

Reflecting on the Multilateral Fund in 2023

YEAR-END UPDATE



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



Season's greetings!



To the members of the Executive Committee who support, challenge and trust us;
To our colleagues from the implementing and bilateral agencies who work with us tirelessly and closely to assist developing countries in implementing projects and changing people's lives;
To all parties to the Montreal Protocol for always moving forward with their vision towards strengthening the treaty;
To all of you, a big thanks from our heart for making our work so rewarding, for always pushing us to deliver better and closer to your needs.

We wish you happiness, health, and the most joyful days with those you love.

The Multilateral Fund Secretariat

Chair's statement



As 2023 draws to a close, the Executive Committee can look back with pride on its work this year. The first ever Kigali HFC implementation plan was approved and funding guidelines for the HFC servicing sector were agreed setting the stage for new plans to come forward. The 93rd meeting saw the approval of 23 new Kigali HFC implementation plans, alongside progress on finalising the HFC investment funding guidelines. Two funding windows approved for energy efficiency and disposal respond to the mandate given to the Committee under the Kigali Amendment and facilitated project submission including the first energy efficiency activities to be approved. Importantly, the Committee also commenced discussions on an operational framework for energy efficiency which I hope can be concluded next year.

Anticipating 2024, we eagerly await the launch of the new knowledge management system for the Fund Secretariat which promises to streamline and better communicate our important work to all. 2024 also marks the start of a new triennium of work with a record replenishment of the Fund setting expectations of parties for what must be achieved.

Best wishes to María Antonella Parodi, the incoming chair from Argentina, for 2024. My sincere thanks to the Executive Committee members, colleagues at the Fund Secretariat, and implementing agencies for their dedication in protecting the ozone layer and mitigating climate warming.

Annie Gabriel

*Chair of the 2023 Executive Committee
of the Multilateral Fund
For the implementation of the
Montreal Protocol*

Year in review

US \$129,821,368
TOTAL FUNDS APPROVED
INCLUDING SUPPORT COSTS IN 2023

348 PROJECTS
APPROVED IN 2023

HCFC \$57,683,184

HCFC 136

HFC \$26,141,520

HFC 101

107 COUNTRIES
APPROVED IN 2023

OTHER \$45,996,664

OTHER 111

In a productive year, the Executive Committee considered many projects and policy matters, signaling its continued commitment to the Montreal Protocol. Bilateral and implementing agencies played a pivotal role, submitting a noteworthy 348 projects valued at US \$129,821,368. These initiatives included tranches of ongoing and new multi-year agreements, as well as diverse projects helping Article 5 countries in fulfilling their Montreal Protocol commitments.

Signifying their continued commitment to the Kigali Amendment, the Executive Committee approved the initial phase of Kigali HFC Implementation Plans (KIPs) for 24 countries. This approval empowers countries to promptly implement measures reducing their reliance on hydrofluorocarbons (HFCs). The momentum gained in KIP approvals stemmed from earlier

guidelines established for funding HFC reduction in the servicing sector, prompting countries to expedite their KIP preparations.

Simultaneously, several projects promoting energy efficiency amid HFC phasedown received approval from the 2022-established funding window. This highlights the broader impact of these endeavors on climate mitigation and ozone layer protection. In tandem with supporting energy efficiency activities within the Kigali Amendment, the Executive Committee progressed in designing an operational framework and allowed countries to submit projects enhancing energy efficiency as part of the KIPs, while the Secretariat further explores funding options outlined in the report provided to the 93rd meeting subject to further discussion at the 94th meeting.

The Multilateral Fund's results framework

and scorecard, outlining outputs and impact, gained approval. This structured approach enables the assessment of the Fund's performance, facilitating transparent reporting of achievements

Recognizing the increasing complexity of work undertaken by bilateral and implementing agencies because of the Kigali Amendment, the Executive Committee adapted the Fund's administrative cost regime, providing additional resources to support their excellent collaboration with developing countries.

These achievements reflect the Executive Committee's collective dedication to addressing environmental challenges and underscores the importance of international collaboration. Together with bilateral and implementing agencies, the Fund continues making strides toward a more sustainable future.



Phasing out HFCs in the servicing sector

This year was marked by the successful resolution of the discussions on the funding guidelines for reducing hydrofluorocarbons (HFCs) in the servicing sector. This includes essential principles for the servicing sector in Stage I of the Kigali HFC Implementation Plans (KIPs). Key components comprise commitments from Article 5 countries, mandatory reporting on activities, delineation of stakeholder roles, strategies for effective collaboration, and coordination with similar activities under the HCFC phase-out management plans (HPMPs).

The funding agreed is to enable Article 5 countries to meet the freeze and the 10 per cent reduction target under the Kigali Amendment. A tiered funding approach was established for Article 5 countries with an average HFC consumption up to 360 metric tonnes in the servicing sector during baseline years. Notably, there is potential for an additional 20 per cent funding for those countries committing to a 10 per cent reduction from their HFC consumption rather than the baseline.

