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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-seventh Meeting
Montreal, 1–5 December 2025
Item 9(d) of the provisional agenda[1]

PROJECT PROPOSAL: BANGLADESH

This document consists of the comments and recommendation of the Secretariat on the following project proposal:

Phase-out

• HCFC phase-out management plan (stage III, first tranche)	UNDP and UNEP	Individual consideration

[1] UNEP/OzL.Pro/ExCom/97/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Bangladesh

(I) PROJECT TITLE	**AGENCY**
HCFC phase-out plan (stage III)	UNDP (lead), UNEP

(II) LATEST ARTICLE 7 DATA (Annex C, Group I)	Year: 2024	26.05 ODP tonnes

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)									**Year: 2024**
Chemical	Aerosol	Foam	Firefighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					25.85				25.85
HCFC-123					0.07				0.07
HCFC-141b in imported pre-blended polyol		27.50							27.50

(IV) CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	72.65	Starting point for sustained aggregate reductions:	72.65
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	48.54	Remaining:	23.08*

* Excluding the remaining eligible consumption of HCFC-141b of 1.03 ODP tonnes as the Government has imposed a ban on imported bulk HCFC-141b.

(V) ENDORSED BUSINESS PLAN		**2025**	**2026**	**2027**	**Total**
UNDP	ODS phase-out (ODP tonnes)	0.00	10.21	0.00	10.21
	Funding (US $)	0	963,000	0	963,000
UNEP	ODS phase-out (ODP tonnes)	0.00	0.00	0.00	0.00
	Funding (US $)	452,000	0	0	452,000

(VI) PROJECT DATA			**2025**	**2026**	**2027**	**2028-2029**	**2030**	**Total**
Montreal Protocol consumption limits (ODP tonnes)			23.61	23.61	23.61	23.61	0.00	n/a
Maximum allowable consumption (ODP tonnes)			23.61	23.61	23.61	23.61	0.00	n/a
Project costs requested in principle (US $)	UNDP	Project costs	834,261	0	622,455	0	283,075	1,739,791
		Support costs	58,398	0	43,572	0	19,815	121,785
	UNEP	Project costs	271,932	0	204,032	0	0	475,964
		Support costs	35,351	0	26,524	0	0	61,875
Total amounts recommended in principle (US $)	Project costs		1,106,193	0	826,487	0	283,075	2,215,755
	Support costs		93,749	0	70,096	0	19,815	183,660
	Total funds		1,199,942	0	896,583	0	302,890	2,399,415

(VII) Request for approval of funding for the first tranche (2025)		
Implementing agency	**Funds recommended (US $)**	**Support costs (US $)**
UNDP	834,261	58,398
UNEP	271,932	35,351
Total	1,106,193	93,749

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

Background

1. On behalf of the Government of Bangladesh, UNDP as the lead implementing agency has submitted a request for stage III of the HCFC phase-out management plan (HPMP), at a total cost of US $2,399,415, consisting of US $1,739,791, plus agency support costs of US $121,785 for UNDP and US $475,964, plus agency support costs of US $61,875 for UNEP, as originally submitted.[2] The implementation of stage III of the HPMP will phase out the remaining consumption of HCFCs by 2030.

2. The first tranche of stage III of the HPMP being requested at this meeting amounts to US $1,319,706, consisting of US $941,965, plus agency support costs of US $65,938, for UNDP and US $275,932, plus agency support costs of US $35,871, for UNEP, as originally submitted.

Status of implementation of stage II of the HCFC phase-out management plan

3. Stage II of the HPMP for Bangladesh was originally approved at the 81st meeting[3] and revised at the 90th[4] and 94th meetings[5] to phase out 24.01 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector and the air-conditioning (AC) manufacturing sector, and to meet the 67.5 per cent reduction from the baseline by 2025, at a total cost of US $5,449,814, plus agency support costs. Stage II of the HPMP will be completed by December 2026, as stipulated in the Agreement between the Government of Bangladesh and the Executive Committee.

Report on HCFC consumption

4. The Government of Bangladesh reported a consumption of 26.05 ODP tonnes of HCFCs in 2024, which is 64.1 per cent below the HCFC baseline for compliance. The 2020–2024 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in Bangladesh (2020–2024 Article 7 data)

HCFC	2020	2021	2022	2023	2024	Baseline
Metric tonnes (mt)						
HCFC-22	844.97	852.72	849.96	543.18	472.27	825.86
HCFC-123	2.60	2.00	5.60	2.60	3.95	10.50
HCFC-124	0.00	0.00	0.00	0.00	0.00	3.18
HCFC-141b	0.00	0.00	0.00	0.00	0.00	193.00
HCFC-142b	0.00	0.00	0.00	0.00	0.00	88.04
Total (mt)	**847.57**	**854.72**	**855.56**	**545.78**	**476.22**	**1,120.58**
HCFC-141b in imported pre-blended polyols*	360.00	440.00	320.00	380.00	255.00	-
ODP tonnes						
HCFC-22	46.47	46.90	46.75	29.87	25.97	45.42
HCFC-123	0.05	0.04	0.11	0.05	0.08	0.21
HCFC-124	0.00	0.00	0.00	0.00	0	0.07
HCFC-141b	0.00	0.00	0.00	0.00	0	21.23
HCFC-142b	0.00	0.00	0.00	0.00	0	5.72
Total (ODP tonnes)	**46.53**	**46.94**	**46.86**	**29.93**	**26.05**	**72.65**

[2] As per the letter of 25 August 2025 from the Ministry of Environment Forest and Climate Change of Bangladesh to UNDP.
[3] Decision 81/39
[4] Decision 90/44
[5] Decision 94/32

HCFC	2020	2021	2022	2023	2024	Baseline
HCFC-141b in imported pre-blended polyols*	39.60	48.40	35.20	41.80	28.05	-

* Country programme (CP) data. Levels reported in the present table are higher than CP data reported as use under the project evaluation sheet due to the inclusion of imports.

