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COMITE EXECUTIF
DU FONDS MULTILATERAL AUX FINS
D'APPLICATION DU PROTOCOLE DE MONTREAL
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**AMENDEMENTS AU PROGRAMME DE TRAVAIL DE LA BANQUE MONDIALE
POUR L'ANNÉE 2014**

Les documents de pré-session du Comité exécutif du Fonds multilatéral aux fins d'application du Protocole de Montréal sont présentés sous réserve des décisions pouvant être prises par le Comité exécutif après leur publication.

OBSERVATIONS ET RECOMMANDATION DU SECRÉTARIAT DU FONDS

1. La Banque mondiale demande au Comité exécutif d'approuver un montant de 1 149 193 \$US pour les amendements à son programme de travail de 2014, plus les coûts d'appui d'agence de 80 443 \$US, mentionnés dans le tableau 1. La proposition est jointe au présent document.

Tableau 1: Amendements au programme de travail de la Banque mondiale pour 2014

Pays	Activité/Projet	Montant demandé (\$US)	Montant recommandé (\$US)
SECTION A: ACTIVITÉS RECOMMANDÉES POUR APPROBATION GLOBALE			
A1: Renouvellement du projet de renforcement des institutions			
Jordanie	Renouvellement du renforcement des institutions (phase XI)	147 333	147 333
Total partiel pour A1		147 333	147 333
Coûts d'appui d'agence (7 pour cent pour le renforcement des institutions):		10 313	10 313
Total pour A1		157 646	157 646
A2: Préparation de projet			
Philippines	Préparation d'un plan de gestion de l'élimination des HCFC (phase II) (stratégie globale)	90 000	90 000
	Préparation d'activités d'investissement pour l'élimination des HCFC (phase II) (secteur de la climatisation)	150 000	150 000
Total partiel pour A2		240 000	240 000
Coûts d'appui d'agence (7 pour cent pour la préparation de projet):		16 800	16 800
Total pour A2		256 800	256 800
SECTION B: ACTIVITÉS RECOMMANDÉES POUR EXAMEN INDIVIDUEL			
B1: Préparation de projet			
Chine	Préparation d'activités d'investissement pour l'élimination des HCFC (phase II) (polyuréthane) (PU) (mousses)	412 500	*
	Préparation d'un plan de gestion de l'élimination de la production de HCFC (PGEPH) (phase II)	349 360	*
Total partiel pour B1		761 860	
Coûts d'appui d'agence (7 pour cent pour la préparation de projet):		53 330	
Total pour B1		815 190	
Grand total (A1, A2 et B1):		1 229 636	414 446

*Projet soumis pour examen individuel.

SECTION A : ACTIVITÉS RECOMMANDÉES POUR APPROBATION GLOBALE

A1. Renouvellement du projet de renforcement des institutions

Description du projet

2. La Banque mondiale a présenté la demande de renouvellement du projet de renforcement des institutions (RI) pour le pays mentionné dans le tableau 1. La description de ce projet se trouve à l'Annexe I au présent document.

Observations du Secrétariat

3. Le Secrétariat a examiné la demande de renouvellement d'un projet de RI, proposé par la Banque mondiale au nom du gouvernement du pays mentionné, en fonction des lignes directrices et des décisions pertinentes relatives à l'admissibilité et aux niveaux de financement. La demande a été contre-vérifiée par rapport au plan de travail original de RI pour la phase précédente, au programme de pays et aux

données déclarées en vertu de l'article 7, au plus récent rapport de mise en œuvre du plan de gestion de l'élimination des HCFC (PGEH), au rapport périodique de l'agence et à toute autre décision pertinente de la Réunion des Parties au Protocole de Montréal. Il a été constaté que le pays respecte les objectifs d'élimination des SAO aux termes du Protocole de Montréal et qu'il a remis également le rapport sur la mise en œuvre de son programme de pays pour 2013.

