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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-fifth Meeting
Montreal, 4-8 December 2024
Item 9(c) of the provisional agenda¹

PROJECT PROPOSAL: BHUTAN

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

Phase-out

- HCFC phase-out management plan (fourth tranche) UNEP and UNDP Blanket approval

¹ UNEP/OzL.Pro/ExCom/95/1

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Bhutan

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan	UNEP (lead), UNDP	63 rd	100% phase-out by 2025

(II) LATEST ARTICLE 7 DATA (Annex C, Group I)	Year: 2023	0.02 ODP tonnes
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2023	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.02				0.02

(IV) CONSUMPTION DATA (ODP tonnes)			
2009-2010 baseline:	0.30	Starting point for sustained aggregate reductions:	0.30
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	0.30	Remaining:	0.00

(V) ENDORSED BUSINESS PLAN		2024	2025	2026	Total
UNEP	ODS phase-out (ODP tonnes)		0.02		0.02
	Funding (US \$)		110,740*		110,740
UNDP	ODS phase-out (ODP tonnes)		0.01		0.01
	Funding (US \$)		53,410*		53,410

*Including US \$79,100 for UNEP and US \$32,700 for UNDP for additional activities to maintain energy efficiency (decision 89/6)

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017-2018	2019	2020-2023	2024	2025	Total
Montreal Protocol consumption limits (ODP tonnes)			n/a	n/a	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	0.28	0.28	0.25	0.25	0.20	0.1	0.1	0.1	0	n/a
Funding agreed in principle (US \$)	UNDP	Project costs	70,000		42,000			57,000					19,000	188,000
		Support costs	6,300		3,780			5,130					1,710	16,920
	UNEP	Project costs	100,000		70,000			84,000				*100,000	28,000	382,000
		Support costs	13,000		9,100			10,920				*13,000	3,640	49,660
Funds approved by ExCom (US \$)	Project costs		170,000	0	112,000	0	0	141,000	0	0	0	0	0	423,000
	Support costs		19,300	0	12,880	0	0	16,050	0	0	0	0	0	48,230
Total funds recommended for approval at this meeting (US \$)	Project costs											**147,000		147,000
	Support costs											**18,350		18,350

*Funding for 2024 includes US \$100,000, plus agency support costs of US \$13,000, for UNEP, for additional activities to maintain energy efficiency (decision 89/6)

**Includes fourth tranche funding which was originally planned for 2025, but it is being requested earlier

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Bhutan, UNEP as the lead implementing agency has submitted a request for funding for the fourth and final tranche of the HCFC phase-out management plan (HPMP), at a total cost of US \$165,350, consisting of US \$128,000, plus agency support costs of US \$16,640, for UNEP, and US \$19,000, plus agency support costs of US \$1,710, for UNDP.² The submission includes a progress report on the implementation of the third tranche, the verification report on HCFC consumption for 2016 to 2023, a request for funding additional activities to maintain energy efficiency in the refrigeration servicing sector,³ and the tranche implementation plan for 2024 to 2026.

Report on HCFC consumption

2. The Government of Bhutan reported a consumption of 0.02 ODP tonnes of HCFC-22 in 2023, which is 93.3 per cent below the country's HCFC baseline for compliance. The 2019-2023 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in Bhutan (2019-2023 Article 7 data)

HCFC-22	2019	2020	2021	2022	2023	Baseline
Metric tonnes (mt)	1.06	0.76	0.62	0.45	0.40	5.46
ODP tonnes	0.06	0.04	0.03	0.02	0.02	0.30

3. All HCFC-22 consumption is used in the refrigeration and air-conditioning (RAC) servicing sector. The steady reduction of the overall consumption over the last five years was due to the implementation of HPMP activities including enforcement of a licensing and quota system and capacity building of customs and RAC technicians and to the introduction of non-HCFC-based technologies into the country.

