EIA Briefing to the 95th Meeting of the Executive Committee of the Multilateral Fund (ExCom95)

4 – 8 December 2024

Annex I: Later HPMP tranche requests for individual consideration

In addition to the first tranche requests for Stage II and Stage III HPMPs submitted to the 95th ExCom meeting, six later tranche requests relating to previously approved HPMPs have also been recommended for individual consideration. In this annex, EIA reviews five of these requests, covering; China (Stage II), Ghana (Stage II), India (Stage III), Iraq (Stage II) and Pakistan (Stage III).[i]

Document 95/47: China, Stage II HPMP

The Government of China has submitted a total of three project proposals each addressing later tranches as part of its Stage II HPMP. Each has been recommended for individual consideration by the ExCom. EIA has addressed each proposal in turn below.

China's first request concerns funding for the seventh tranche of its extruded polystyrene (XPS) foam sector plan. The implementation plan for the seventh tranche of the project involves maintaining the enforcement of quotas for XPS foam enterprises (which consume over 100 mt of HCFCs annually) and continuing to provide technical assistance to the ten enterprises now converting to CO_2-based technology. This technical assistance includes finalising a standard for XPS for floor heating, research into the use of thermal bonding in XPS foam production and the preparation of an environmental, economic and social impact assessment on the ban of HCFCs in the XPS foam sector. While no additional plant conversions were completed in 2024, 11 enterprises in total have now converted from HCFC-based to CO_2-based technology, phasing out 259.48 ODP tonnes of HCFCs. EIA supports the continuation of regular monitoring and supervision to prevent HCFCs from being illegally reintroduced and welcomes the ongoing technical and safety support for low-GWP technologies for SMEs.

The second project proposed as part of the Government of China's Stage II HPMP is the fifth tranche of funding for its polyurethane (PU) rigid foam sector. This submission includes a progress report on fourth tranche implementation, alongside an implementation plan for 2025 and verification reports. EIA is encouraged that no illegal production or consumption of CFC-11 has been found since the submission of the last progress report, noting that previous EIA investigations revealed significant illegal production and use of CFC-11 in the country's PU foam insulation sector between 2012-2018.[1] Unexpected emissions of phased out ODS, in particular CFC-11, underline the importance of strengthening the Montreal Protocol's monitoring, reporting, verification and enforcement (MRV+E) capabilities, especially to ensure compliance and enforcement in the face of illegal production and trade of controlled ODS.[2]

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[i] Algeria's later tranche request for Stage I of its HPMP is addressed through EIA's comments on the country's first tranche Stage II request in the main briefing document.

Fifth tranche implementation in the PU rigid foam sector would include the completion of an ongoing conversion of an enterprise to hydrocarbons, and additional conversions to water-based technology and HFOs at nine enterprises and 17 systems houses. EIA urges the Government of China to reconsider the conversion from HCFCs to HFOs, and to instead opt for available natural refrigerant alternatives that do not require fluorinated feedstocks for production, nor degrade into trifluoroacetic acid (TFA) – a PFAS (per- and polyfluoroalkyl substance) increasingly associated with significant environmental and health concerns.[3]

The Government of China's final HPMP-related submission is another seventh tranche project proposal for the country's Stage II HPMP, this time addressing the RAC servicing sector. Proposed activities under this tranche request include completing the revision of two standards related to the transportation, installation and servicing of room ACs using flammable refrigerants, continued preparation of guidelines on alternative technologies to promote environmentally friendly and low-carbon technologies training on ODS enforcement and support for the promotion of refrigerant recycling and reuse.

EIA is pleased that the technician training will address the supermarket subsector, in which a wide range of natural refrigerant technologies with ultra-low GWPs are available, and welcomes the proposal for training and workshops addressing good servicing practices for handling alternative refrigerants. These proposed activities will be essential for developing the skills in the domestic workforce that are necessary for safely installing and servicing RAC equipment based on low-GWP technologies. However, recognising its 100-year GWP of 749 and 20-year GWP of 2,620, EIA reminds ExCom members that HFC-32 should not be considered a low-GWP refrigerant. With this in mind, we urge the Government of China not to pursue funding for any transition to HFC-32 and instead to focus on HFC-free alternatives.

Document 95/54: Ghana, Stage II HPMP

In the second tranche of its Stage II HPMP, Ghana aims to enhance the enforcement of its import ban on HCFC-based equipment. Ghana proposes to do this by raising awareness of the ban whilst supporting customs operations to ensure compliance with the quota system. The country's NOU is also currently collaborating with stakeholders to identify a suitable location for a refrigeration recovery centre. EIA commends Ghana for its import ban, which will enter into effect 1 January 2025, and we congratulate the country for having already ceased the import of HCFC-22-based equipment in 2024.

Document 95/58: India, Stage III HPMP

The Government of India has submitted a request for funding for the second tranche of their Stage III HPMP. India already has a licensing and quota system for HCFC imports and exports and has issued a ban on the import and manufacture of HCFC-based RAC equipment that will take effect on 1 January 2025.