5. HCFC consumption in Bangladesh has decreased due to the conversion of AC manufacturing enterprises from HCFCs to alternatives, strong enforcement of national regulations to reduce consumption below the targets set in the country's Agreement with the Executive Committee, and training and capacity-building initiatives for national stakeholders, including RAC service enterprises, focused on good servicing practices and the safe adoption of alternatives. Additionally, the consumption of HCFC-141b in imported pre-blended polyols is anticipated to decrease further due to a reduction in its supply.

Country programme implementation report

6. The Government of Bangladesh reported HCFC sector consumption data under the 2024 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

7. The verification report for 2024 HCFC consumption, requested under decision 94/32(c),[6] is under preparation and is expected to be submitted by December 2025. The Secretariat will provide an update on the status of completion of the verification report at the 97th meeting.

Status of progress and disbursement

8. In line with decision 94/32(c), the Government of Bangladesh, UNDP and UNEP have submitted a progress report on the implementation of the work programme associated with the final tranche of stage II of the HPMP.

Legal framework

9. The Government of Bangladesh has established a robust legal framework for the control of ODS. The ODS Control Rules (2004) provide comprehensive legal and policy support for the implementation of activities aligned with the HCFC phase-out schedule, as well as various regulatory, fiscal, awareness-raising, and capacity-building measures. The rules were amended in 2014 to include a ban on the import and manufacture of products using HCFC-141b in bulk. A ban on the local manufacturing and import of HCFC-22-based room air conditioners with a cooling capacity of up to 1.5 TR has been enacted and will be enforced starting 1 January 2026.

10. Under stage II of the HPMP, two capacity-building training sessions were conducted for 52 customs and enforcement officers, including 13 women. The customs training curriculum was revised to incorporate a module on the Montreal Protocol, based on UNEP's manual. A total of 500 copies of the customs training manual were distributed. Additionally, two train-the-trainer workshops were organized for 32 customs officer trainers, including 11 women. The procurement of refrigerant identifiers is underway; although the contract has been awarded and delivery was initially anticipated by the end of 2025, a global shortage of identifiers has caused delays.

[6] The Executive Committee requested the Government of Bangladesh, UNDP and UNEP to submit, on a yearly basis, progress reports on the implementation of the work programme associated with the final tranche of stage II of the HPMP through completion of the project and verification reports until approval of stage III.

Manufacturing sector

11. Stage II of the HPMP for Bangladesh included the conversion of four[7] AC manufacturing enterprises (AC Bazar Industries Ltd., Elite Hi-Tech, Supreme Air Conditioning Co., and Walton Hi-Tech Industries) to R-290 for equipment with a cooling capacity below 1.5 TR, and to HFC-32 for those with a capacity of more than 1.5 TR, as well as the conversion of one chiller manufacturing enterprise, Cooling Point Engineering Services, to HFC-32.

12. Implementation experienced delays in 2020 to 2022 due to constraints imposed by the COVID-19 pandemic. As of July 2025, Walton Hi-Tech Industries and Elite Hi-Tech have operationally completed the conversion of their manufacturing facilities and launched R-290-based room air conditioners below 1.5 TR in the domestic market. The remaining three enterprises have achieved key conversion milestones, including prototype development, conversion of manufacturing lines with dismantling of baseline equipment, completion of training, and safety audits. Stage II activities in the AC manufacturing sector are expected to be completed by the end of December 2025, in alignment with the ban on the manufacture and import of that equipment.

Refrigeration servicing sector

13. To support capacity-building efforts in the RAC sector, 53 training workshops were conducted for 2,574 technicians, including 17 women. During the Project Implementation Committee meeting, the national ozone unit (NOU) addressed the issue of technician certification. A representative from the Department of Technical Education (DTE) provided recommendations to encourage the participation of informal technicians in the certification process, which includes theoretical and practical assessments under the Recognition of Prior Learning (RPL) system. This approach complements the existing DTE certification module currently used by affiliated technical vocational training institutes. Additionally, 50 RAC trainers, including four women, were trained.

14. In February 2024, a workshop on Green Building, Space Cooling, and Indoor Air Quality was jointly organized with the Indian Society of Heating, Refrigerating and Air-conditioning Engineers (ISHRAE) at the Department of Environment (DOE), with 73 participants, including eight women. During the meeting, the NOU and ISHRAE agreed to strengthen cooperation, particularly in sharing updates on technology trends, and the DOE committed to following up on the green building initiative. A report on Safety Standards for Flammable Refrigerants was finalized in February 2025 and presented at a consultation workshop.

15. A good servicing practice training manual was developed in the local language, and an updated code of practice was prepared in February 2025. A total of 4,500 copies of the training manual were distributed nationwide. The NOU also developed a communication strategy to be implemented until project closure. Regional dissemination workshops were organized with 131 participants (including 17 women) from Government and non-governmental organizations, media, stakeholders, and associations. Furthermore, two awareness videos were developed in August 2025, with distribution currently being planned.