Country programme implementation report

4. The Government of Bhutan reported HCFC sector consumption data under the 2023 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports, that Bhutan is in compliance for 2016 to 2023 as per the accelerated phase-out schedule of the Montreal Protocol, and that consumption is below the maximum allowable consumption for the same years in the Agreement between the Government of Bhutan and the Executive Committee.

6. The verifier identified negligible inconsistencies for the verified years between Article 7 data and the HCFC consumption data verified, except for 2020 and 2021, in metric tonnes, which do not affect the consumption reported in ODP tonnes. The Government will submit updated Article 7 and CP data in metric tonnes with assistance from UNEP.

7. Moving forward, it was recommended that the national ozone unit (NOU) and the Department of Revenue and Customs improve preservation of documents (for longer than the current 4 years), reconcile

² As per the letter of 18 September 2024 from the Ministry of Finance of Bhutan to UNEP.

³ In line with decision 89/6, low-volume-consuming countries can include in their HPMPs additional activities for the introduction of alternatives to HCFCs with low or zero global-warming potential and for maintaining energy efficiency in the refrigeration servicing sector.

the customs data and import permits before submitting Article 7 data, and continue progress to establish an e-licensing system and automation of records and communications, which UNEP confirmed will be done.

Progress report on the implementation of the third tranche of the HCFC phase-out management plan

Legal framework

8. The Kigali Amendment was ratified by Bhutan on 27 September 2019. The Regulation on Substances that Deplete the Ozone Layer and Hydrofluorocarbons (HFCs), 2021, in force since January 2022, was hence adopted to include HFC controls in addition to those established for ODS in the previous Revised Regulation on Control of Ozone Depleting Substances, 2008, under which the quota system for HCFCs became effective in 2013.

Capacity building of customs and law enforcement

9. Six training workshops were organized for 158 (including 32 women) customs officials and enforcement officers from the various regions of the country, on the regulatory framework, permit requirements for import of HCFCs, and practical sessions on the use of identifiers. Three customs officials' trainers received training on trade controls in India. Two border dialogues were held on illegal trade to strengthen HCFC trade coordination and cooperation between ozone and customs and enforcement officers of Bangladesh, Bhutan, China, India, Myanmar, and Nepal. The NOU organized several meetings with the Department of Revenue and Customs and the Department of Trade to advocate strict adherence to the ban on the importation of ODS and ODS-based equipment.

Refrigeration servicing sector

Capacity building of technicians

10. Five workshops were conducted for 184 (including 54 women) RAC technicians and instructors from technical training institutes, on good servicing practices, with the most recent training including awareness on HCFC-22, HFCs and challenges associated with alternative technologies, and sensitization on new regulations on controlled substances and relevant provisions of the Montreal Protocol and the Kigali Amendment. The NOU and instructors from the technical training institutes developed the training materials and handouts for the training workshops.

11. Meetings were held with the participation of the NOU, Department of Technical Education (DTE), technical training institutes and RAC technicians to discuss the revision of the RAC training curriculum, and the enhancement of the certification training and assessment centre. A curriculum validation workshop was conducted, and the revised curriculum was endorsed by the DTE. It has been printed, distributed and is being implemented in the technical training institutes. The Department of Occupational Standards, under the Ministry of Labour and Human Resources is responsible for the assessments under the national certification scheme, with the technical training institute of Thimphu having been identified as the training and assessment centre for the certification of RAC technicians. The required facilities were put in place. Twenty-four RAC technicians graduated in 2021 (including 3 women), and 12 (including 2 women) graduated in 2022.

