notes that the submitted requests for enabling activities followed the Guide.

³ In the case of Italy as a cooperating implementing agency, the detailed proposals are contained in the work programme amendments for 2017 submitted by UNEP (UNEP/OzL.Pro/ExCom/80/25), and UNIDO (UNEP/OzL.Pro/ExCom/80/26).

⁴ UNEP/OzL.Pro/ExCom/80/53.

⁵ Montreal, 5-7 September 2017. Bilateral and implementing agencies appreciated the development of the guide.

9. In addition to the Governments of Germany and Italy (as bilateral agencies), the four implementing agencies, submitted on behalf of 59 Article 5 countries requests for funding for enabling activities, in line with decision 79/46. In sub-paragraph (e) of the decision, the Committee decided that requests for enabling activities submitted to the 80th meeting would be funded to the extent possible from additional voluntary contributions provided by non-Article 5 Parties. To facilitate the review and discussion by Committee members, and given the funding modality agreed in decision 79/46(e), the Secretariat has included a list of all the requests for enabling activities submitted to the 80th meeting, indicating funding levels and agencies involved, in the document on the Overview of issues identified during project review.⁶

10. The Secretariat reviewed the requests for enabling activities and concluded that they fulfilled all the requirements of decision 79/46, as noted below:

- (a) The Governments of Germany and Italy submitted endorsement letters from the Governments of the seven Article 5 countries indicating their intent to make best efforts to ratify the Kigali Amendment as early as possible;
- (b) The seven project proposals included detailed descriptions of each of the enabling activities, institutional arrangements, cost breakdown and the schedule for implementation;
- (c) All of the proposals will be implemented in 18 months.

11. The Governments of Germany and Italy indicated that the funding requested for enabling activities, if approved by the Executive Committee, would be considered as part of their additional contributions to the Multilateral Fund.

Project preparation for HFC-related projects (decision 78/3(g) and 79/45)

12. The Government of Germany also submitted a request for project preparation for conversion of a mobile air-conditioning (MAC) production line from HFC-134a to CO₂ in China. The proposed CO₂ technology is already applied in some automobile models in Germany, and a prototype CO₂ compressor for MAC is already produced and tested by a local manufacturer in China. The enterprise where the project would be implemented, and the amount of HFC to be phased out, would be decided only during the project preparation.

Secretariat's comments

13. In addition to the Government of Germany (as bilateral agency), UNDP, UNIDO and the World Bank, submitted requests for funding for preparation of HFC phase-out investment projects in the consumption sector in ten Article 5 countries, and four (fully developed) investment projects for the phase-out of HFC-134a in Argentina,⁷ Bangladesh,⁸ Colombia⁹ and Mexico,¹⁰ in line with decisions 78/3¹¹

⁶ UNEP/OzL.Pro/ExCom/80/22.

⁷ UNEP/OzL.Pro/ExCom/80/30.

⁸ UNEP/OzL.Pro/ExCom/80/32.

⁹ UNEP/OzL.Pro/ExCom/80/38.

¹⁰ UNEP/OzL.Pro/ExCom/80/45.

¹¹ The Executive Committee decided *inter alia* to consider approving a limited number of HFC-related projects in the manufacturing sector only, to allow the Committee to gain experience in the incremental capital and operating costs that might be associated with phasing down HFCs, on the understanding: that any country that submitted a project should have ratified the Kigali Amendment or submitted a formal letter indicating the government's intention to ratify the Amendment; that no further funding would be available until the instrument of ratification had been deposited at the United Nations in New York; and that any amount of HFC reduced as a result of the project would be deducted from the starting point.

and 79/45.¹² The Executive Committee would need to consider all the HFC-related projects proposals submitted to the 80th meeting, noting the criteria for their selection (i.e., technology being proposed, the replicability and the geographic distribution of the proposals) and their funding modality (i.e., to the extent possible, from additional voluntary contributions provided by non-Article 5 Parties, after giving priority to enabling activities¹³). To facilitate the review and discussion by Committee members, the Secretariat has included a list of all the HFC-related project proposals submitted to the 80th meeting, indicating a brief description, technology selected, funding levels and agencies involved, in the document on the Overview of issues identified during project review.¹⁴

14. With regard to the request for project preparation for one HFC-related project in China, the Secretariat noted that the submissions fulfilled all the requirements of decisions 78/3(g) and 79/45, and was consistent with relevant decisions related to project preparation funding.

Recommendations

15. The Executive Committee may wish:

- (a) With regard to HCFC-related projects, to request the Treasurer to offset the costs of the bilateral projects approved at the 80th meeting as follows:
 - (i) US \$XX (including agency fees) against the balance of France's bilateral contribution for 2017;
 - (ii) US \$XX (including agency fees) against the balance of Germany's bilateral contribution for 2015-2017;
- (b) With regard to enabling activities for HFC phase-down:
 - (i) To note that the funding requests for enabling activities submitted to the 80th meeting to be implemented by the Governments of Germany and Italy, if approved by the Executive Committee, would be considered as part of their additional contributions to the Multilateral Fund;
 - (ii) To consider the requests for enabling activities for HFC phase down for the seven Article 5 countries listed in Table 2 above, in the context of its discussion of the proposals for HFC-related projects described in the document on Overview of issues identified during project review (UNEP/OzL.Pro/ExCom/80/22); and
- (c) With regard to requests for preparation of HFC-related investment projects:
 - (i) To note that the funding request for project preparation submitted to the 80th meeting to be implemented by the Government of Germany, if approved by the Executive Committee, would be considered as part of its additional contributions to the Multilateral Fund;

¹² The Executive Committee *inter alia* reiterated decision 78/3(g) and decided the following criteria for considering proposals for HFC-related projects: the projects should be in individual enterprises deciding to convert to mature technologies, should have broad replicability to the country or region or sector, and should take into account geographic distribution; projects must be fully implemented by no more than two years; project completion reports should be comprehensive with detailed information on the eligible incremental capital costs, incremental operating costs, any possible savings incurred during the conversion and relevant factors that facilitated implementation.

¹³ Decision 79/45(d).

¹⁴ UNEP/OzL.Pro/ExCom/80/22.

- (ii) To consider the request for project preparation for the conversion of a mobile air-conditioning production line in China, listed in Table 2 above, in the context of its discussion of the proposals for HFC related projects described in the document on Overview of issues identified during project review (UNEP/OzL.Pro/ExCom/80/22).
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