Recommandation du Secrétariat

4. Le Secrétariat recommande l'approbation globale de la demande de renouvellement du RI pour la Jordanie, au montant de financement indiqué dans le tableau 1. Le Comité exécutif peut souhaiter transmettre au gouvernement du pays les observations qui figurent à l'Annexe II au présent document.

A2. Préparation de projet

Philippines : Préparation d'activités d'investissement pour l'élimination des HCFC (phase II) (secteur de la climatisation) (150 000 \$US)

Philippines : Préparation d'un plan de gestion de l'élimination des HCFC (phase II) (stratégie globale) (90 000 \$US)

Description du projet

5. La Banque mondiale a présenté une demande pour la préparation de la phase II du PGEH pour les Philippines, au montant de financement indiqué dans le tableau 1.

Observations du Secrétariat

6. Pour l'examen de ces demandes, le Secrétariat a tenu compte des lignes directrices sur le financement de la préparation de la phase II des PGEH pour des pays visés à l'article 5, telles que contenues dans la décision 71/42 ; il a examiné les documents de la phase I du PGEH et pris note de l'état de la mise en œuvre du PGEH au moment de la préparation du présent document.

7. Le Secrétariat a demandé des explications sur la demande de financement préparatoire pour le secteur de la climatisation et de la réfrigération qui a déjà reçu du financement préparatoire pour la phase I (pour la Banque mondiale et pour le PNUD) mais qui n'était pas inclus dans le PGEH final pour la phase I ; des clarifications afin de savoir pourquoi une demande distincte de préparation de projet était présentée pour l'entretien dans le secteur de la réfrigération (50 000\$US) dans la demande initiale alors que cela devrait faire partie de la préparation de la stratégie globale ; et une confirmation de ce que sera l'objectif d'élimination à atteindre pour la phase II du PGEH conformément à la décision 72/18.

8. En réponse, la Banque mondiale a confirmé que la phase II du PGEH portera sur l'objectif de réduction jusqu'à 35 pour cent en 2020 aux termes du Protocole de Montréal. La Banque a expliqué aussi que pour le secteur de la réfrigération et de la climatisation, le financement de 60 000 \$US approuvé pour la Banque mondiale pour ce secteur avait été entièrement retourné à la 67^e réunion. Le financement pour le PNUD a été utilisé pour mener une enquête sur le secteur et le rapport correspondant a été joint à la proposition pour la phase I du PGEH. En tant que seule agence responsable de la mise en œuvre de la phase II aux Philippines, la Banque mondiale a besoin de recueillir des renseignements supplémentaires afin de couvrir la totalité du secteur de la réfrigération et de la climatisation, de mettre à jour et vérifier les données déjà recueillies, d'identifier les informations de référence pour les entreprises admissibles et d'élaborer des propositions pour la conversion de ces entreprises.

9. La Banque mondiale a réitéré la nécessité des fonds de préparation de projet pour le secteur de l'entretien en tenant compte de la consommation de HCFC dans ce secteur. Toutefois, suite à d'autres discussions avec le Secrétariat, elle a convenu de développer le secteur de l'entretien à l'intérieur du secteur global, comme ce fut le cas pour la phase I et a retiré cette demande de son programme de travail.

10. Les coûts détaillés des activités pour le secteur de la réfrigération et de la climatisation et pour la stratégie globale ont été fournis par la Banque mondiale. Le Secrétariat a conclu que ces coûts détaillés répondent exigences de la décision 71/42.

Recommandation du Secrétariat

11. Le Secrétariat du Fonds recommande l'approbation globale des demandes de la Banque mondiale pour la préparation de projet pour le plan de gestion de l'élimination des HCFC/les activités d'investissement pour l'élimination des HCFC (phase II) pour les Philippines, aux niveaux de financement indiqués dans le tableau 1.