Replacement support project for end users

12. Activities for this component were undertaken, and the final report was submitted to the 84th meeting and included in annex II of document UNEP/OzL.Pro/ExCom/84/63⁴. The replacement incentive programme had two recipients, i.e., the National Animal Hospital, which was provided incentives

⁴ Report on end-user incentive schemes funded under approved HCFC phase-out management plans (decision 82/54)

for installing HFC-32-based air conditioners to replace HCFC-22-based equipment; and Samtse Higher Secondary school, which was awarded incentives for installing HFC-32 air conditioners. The potential direct emission reduction was 24,516 CO₂-eq (39,096 CO₂-eq from baseline equipment to 14,580 CO₂-eq for the new units). The Government also banned the imports of new air conditioners with HCFC-22. However, as R-290 air conditioners were not available in Bhutan, and available HFC-32 units had a cost that exceeded the 30 per cent subsidy offered under the replacement programme, a large-scale replacement programme was not feasible.

Recovery and recycling

13. Two sets of recovery and recycling (R&R) equipment and various tools⁵ were procured and delivered to two technical training institutes, and training on R&R operation was delivered to 19 instructors, with follow-up training provided to 35 RAC technicians (all male).

Awareness and outreach

14. Eight sensitization and awareness workshops on the ozone layer protection, HCFC phase-out and relevant regulatory frameworks were carried out for 122 participants including procurement officers, environmental officers and officials from local and central levels of Government. Public notifications were carried out through different media platforms including the NOU website, social media, magazine articles; 500 brochures and 500 posters were produced and distributed to importers, customs, schools, training participants and technicians on the national institutional and regulatory framework for protection of the ozone layer, and banned substances and equipment; and 1,000 copies of a 2022 calendar promoting RAC training were developed and distributed.

Project implementation and monitoring

15. The NOU is tasked to carry out the day-to-day management, in collaboration with all concerned stakeholders, to ensure the smooth and timely implementation of the HPMP. It is currently housed in the Department of Environment and Climate Change (DECC) in the Ministry of Energy and Natural Resources. The NOU works under the direction of the National Ozone Committee, which includes representation from the different relevant sectors and is chaired by the Director of the DECC. Institutional strengthening project funds are used for the overall programme management and monitoring of the HPMP; no funds have been allocated in the HPMP budget.

Level of fund disbursement

16. As of September 2024, of the US \$423,000 approved so far, US \$422,990 had been disbursed (US \$253,990 for UNEP and US \$169,000 for UNDP), as shown in table 2. There is no outstanding balance from previous tranches to be disbursed.

Table 2. Financial report of the HPMP for Bhutan (US \$)

Tranche		UNEP	UNDP	Total	Disbursement rate (%)
First	Approved	100,000	70,000	170,000	100
	Disbursed	100,000	70,000	170,000	
Second	Approved	70,000	42,000	112,000	100
	Disbursed	70,000	42,000	112,000	
Third	Approved	84,000	57,000	141,000	100
	Disbursed	83,990	57,000	140,990	
Total	Approved	254,000	169,000	423,000	100

⁵ Including two portable recovery machines, vacuum pumps, capillary tube cutters, deburring and core removal tools, flammable gas detectors, four-way gauge manifolds.

Tranche		UNEP	UNDP	Total	Disbursement rate (%)
	Disbursed	253,990	169,000	422,990	
	Balance*	10	0	10	

*Balances have been returned

Implementation plan for the fourth and final tranche of the HCFC phase-out management plan

17. The following activities will be implemented between January 2025 and December 2026:

- (a) *Capacity building of customs and law enforcement:* One training of trainers for a minimum of 15 customs trainers from different checkpoints on the Montreal Protocol and its Kigali Amendment, national regulatory framework, substance identification, risk profiling, correct Harmonized System codes and reporting (UNEP) (US \$3,000);
- (b) *Refrigeration servicing sector:* One training of trainers for a minimum of 10 RAC trainers on good servicing practices, fault finding, and methodology for competency-based training and assessment; assessment of the training centres capacity, training programmes, materials and equipment needs (UNEP) (US \$20,000);
- (c) *Technical assistance for RAC technicians:* Procurement of 20 kits of servicing tools⁶ for the promotion and implementation of good practices and refrigerant containment, and training on flammable refrigerants, delivered to independent technicians (UNDP) (US \$19,000);
- (d) *Activities to maintain energy efficiency:* These activities are described in detail in the following section (UNEP) (US \$100,000); and
- (e) *Awareness and outreach:* One stakeholder workshop for a minimum of 20 participants to maintain awareness of importers, policymakers, building sector, and large end users (hospitality, cold chain, food production, health sector) on licensing, reporting and record keeping requirements, highlight the conclusion of HCFC phase-out and discuss technology transition and challenges in the introduction of alternative technologies; and development, translation into local languages and printing of awareness material and sector-specific information briefs (UNEP) (US \$5,000);
- (f) *Project monitoring:* Institutional strengthening project funds will continue to be used for the overall programme management and monitoring of the last tranche of the HPMP, for this reason no funds have been allocated for this activity in the overall budget.