Project management unit

16. The project monitoring unit (PMU) continued assisting the NOU in the implementation and monitoring of activities under stage II, including the preparation of annual work plans and progress reports, site visits, preparation of technical specifications and coordination of equipment procurement, delivery and

[7] Originally five enterprises. One enterprise, Unitech Products, has withdrawn from the conversion project (decision 94/32(a)(iii)).

verification of procured equipment, management of the administrative and financial aspects of project implementation, and coordination of non-investment activities.

Level of funds disbursement

17. As of August 2025, of the US $5,449,814 approved for stage II (US $4,915,134 for UNDP and US $534,680 for UNEP), US $4,321,631 (79.3 per cent) had been disbursed (US $4,075,347 for UNDP and US $246,284 for UNEP). The balance of US $1,128,183 will be disbursed by the end of 2026.

Stage III of the HCFC phase-out management plan

Remaining consumption eligible for funding

18. After deducting 48.54 ODP tonnes of HCFCs associated with stages I and II of the HPMP, the remaining consumption eligible for funding in stage III amounts to 23.08 ODP tonnes of HCFC-22.

Sector distribution of HCFCs

19. There are approximately 55,000 technicians and 15,000 workshops operating in the servicing sector, consuming HCFC-22 to service residential and commercial AC systems, commercial cold stores, chillers, and transport refrigeration equipment, as shown in table 2. HCFC-22 represents 28.1 per cent of refrigerants used in the servicing sector, along with HFC-134a, HFC-32, R-404A, R-410A, and R-407C.

Table 2. Estimation of demand for HCFC-22 in the RAC servicing sector in Bangladesh

Sector/Application	(a)	(b)	(c) = (a)*(b)	(d)	(c)*(d)
	Equipment inventory	**Average charge (kg/unit)**	**HCFC bank (mt)**	**Estimated bank refilled during servicing (%)**	**Annual need for servicing (mt)**
Commercial and industrial refrigeration					
Stand-alone/condensing units	3,477,333	0.25	869	7.5	65.20
Central systems/racks	34,153	15.00	512	10.0	51.23
Fisheries and transport	236,480	1.00	236	25.0	59.12
Sub-total Refrigeration	***3,747,967***	***n/a***	***1,618***	***n/a***	***175.55***
Air-conditioning					
Room AC	1,480,467	1.00	1,480	15.0	222.07
Commercial AC	45,707	5.50	251	18.0	45.25
Chillers	24,500	80.00	1,960	1.5	29.40
Sub-total Air-conditioning	***1,550,674***	***n/a***	***3,692***	***n/a***	***296.72***
Chillers					
Chillers	439	300.00	132	3.0	3.95
Total	**5,299,079**	**n/a**	**5,442**	**n/a**	**476.22**

Phase-out strategy

20. Stage III of the HPMP will focus on the continued strengthening of the institutional framework, enhancing the enforcement capacity of customs authorities, building the capacity of the servicing sector including training centres, establishing infrastructure for recovery, recycling and reclamation, and conducting outreach and awareness activities aimed at promoting policy updates and the safe adoption of alternative refrigerants.

Proposed activities

21. Activities proposed for implementation in the servicing sector under stage III and in the first tranche and their cost breakdown are presented in table 3.

Table 3. Servicing sector activities and their costs under stage III of the HPMP for Bangladesh as submitted

Activity	Agency	Cost (US $)	
		Stage III	First tranche
1. Strengthening of the institutional framework: 1.1. Organize three stakeholder workshops to discuss and advocate additional measures to impose bans on the import of all residual HCFC-based equipment not yet covered by existing restrictions (US $9,000); 1.2. Organize 10 stakeholder consultation workshops with 25 participants each, on additional policy and regulations, such as requirements for public procurement, the updating of green building codes, requirements for refrigerant recovery and recycling, and mandatory record-keeping for selected end users (US $30,000); 1.3. Conduct three sectoral studies with stakeholders to address the residual use of HCFCs: one study on refrigerant use in the fisheries sector, one study on the impact of refrigerant use in large applications on the sustainability of the HCFC phase-out, and one study on refrigerant recovery and recycling practices (US $30,000); 1.4. Develop a pilot logbook mobile application for record-keeping in large industrial and commercial refrigeration applications for a mix of workshops and technicians; train a minimum of 30 RAC technicians on the use of the logbook (US $50,000)	UNEP	119,000	84,000
2. Customs capacity-building 2.1. Organize five training sessions for 100 customs trainers and customs officers on HCFC phase-out and control measures, including on risk profiling and use of identifiers (US $10,000); 2.2. Participation of two customs trainers in international train-the-trainer activities in collaboration with the World Customs Organization/Green Customs Initiative (US $6,000); 2.3. Participation of two high-ranking customs officers in selected international workshops and border dialogues with trade partners and neighbouring countries on Montreal Protocol-related trade issues (US $6,000)	UNEP	22,000	12,000
3. Servicing sector capacity-building 3.1. Participation of 10 RAC trainers to international train-the-trainer workshops to strengthen their capacities, refresh their knowledge of alternative technologies, good servicing practices, and energy-efficiency aspects, and help strengthen their training and assessment methods (US $50,000); 3.2. Conduct two local train-the-trainer workshops to build the capacity of 40 RAC trainers (US $20,000); 3.3. Organize 30 to 35 RAC training sessions for 1,069 technicians on good servicing practices, the safe handling of alternatives, and refrigerant recycling and reclamation (US $106,900); 3.4. Periodic update of training materials with a focus on servicing practices for maintaining energy efficiency (US $14,000); 3.5. Expansion of pilot technician skill assessment/certification programme; support the certification of 200 technicians using the assessment methodologies developed in stage II (US $30,000); 3.6. Procurement of 30 split AC units to training centres (10 HFC-32-based room AC, 10 HFC-32-based light commercial AC, and 10 R-290-based room AC) (US $372,500);	UNDP and UNEP	1,395,581	711,011