SECTION B : ACTIVITÉS RECOMMANDÉES POUR EXAMEN INDIVIDUEL

B1. Préparation de projet

Chine : Préparation pour des activités d'investissement pour l'élimination des HCFC (phase II) (mousses de polyuréthane) (412 500 \$US)

12. La Banque mondiale a présenté une demande pour la préparation d'activités d'investissement liées à la phase II du PGEH pour le secteur des mousses de polyuréthane, au coût de 412 000 \$US, tel que proposé originalement conformément aux amendements du programme de travail du PNUD pour 2014.¹

13. Les détails des activités qui seront entreprises durant la préparation de projet pour ce secteur ont été fournis conformément à la décision 71/42. La phase II du PGEH pour le secteur des mousses de polyuréthane se concentrera sur deux sous-secteurs, les chauffe-eau solaires et l'isolation des tuyaux, puisqu'il s'agit de technologies de remplacement confirmées dans ces sous-secteurs. Cette demande, avec les autres plans sectoriels, permettra à la Chine d'atteindre l'objectif de réduction de 35 pour cent aux termes du Protocole de Montréal et devrait éliminer 8 588 tonnes métriques de HCFC-141b utilisé dans le secteur des mousses de polyuréthane.

Observations du Secrétariat

14. Pour l'examen de cette demande, le Secrétariat a tenu compte des lignes directrices sur le financement de la préparation de la phase II des PGEH pour des pays visés à l'article 5, telles que contenues dans la décision 71/42, d'un examen des documents de la phase I du PGEH ainsi que de l'état de mise en œuvre du PGEH au moment de la préparation du présent document. Le Secrétariat a pris note aussi du fait que la Banque mondiale a reçu 685 000 \$US à la 55^e réunion pour la préparation d'un plan sectoriel pour le secteur des mousses de polyuréthane dans le cadre de la phase I du PGEH pour la Chine.

15. Les activités incluses dans la préparation de projet sont des révisions de politiques, des ateliers, des enquêtes, des consultations, la préparation du plan sectoriel et la modalité de mise en œuvre et un examen des résultats. Les coûts détaillés de ces activités ont été fournis par la Banque mondiale.

¹ Document UNEP/OzL.Pro/ExCom/73/26

16. Dans sa réponse sur le volet des politiques dans la demande de préparation de projet, la Banque mondiale a expliqué qu'il était nécessaire durant la phase II d'analyser comment les politiques de limitation de la consommation de HCFC et d'interdiction de l'expansion des capacités sont appliquées au niveau local et de déterminer leur impact sur le secteur des mousses de polyuréthane qui concernera les petites et moyennes entreprises (PME).

17. Au sujet des informations supplémentaires à recueillir pour la phase II, la Banque mondiale a mentionné que les sous-secteurs des chauffe-eau solaires et de l'isolation des tuyaux n'avaient pas été traités durant la phase I. La nouvelle enquête couvrir une large proportion de PME, ce qui requiert plus de ressources et de temps, justifiant ainsi le financement demandé.

Recommandation du Secrétariat

18. Le Comité exécutif pourrait approuver la demande de la Banque mondiale pour le projet de préparation d'activités d'investissement pour l'élimination des HCFC (phase II) pour le secteur des mousses de polyuréthane pour la Chine, au niveau de financement de 412 500 \$US, plus les coûts d'appui de l'agence de 28 875 \$US.

Chine : Préparation du plan de gestion de l'élimination du secteur de production des HCFC (phase II) (349 360 \$US)

Description du projet

19. La Banque mondiale a présenté une demande pour la préparation de la phase II du PGEPH pour la Chine, au coût de 349 360 \$US, tel que proposée initialement. Cette demande est également incluse dans le plan d'activités de la Banque mondiale pour 2015-2017, présenté à la 73^e réunion². Cette proposition incluait la couverture, les échéanciers et les coûts de préparation de la phase II qui permettra à la Chine d'éliminer 35 pour de sa production de HCFC par rapport au niveau de référence d'ici 2020.

20. Les activités incluses dans la préparation de projet sont des révisions de politiques, des ateliers, des enquêtes, des consultations, la préparation du PGEPH et la modalité de mise en œuvre et un examen des résultats. Les coûts détaillés de ces activités ont été fournis par la Banque mondiale. La Banque a réitéré que les activités identifiées sont requises pour la préparation de la phase II et ne répètent pas des travaux accomplis précédemment.