Activities to maintain energy efficiency in the refrigeration servicing sector

18. The project related to energy efficiency, submitted in line with decision 89/6, has been designed to: enhance coordination in promoting low-GWP alternatives and energy-efficient RAC equipment among national authorities and key stakeholders; help the country sustain its HCFC phase-out; improve the energy efficiency-related capacities of the servicing sector through the inclusion of related subjects in the RAC training offered in the country; collaborate in the preparation of a product registration system as a mechanism to monitor and ensure compliance with the national regulations and policies of the products that enter and are sold in the national market; develop a training module on energy auditing; and raise awareness

⁶ Including vacuum pumps, capillary tube cutters, deburring and core removal tools, flammable gas detectors, four-way gauge manifolds, 2 portable recovery machines.

of importers, retailers and end users on the economic benefits of low-GWP refrigerant based appliances, and in relation to the standards and labelling scheme.

19. The description and proposed cost breakdown of activities to maintain energy efficiency in the sector are presented in table 3.

Table 3. Additional activities proposed to maintain energy efficiency in the servicing sector

Activity	Performance indicators	Cost (US \$)
Enhancement of the standards and labelling scheme		
Coordination among policy makers on the standards and labelling scheme pertaining to RAC appliances, which is currently under development, enhancement of the scheme to promote low GWP appliances and strengthening of the appliance registration process while ensuring the NOU and the DOE have access to reliable and detailed information on the types of appliances imported in the country, the refrigerants they rely on, and energy efficiency performance	A memorandum of understanding will be signed between the NOU and the Department of Energy (DOE) to define the necessary additions to the energy efficiency label design for RAC appliances including reference to the controlled substances and GWP, set a schedule for the inclusion of air conditioners in the standards and labelling scheme, and agree on procedures for exchange of information on the imported appliances, and joint access to the product registration system.	5,000
Product registration system prototype and adaptation to local requirements	The existing United for Efficiency product registration system prototype will be adapted to the requirements of the DOE, simplified according to the Bhutanese context, hosted on government servers and optimized for potential synergies with other government agencies to avoid duplications, including the foreseen development of a Bhutan National Single Window system that may be operational in the medium term. Governmental responsibilities will be mapped; a system user's manual will be developed; and several testing sessions will take place together with the responsible government authorities while the prototype is transferred to a local server.	25,000
Training of government officers and importers on the use of the product registration system	Six capacity building workshops (virtual and in person): two for 30 government officers, and two for 40 importers, with participation of 5 technical and system maintenance staff in each workshop.	10,000
Standards and labelling scheme programme and awareness raising campaign for importers, retailers and end-users	Informational material (brochures, content for website and social media publishing, including infographic or animated content) on energy efficiency and the standards and labelling scheme for different target groups (households, large end users, youth, schools) aiming at reaching at least 50,000 views. Three awareness consultations for retailers to discuss the dissemination of energy efficiency information on the labels for the appliances. Awareness campaign on the standards and labelling scheme targeting students via drawings/essays/quizzes/hiring content creators in order to inform and empower youth to support their families in making informed decisions when purchasing appliances. Launch of the standards and labelling scheme programme through national media.	40,000
Subtotal		80,000

