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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Ninety-third Meeting  
Montreal, 15-19 December 2023  
Item 9(b) of the provisional agenda<sup>1</sup>

**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. Sixteen projects at a total cost of US \$3,792,778 have been submitted to the 93<sup>rd</sup> meeting as shown in table 1.

**Table 1. Projects for bilateral cooperation submitted to the 93<sup>rd</sup> meeting**

Bilateral agency	Country	Project title	Funding requested (US \$)	Support costs requested (US \$)	Amount recommended* (US \$)	Considered under
Germany	Brazil	Preparation of a Kigali HFC implementation plan (stage I)	40,000	5,200	45,200	Present document
Germany	Colombia	HCFC phase-out management plan (stage III, second tranche)	395,000	51,350	446,350	ExCom/93/48
Germany	India	Design and development of a pilot scale energy-efficient rotary compressor along with microchannel heat exchanger compatible with	2,310,560	264,162	2,067,713**	ExCom/93/60

<sup>1</sup> UNEP/OzL.Pro/ExCom/93/1

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 requested (US \$)	Amount recommended* (US \$)	Considered under
		R 290 technology at Godrej & Boyce Mfg. Ltd., for use in manufacturing of room air conditioners (decision 91/65)				
Germany	Kenya	Preparation of a Kigali HFC implementation plan (stage I)	95,000	12,350	107,350	Present document
Germany	Kenya	Preparation of national inventory of banks of waste-controlled substances and development of a national plan for management of these substances (decision 91/66)	90,000	11,700	101,700	Present document
Germany	Kenya	Preparation for a pilot project on energy efficiency (decision 91/65)	30,000	3,900	33,900	Present document
Germany	Lesotho	Energy efficiency related activities (decision 89/6)	100,000	13,000	112,651	ExCom/93/65
Germany	Liberia	Energy efficiency-related activities (decision 89/6)	100,000	13,000	113,000	ExCom/93/66
Germany	Liberia	Preparation of national inventory of banks of waste-controlled substances and development of a national plan for management of these substances (decision 91/66)	80,000	10,400	90,400	Present document
Germany	Mauritius	Energy efficiency-related activities (decision 89/6)	120,000	15,600	133,943	ExCom/93/69
Germany	Namibia	Energy efficiency-related activities (decision 89/6)	120,000	15,600	133,771	ExCom/93/74
Germany	Namibia	Preparation of national inventory of banks of waste-controlled substances and development of a national plan for management of these substances (decision 91/66)	90,000	11,700	101,700	Present document
Germany	Seychelles	Preparation of national inventory of banks of waste-controlled substances and development of a national plan for management of these substances (decision 91/66)	80,000	10,400	90,400	Present document
Germany	Seychelles	Energy efficiency-related activities (decision 89/6)	100,000	13,000	113,000	ExCom/93/85
Germany	Togo	Project preparation for energy efficiency-related activities (decision 91/65)	30,000	3,900	33,900	Present document
<b>Subtotal</b>			<b>3,780,560</b>	<b>455,262</b>	<b>3,724,978</b>	n/a

Bilateral agency	Country	Project title	Funding requested (US \$)	Support costs requested (US \$)	Amount recommended* (US \$)	Considered under
Japan	Mongolia	HCFC phase-out management plan (stage II, second tranche)	60,000	7,800	67,800	ExCom/93/91
<b>Subtotal</b>			<b>60,000</b>	<b>7,800</b>	<b>67,800</b>	n/a
<b>Total</b>			<b>3,840,560</b>	<b>463,062</b>	<b>3,792,778</b>	n/a

\*Including support costs

\*\*For individual consideration

### Allowable level of bilateral cooperation

3. The amount of funding being requested by the Governments of Germany and Japan at the 93<sup>rd</sup> meeting, together with the funding approved for their requests during the 2021-2023 triennium, are shown in table 2. While the request by the Government of Japan does not exceed the 20 per cent allowable level of bilateral cooperation, the request by the Government of Germany exceed the allowable level by US \$2,176,038. The Government of Germany has been informed of the issue and has been requested to consider allocating the projects to stay within the 20 per cent of the allowable level of bilateral cooperation as per previous practice.

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

Agency	Funding			Allowable level 2021-2023 triennium
	Approved 2021-2023	Requested 93 <sup>rd</sup> meeting	Total	
Germany	7,945,663	3,724,978	11,670,641	<b>9,494,603</b>
Japan	301,032	67,800	368,832	<b>13,351,688</b>

### Bilateral requests

#### Project preparation for Kigali HFC implementation plans

##### *Project description*

4. The Government of Germany submitted requests for the preparation of stage I of a KIP for two Article 5 countries: for Brazil, as cooperating agency, along with UNIDO, with UNDP as the lead implementing agency; and for Kenya, as the lead implementing agency with UNEP as cooperating implementing agency at the funding levels shown in table 1.