Observations du Secrétariat

21. Pour l'examen de ces demandes, le Secrétariat a tenu compte des lignes directrices sur le financement de la préparation de la phase II des PGEH pour des pays visés à l'article 5, telles que contenues dans la décision 71/42 et d'un examen des conditions spécifiques pour le secteur de la production. A la 55^e réunion, la Banque mondiale a reçu 473 300 \$US pour la préparation de la phase I du PGEPH.

22. Le Secrétariat a pris note également qu'à sa 71^e réunion, le Comité exécutif avait décidé de retirer l'allocation associée à la préparation de la deuxième étape du plan de gestion de l'élimination de la production de HCFC (PGEPH) pour la Chine, du plan d'activités de la Banque mondiale pour 2014-2016, étant entendu qu'elle pourrait y être réintégrée plus tard aux fins d'examen par le Comité exécutif (décision 71/23(b)). La Banque mondiale a présenté cette demande pour assurer la continuité dans la mise en œuvre du PGEPH. Selon la Banque mondiale, il faudra un minimum de 12 mois pour achever la

² Document UNEP/OzL.Pro/ExCom/73/23.

préparation de la phase II du PGEPH (à savoir, achèvement d'ici fin 2015-début 2016), soit au moment de la demande pour la dernière tranche de la phase I. La décision 71/42 prévoit que la préparation de projet puisse être proposée pour la phase II des PGEPH deux ans avant la date d'achèvement de la phase I.

Recommandation du Secrétariat

23. Le Comité exécutif pourrait approuver la demande de la Banque mondiale de préparation de projet pour la phase II du plan de gestion de l'élimination de la production de HCFC pour la Chine, au niveau de financement de 349 360 \$US, plus les coûts d'appui de l'agence de 24 455 \$US.

Annex I

INSTITUTIONAL STRENGTHENING PROJECT PROPOSALS

Jordan: Renewal of institutional strengthening

Summary of the project and country profile		
Implementing agency:		World Bank
Amounts previously approved for institutional strengthening (US \$):		
Phase I:	Jul. 1992	170,000
Phase II:	May 1997	113,333
Phase III:	Jul. 1999	113,333
Phase IV:	Jul. 2001	133,333
Phase V:	Jul. 2003	147,333
Phase VI:	Jul. 2005	147,320
Phase VII:	Jul. 2007	147,333
Phase VIII:	Jul. 2009	110,500
Phase IX:	Dec. 2010	147,333
Phase X:	Dec. 2012	147,333
Total:		1,377,151
Amount requested for renewal (phase XI) (US \$):		147,333
Amount recommended for approval for phase XI (US \$):		147,333
Agency support costs (US \$):		10,313
Total cost of institutional strengthening phase XI to the Multilateral Fund (US \$):		157,646
Date of approval of country programme:		1993
Date of approval of HCFC phase-out management plan:		2011
Baseline consumption of controlled substances (ODP tonnes):		
(a) Annex A, Group I (CFCs) (average 1995-1997)		673.3
(b) Annex A, Group II (halons) (average 1995-1997)		210.0
(c) Annex B, Group II (carbon tetrachloride) (average 1998-2000)		40.3
(d) Annex B, Group III (methyl chloroform) (average 1998-2000)		18.2
(e) Annex C, Group I (HCFCs) (average 2009-2010)		83.0
(f) Annex E (methyl bromide) (average 1995-1998)		176.3
Latest reported ODS consumption (2013) (ODP tonnes) as per Article 7:		
(a) Annex A, Group I (CFCs)		0.00
(b) Annex A, Group II (halons)		0.00
(c) Annex B, Group II (carbon tetrachloride)		0.00
(d) Annex B, Group III (methyl chloroform)		0.00
(e) Annex C, Group I (HCFCs)		59.40
(f) Annex E (methyl bromide)		3.60
Total:		63.00
Year of reported country programme implementation data:		2013
Amount approved for projects (as at May 2014) (US \$):		22,826,836
Amount disbursed (as at December 2013) (US \$):		20,105,581
ODS to be phased out (as at May 2014) (ODP tonnes):		2,239.0
ODS phased out (as at December 2013) (ODP tonnes):		1924.3