Activity	Performance indicators	Cost (US \$)
Energy efficiency training for the RAC servicing sector		
Energy auditing training curriculum	Development, in collaboration with the Department of Workforce Planning and Skill Development, of a training curriculum on energy auditing divided into competency units, and providing theoretical and practical assessment testing methods and samples.	5,000
Training of trainers on energy auditing	Three training sessions for a minimum of five participants at each session for the national trainers on energy auditing.	15,000
Subtotal		20,000
Total		100,000

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

HCFC consumption

20. UNEP confirmed that the Government of Bhutan will meet the 100 per cent reduction of its HCFC baseline consumption by 2025, and maintain a maximum annual consumption of HCFCs of 0.007 ODP tonnes for 10 years from 2025 to 2035 instead of the 5 years as originally agreed when the HPMP was approved in principle. In view of the remaining HCFC-based equipment population in the country and to keep consistency with the ten-year servicing tail agreed for other Article 5 countries, the Government of Bhutan requested that the servicing tail be extended to 2035. The Government will ensure the sustainable phase-out through a combination of strong regulatory controls on HCFC imports, including the ban on the import of HCFC-based equipment in force, and on the import of all HCFCs from 1 January 2025; continuous training of service technicians and other relevant stakeholders on the reduction of HCFC consumption and the adoption of alternatives; and awareness and outreach activities.

21. UNEP also agreed that a verification report covering the consumption in 2024 through 2026 would be submitted in 2027, on the understanding that if it were determined that Bhutan was not in compliance with the targets specified in the Agreement being updated at this meeting, the Executive Committee could consider applying the penalty clause against future approvals for the country.

Progress report on the implementation of the third tranche of the HCFC phase-out management plan

Legal framework

22. The Government of Bhutan issued HCFC import quotas for 2024 and 2025 at 200 kg and 127 kg respectively, which are lower than the Montreal Protocol control targets and the target in the HPMP Agreement between the Government of Bhutan and Executive Committee.

Implementation plan for the fourth and final tranche of the HCFC phase-out management plan

Activities to maintain energy efficiency in the refrigeration servicing sector

23. In line with decision 89/6(d), UNEP has included in the tranche implementation plan the specific actions, performance indicators and funding associated with additional activities to maintain energy efficiency. These activities, to be completed from January 2025 to December 2026, are expected to enhance coordination between the NOU and the DOE regarding the energy efficiency, in particular on the work programme currently being implemented in the country with support from the South Asia Regional Energy Partnership (SAREP) to develop the standards and labelling scheme for Bhutan (November 2023-May 2026).

24. With the Bhutan standards and labelling scheme currently under development, there is strong potential for leveraging on the possible synergies with the energy efficiency component under the HPMP, in particular to enhance coordination between authorities facilitating the inclusion of domestic air conditioners in the prioritized appliances under the SAREP-supported programme and ensuring the inclusion of reference to controlled substances and GWP in the energy labelling design.

25. The Secretariat enquired about the three training sessions for 15 national trainers on energy auditing, proposed for a cost of US \$15,000. UNEP responded that they had carefully looked at it, and explained that the cost was mainly dependent on two reasons, on the one hand this specialised training requires an international expert trainer given the lack of national capacities within the technical and vocational education and training system on this specific topic. The expert, while teaching on energy auditing, is also expected to instruct the trainers on didactic methods for the delivery of each competency unit taught, and to prepare the trainers to be able to create their own theoretical and practical assessment exercises in preparation for their own future teaching in the training institutes. The expert will also provide the necessary exercise tools (i.e., small energy meters) for the three workshop participants, as they are currently not available in the institutes. On the other side, with the current shortage of trainers in the country, the availability of 15 trainers for the trainings imply mobilizing them from the four institutes in the different districts of the country with the associated logistical challenges and costs.

