

## EIA Briefing to the 89<sup>th</sup> meeting (Part 1) of the Executive Committee of the Multilateral Fund

May 2022

This briefing outlines EIA's views and recommendations on two substantive issues under discussion at the 89th meeting of the Executive Committee (ExCom) of the Multilateral Fund (MLF).

### Review of Institutional Strengthening Projects, Including Funding Levels

Document 89/4 recognises the major contribution and the relevance of institutional strengthening (IS) support in the achievement of A5 countries compliance and the range of activities NOUs must undertake to achieve HFC and HCFC control measures between 2020-2030, including new responsibilities for HFCs. The success of the Montreal Protocol has been widely accredited to, *inter alia*, the global network of National Ozone Units (NOUs) and the capacity building enabled through Institutional Strengthening (IS).

Funding for IS projects has only been increased twice since they were initially agreed in 1992: in 2001 by 30% to help countries carry out the new MLF strategic framework and provide support for critical areas such as public awareness; and in 2015 by 28% to address challenges related to the phase-out of HCFCs in line with the objectives of decision XIX/6 and the transition to alternatives that minimise environmental impact.

Decision XXVIII/2 para 21 requested the ExCom to increase IS support in light of the new commitments related to HFCs and this should be implemented without further delay.

The complexities facing A5 Parties are significant, not least the parallel implementation of the complete phase-out of HCFCs and the freeze and first reduction step of the HFC phase-down (for most A5 Parties), which will expand the scope and complexity of the work. NOUs will need to put in place and enforcing legislation and regulations, some of which will be more complex for HFCs than their ODS precursors. The experience of the EU, which has experienced significant illegal trade in HFCs since the 2015 start of the HFC phase-down under the F-Gas Regulation, is a cogent reminder of the challenges facing A5 Parties.<sup>i</sup>

NOUs will also need to promote the adoption and safe use of low-GWP alternatives, dealing with safety codes and standards as well as energy efficiency. For context, a recently published impact assessment for the review of the EU F-Gas Regulation calculated an annual cost of 5.8 million EUR for F-gas certification programmes also to include F-gas free alternatives and practical training on all alternatives and to add energy efficiency issues to be part of training (stationary RACHP).<sup>ii</sup>

During this decade of climate action – where urgent emission reductions are necessary to keep the world on track to avoid global warming of more than 1.5°C – it is clearly worth investing in the proven approach of IS to ensure effective implementation of both the Kigali Amendment and the HCFC phase-out. Although IS is widely acknowledged to be fundamental to the success of the Montreal Protocol, to date it has received just 4% of the total funding approved by the MLF.

EIA recommends that the ExCom:

**Establish an Increased Funding Level for IS support:** In light of the significant new responsibilities required of NOUs to ratify and initiate implementation of the Kigali Amendment, EIA supports a significant increase in the level of support provided to NOUs in order to ensure sufficient capacity and staffing to implement new responsibilities. Given the Secretariat’s observation that, “Experience with the CFC and HCFC phase-out has shown that some of the most challenging activities associated with supporting compliance at the country level take place in the years immediately prior to the date of the first control measure for the substances concerned”, this should take effect immediately to ensure adequate support is available well in advance of the 2024 freeze in consumption for Group 1 countries.

Additionally, EIA urges consideration of higher proportional increases to A5 Parties that are low volume consuming (LVC) countries. Given the very low level of support for some Parties – some 61 countries are funded at the minimum level of US\$42,500 per year – a percentage increase in funding as has occurred with previous increases, is effectively a very small increase in real terms for these countries.

EIA does not agree that Article 5 countries with HCFC-22 production facilities will require additional IS support to develop and implement policy and regulations to control the emissions of HFC-23 by-product and ensure reporting, given the high levels of historical financial support to mitigate HFC-23 through the Clean Development Mechanism of the UNFCCC and new projects under the MLF.

**Extend the duration of IS renewal projects and review by 2025:** EIA supports the Secretariat’s recommendation to extend the duration of IS renewal implementation phase from the current two years to three years for IS renewals, particularly given the added stability it provides NOUs in hiring and staffing positions. EIA also supports the recommendation to submit a further review of IS projects, including funding levels, no later than the second meeting in 2025.

## Analysis of the level and modalities of funding for HFC phase-down in the refrigeration servicing sector

Agreement on the level and modalities of funding for the HFC phase-down in the refrigeration servicing sector (and elsewhere) is urgently needed to ensure the Kigali Amendment is implemented without delay.

Paragraph 15 of *Decision XXVIII/2* makes several servicing-related costs explicitly eligible for funding, including public-awareness activities, certification programmes and training of technicians on safe handling of alternatives, prevention of illegal trade and recycling and recovery of HFCs. Moreover, paragraph 16 of *Decision XXVIII/2* requested ExCom to increase this funding for

LVC countries, when needed for the introduction of low- and zero-GWP alternatives and to maintain energy efficiency:

“To request the Executive Committee to increase in relation to the servicing sector the funding available under Executive Committee Decision 74/50 above the amounts listed in that decision for parties with total hydrochlorofluorocarbon baseline consumption up to 360 metric tonnes when needed for the introduction of alternatives to hydrochlorofluorocarbons with low-GWP and zero-GWP alternatives to hydrofluorocarbons and maintaining energy efficiency also in the servicing/end-user sector.”

This has been further supplemented by paragraph 2 of Decision XXX/5, which requests ExCom to increase the funding provided to assist LVC countries for energy efficiency policy and training support. To this end, the MLF Secretariat has produced multiple documents, including ExCom 84/67 which contains a draft recommendation on the ways to operationalise paragraph 16 of Decision XXVIII/2 and paragraph 2 of Decision XXX/5 being considered by ExCom.<sup>iii</sup>

EIA agrees that the modality of funding should allow for the development of a holistic strategy for the HCFC phase-out and the HFC phase-down. In the absence of calculated HFC baselines, the MLF Secretariat proposes modalities #2 and #3, both of which would allow for a holistic strategy, preferring modality #3.

In paragraph 48 of Excom/88/72, the MLF Secretariat states that its proposed funding levels could address the request by the Parties under Paragraph 16 of Decision XXVIII/2, however the basis for this statement is unclear, and it seems at odds with the Desk Study for the Evaluation of the Energy Efficiency in the Servicing Sector (ExCom 88/10), which identified several new activities that will require additional funding (e.g. standards to regulate the safe handling of flammable and toxic refrigerants, updated training manuals, attention to servicing in the informal sector).

## References

---

<sup>i</sup> EIA (2021). Europe's Most Chilling Crime: the illegal trade in HFC refrigerant gases. Available [here](#).

<sup>ii</sup> Commission Staff Working Document, Impact Assessment report. p52. Available [here](#).

<sup>iii</sup> ExCom 84/67, pp. 3-4.