Activity	Agency	Cost (US $)	
		Stage III	First tranche
3.7. Procurement of 200 sets of servicing tools and recovery equipment to 150 service shops (US $802,181)			
4. Refrigerant recycling and reclamation centres: 4.1. Establishment of three reclamation centres (US $301,810); 4.2. Prepare standard operating procedures (SOPs) for proper and safe use of the equipment and facilities (US $21,600); 4.3. Training of 50 technicians in reclamation procedures (US $12,600)	UNDP	336,010	220,795
5. Awareness-raising 5.1. Implement a targeted communication strategy to increase awareness of end users, the servicing sector, and policymakers on the implications of complete HCFC phase-out and safe adoption of alternatives (at least 2,000 participants per year) (US $90,000); 5.2. Organize targeted industry roundtables and Ozone2Climate technology roadshows to increase the awareness of importers, the servicing sector, policymakers, the RAC industry, and end users on topics related to the implications of the conclusion of the phase-out, such as the servicing tail, market trends and acceptance of low-GWP alternatives, and reduction of cooling needs (US $24,064)	UNEP	114,064	66,032
6. Technical support for monitoring and implementation (UNEP component)	UNDP	27,600	16,560
7. PMU activities (see paragraph 22)	UNDP	201,500	107,500
Subtotal for UNDP		**1,739,791**	**941,965**
Subtotal for UNEP		**475,964**	**275,932**
Total		**2,215,755**	**1,217,897**

Project implementation and monitoring

22. The system established under stages I and II of the HPMP will continue into stage III, with the NOU and UNDP monitoring activities, reporting on progress, and working with stakeholders to phase out HCFCs. The cost of those activities amounts to US $201,500 for UNDP, including project staff and consultants (US $171,000), technical experts (US $9,000), operational costs (US $6,000), implementation and monitoring (US $7,500) and verification (US $8,000).

<u>Total cost of stage III of the HCFC phase-out management plan</u>

23. The total cost of stage III of the HPMP for Bangladesh has been estimated at US $2,215,755 (plus agency support costs), as originally submitted, for achieving a 100 per cent reduction by 2030. The proposed activities and cost breakdown are summarized in in table 3 above.

<u>Implementation plan for the first tranche of stage III of the HCFC phase-out management plan</u>

24. The first funding tranche of stage III of the HPMP in the total amount of US $1,217,897 will be implemented between January 2026 and December 2027. Detailed information on the activities included in the first tranche, indicating adjustments made and the level of funds agreed, is presented in paragraph 36 below.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

25. The Secretariat reviewed stage III of the HPMP in light of stages I and II, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decisions 74/50 and 90/31), and the 2025–2027 business plan of the Multilateral Fund.

Overarching strategy

26. The Government of Bangladesh proposes to meet the 100 per cent reduction of its HCFC baseline consumption by 2030, and to maintain a maximum annual consumption of HCFCs in the period of 2030 to 2040 at a level consistent with Article 5, paragraph 8 ter(e)(i), of the Montreal Protocol.[8] UNDP explained that HCFC-22 consumption is expected to remain in AC applications and the fisheries sector, due to the long operational lifespan of AC appliances and fishing vessels. The Government is planning to implement a ban on the manufacture and import of HCFC-22-based RAC equipment, effective 1 January 2026. It will monitor consumption in the servicing sector and conduct an assessment of HCFC-22 consumption across different applications during stage III of the HPMP and finalize the regulations for the control and monitoring of HCFC consumption, in accordance with relevant decisions of the Meeting of the Parties and the Executive Committee, and taking into consideration national regulations.

27. In line with decision 86/51, to allow for consideration of the final tranche of its HPMP, the Government of Bangladesh agreed to submit a detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption is in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030–2040, and, if Bangladesh intends to have consumption during the period 2030–2040, in line with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol, proposed modifications to its Agreement with the Executive Committee covering the period beyond 2030.

Legal framework

28. The Government of Bangladesh has issued HCFC import quotas for 2025 at 23.61 ODP tonnes to 67 importers, in accordance with the targets set for that year in its Agreement with the Executive Committee for stage II of the HPMP. It will issue import quotas for 2026 not exceeding the targets set for that year in its Agreement for stage III. Additionally, the Government will implement prohibitions on the manufacture and import of HCFC-based equipment by 1 January 2026.

29. The Secretariat requested clarifications regarding regulations related to the import of pre-blended polyols containing HCFC-141b. UNDP explained that a major producer and supplier of HCFC-141b to Bangladesh will cease production by 2026. This is expected to significantly reduce or eliminate the import of pre-blended polyols containing HCFC-141b by 2027. While the Government of Bangladesh does not plan to implement specific prohibitions on such imports, it will continue to monitor their entry into the country.

Technical and cost-related issues

30. UNDP indicated that the Government of Bangladesh remains committed to supporting the certification of RAC technicians. During stage III of the HPMP, the NOU, in collaboration with the DTE,

[8] HCFC consumption may exceed zero in any year so long as the sum of its calculated levels of consumption over the ten-year period from 1 January 2030 to 1 January 2040, divided by 10, does not exceed 2.5 per cent of the HCFC baseline.

will facilitate the capacity-building and certification of 200 service technicians, utilizing the assessment methodologies developed during stage II. Technician certification is mainly incentivized through industry recognition, as the training standards (curriculum, training packages, and assessment guidelines) are developed through engagement with employers under the Sector Skills Councils (SSCs). The Government is considering further regulation of the servicing sector and the gradual introduction of restrictions on the practice of non-certified technicians in future. The specific details of such measures will be determined in consultation with industry stakeholders during stage III.