Second tranche implementation focusses on activities in the RAC manufacturing sector. Notably, India is proposing to complete the conversion of 16 enterprises in the AC manufacturing sector, and 48 enterprises in refrigeration manufacturing, meanwhile establishing Memorandums of Agreement with a further five AC enterprises and 15 refrigeration enterprises to secure their future conversion. EIA notes with concern that in Stage II of the HPMP, a number of enterprises in the AC

manufacturing and commercial refrigeration manufacturing sectors were approved for conversion to HFC-32. Although other conversions were to R-290 and R-600a, EIA underlines once again that HFC-32 is not a low-GWP refrigerant and calls for all planned conversions for Stage III to adopt widely available and more energy efficient HFC-free technologies.

EIA appreciates that proposed capacity strengthening in the refrigeration servicing sector includes workshops for technician training in good service practices and the installation of ACs with flammable refrigerants. EIA also supports the proposal to conduct a feasibility study on the sustainability of reclamation centres. Finally, EIA notes with concern the ongoing use of HCFC-225 as a feedstock in India, and the considerable stockpiles present in the country. Scientific consensus is increasingly clear that feedstocks are not completely consumed during production processes, and there remains a high level of uncertainty regarding accurate emissions throughout the fluorochemical production process.[4] EIA continues to recommend that the exemption of feedstock uses in the Montreal Protocol be re-examined, and additional compliance mechanisms to eliminate unnecessary feedstock production and use be considered.

Document 95/59: Iraq, Stage II HPMP

The Government of Iraq has requested funding for the second and third tranches of its Stage II HPMP. EIA notes, however, that the consumption of HCFCs in Iraq has not decreased since 2020 and that the country still requires a comprehensive plan to complete the outstanding activities from its Stage I HPMP. EIA further notes that the proposal for Stage II does not include a manufacturing component, even though Iraq has reported 3.52 ODP tonnes of HCFC-22 consumed in the manufacturing of AC equipment by a public-owned enterprise.

EIA is disappointed that this enterprise is planning to convert an "available HFC-based technology" and notes that the NOU is discussing with the enterprise the possibility of support under Stage III to facilitate a direct conversion to a low-GWP alternative. EIA would support this, however we stress the importance that a clear plan is established for implementing the remaining activities under the country's Stage I HPMP before any further plans are funded.

Document 95/72: Pakistan, Stage III HPMP

The Government of Pakistan has requested funding for the second tranche of its Stage III HPMP. The second tranche implementation plan includes several key activities including: the conversion of six enterprises in the foam sector; the development of stronger phase-out regulations; enforcement and customs training; capacity building for RAC servicing and training centres; the establishment of a national RRR scheme; the promotion of alternative technologies, and; awareness-raising initiatives.[ii] Since the implementation of Stage II of the HPMP, Pakistan has demonstrated an overall reduction in HCFC consumption, although its consumption of HCFC-22 remains higher in 2023 than it was during the country's baseline years.

[ii] Stage III included the conversion of six remaining eligible enterprises in the PU foam manufacturing sector to phase out 8.19 ODP tonnes (74.33 mt) of HCFC-141b: one manufacturing insulation foam for commercial refrigeration (Cool Point Lahore (Cool Point)), and one manufacturing insulation foam for pipes (Islam ud Din), to cyclopentane; and four enterprises manufacturing spray foam (Symbol Industries, Master Foam Karachi, Master Foam Lahore, Razi Sons) to water-blown technology.

Pakistan's proposal highlights a number of significant administrative challenges that the country has faced, particularly during its 2024 election year, which have made collaboration with and between government departments difficult. The Secretariat has expressed its concerns about slow project implementation, noting that there have been frequent changes in the country's NOU administration. Such political instability poses a risk to the effective execution of the HCFC reduction plan and EIA agrees with the Secretariat's recommendation that UNIDO conduct a comprehensive field visit to Cool Point, one of six enterprises in the foam sector with delayed progress, to determine the necessary steps for advancing this project.

References

[1] Environmental Investigation Agency (2018). *Blowing It: Illegal Production and Use of Banned CFC-11 in China's Foam Blowing Industry*. Accessible at: https://eia.org/report/20180709-blowing-it-illegal-production-and-use-of-banned-cfc-11-in-chinas-foam-blowing-industry/

[2] Perry, C., Nickson, T. & Starr, C. et al (2024). *More to offer from the Montreal Protocol*. Journal of Integrative Environmental Science Vol. 21, Iss.1. Accessible at: https://doi.org/10.1080/1943815X.2024.2362124

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[4] Perry, C., Nickson, T. & Starr, C. et al (2024). *More to offer from the Montreal Protocol*. Journal of Integrative Environmental Science Vol. 21, Iss.1. Accessible at: https://doi.org/10.1080/1943815X.2024.2362124; Environmental Investigation Agency (2023). *F-Gases at the Fenceline: Exposing the Fluorochemical Production Sector's Undisclosed Emissions*. Accessible at: https://eia.org/report/f-gases-at-the-fenceline/

environmental investigation agency

EIA UK
62-63 Upper Street, London, N1 0NY, UK
eia-international.org
+44 (0)20 7354 7960

EIA US
PO Box 53343, Washington DC, 20009, USA
eia.org
+1 202 483 6621