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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-second Meeting
Montreal, 29 May to 2 June 2023

BILATERAL COOPERATION

Introduction

1. This document provides an overview of requests from two bilateral agencies and whether these are eligible considering the maximum level of bilateral cooperation available for 2023 or the triennium 2021-2023. It cross-references the relevant meeting documents which include the discussion on the bilateral requests and contains the recommendation on the year of assignment for bilateral cooperation.

Overview

2. Seven projects at a total cost of US \$857,488 have been submitted to the 92nd meeting as shown in table 1.

Table 1. Projects for bilateral cooperation submitted to the 92nd meeting

Bilateral agency	Country	Project title	Funding requested (US \$)	Support costs (US \$)	Amount recommended (US \$)	Considered under
Australia	Indonesia	HCFC phase-out management plan (stage III, first tranche)	495,000	57,388	552,388*	ExCom/92/29
Subtotal			495,000	57,388	552,388	n/a
Germany	Lesotho	Verification report on the implementation of stage II of the HCFC phase-out management plan	30,000	3,900	33,900	Present document
Germany	Namibia	Verification report on the implementation of the HCFC phase-out management plan	30,000	3,900	33,900*	Present document
Germany	Papua New Guinea	Verification report on the implementation of the HCFC phase-out management plan	30,000	3,900	33,900*	Present document
Germany	Seychelles	Verification report on the implementation of the HCFC phase-out management plan	30,000	3,900	33,900*	Present document

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.

Bilateral agency	Country	Project title	Funding requested (US \$)	Support costs (US \$)	Amount recommended (US \$)	Considered under
Germany	India	Preparation for a pilot project to maintain and/or enhance energy efficiency	30,000	3,900	33,900*	Present document
Germany	Burkina Faso	HCFC phase-out management plan (stage II) (energy efficiency - related activities under decision 89/6))	120,000	15,600	135,600*	ExCom/92/22
Subtotal			270,000	35,100	305,100	n/a
Total			765,000	92,488	857,488	n/a

*For individual consideration

Allowable level of bilateral cooperation

3. The amount of funding being requested by the Governments of Australia and Germany at the 92nd meeting, together with the funding approved for their requests in 2021 and 2022, does not exceed the 20 per cent allowable level of bilateral cooperation as shown in table 2.

Table 2. Funding levels as bilateral cooperation for 2021-2023 (US \$)

Agency	Funding			Allowable level 2021-2023 triennium
	Approved 2021-2022	Requested 92 nd meeting	Total	
Australia	0	552,388	552,388	3,445,496
Germany	8,569,769	305,100	8,874,869	9,494,603

Bilateral requests

Technical assistance to prepare a verification report on HCFC consumption

Project description

4. The Government of Germany has submitted requests for technical assistance to prepare verification reports on HCFC consumption in four countries, as shown in table 1.

5. The request for Lesotho is submitted in response to decision 83/48 in which the Executive Committee requested relevant bilateral and implementing agencies to include in their respective work programme amendments for submission to the 84th meeting, funding for the preparation of verification reports for selected Article 5 countries. The Government of Germany as the designated bilateral agency is requesting funding for the verification for stage II of the HCFC phase-out management plan (HPMP) for Lesotho.

6. For the present meeting, in line with decision 61/46(c),¹ the Secretariat drew a sample of 16 low-volume consuming (LVC) Article 5 countries for the purpose of verifying compliance with their HPMP Agreements. The selected countries are listed in table 5 of document UNEP/OzL.Pro/ExCom/92/13 on the overview of issues identified during project review. The Government of Germany as the designated

¹ The Secretariat was requested to provide, at the first meeting of each year, a list representing 20 per cent of countries with an HCFC consumption baseline of up to 360 metric tonnes (mt), and with an approved HPMP, to approve funding for them for the purposes of verification of that country's compliance with the HPMP agreement for that year.

bilateral agency is requesting funding for the verification of the HPMPs for Namibia, Papua New Guinea, and Seychelles.

Secretariat's comments

7. Regarding Lesotho, while this country was listed for submission to the 84th meeting, the request for funding has been included at this meeting.

8. Regarding Namibia, Papua New Guinea, and Seychelles, in line with the proposal of the Secretariat to streamline the process of approving funding for the verification of HCFC consumption for LVC countries as described in document UNEP/OzL.Pro/ExCom/92/13, the requests for funding for these countries are included in this present document.

9. The Secretariat noted that the funding requests are consistent with the funds approved for similar verifications in previous meetings and that the verification reports must be submitted at least 10 weeks prior to the applicable Executive Committee meetings where the next funding tranche for the HPMPs are being sought.

10. The Secretariat further noted that the requests for Namibia, Papua New Guinea, and Seychelles will be contingent on the approval of the list of countries selected for compliance verification contained in document UNEP/OzL.Pro/ExCom/92/13.

