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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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**KEY TAKEAWAYS FROM THE INFORMAL HALF-DAY SESSION ON
STRATEGIC APPROACHES TO KIGALI AMENDMENT IMPLEMENTATION**

INTRODUCTION

1. The informal half-day session on strategic approaches to Kigali Amendment implementation (decision 93/103) was held at the headquarters of the International Civil Aviation Organization (ICAO) in Montreal, Canada, on 26 May 2024.

2. The session was attended by members and co-opted members of the Executive Committee, representatives of bilateral and implementing agencies, the representative of the European Union and its member states, and the Ozone Secretariat.

OPENING OF THE SESSION

3. The session was opened by the facilitator, David Fairman, Senior Mediator at the Consensus Building Institute and Associate Director of the MIT-Harvard Public Disputes Programme, who encouraged participants to take advantage of the discussion to explore key issues and opportunities related to the support of the Multilateral Fund for the implementation of the Kigali Amendment, clarify their various aspirations and concerns in that regard, and identify promising options for the future that could eventually be considered in more formal processes.

**PART 1: STRATEGIC DIRECTIONS FOR THE IMPLEMENTATION OF THE KIGALI
AMENDMENT**

1.1 Supporting action beyond Kigali Amendment compliance

4. The facilitator opened the discussion by inviting participants to identify potentially high-impact opportunities for the Multilateral Fund to support action beyond compliance with the Kigali Amendment and achieve benefits beyond those achieved with compliance.

5. The following main issues were raised during the discussion:

- **Challenges with regard to compliance.** One member said that, before looking at measures beyond compliance, it would be helpful to begin by discussing the challenges faced by countries in implementing the Kigali Amendment, in response to which participants highlighted several: technology transfer, capacity-building, the time frame for implementation, the unavailability, unaffordability or unsuitability of alternative technologies, the negative effects of the coronavirus disease (COVID-19) pandemic, shipping costs, funding for implementation, particularly in developing countries, and the lack of a clear vision to inform the development of strategies for implementation. One member said that those challenges and the fact that resources were limited should not prevent countries from being forward-looking, bearing in mind the benefits that could flow from such an attitude.
- **The voluntary nature of action beyond compliance.** There was a common understanding that action beyond compliance was entirely voluntary and that the decision to take such action would be dictated by national circumstances. Several members noted that action beyond compliance was not synonymous with accelerated implementation. Rather, it related to the adoption of measures in advance of compliance obligations and could also include measures that addressed matters not related to compliance. One member stressed that, for small island developing states, early action that mitigated greenhouse gas emissions and limited global warming was a matter of life and death, while another drew attention to the Global Cooling Watch report entitled “Keeping it chill: How to meet cooling demands while cutting emissions” and to the importance of decoupling economic growth from emissions as a mindset shift. One member said that the current uncertainty regarding consumption patterns since the COVID-19 pandemic often made it difficult to gauge how ambitious action beyond compliance could be and explained the reluctance, in some quarters, to take such action.
- **Examples of action beyond compliance.** Life-cycle refrigerant management, the disposal of obsolete equipment, cooperation between national ozone units (NOUs) and other Government agencies, the use of technology that was environmentally friendly in all aspects, the provision of assistance to Article 5 countries to fill gaps in atmospheric monitoring, the provision of assistance to countries with high ambient temperatures in introducing low-global-warming-potential (GWP) technologies and the establishment of centres of excellence were mentioned as potential areas that could support action beyond compliance. A representative of an implementing agency noted that the Multilateral Fund had the institutional expertise and experience to serve as a platform for ambitious early action and that each country had different opportunities for action depending on its relative strengths.
- **The incentivization of action beyond compliance.** The question was raised of what, aside from providing technical assistance, increasing funding, and front-loading funding, could be done to incentivize or assist the taking of early action and what barriers existed in that regard. One member said that, for Article 5 countries to answer that question, they would need time to explore the matter at the national level and would benefit from opportunities for relevant discussion at future meetings of the Executive Committee. Another member stated that policy development was a precondition for Kigali Amendment implementation and that consideration should be given to funding the use of natural refrigerants. In response, it was pointed out that preconditions like policy development were, for some countries, a disincentive to taking action. Other disincentives or barriers referred to during the discussion included the unavailability or inaccessibility of technology, the risks associated with front-loading funding, the lack of resources to ensure sustainable conversions, competing national priorities such as food security, and the requirement of or preference for certain low-GWP technologies when factors such as availability, price and safety meant that countries required flexibility in that regard. One member said that the Executive Committee should be technology-neutral in the transition to low-GWP refrigerants. Additional discussions at a future

meeting of the Committee could help identify mechanisms to enable those Article 5 countries that wished to take actions beyond compliance to do so.