1. Summary of activities and funds approved by the Executive Committee:

Summary of activities	Funds approved (US \$)
(a) Investment projects:	18,163,123
(b) Institutional strengthening:	1,377,151
(c) Project preparation, technical assistance, training and other non-investment projects:	3,286,562
Total:	22,826,836

Progress report

2. In phase X of the IS project, the national ozone unit (NOU) in the Ministry of Environment (MoE) first focused its efforts on finalizing legal aspects and disbursement arrangements for implementing the IS project and the air-conditioning (AC) Sector Plan with the World Bank. A new grant agreement was required after the previous agreement, ODS II closed at the end of 2012. ODS III has been in place since May 2013 thanks to coordination efforts by the NOU with the Ministry of Planning and International Cooperation and the Prime Minister's office. In addition, during the time between grant agreements, the NOU ensured that day-to-day operations continued and fulfilled its monitoring and reporting obligations to the Montreal Protocol. Of critical importance to the Government of Jordan's ability to comply with Annex C obligations of the Montreal Protocol was the introduction of the HCFC quota system in early 2013. It has issued and enforced quotas for both 2013 and 2014. Other work conducted by the NOU included: organization and hosting of workshops for enterprises, other industry and trade groups and importers; facilitating the issuance of instructions for controlling ODS import and export of ODS and to broaden the quota system for HCFC control; issuance of 455 approvals for HCFC import; reporting to the Ozone and Fund Secretariats, organization of international ozone day celebrations; conducting field visits to HCFC-using industry; and participating in the Jordanian Customs department workshop on the open window system (ASYCUDA). During phase X, the NOU oversaw and managed the implementation of Multilateral Fund approved projects. The implementation of the air-conditioning sector plan under stage I of Jordan's HCFC phase-out management plan was initiated in 2013 and required intensive consultations with beneficiary enterprises. The methyl bromide phase-out project with GIZ was successfully completed during phase X, and the Petra project implemented in coordination with UNIDO is nearing completion. Finally, the NOU actively participated in the network meetings for West Asia, the 69th to 71st and 73rd meetings of the Executive Committee, the 33rd and 34th Open-ended Working Group Meetings and the 24th and 25th Meetings of the Parties (MOPs). The Head of the Jordan Ozone Unit served as the co-chair of the preparatory segment of the 24th MOP in November 2012.

Plan of action

3. The eleventh phase of Jordan's institutional strengthening project covering the 2015-2016 period will prioritize HCFC phase-out from both the policy and regulatory perspective as well as the investment side as enterprises in the air-conditioning sector convert to non-HCFC alternatives ahead of the impending 10 per cent reduction obligation in 2015. In accordance with Jordan's commitment to the Executive Committee, the country intends to institute a ban on manufacturing with R-22 by the end of 2016. The IS project will therefore enable the NOU and MoE to pursue this regulatory measure with the appropriate cooperating ministries and private sector actors, and with technical support from the HPMP project management unit. With the methyl bromide consumption ban coming into force in 2015, phase XI of the IS project will concurrently support sustainable phase-out of both Annexes A and E substances, including ongoing monitoring of importers and industry, training of Customs officers and reinforcing institutions to track potential controlled uses ODS. Renewal of the IS project will allow the NOU to continue to enhance its ability to assure compliance to the Montreal Protocol for all controlled substances. Hence, regular annual monitoring, reporting and public awareness activities are included in the action plan, as is attendance by the NOU at key ozone-related meetings.