31. On safety standards for the safe use of flammable alternatives, UNDP explained that the NOU hired a consultant to carry out a need assessment study, which was completed in February 2025. Its recommendations were presented and discussed with stakeholders during consultation meetings in 2025.

32. With regard to the recovery and recycling of HCFCs, the Secretariat had discussions with UNDP concerning factors that may influence the viability of the programme, particularly in the absence of specific regulations promoting such activities. UNDP explained that the preparatory work on inventory of unwanted controlled substances pursuant to decision 91/66, currently underway, is expected to provide more information on the management of these substances. Based on the outcomes of this preparatory work and a more detailed assessment of feasible measures within the national context, the Government is considering the development of policies and regulations to promote recovery and reclamation. These may include provisions such as the prohibition of venting of HCFCs and HFCs, the prohibition on the use of recovered or recycled gases without a license, and the destruction of non-reusable gas.

33. Following detailed consultations on this matter, the Government of Bangladesh proposes to establish the first recovery and reclamation centre during the first tranche of stage III in collaboration with Walton, a major private enterprise manufacturing RAC equipment, through an appropriate public-private partnership model. Walton will contribute financially to the procurement of the reclamation equipment and will also provide in-kind contributions for civil works, labor, utilities cost for operating the facility, and laboratory consumables. The estimated value of these contributions is approximately US $20,000. The business model to support the scaled-up adoption of recovery and reclamation practices and the establishment of the two remaining reclamation centres will be developed after a market assessment that would be undertaken during the first tranche and presented to the Executive Committee as part of the request for the second tranche. The experiences on implementation of the first centre will inform the evaluation of this business model.

Revised project costs

34. Following discussions on the various project components, UNDP, in consultation with the Government of Bangladesh, agreed to remove the following activities: sectoral study on refrigerant recovery and recycling practices (US $10,000); analytical study and pilot logbook for record-keeping in industrial and commercial refrigeration (US $50,000); international train-the-trainer activities for customs officer trainers (US $6,000); and international train-the-trainer workshops for RAC technician trainers (US $50,000). The funds originally allocated to these activities were reallocated to enhance local capacity-building efforts, increasing the budget for RAC trainer workshops from US $20,000 to US $30,000, and for RAC technician training from US $106,900 to US $212,900. As a result, the number of RAC trainers to be trained under stage III increased from 40 to 50, while the number of RAC technicians rose from 1,069 to 2,129. Table 4 presents details of these budgetary changes.

Table 4. Servicing sector activities and their costs under stage III of the HPMP for Bangladesh as agreed

Activity	Agency	Original (US $)	Revised (US $)
1. Strengthening of the institutional framework: 1.1. *HCFC control systems and customs officers strengthened*: Organize three stakeholder workshops to discuss and advocate additional measures to impose bans on the import of all residual HCFC-based equipment not yet covered by existing restrictions (US $9,000); 1.2. Organize 10 stakeholder consultation workshops with 25 participants each, on additional policy and regulations, such as requirements for public procurement, the updating of green building codes, requirements for refrigerant recovery and recycling, and mandatory record-keeping for selected end users (US $30,000); 1.3. Conduct a sectoral study in the fisheries sector and one study in chillers using HCFCs on the impact of refrigerant use in large applications on the sustainability of the HCFC phase-out (US $20,000)	UNEP	119,000	59,000
2. Customs capacity-building 2.1. Organize five training sessions for 100 customs trainers and customs officers on HCFC phase-out and control measures, including on risk profiling and use of identifiers (US $10,000); 2.2. Participation of two high-ranking customs officers in selected international workshops and border dialogues with trade partners and neighbouring countries on Montreal Protocol-related trade issues (US $6,000)	UNEP	22,000	16,000
3. Servicing sector capacity-building 3.1. Conduct three local train-the-trainer workshops to build the capacity of 50 RAC trainers (UNEP) (US $30,000); 3.2. Organize 48 RAC training sessions for 2,129 technicians on good servicing practices, the safe handling of alternatives, and refrigerant recycling and reclamation (UNEP) (US $212,900); 3.3. Periodic update of training materials with a focus on servicing practices for maintaining energy efficiency (UNEP) (US $14,000); 3.4. Expansion of pilot technician skill assessment/certification programme; support the certification of 200 technicians using the assessment methodologies developed in stage II (UNEP) (US $30,000); 3.5. Procurement of 30 split AC units to training centres (10 HFC-32-based room AC, 10 HFC-32-based light commercial AC, and 10 R-290-based room AC) (UNDP) (US $372,500); 3.6. Procurement of 200 sets of servicing tools and recovery equipment to 150 service shops (UNDP) (US $802,181);	UNDP and UNEP	1,395,581	1,461,581
4. Refrigerant recycling and reclamation centres: 4.1. Establishment of three reclamation centres (US $301,810); 4.2. Prepare SOPs for proper and safe use of the equipment and facilities (US $21,600); 4.3. Training of 50 technicians in reclamation procedures (US $12,600)	UNDP	336,010	336,010
5. Awareness-raising 5.1. Implement a targeted communication strategy to increase awareness of end users, the servicing sector, and policymakers on the implications of HCFC complete phase-out and safe adoption of alternatives (at least 2,000 participants per year) (US $90,000); 5.2. Organize targeted industry roundtables and Ozone2Climate technology roadshows to increase the awareness of importers, the servicing sector, policymakers, the RAC industry, and end users on	UNEP	114,064	114,064