5. UNDP as the lead implementing agency for the KIP for Brazil has requested US \$126,500 plus agency support costs of US \$8,855 in its work programmer amendments for 2023,<sup>2</sup> and has provided a description of the activities required for the preparation of the KIP and the corresponding costs for each activity; the Secretariat's comments are also included therein. UNIDO as a cooperating implementing agency for Brazil has requested US \$63,500, plus agency support costs of US \$4,445 in its work programme amendments for 2023.<sup>3</sup> UNEP as the cooperating implementing agency for the KIP for Kenya has requested US \$95,000 plus agency support costs of US \$12,350 in its work programme amendments for 2023.<sup>4</sup>

<sup>2</sup> UNEP/OzL.Pro/ExCom/93/35

<sup>3</sup> UNEP/OzL.Pro/ExCom/93/37

<sup>4</sup> UNEP/OzL.Pro/ExCom/93/36

*Secretariat's comments*

6. In reviewing the requests, the Secretariat considered the guidelines for the preparation of KIPs as contained in decision 87/50; the activities proposed for project preparation and their connection with enabling activities and other HFC-related projects in both countries.

7. The Government of Germany as the lead implementing agency described the activities required for the preparation of the overarching strategy for the KIP for Kenya using the format for requests for project preparation for a KIP. The submission included data on the consumption of HFCs and HFC blends for 2019 to 2021. Project preparation activities included a nationwide survey and data collection on HFC consumption, sectoral analysis of the use of HFCs, HFC-based equipment and alternatives; consultation and data validation meetings with stakeholders; preparation of initial HFC-related policies including the development of the import quota system for HFCs; an assessment of training needs in the service sector and a review of existing recovery and recycling schemes; the preparation of a national strategy to improve energy efficiency of cooling equipment; gender mainstreaming considerations for project implementation; the development of an overarching HFC phase-down strategy; and the preparation of a communications and outreach plan.

8. The Government of Germany confirmed that the project preparation for the overarching strategy for the KIP would draw on the activities implemented under the enabling activities, as these were the first actions associated with the phase-down of HFCs and had contributed to the ratification of the Kigali Amendment.

9. The Secretariat noted that Kenya has ratified the Kigali Amendment on 22 September 2023; that the country provided an endorsement letter; and that the funding requested is in accordance with decision 87/50(c).

*Secretariat's recommendation*

10. The Secretariat recommends blanket approval of project preparation for stage I of the Kigali HFC implementation plans for Brazil and Kenya at the level of funding shown in table 1.

Preparation of a pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down<sup>5</sup>

11. The Government of Germany submitted requests for project preparation for pilot projects to maintain and/or enhance the energy efficiency for Kenya and Togo as shown in table 1. The submissions were made in line with decision 91/65.

12. The project preparation request for Kenya included a description of the project objectives, expected outcomes and activities for a pilot demonstration project using energy-efficient-low-GWP cooling (transcritical CO<sub>2</sub>) in one local supermarket. One national chain, Naivas accounting for 84 branches has been identified as a potential beneficiary and some preliminary discussions have been held. The project preparation would involve confirming eligibility through a detailed technical assessment of the existing branches and the current installed cooling equipment. The resulting pilot project would replace the commercial refrigeration systems in one supermarket branch using R-404A with transcritical CO<sub>2</sub> systems. The results of this pilot project would be replicated throughout the Naivas chain of supermarkets and could also facilitate the transition of other supermarkets to the use of transcritical CO<sub>2</sub> during stage I of the KIP.

13. The Secretariat noted that the request for the preparation of stage I of the KIP for Kenya has been submitted to the current meeting.

14. The project preparation request for Togo is for a demonstration of energy-efficient-low-GWP air conditioner technology (R-290) at the Autonomous Port of Lomé including a component for improving the refrigerant quality in cooling equipment at the port. Preparation activities would include an analysis of the

<sup>5</sup> Herein referred to as project preparation for pilot projects to maintain and/or enhance energy efficiency

building structure, overall insulation, and an energy measurement of the installed unit to develop the options for improvement; capacity building on verification of refrigerant quality; and awareness raising activities with stakeholders on energy efficiency, minimum energy performance standards and labelling as well as the impact of certified refrigerants used in refrigeration and air-conditioning.