Annex II

**VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE ON RENEWAL OF
INSTITUTIONAL STRENGTHENING PROJECT SUBMITTED TO THE 73rd MEETING**

Jordan

1. The Executive Committee reviewed the terminal report presented with the institutional strengthening project renewal request for the Hashemite Kingdom of Jordan and noted with appreciation the commitment that Jordan has shown to the Montreal Protocol over the years. In particular, the Committee congratulates Jordan for putting into place a licensing and quota system specific to HCFCs which appears, based on its data reporting, to have permitted the country to meet the target to freeze HCFC consumption in 2013. The Executive Committee looks forward to Jordan accelerating the implementation of HCFC phase-out in the HCFC-based manufacturing enterprises to complement the efforts made at the national level in meeting the compliance targets of the Montreal Protocol.

Annexe II

POINTS DE VUE EXPRIMES PAR LE COMITE EXECUTIF SUR LE RENOUVELLEMENT DU PROJET DE RENFORCEMENT DES INSTITUTIONS PRESENTES A LA 73^e REUNION

Jordanie

1. Le Comité exécutif a examiné le rapport final présenté avec la demande de renouvellement du projet de renforcement des institutions pour le Royaume hachémite de Jordanie et a pris note avec satisfaction de l'engagement de la Jordanie envers le Protocole de Montréal au fil des années. Le Comité souhaite, en particulier, féliciter la Jordanie pour la mise en place d'un système de permis et de quotas propre aux HCFC et qui semble, d'après les données communiquées, avoir permis au pays d'atteindre l'objectif de gel de la consommation de HCFC en 2013. Le Comité exécutif s'attend à ce que la Jordanie accélère la mise en œuvre de l'élimination des HCFC dans les entreprises de fabrication à base de HCFC afin de compléter les efforts fournis au niveau national pour atteindre les objectifs de conformité du Protocole de Montréal.

2014 BUSINESS PLAN
WORK PROGRAM AMENDMENT



WORLD BANK GROUP

WORLD BANK IMPLEMENTED
MONTREAL PROTOCOL OPERATIONS

Presented to the
73rd Meeting of the Executive Committee
of the Multilateral Fund

14 September 2014

WORK PROGRAM FOR WORLD-BANK IMPLEMENTED MONTREAL PROTOCOL OPERATIONS

1. This proposed work program amendment for Bank-Implemented Montreal Protocol Operations is prepared on the basis of the 2014-2016 World Bank Business Plan which was approved by the Executive Committee at its 71st meeting.
2. The 2014-2016 World Bank Business Plan consists of investment and non-investment activities to assist Article 5 partner countries to meet their two HCFC reduction targets, the 2015 10% reduction and the 2020 35% reduction. The Business Plan includes, in addition to deliverables associated with previously approved and new investment activities, requests to extend support for implementation of existing institutional strengthening projects in 2 countries.
3. As part of the 2014-2016 Business Plan, the World Bank plans to submit new preparation fund requests for HCFC sector plans Stage II for Argentina, China, Indonesia, Jordan, the Philippines, Thailand and Vietnam, and project proposals for Argentina, China, Indonesia, Jordan, the Philippines, Thailand and Vietnam.
4. The 2014 World Bank Business Plan includes deliverables of five previously approved multi-year projects in four countries totaling US\$30.1 million to support national and sectoral HCFC phase-out work in China, Jordan, Thailand and Vietnam. Total deliverables, including investment, non-investment and preparatory activities amounts to US\$34.2 million (including agency support costs and core unit costs).

2014 Work Program – ExCom 73 Amendment

5. The proposed 2014 Work Program Amendment being submitted for consideration at the 73rd Meeting of the Executive Committee, includes funding requests for Agency Core Unit Costs, one institutional strengthening renewal and four preparation activities for stage II HPMP for China and Philippines, outlined in Table 1 below. Detailed explanation on China's request for the two Stage II preparation activities are described in Annex 1: foam sector plan, and Annex 2: gradual production phase-out plan.