Activity	Agency	Original (US $)	Revised (US $)
topics related to the implications of the conclusion of the phase-out, such as the servicing tail, market trends and acceptance of low-GWP alternatives, and reduction of cooling needs (US $24,064)			
6. Technical support for monitoring and implementation (UNEP component)	UNDP	27,600	27,600
7. PMU activities	UNDP	201,500	201,500
Subtotal for UNDP		**1,739,791**	**1,739,791**
Subtotal for UNEP		**475,964**	**475,964**
Total		**2,215,755**	**2,215,755**

Total project cost

35. The total cost for stage III of the HPMP amounts to US $2,215,755, including US $2,014,255 based on decision 74/50(c)(xiii) on the eligible funding level for a non-low-volume-consuming country, plus US $201,500 for project management and monitoring. The funding for the first tranche was revised at US $1,106,193 for activities of the HPMP.

Agreed implementation plan for the first tranche of stage III of the HCFC phase-out management plan

36. Considering the funding revisions described above, the funding distribution for the first tranche of stage III has been revised accordingly. The agreed plan of action will include the following activities:

(a) *Strengthening of the institutional framework (UNEP) (US $44,000)*: Organize two stakeholder workshops to discuss additional regulatory measures (US $6,000); conduct six stakeholder consultations workshops on additional policy initiatives, such as refrigerant recovery and recycling and mandatory record-keeping for selected end users (US $18,000); conduct one study in chillers using HCFCs and one study in the fisheries sector, on the residual use of HCFCs (US $20,000);

(b) *Customs capacity-building (UNEP) (US $9,000)*: Organize three training sessions for 60 customs officers on HCFC phase-out and control measures (US $6,000); participation of one high-ranking customs officer in selected international workshops and border dialogues with trade partners and neighbouring countries on Montreal Protocol-related trade issues (US $3,000);

(c) *Servicing sector capacity-building (UNEP) (US $152,900) and UNDP (US $597,111)*: Conduct two local train-the-trainer workshops to build the capacity of 30 RAC trainers (US 18,000); organize 25 RAC training sessions for 1,129 technicians on good servicing practices and the safe handling of alternatives (US $112,900); conduct initial revision and update of training materials with a focus on servicing practices for maintaining energy efficiency (US 7,000); support the certification of 100 technicians (US $15,000); procure 30 split AC units to training centres (10 HFC-32-based room AC, 10 HFC-32-based light commercial AC, and 10 R-290-based room AC) (US $372,500); procure 52 sets of servicing tools and recovery equipment to 52 service shops (US $224,611);

(d) *Refrigerant recycling and reclamation centres (UNDP) (US $155,850)*: Establish one reclamation centre based on a public-private partnership model (US $134,250); provide technical assistance for establishing one reclaim centre (including SOPs and training of operators) and develop a business model for the remaining two reclamation centres to be established under the second tranche (US $21,600);

(e) *Awareness-raising (UNEP) (US $66,032)*: Implement three targeted informative campaigns and development of one communication material on the implications of the HCFC complete phase-out and the safety of alternative refrigerants in particular hydrocarbons (US $54,000); organize one targeted industry roundtable and Ozone2Climate technology roadshow on topics related to the implications of the conclusion of the HCFC phase-out (US $12,032);

(f) *Technical support for monitoring and implementation* (UNEP component) (UNDP) (US $13,800); and

(g) *PMU (UNDP) (US $67,500)*: Project staff and consultants (US $57,000), technical experts (US $6,000), operational costs (US $2,000), and implementation and monitoring (US $2,500).

Co-financing

37. The co-financing proposed for the project includes certain operations of the recovery and reclamation project (e.g., procurement activities, site preparation, including civil works where necessary).

2025–2027 draft business plan of the Multilateral Fund

38. UNDP and UNEP are requesting US $2,215,755, plus agency support costs, for the implementation of stage III of the HPMP for Bangladesh. The total requested value of US $2,096,525, including agency support costs for the period of 2025–2027, is US $681,525 above the amount in the business plan.

Gender policy implementation

39. In line with decisions 84/92(d), 90/48(c) and 92/40(b), the Government of Bangladesh has integrated the Multilateral Fund's operational policy on gender mainstreaming into the preparation and formulation of stage III of the HPMP. As part of the preparatory process, an assessment was conducted, and its recommendations have been integrated into the stage III activities. These include targeted training programmes for female technicians, where needed, and the development of a gender action plan. During stage III, the NOU will continue to collect and report data, conduct periodic assessments to identify opportunities to increase women's participation, provide training to project staff on the Multilateral Fund's gender policy and disseminate it among stakeholders, implement awareness and knowledge-sharing activities and materials, and encourage women to participate in training sessions and consultations.

Sustainability of the HCFC phase-out and assessment of risks

40. The risks associated with the sustainability of HCFC phase-out primarily relate to the safe adoption of potentially flammable low-GWP alternatives, the conversion of small- and medium-sized enterprises (SMEs) and informal enterprises in the servicing sector to new alternatives, and the ability to achieve compliance targets. Conversion projects to low-/lower-GWP alternatives under stage II of the HPMP have been successfully completed, and sales of products based on these alternatives are increasing. The Government of Bangladesh will implement a ban on the manufacture and import of HCFC-22-based RAC equipment. Activities under stage III will build upon the ongoing activities under stage II, with continued training activities aimed at facilitating the safe and accelerated adoption of alternative technologies by the servicing sector. Awareness and outreach activities, along with future activities planned under the Kigali HFC implementation plan, which is currently under development, will further support SMEs and the informal enterprises in safely adopting low-/lower-GWP alternatives. The Government will maintain the national HCFC quota system and related training activities to ensure compliance with HCFC phase-out targets. Additionally, the promotion of HCFC recovery and reclamation is expected to reduce demand for virgin HCFC-22.