Gender policy implementation

26. As per the Multilateral Fund operational policy on gender mainstreaming, tracking and reporting on activities and results are based on the collection of sex-disaggregated data, implemented by the NOU since 2020. The NOU considers and addresses gender equality and women's empowerment systematically in all activities through providing equal opportunities for women and men as users, beneficiaries, advisors, managers and political or community decision-makers. Attention is being given to ensure that, to the extent possible, project committees, management and monitoring arrangements are gender-responsive and that gender balance is addressed in their own structures, decision-making and selection processes. To facilitate gender mainstreaming, the NOU has been actively advocating with customs, importers and servicing workshops for women participation in the opportunities for training. This has reflected in the raising number of female participants in training activities, including in certification, as reported above. The NOU is committed to continue to encourage balanced participation and gender mainstreaming during the last tranche of the HPMP.

Updated Agreement

27. As per the Agreement between the Government of Bhutan and the Executive Committee, the request for the fourth and final tranche of the HPMP was due for submission at the 97th meeting. As this would imply that the tranche could only be implemented after the last reduction commitment in 2025, upon consultation with the Secretariat, UNEP requested to release the funding associated with the last tranche in advance of the scheduled date to allow a more streamlined continuation of activities to be finalized before the conclusion of the phase-out. The Secretariat has reviewed the submission on an exceptional basis in light of the accelerated phase-out in this project and the current policies and guidelines of the Multilateral Fund, and recommends approval of the tranche based on the substantive progress and 100 per cent level of disbursement achieved, noting that postponing the approval of this tranche could disrupt the momentum of the implementation.

28. In view of the revised schedule of the final tranche, the inclusion of funding for additional activities to maintain energy efficiency in the refrigeration servicing sector and the accordingly revised funding schedule, the adjustment to the servicing tail, and an update on monitoring institutions and roles requested by the Government, the Agreement between the Government of Bhutan and the Executive Committee has been updated. Specifically, paragraph 1 and Appendices 2-A and 5-A have been revised, and paragraph 16 has been added to indicate that the updated Agreement supersedes that reached at the 63rd meeting, as

contained in annex I to the present document. The full updated Agreement will be appended to the final report of the 95th meeting.

Sustainability of the HCFC phase-out and assessment of risks

29. The NOU of Bhutan is making efforts to ensure the long-term sustainability of the HCFC phase-out and the results of the HPMP activities. The import of HCFC-based equipment was banned already in 2013 considering the future servicing demand that incoming equipment would create. Regarding capacity building, the NOU and the customs administration are making efforts to institutionalise training on the Montreal Protocol by training trainers and by including protocol-related topics also in the regular training of national customs officers, with a view to ensuring that the customs authority can replicate in autonomy the Montreal Protocol module within the regular customs trainings.

30. Long-term sustainability of RAC technicians training and certification has been addressed throughout and is covered by the last tranche with plans to create opportunities for quality training for RAC trainers. The country has put in place a competency-based certification for a national certificate level 2 (domestic RAC) and plans to do the same for level 3 (commercial and industrial refrigeration, and commercial air conditioning) once the shortage of trainers is overcome. The national RAC curriculum goes through a periodic review and update led by the Department of Workforce Planning and Skills Development in the Ministry of Education.

Conclusion

31. Bhutan continues to be in compliance with the Montreal Protocol and the HCFC consumption targets specified in its Agreement with the Executive Committee; in 2023, consumption of HCFCs was 93.3 per cent below the country's HCFC baseline for compliance. The country has a functioning licensing and quota system and has banned HCFC-based equipment. The Regulation on Substances that Deplete the Ozone Layer and Hydrofluorocarbons (HFCs), 2021, included HFC controls in addition to those established for ODS. The level of disbursement of the third tranche is 100 per cent. The Government of Bhutan, with the assistance of UNEP and UNDP, implemented an extensive set of activities to strengthen the national capacity of customs and enforcement officers to control trade in HCFCs and HCFC-based equipment, and provided training to technicians. With the establishment of the certification system for technicians, two batches of RAC technicians have been certified, including five women. The activities proposed to maintain energy efficiency in the refrigeration servicing sector are consistent with Executive Committee's decision 89/6. The approval of the fourth tranche at the present meeting would ensure continued implementation of planned activities.