Secretariat's recommendations

11. The Secretariat recommends blanket approval for the technical assistance to prepare a verification report on HCFC consumption for stage II of the HCFC phase-out management plan (HPMP) for Lesotho at the level of funding shown in table 1, on the understanding that the verification report must be submitted at least 10 weeks prior to the applicable Executive Committee meeting where the next funding tranche for the HPMP is being sought.

12. The Executive Committee may wish to consider, in line with the discussion on the verification of compliance of selected low-volume-consuming countries with their HCFC phase-out management plan (HPMP) Agreements under agenda item 9(a), Overview of issues identified during project review, approving the preparation of the verification report for the HPMPs for Namibia, Papua New Guinea, and Seychelles, each in the amount of US \$30,000, plus agency support costs of US \$3,900, on the understanding that the verification reports must be submitted at least 10 weeks prior to the applicable Executive Committee meetings where the next funding tranche for the HPMPs are being sought.

Project preparation for a pilot project to maintain and/or enhance energy efficiency

Project description

13. The Government of Germany submitted a request for project preparation for a pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of phasing down HFCs in the manufacturing sector for India as shown in table 1. The submission was made in line with decision 91/65

14. The project preparation request included a description of the project objectives and expected outcomes and activities for a pilot project in one enterprise, Godrej & Boyce Mfg. Co. Ltd., (Godrej) manufacturing air-conditioners using R-290 since 2012. The project would aim to develop more energy efficient R-290 compressors and microchannel heat exchangers for the Indian market. The project preparation activities included technical assistance to further improve the design of the R-290 rotary

compressors, optimization, manufacturing capacity, and coordination with stakeholders such as the industry association. The pilot project proposal is expected to be submitted to the 93rd meeting.

Secretariat's comments

15. The Secretariat reviewed the request according to the project criteria set out in decision 91/65 and noted that the proposed project preparation would fall under paragraph (b)(i)a² for activities in the manufacturing sector. The main criteria for considering projects to maintain and/or enhance energy efficiency of replacement technologies in the manufacturing sector is that these should relate to projects to convert from the use of HFCs in the manufacture of domestic refrigeration, stand-alone commercial refrigeration, residential and commercial AC and heat-pumps as priority.

16. In reviewing the proposal, the Secretariat noted that the resulting project would be for the manufacturing of improved components (i.e., R-290 compressors and microchannel heat exchangers) and sought clarification from the Government of Germany whether the project would result in the phase-out of HFC-32 or R-410A in the manufacturing of AC equipment in Godrej.

17. In response, the Government of Germany informed that the resulting proposal was expected to address the challenge of availability and accessibility of highly efficient R-290 compressors which would assist the enterprise to produce more R-290 units as well as support other refrigeration and air-conditioning manufacturers to convert to R-290. The Government of Germany reiterated that this energy efficient design would contribute to HFC phase-down; and that this project is submitted as a stand-alone project and that any connection to the KIP would be decided once the national strategy for HFC phase-down is defined.

18. The Secretariat noted that the present request for project preparation as submitted was not strictly in line with decision 91/65 and sought further clarifications on whether there was also a conversion that would take place in the beneficiary enterprise and whether it was within the context of the HFC phase-down in the enterprise.

19. Following further consultations with the NOU, the Government of Germany submitted a revised proposal and included a commitment by the Government of India³ on behalf of Godrej stating that through the proposed pilot project for manufacturing compressors, the enterprise will convert their production of AC's using R-32 and reduce this by up to 70 per cent by 2028. This would be consistent with the KIP for India which will be prepared soon.

20. The Secretariat noted that the enterprise has a current production capacity of about 600,000 AC units per year of which only five percent are R-290 based-units and the other 95 per cent is R-32-based units. The revised proposal would contribute to the phase-down of HFCs in the country while also supporting the uptake of R-290 in India.

Secretariat's recommendation

21. The Executive Committee may wish to consider approving the request for project preparation for a pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment

² (b) To consider the following criteria when selecting pilot projects to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down: (i) Support would be provided only for projects related to the following activities, as included in document UNEP/OzL.Pro/ExCom/91/63, specifically: Manufacturing activities: a. Conversion projects to maintain and/or enhance energy efficiency while converting from HFCs in the manufacture of domestic refrigeration, stand-alone commercial refrigeration, residential and commercial air-conditioning and heat-pumps would be considered in priority.

³ As per the letter of 28 April 2023 from the Ministry of Environment, Forest and Climate Change of India to the Government of Germany.

in the context of HFC phase-down in the manufacturing sector for India in the amount of US \$30,000, plus agency support costs of US \$3,900.

Recommendation

22. The Executive Committee may wish to request the Treasurer to offset the costs of the bilateral projects approved at the 92nd meeting as follows:

- (a) US \$XX (including agency support costs) against the balance of the bilateral contribution of the Government of Australia for 2023; and
 - (b) US \$XX (including agency support costs) against the balance of the bilateral contribution of the Government of Germany for 2021-2023.
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