For other Article 5 countries exceeding 360 metric tonnes but below 25,000 metric tonnes of HFC consumption in the servicing sector during the same years, funding is allocated up to US \$5.10/kg. The decision on the funding levels for the servicing sector paved the way for many project submissions and approvals at the 93rd meeting, a month before the first control measure under the Kigali Amendment took place.



Empowering change: Gender mainstreaming in Fund-supported projects

The Executive Committee took a significant step in promoting gender inclusivity within the projects supported by the Multilateral Fund. At the 92nd meeting, the Executive Committee decided that Article 5 countries, in collaboration with bilateral and implementing agencies, can now tailor specific activities to implement the operational gender mainstreaming policy within their Fund-approved projects. This development introduces clear indicators and outcomes, ensuring a more focused and impactful approach on gender.

The decision outlines specific project requirements, outputs, outcomes, and performance indicators for systematically applying the operational gender policy, to be applied to projects submitted from the 94th meeting onward. The requirements include both mandatory and optional elements, concentrating on four phases of the project cycle: project preparation, planning and formulation, implementation, and monitoring and evaluation. It represents a crucial stride toward fostering gender equality in the Fund-supported projects.

Enhancing energy efficiency during HFC phase down: an operational framework



The Executive Committee discussed in detail the proposed approaches for an operational framework on institutional aspects and projects and activities that could be undertaken by the Multilateral Fund for maintaining and/or enhancing the energy efficiency during HFC phase down. While more information is needed to decide on an operational framework, countries are invited to submit projects enhancing energy efficiency as part of their Kigali Implementation Plans.

The Secretariat was asked to further explore the funding modalities for investment and non-investment activities, to provide more information on the methodology for quantifying energy efficiency gains, on the roles of the national ozone units and the role of energy regulatory bodies, on estimating the energy savings and the climate benefits of the activities suggested as well as on additional information on the revolving fund approach using experience from other institutions.

Results framework and scorecard: measuring success of the Multilateral Fund

In response to recommendations from the Multilateral Organisation Performance Assessment Network, the Multilateral Fund has embraced a results framework and scorecard for performance evaluation and transparent reporting. The agreed framework categorizes near-term outputs, focusing on financial and resource mandates, and project implementation.

Meanwhile, medium-term outcomes target the reduction of controlled substances, compliance of Article 5 countries with the Montreal Protocol, capacity-building for refrigeration technicians, and technology transfer during conversion activities. This living document will undergo dynamic updates, adjusting indicators based on policies agreed by the Executive Committee. Recognizing the importance of regular updates, members advocate for interim reporting on indicators, entrusted to the Secretariat. This collective effort ensures a real-time understanding of the Multilateral Fund's impactful journey toward environmental sustainability.



Featured Project 1



Cameroon: Pioneering HFC phase down in Africa

Cameroon, a low-volume consuming (LVC) country in Africa, has received approval for the first full hydrofluorocarbon (HFC) phase-down initiative in Africa. Following the footsteps of Niger who received conditional approval for its Kigali HFC Implementation Plan (KIP) in 2021, stage I of the KIP for Cameroon was approved at the 92nd meeting despite the lack of complete guidelines for funding HFC phase down.

An ambitious plan that commits to a significant reduction of 30 percent below the estimated HFC baseline in 2030, Cameroon's dedication to curbing HFC consumption aligns with global climate goals. The country aims to maximize climate benefits by simultaneously phasing out HCFCs and has pledged early and sustainable action.

Cameroon plans to enhance participation in training and capacity-

building activities through collaboration with local refrigeration and air conditioning associations. Two new centers of excellence will be established, focusing on training technicians in the use of lower- Global Warming Potential (GWP) refrigerants. The initiative will also organize technical associations in the mobile air-conditioning (MAC) sector and explore the economic feasibility of incorporating refrigerant reclaim in existing recovery and recycling operations for HFCs used in MAC.

To ensure effective control of imports, Cameroon will update its electronic licensing system and provide additional training for customs officers.

Cameroon's pioneering efforts mark a crucial step towards a sustainable and environmentally friendly future, setting an example for other nations across the continent to move forward with their KIP.

India: unlocking the potential of R-290 in compressor manufacturing



Featured Project 2

In a pioneering move towards sustainable air-conditioning solutions, Godrej & Boyce Mfg. Limited, a frontrunner in R-290 based air-conditioning equipment manufacturing in India, has received approval under the funding window for pilot projects aimed at enhancing energy efficiency within the context of HFC phase-down. This groundbreaking initiative focuses on redesigning higher efficiency R-290 compressors and heat exchangers.

With strong support from the Government of India, the project is poised to transform the landscape by ensuring the availability of energy-efficient R-290 compressors in the country. The plan involves a strategic shift and commitment, with 70 percent of the enterprise's AC manufacturing operations, currently using R-32, transitioning to R-290 by 2028. Beyond the immediate impact on Godrej's operations, the project is expected to foster domestic manufacturing and sourcing of R-290 compressors,

potentially inspiring other local air conditioning equipment manufacturers to make the switch.

This initiative gains particular significance in a nation anticipating an annual demand for approximately 10 million air conditioners, where Godrej & Boyce already commands a 12–15 percent market share. The pilot project aims to significantly increase the energy efficiency rating of R-290-based ACs, ranging from 1 TR to 2 TR, elevating the current 5-star rating to an ISEER of 6.61 by 2028.