- **End users.** Several members emphasized the value of engaging with end users to determine the feasibility of early action.
- **Energy efficiency.** Several members raised the issue of energy efficiency, including the question of funding for efforts in that area and the need to create an enabling environment for such efforts. One member stated that the potential climate benefits of measures to enhance energy efficiency vastly outstripped those of early action and that it would therefore be interesting to explore paths forward that involved such measures and harnessed the comparative advantage of the Multilateral Fund in the domain of energy efficiency. Another member expressed support for the application of minimum energy performance standards (MEPS) to exports. Several members noted that the availability and accessibility of energy-efficient equipment and components could be key drivers to enable end users to phase down their use of HFCs. A representative of an implementing agency added that addressing gaps related to MEPS would help to reduce electricity consumption significantly, particularly in the cooling sector, which accounted for a large and growing percentage of global electricity demand. One member called for an ad-hoc group to be set up to engage with big manufacturers in the interest of making more energy-efficient equipment available on the market, which was an issue of relevance to import-dependent countries. Members recognized that there was a need to clarify how the Multilateral Fund will provide funding for energy efficiency in the context of the HFC phase-down.

1.2 Supporting national or/and sectoral approaches

6. The facilitator opened the discussion by inviting participants to consider how the Multilateral Fund could support the integration of HFC phase-down into national and/or sectoral plans and strategies in ways that achieved a higher impact on HFCs and related climate goals.

7. The following key points were raised during the discussion:

- **End users.** One member said that considerable progress could be made in phasing down HFCs by focusing on end users, especially in countries with low consumption. Another member, noting concerns over the indiscriminate dumping of technology, said that end users were heavily influenced by price and availability, making it even more important to strengthen relevant domestic policies and their implementation. One member called for a strategic approach to end-user engagement involving demonstrations and knowledge-sharing to incentivize the uptake of certain technologies, bearing in mind that the high number of end users made it impractical to target them individually, for example through subsidies. The member added that the development of a strategy in the commercial refrigeration sector would be aided by knowing more about the reasons why countries were not focusing on replacing R-404A despite the availability of alternatives. One member said that it would be useful for the Secretariat to explore and report on more feasible financing methods than subsidies such as microfinancing and revolving funds. Another member noted that targeting a small number of end users through demonstrations could have a transformative impact. A representative of an implementing agency voiced support for a thematic approach to demonstration projects. One member said that there was a need for a different financing model for end users and that, in the commercial refrigeration sector, one end user could have a multiplier effect through annual servicing. Another member suggested that demonstration projects could usefully be carried out for end users in data centres and supermarkets.
- **The refrigeration and air-conditioning servicing sector.** One member said that Article 5 countries needed more support for the organization of vocational training to enhance capacities to reduce HFC consumption, the laboratory testing of refrigeration and air-conditioning equipment to gauge its energy efficiency and the implementation of recovery, recycling and reclamation projects.

- **Action beyond compliance.** One member highlighted the close link between sectoral approaches and action beyond compliance and said that it would be useful to understand how such approaches could help in meeting challenges associated with early action.
- **The fisheries sector.** One member, underlining the importance of the sector for small island developing states, including in terms of compliance with the Kigali Amendment, said that it would be helpful for the Secretariat to carry out a study that touched upon strategic approaches to address the sector and the benefits that could be derived from the establishment of a forum for the exchange of information, experiences and best practices. Another member expressed support for the creation of a forum and noted that the cost of replacing HCFC-22 in the fisheries sector was prohibitively high. One member said that it would be interesting to explore whether the Multilateral Fund could play a more active role in the fisheries sector, the strengthening of which could contribute to food security.
- **The “approach” to sectoral approaches.** One member asked whether sectoral approaches should be adopted on a refrigerant basis or an equipment basis, while another asked whether such approaches were envisioned as part of broader Kigali HFC implementation plans (KIPs). One member said that the success of sectoral approaches was contingent on the cooperation of technology providers more than the will of governments. A representative of an implementing agency noted that, when defining priorities in sectoral plans, the two main factors to bear in mind were data on consumption in the sector and the availability and maturity of alternative technologies. The representative added that some sectors were composed mainly of small and medium-sized enterprises (SMEs) and that, in such sectors, current levels of funding made it difficult to achieve an impact. Another representative of an implementing agency said that cross-cutting engagement with different ministries was an important aspect of sectoral approaches. One member said that clarification of how sector-focused approaches could best be developed and funded through the Multilateral Fund would be welcome.
- **The local installation and assembly subsector.** Members highlighted that the subsector was particularly important in the context of the implementation of KIPs and in enhancing energy efficiency in the long term. The availability of data for the sector was critical to ensuring the subsector could be addressed effectively. It was also noted that a mechanism that differed from that used under HPMPs would be beneficial.