*Secretariat's comments*

15. With regard to the request for project preparation for a pilot project to maintain and/or enhance the energy efficiency in Kenya, the Secretariat noted that this falls under paragraph (b)(i)c. of decision 91/65.<sup>6</sup> It further noted that the resulting project would compare the energy-efficiency gains using R-404A refrigeration systems in one supermarket with one that would use transcritical CO<sub>2</sub>. The Government of Germany indicated that this approach assures a significant increase in energy efficiency and reduction of greenhouse gas (GHG) emissions with high potential for replication and for expanding into an energy management project for the supermarket sector in the country.

16. In the case of the request for Togo, the Secretariat noted that the country is a low-volume-consuming (LVC) country and activities that would be appropriate for pilot projects under decision 91/65 had been clearly defined in paragraph (b)(i)d.<sup>7</sup> for the servicing sector and noted that other projects similar to this have been submitted without project preparation. In addition, the component to consider improving the quality of the refrigerant R-290 appears to be a manufacturing activity and sought clarification about this.

17. The Government of Germany clarified the need for the project preparation for the servicing sector noting that the proposed project will make an important contribution to the KIP preparation. Through the demonstration project, a direct conversion to very low-GWP refrigerants like R-290 will be supported, increasing the GHG mitigation impact and reducing the risk that conversion from high-GWP refrigerants would not be to the lowest possible GWP refrigerants. On the issue of improving refrigerant quality, it was explained that currently R-290 is being used in Togo but the quality of the refrigerant in the market is poor leading to potential safety issues. The proposed project would also look at improving the supply chain for R-290 in Togo and would include capacity building of technicians thus promoting HFC alternatives. Funding for the project preparation for the overarching strategy of stage I of the KIP for Togo was approved at the 90<sup>th</sup> meeting at the amount of US \$170,000, plus agency support costs.<sup>8</sup>

18. After further discussions, it was agreed that the request for Togo could be supported noting that this is a request for activities in an LVC country under decision 91/65.

*Secretariat's recommendation*

19. The Secretariat recommends blanket approval for the requests for project preparation for pilot projects to maintain and/or enhance the energy efficiency through technical assistance for a demonstration of the use of energy-efficient transcritical CO<sub>2</sub> systems in one supermarket in Kenya and for a demonstration of energy-efficient-low-global warming potential air-conditioning technology including improving refrigerant quality in Togo, at the level of funding shown in table 1.

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<sup>6</sup> Technical assistance for the assembly and installation of equipment that would result in the adoption of technologies to maintain and/or enhance energy efficiency while converting from HFCs and demonstrate replicability and scalability in the country or region would be considered in priority

<sup>7</sup> Projects in the servicing sector including, but not be limited to, activities identified in decision 89/6(b) would be considered in priority in the context of Kigali HFC implementation plans (KIPs), except for those activities that had already been funded under decision 89/6(b) in the context of the HCFC phase-out management plan for the country in question

<sup>8</sup> US \$119,000 for UNEP and US \$51,000 for UNIDO

Preparation of a national inventories of banks of used or unwanted controlled substances and a plan for the collection, transport, and disposal of such substances<sup>9</sup>

*Project description*

20. The Government of Germany submitted four requests for the preparation of a national inventory of banks of used or unwanted controlled substances and plan for Kenya, Liberia, Namibia, and Seychelles as the designated implementing agency, as shown in table 1.

*Secretariat's comments*

21. In reviewing these requests, the Secretariat took into account the criteria for the preparation of a national inventory of banks of used or unwanted controlled substances and plan in decision 91/66 and the activities proposed for project preparation and their connection with national phase-out/phase-down plans (i.e., HPMPs or KIPs) in the countries. The Secretariat noted that the funding requests are in line with decision 91/66, and that as designated implementing agency, the Government of Germany provided a description of the activities required for the preparation of a national inventory of banks of used or unwanted controlled substances and plans for Kenya, Liberia, Namibia, and Seychelles and the corresponding costs for each activity, using the relevant submission forms for project proposals. The activities in all four countries included the preparation of the national inventory, action plan and final report; consultations with relevant stakeholders; data collection and analysis on quantities of unused or unwanted refrigerants from the identified types and sources of equipment; and gender mainstreaming considerations.

*Secretariat's recommendation*

22. The Secretariat recommends blanket approval for the preparation of a national inventory of banks of used or unwanted controlled substances and a plan for the collection, transport, and disposal of such substances for Kenya, Liberia, Namibia, and Seychelles at the level of funding shown in table 1.

**Recommendation**

23. The Executive Committee may wish to request the Treasurer to offset the costs of the bilateral projects approved at the 93<sup>rd</sup> meeting as follows:

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

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<sup>9</sup> Herein referred to as preparation of a national inventory of banks of used or unwanted controlled substances and plan