The commitment of the Government of India to support policies promoting low-GWP refrigerant-based ACs is integral to this endeavor and will be reflected in the country's Kigali Implementation Plan (KIP). Godrej & Boyce demonstrates its dedication to this innovative project by providing a substantial 75 percent co-financing, signaling a bold step towards a more sustainable and energy-efficient future in air conditioning manufacturing.

Jordan: high ambition for a high-ambient temperature (HAT) country



Featured Project 3

As a high-ambient-temperature country, Jordan faces unique challenges to fulfill HFC phase-down targets set by the Kigali Amendment. Undeterred by these obstacles, Jordan has received approval for stage I of its Kigali HFC Implementation Plan (KIP).

With an exceptionally high level of ambition, Jordan aims to reduce its baseline HFC consumption by 54 percent by 2030. The government's commitment extends to imposing a ban on HFC-based domestic refrigerators upon the completion of projects transitioning domestic refrigeration manufacturing enterprises to R-600a.

In collaboration with UNIDO, Jordan will adopt an innovative approach, implementing the KIP concurrently with the remaining stages of its HCFC phase-out management plan (HPMP) to ensure a controlled

transition, limiting HFC phase-in to replace HCFCs until 2030.

The comprehensive plan involves measures to encourage the adoption of alternative low- or lower-GWP technologies across industries, including enterprises consuming minimal HFC quantities. The initiative also includes training and technical assistance for the service sector, accompanied by supportive policies and regulations to reduce reliance on HFC-based equipment. Targeting servicing practices, especially in the mobile air conditioning (MAC) sector and conducting awareness campaigns for low-GWP technology adoption contribute to the overall approach.

Jordan will also undertake training programs for customs and enforcement officers, implementing improved HFC data management and reporting systems to sustain these reductions.

Featured Project 4

Malaysia: a roadmap for HFC phase down



In Southeast Asia, Malaysia is emerging as a key player, acting as an export hub for air conditioning equipment in the region. The approval of stage I of the Kigali HFC Implementation Plan (KIP) for Malaysia signifies an important milestone in the country's actions to implement the Kigali Amendment.

Leveraging insights from its enabling activities project, Malaysia's government took early action that allowed addressing in stage I, the prioritization of high-GWP HFCs, even in sectors with low consumption in the baseline. To manage and control HFCs effectively, Malaysia will implement interventions in fire suppression systems, domestic and commercial refrigeration, transport refrigeration, and the mobile air conditioning (MAC) and servicing sectors. Implementation of the plan is supported by the establishment of six bans, including one on new HFC-23 and HFC-125-based fire suppression systems by January 1, 2026, and five additional bans on various applications in the refrigeration

and air-conditioning sector by 2029.

Policy and regulatory changes are integral to the KIP, with measures to control HFC import and consumption, including the reduction of import quotas and the revision of public procurement policies. A novel quota allocation system will incentivize the use of lower-GWP HFCs while ensuring compliance with the provisions of the Montreal Protocol.

Malaysia's KIP also pioneers the first mobile air-conditioning manufacturing conversion approved since the CFC phase-out, addressing the impending phase-out of HFC-134a-based MACs in new automobiles. Through a pilot project starting in 2027, local manufacturers will be sensitized to the challenges and opportunities of transitioning away from HFC-134a, sending a crucial signal to the automotive sector and establishing a robust supply chain for future conversions. Malaysia's strides towards sustainable HFC management set a noteworthy example for the region and beyond.

Grenada: Navigating challenges in the servicing sector



Grenada, a small island nation facing unique challenges, is forging ahead in its efforts to meet hydrofluorocarbon (HFC) phase-down targets under the Kigali Amendment.

Stage I of Grenada's Kigali Implementation Plan (KIP) builds upon the hydrochlorofluorocarbons (HCFC) phase-out management plan (HPMP). It concentrates on policy and legislation to control HFC imports, promoting the market uptake of low-GWP technologies and energy-efficient refrigeration and air conditioning (RAC) equipment through import controls. Additionally, the plan

emphasizes capacity building for handling flammable refrigerants and implementing measures for refrigerant recovery, recycling, and leakage reduction to curtail refrigerant demand.

To enhance the capabilities of service technicians and reduce dependence on HFCs, equipment and training support will be provided to institutions. Special attention will be given to gender issues through workshops for female technicians and public awareness initiatives.

In a notable move, the Government of Grenada has instituted Minimum Energy Performance Standards (MEPS) and

energy efficiency labeling standards for RAC appliances. Further funding has been allocated to address barriers to adopting low-GWP technology while maintaining energy efficiency in the servicing sector, reinforcing Grenada's commitment to sustainable practices.

The approval of stage I of Grenada's KIP is a crucial step toward meeting the 10 percent reduction target under the Kigali Amendment. This signals the Executive Committee's endorsement of Grenada's endeavors to reduce HFCs in the servicing sector, marking a pivotal moment in the country's HFC phase-down journey.

Happy holidays
and best wishes
for a wonderful
2024 for you and
your loved ones.



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