RECOMMENDATION

32. The Fund Secretariat recommends that the Executive Committee:

- (a) Note:
 - (i) The progress report on the implementation of the third tranche of the HCFC phase-out management plan (HPMP) for Bhutan;
 - (ii) The submission of additional activities to maintain energy efficiency in the refrigeration servicing sector in the amount of US \$100,000, plus agency support costs of US \$13,000, for UNEP;
 - (iii) That the Fund Secretariat has updated the Agreement between the Government of Bhutan and the Executive Committee, as contained in annex I to the present document, specifically: paragraph 1, Appendices 2-A and 5-A, based on the

revised schedule of the final tranche; the inclusion of funding for additional activities to maintain energy efficiency in the refrigeration servicing sector referred to in subparagraph (a)(ii) above; adjustment to the servicing tail and update on monitoring institutions and roles; and paragraph 16 that has been added to indicate that the updated Agreement supersedes that reached at the 63rd meeting by decision 63/44; and

- (b) Request the Government of Bhutan, UNEP and UNDP to submit a final progress report on the implementation of the work programme associated with the final tranche and the project completion report to the first meeting of the Executive Committee in 2027; and
- (c) Request UNEP to include in its work programme for 2026 funding, in the amount of US\$30,000, plus agency support costs, for the verification report of Bhutan's 2024-2026 consumption, to be submitted to the first meeting of 2027.

33. The Fund Secretariat further recommends blanket approval of the fourth and final tranche of the HPMP for Bhutan, and the corresponding 2024-2026 tranche implementation plan, at the funding levels shown in the table below:

	Project title	Project funding (US \$)	Support costs (US \$)	Implementing agency
(a)	HCFC phase-out management plan (fourth tranche)	128,000	16,640	UNEP
(b)	HCFC phase-out management plan (fourth tranche)	19,000	1,710	UNDP

Annex I

TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF BHUTAN AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE PHASE-OUT OF HYDROCHLOROFLUOROCARBONS

(Relevant changes are in bold font for ease of reference)

1. This Agreement represents the understanding of the Government of Bhutan (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 tonne prior to 1 January 2025 **in advance of the Montreal Protocol schedules** with the understanding that there will be no more funding eligibility for any future HCFC phase-out after 2025.

16. This updated Agreement supersedes the Agreement reached between the Government of Bhutan and the Executive Committee at the 63rd meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Parameter/Year	2011	2012	2013	2014	2015	2016	2017-2018	2019	2020-2023	2024	2025	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)*	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	0.31	0.31	0.28	0.28	0.25	0.25	0.2	0.1	0.1	0.1	0**	
2.1	Lead IA (UNEP) agreed funding (US \$)	100,000		70,000			84,000				128,000		382,000
2.2	Support costs for Lead IA (US \$)	13,000		9,100			10,920				16,640		49,660
2.3	Cooperating IA (UNDP) agreed funding (US \$)	70,000		42,000			57,000				19,000		188,000
2.4	Support costs for cooperating IA (US \$)	6,300		3,780			5,130				1,710		16,920
3.1	Total agreed funding (US \$)	170,000		112,000			141,000				147,000	0	570,000
3.2	Total support costs (US \$)	19,300		12,880			16,050				18,350	0	66,580
3.3	Total agreed costs (US \$)	189,300		124,880			157,050				165,350	0	636,580
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)												0.303

4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (ODP tonnes)		-
4.1.3	Remaining eligible consumption of HCFC-22 (ODP tonnes)		0

*Figures based on Article 7 data, which are rounded to one decimal point.

**The country will avail of the servicing tail of 0.007 ODP tonnes from 2025 to 2035.

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The overall monitoring will be the responsibility of National Ozone Unit (NOU), **Ministry of Energy and Natural Resources.**