Impact on the climate

41. The activities proposed in the servicing sector, which include better refrigerant containment through training and provision of equipment, will reduce the use of HCFC-22 in servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in the savings of approximately 1.8 CO_2-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Bangladesh, including its continued efforts to promote low-GWP alternatives, as well as refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

Draft Agreement

42. A draft Agreement between the Government of Bangladesh and the Executive Committee for stage III of the HPMP is contained in annex I to the present document.

RECOMMENDATION

43. The Executive Committee may wish to take note of the progress report on the implementation of the work programme associated with the third and final tranche of stage II of the HCFC phase-out management plan, as submitted by UNDP.

44. The Executive Committee may wish to consider:

(a) Approving, in principle, stage III of the HCFC phase-out management plan (HPMP) for Bangladesh for the period from 2025 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $2,399,415, consisting of US $1,739,791, plus agency support costs of US $121,785, for UNDP and US $475,964, plus agency support costs of US $61,875, for UNEP, on the understanding that no more funding from the Multilateral Fund will be provided for the phase-out of HCFCs;

(b) Noting the commitment of the Government of Bangladesh to completely phase out HCFCs by 1 January 2030, and that HCFCs will not be imported after that date, except for those allowed for a servicing tail between 2030 and 2040, where required, consistent with the provisions of the Montreal Protocol;

(c) Noting also the commitment of the Government of Bangladesh to prohibit the import and manufacture of HCFC-22-based refrigeration and air-conditioning equipment from 1 January 2026;

(d) Deducting 23.08 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;

(e) Approving the draft Agreement between the Government of Bangladesh and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage III of the HPMP, contained in annex I to the present document;

(f) That, to allow for consideration of the final tranche of its HPMP, the Government of Bangladesh should submit:

(i) A detailed description of the regulatory and policy framework in place to implement measures to ensure that HCFC consumption was in compliance with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol for the period 2030–2040;

(ii) If Bangladesh were intending to have consumption during the period 2030–2040, in line with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol, proposed modifications to its Agreement with the Executive Committee covering the period beyond 2030; and

(g) Approving the first tranche of stage III of the HPMP for Bangladesh, and the corresponding tranche implementation plan, in the amount of US $1,199,942, consisting of US $834,261, plus agency support costs of US $58,398, for UNDP, and US $271,932, plus agency support costs of US $35,351, for UNEP.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF BANGLADESH AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE III OF THE HCFC PHASE-OUT MANAGEMENT PLAN

Purpose

1. This Agreement represents the understanding of the Government of Bangladesh (the "Country") and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A ("The Substances") to a sustained level of zero ODP tonnes by 1 January 2030 in compliance with Montreal Protocol schedule.

2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A ("The Targets, and Funding") in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in rows 4.1.3, 4.2.3, 4.3.3, 4.4.3, and 4.5.3 (remaining consumption eligible for funding).

3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A ("Funding Approval Schedule").

4. The Country agrees to implement this Agreement in accordance with stage III of the HCFC phase-out management plan approved ("the Plan"). In accordance with subparagraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

Conditions for funding release

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:

(a) That the Country has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;

(b) That the meeting of these Targets has been independently verified for all relevant years, unless the Executive Committee decided that such verification would not be required;

(c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A ("Format of Tranche Implementation Reports and Plans") covering each previous calendar year; that it had achieved a significant level of implementation of activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

(d) That the Country has submitted a Tranche Implementation Plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

Monitoring

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A ("Monitoring Institutions and Roles") will monitor and report on implementation of the activities in the previous Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same Appendix.

Flexibility in the reallocation of funds

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all of the approved funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

(a) Reallocations categorized as major changes must be documented in advance either in a Tranche Implementation Plan as foreseen in subparagraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:

(i) Issues potentially concerning the rules and policies of the Multilateral Fund;

(ii) Changes which would modify any clause of this Agreement;

(iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches;

(iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche;

(v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;

(b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report; and

(c) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

Considerations for the refrigeration servicing sector

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sector included in the Plan, in particular:

(a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and

(b) The Country and relevant bilateral and/or implementing agencies would take into consideration relevant decisions on the refrigeration servicing sector during the implementation of the Plan.

Bilateral and implementing agencies

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNDP has agreed to be the lead implementing agency (the "Lead IA") and UNEP has agreed to be the cooperating implementing agency (the "Cooperating IA") under the lead of the Lead IA in respect of the Country's activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and/or Cooperating IA taking part in this Agreement.

10. The Lead IA will be responsible for ensuring coordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per subparagraph 5(b). The Cooperating IA will support the Lead IA by implementing the Plan under the overall coordination of the Lead IA. The roles of the Lead IA and Cooperating IA are contained in Appendix 6-A and Appendix 6-B, respectively. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 2.2 and 2.4 of Appendix 2-A.

Non-compliance with the Agreement

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A ("Reductions in Funding for Failure to Comply") in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.

12. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decisions that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee, the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access to the information necessary to verify compliance with this Agreement.