1.3 Targeting investments to key Kigali Amendment implementation issues

8. The facilitator opened the discussion by inviting participants to identify how the Multilateral Fund could maximize its impact on potentially challenging Kigali Amendment implementation issues.
9. With a particular focus on SMEs, the following key points were raised during the discussion:
 - **Definition of the term “small and medium-sized enterprise.”** It was recalled that the Executive Committee had yet to agree on its definition of SMEs.
 - **Need to strengthen the technical capacity of SMEs.** Several members underscored Article 5 parties’ need for technology transfer, stating that even when SMEs in Article 5 countries were aware of the alternatives and technologies available, many did not know which to adopt or how to deal with the related supply chain. It was proposed that centres of excellence be established to provide guidance. Other issues with which they required assistance included the pricing of alternatives, the volume of refrigerant required, how to verify the purity of imported refrigerants, particularly the composition of blends, and the use of alternative refrigerants that may be flammable. One member highlighted that the capacity to handle alternatives was vital not only for SMEs but for all enterprises to enable them to make transitions in a sustainable way. Recalling the establishment of systems

houses for foams, he proposed that the Committee consider whether there could be a single mechanism that similarly could provide support to many SMEs. It was proposed that the Executive Committee allocate some funds to educational endeavours. The UNEP Compliance Assistance Programme, OzonAction and regional networks might also be able to provide support. Additional funding for NOUs could also be considered. One member highlighted that adequately trained personnel was sometimes a prerequisite for the acquisition of equipment.

- **Building on the past experience of the Executive Committee and the experience of non-Article 5 countries.** As, in the past, the Executive Committee had funded numerous projects dealing with technology assistance through sector plans, it was worth drawing lessons from past challenges and successes. There were also areas that the Executive Committee had not sufficiently addressed before, such as the HFC phase-down in the refrigeration and air-conditioning sector relating to low-GWP technologies, additional safety measures and the mechanisms to be put in place to ensure sustainable conversion. Asked to share their experience, some members from non-Article 5 countries spoke of how they had used market-driven approaches, policies and regulation to ensure the success of their transitions. One member explained that regulations were published and comments thereon were received from the public. Another member spoke of a compulsory certification process in relation to the use of new refrigerants. Refrigeration associations were considered key to reaching a large number of enterprises. One approach to conversions could be to time them strategically, starting with the larger enterprises before moving on to SMEs. It was acknowledged, however, that such a method might not be suitable in a sectoral approach.
- **Attrition in project participation.** Because of issues related to a technology or its price or availability, some enterprises dropped out of projects or were unwilling to take part in the first place. The representative of the Secretariat explained that some enterprises had also requested, during implementation, to change the technology used, and the Executive Committee had approved the proposed change. He noted, however, that there had been many instances in which SMEs had been successfully able to implement the technology originally chosen.
- **Scale.** Small, non-manufacturing countries that imported refrigerants and equipment faced the challenge of being unable to keep prices low through economies of scale. In addition, the fate of that equipment at the end of its life should be considered.
- **Financial support.** The representative of a bilateral agency said that there was a need to provide SMEs with a basic level of funding to buy the equipment that they needed. One member stressed that, given the costs involved, SMEs were concerned about making the right decision with regard to the choice of alternative and so preferred to wait rather than risking needing to undertake multiple conversions or change technology. Financial support could help mitigate this situation.
- **Sustainability.** It was important that the enterprises, especially SMEs, that undertook conversions did so in a sustainable way beyond simply meeting compliance obligations.

10. With a particular focus on the challenges of integration, the following key points were raised during the discussion:

- **An enduring focus on phase-down.** One member said that, despite her country's endeavours to integrate HFC phase-down, energy efficiency and other issues such as inventories, the priority remained on phase-down.
- **The absence of cost guidelines and energy efficiency guidance.** The absence of such guidance created challenges for the preparation of KIPs and projects to address energy efficiency.

- **Ambitions restricted by funding limitations.** The representative of a bilateral agency said that limited funding for KIPs left no room for ambition or innovation and forced agencies to focus only on compliance. He nevertheless welcomed the energy-efficiency pilot projects.
- **Streamlining of administrative procedures.** One member spoke of an approach in one region that looked to reduce the administrative and reporting burden created by the countries' HPMPs, KIPs, refrigerant management programmes and energy-efficiency programmes by integrating all of those projects into one agreement at the national level. It was also noted that there may be a need to identify mechanisms to allow those Article 5 countries with an already approved KIP, or one under preparation, to add components at a later stage, such as those related to energy efficiency or refrigerant life cycle management.

PART 2: STRENGTHENING THE CAPACITY OF MULTILATERAL FUND INSTITUTIONS AND STAKEHOLDERS TO IMPLEMENT THE KIGALI AMENDMENT

11. The facilitator opened the discussion by inviting participants to identify: (i) the changes that needed to be made in the activities of the Executive Committee, the Secretariat, the implementing agencies and the NOUs to ensure that new approaches to addressing HFC phase-down were implemented in a timely and efficient manner; and (ii) the type of mechanisms that the Multilateral Fund should support to allow better coordination between NOUs and stakeholders to allow the effective implementation of the Kigali Amendment.

12. With regard to the changes that needed to be made in the activities of the above-mentioned bodies and the types of mechanisms for better coordination, the following issues were raised:

- **Streamlining of Executive Committee procedures.** One member said that there was limited time available for discussing policy matters during meetings of the Executive Committee as most of the time was spent on routine project approval. Consideration should therefore be given to what the Committee really needed to examine. For example, if a project had been approved and the related Agreement had been approved, perhaps the Committee did not need to consider every tranche request, but only those deemed necessary by the Secretariat.
- **Simplification of reporting to the Secretariat.** One member proposed that the reporting associated with tranche requests be simplified, on the understanding that the original project proposal should remain as detailed as it was.
- **Enhanced expertise within the Secretariat and implementing agencies.** Without questioning the expertise currently available, some members suggested that additional specialized professionals needed to be put in place to address new issues such as energy efficiency or the exponential growth in demand for cooling.
- **Improved coordination.** It was proposed that better coordination among Committee members would help ensure effective decision-making. Better coordination among the Secretariat, implementing agencies, and countries should ensure that a country was informed in the event that a communication from the Secretariat about that country was sent to the implementing agency.
- **Enhanced communication by the Secretariat.** One member said that improvement of the communication channel or the platform used by the Secretariat would lead to the more effective dissemination of information related HFCs.
- **A new name for the NOUs.** In recognition of their expanded responsibility on matters related to energy efficiency, cooling and the climate, for example, one member proposed that the NOUs be

renamed to give them more legitimacy and a greater ability to work inter-governmentally with a variety of ministries.

- **Networking with the relevant authorities.** One member informed the meeting that his country was about to engage in direct networking with the energy efficiency authorities and was willing to share his experience as a best practice.
- **Up-to-date pricing information.** To ensure the accurate calculation of prices in projects and avoid related delays, one member said that there was a need to update the information on the prices of alternatives and some related equipment.
- **Access to resources and risk mitigation.** One member said that it was important to ensure that countries had access to new technologies and to expertise and that there was sufficient time allocated to the validation and mitigation of risks.
- **Awareness of what already worked well.** Although one member bemoaned the lack of conclusions from the present meeting, stressing that Article 5 parties' need for implementation support was real, another member highlighted how, in general, the system was working well. A lot of important points had been made during the present meeting, and the Committee would ensure that there was follow-up. The Montreal Protocol was equipped with many effective institutions and mechanisms. He deemed implementing agencies, the NOUs and the Secretariat critical to the success.
- **Centres of excellence.** Such centres could be effective in ensuring that new approaches to addressing HFC phase-down were implemented in a timely and efficient manner at the national level or regional level.
- **The need to focus on new and emerging issues.** Members mentioned a number of issues that should be looked at more closely by the Committee, such as the cold chain, life-cycle refrigerant management and testing capabilities.

KEY TAKEAWAYS FROM THE INFORMAL HALF-DAY SESSION SUMMARIZED BY THE FACILITATOR

- Dialogue on what would motivate Article 5 countries toward early action to phase down HFCs.
- Further clarification on the mechanisms by which the Multilateral Fund can fund energy efficiency.
- Further development of sector-level approaches for the sectors named, clarifying how Multilateral Fund funding could be deployed to leverage impact at the sector level (e.g., support for policy change, support for strategic demonstration programmes, etc.)
- Action by the Executive Committee to define SMEs, and further analysis, reflection on Multilateral Fund lessons learned, good practice sharing, etc. to clarify the approach to supporting SMEs in the context of the Kigali Amendment.
- A set of actions to strengthen the capacity of the key institutional actors in the Multilateral Fund to support Kigali Amendment implementation.

CLOSURE OF THE MEETING

13. In closing, the Chief Officer thanked Mr. Fairman for his skillful moderation of the sessions and members for their discussions.