Date of completion

14. The completion of the Plan and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in Appendix 2-A. Should at that time there still be activities that are outstanding, and which were foreseen in the last Tranche Implementation Plan and its subsequent revisions as per subparagraph 5(d) and paragraph 7, the completion of the Plan will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per subparagraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion of the Plan unless otherwise specified by the Executive Committee.

Validity

15. All of the conditions set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

16. This Agreement may be modified or terminated only by mutual written agreement between the Government of the Country and the Executive Committee of the Multilateral Fund.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	45.42
HCFC-123	C	I	0.21
HCFC-124	C	I	0.07
HCFC-141b	C	I	21.23
HCFC-142b	C	I	5.72
Total			**72.65**

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2025	2026	2027	2028-2029	2030	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	23.61	23.61	23.61	23.61	0.00	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	23.61	23.61	23.61	23.61	0.00	n/a
2.1	Lead IA (UNDP) agreed funding (US $)	834,261	0	622,455	0	283,075	1,739,791
2.2	Support costs for Lead IA (US $)	58,398	0	43,572	0	19,815	121,785
2.3	Cooperating IA (UNEP) agreed funding (US $)	271,932	0	204,032	0	0	475,964
2.4	Support costs for Cooperating IA (US $)	35,351	0	26,524	0	0	61,875
3.1	Total agreed funding (US $)	1,106,193	0	826,487	0	283,075	2,215,755
3.2	Total support costs (US $)	93,749	0	70,096	0	19,815	183,660
3.3	Total agreed costs (US $)	1,199,942	0	896,583	0	302,890	2,399,415

4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)	23.08
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)	22.34
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)	0.00
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)	0.00
4.2.2	Phase-out of HCFC-141b to be achieved in the previous stage (ODP tonnes)	20.20
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)**	0.00
4.3.1	Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes)	0.00
4.3.2	Phase-out of HCFC-142b to be achieved in the previous stage (ODP tonnes)	5.72
4.3.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)	0.00
4.4.1	Total phase-out of HCFC-123 agreed to be achieved under this Agreement (ODP tonnes)	0.00
4.4.2	Phase-out of HCFC-123 to be achieved in the previous stage (ODP tonnes)	0.21
4.4.3	Remaining eligible consumption for HCFC-123 (ODP tonnes)	0.00
4.5.1	Total phase-out of HCFC-124 agreed to be achieved under this Agreement (ODP tonnes)	0.00
4.5.2	Phase-out of HCFC-124 to be achieved in the previous stage (ODP tonnes)	0.07
4.5.3	Remaining eligible consumption for HCFC-124 (ODP tonnes)	0.00

* Date of completion of stage II as per stage II Agreement: 31 December 2026
** Consumption of HCFC-141b is nil as the Government has imposed a ban on imported bulk HCFC-141b.

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the second meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plans for each tranche request will consist of five parts:

(a) A narrative report, with data provided by tranche, describing the progress achieved since the previous report, reflecting the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include the amount of ODS phased out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Tranche Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes;

(b) An independent verification report of the Plan results and the consumption of the Substances, as per subparagraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in subparagraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;

(c) A written description of the activities to be undertaken during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall Plan that are foreseen. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under subparagraph (a) above;

(d) A set of quantitative information for all Tranche Implementation Reports and Plans, submitted through an online database; and

(e) An Executive Summary of about five paragraphs, summarizing the information of the above subparagraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the Plan are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:

(a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and

(b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The monitoring process will be managed by the Ministry of Environment, Forestry and Climate Change through the national ozone unit ("NOU") with the assistance of the Lead IA.

2. The consumption will be monitored and determined based on official import and export data for the substances recorded by relevant Government departments. The NOU shall compile and report on an annual basis, on or before the relevant due dates, on consumption of the substances to the Ozone Secretariat and on progress of implementation of the Plan to the Executive Committee.

3. The NOU and the Lead IA will engage an independent and qualified entity to carry out a qualitative and quantitative performance evaluation of the Plan implementation.

4. The evaluating entity shall have full access to relevant technical and financial information related to implementation of the Plan. It shall prepare and submit to the NOU and the Lead IA, a consolidated draft report at the end of each Tranche Implementation Plan, comprising of the findings of the evaluation and recommendations for improvements or adjustments, if any.

5. The NOU and the Lead IA shall endorse the final report, and the Lead IA shall submit it to the Multilateral Fund Secretariat.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities, including at least the following:

(a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's Plan;

(b) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;

(c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;

(d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with subparagraphs 1(c) and 1(d) of Appendix 4-A;

(e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee, and should include the activities implemented by the Cooperating IA;

(f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;

(g) Ensuring that appropriate independent technical experts carry out the technical reviews;

(h) Carrying out required supervision missions;

(i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;

(j) Coordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;

(k) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IA, the allocation of the reductions to the different budget items and to the funding of the Lead IA and the Cooperating IA;

(l) Ensuring that disbursements made to the Country are based on the use of the indicators;

(m) Providing assistance with policy, management and technical support when required;

(n) Reaching consensus with the Cooperating IA on any planning, coordination and reporting arrangements required to facilitate the implementation of the Plan; and

(o) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent entity to carry out the verification of the Plan's results and the consumption of the Substances mentioned in Appendix 1-A, as per subparagraph 5(b) of the Agreement and subparagraph 1(b) of Appendix 4-A.

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the Plan, including at least the following:

(a) Providing assistance for policy development when required;

(b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a coordinated sequence in the activities;

(c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A; and

(d) Reaching consensus with the Lead IA on any planning, coordination and reporting arrangements required to facilitate the implementation of the Plan.

APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US $192.0 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

2. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the Plan being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.