*Table 1: Funding Requests Submitted for Consideration
at the 73rd Meeting of the Executive Committee*

Country	Request (US\$)	Duration	Description
China	412,500	1/2015 – 12/2015	Project preparation for Stage II foam sector plan, further to Decision 64/49
China	349,360	1/2015 – 6/2016	Project preparation for Stage II gradual production phase-out plan, further to Decisions 69/28 and 71/23
Jordan	147,333	1/2015 – 12/2016	Extension of Institutional Strengthening project (Phase XI)
Philippines	90,000	1/2015 – 12/2015	Project preparation for Stage II HPMP, further to Decision 68/36, and in accordance with Decision 71/42
Philippines	150,000	1/2015 – 12/2015	Project preparation for Stage II refrigeration sector plan (air-conditioning), further to Decision 68/36, and in accordance with Decision 71/42
Support Costs	80,444		
Global	1,725,000	1/2015 – 12/2015	Agency Core Unit Costs
Total	2,954,637		

Annex 1: Request for Project Preparation (PRP) for Stage II of HPMP for PU Foam Sector in China

1. Background

China's Polyurethane Foam sector plan (Stage I) aims to freeze the consumption of HCFCs in the sector to 5,392.2 ODP tons by 2013, and reduce the consumption of HCFCs to no more than 4,449.6 ODP tons by 2015. To realize these targets, the sector plan covers production line conversion, system house conversion, policy-making and technical assistance activities. The sector plan is funded by the Multilateral Funds at \$73,000,000 from 2011 to 2016 in five tranches, which will result in 14,685 MT of HCFC-141b to be eliminated.

To continue the phase-out of HCFCs and achieve the 2020 target of phasing out 35% of HCFC consumption from the baseline level, a Stage II sector plan aims to further reduce HCFC-141b consumption by at least 8,588 MT. This document presents the intended coverage, time-lines and costs for the preparation for Stage II.

2. Sector background and coverage

2.1 Sector Background

The PU Foam Sector of China started phasing out of ODS in the 1990s. In 2001, the Executive Committee of the Multilateral Fund (hereafter referred to as the ExCom) approved the Sector Plan for Phase out of CFC-11 in the PU Foam Sector in China. Due to the advantages of insulation properties, safety in production and low price, HCFC-141b became one of the most widely used alternatives in the PU foam sector. As of today, PU foam sector has become one of the main HCFCs consumers in China, covering various sub-sectors, such as refrigerator and freezer, reefer containers, small household electric appliance, solar water heater, insulation pipe, insulation foam panels, and spray foam, etc. It is estimated that there are more than 3,500 PU foam enterprises all around the country, for which the majority are small-and-medium scale enterprises.

Since the year 2010, China has successively issued the Circular on Strict Control over the Establishment of Facilities Using HCFCs, and the Regulation on ODS Management. In 2013, as the implementation of the sector HPMP commenced the sector quota system was established for enterprises consuming more than 100 MT annually. In addition, the total supply of HCFC-141b was carried out by the production sector. This enables China to have a good control on the overall supply and have a better monitoring system on the HCFC-141b consumption in large enterprises. However, it is still a challenge to track HCFC-141b consumption in a large number of small enterprises. Additionally, the local EPB whose ODS management capacity was built under Stage I HPMP assuming increasing responsibility for implementing local regulations controlling ODS consumption in their administrative areas and enhancing monitoring efforts on HCFC consumption. More efforts are still required in order to have a better understanding of HCFC-141b consumption in small and medium scale enterprises.

2.2 Implementation Progress of HPMP (stage I) and Lessons learnt

In Stage I of the HPMP, the PU foam sector plan aims to phase out 14,685 MT of HCFC-141b, and to convert system houses to provide pre-blended polyol using alternative foaming agents to SMEs. Technical assistance activities including standards formulation, capacity building and training are also covered by the HPMP. The HPMP also supports formulation of policy and regulation to control use of HCFCs in the sector.

By August 2014, 47 conversion contracts were signed, when completed 12,114 MT of HCFC-141b will be phased out. Most enterprises choose cyclopentane or water as the substitute, depending on different characteristics of resulting foam products and their sub-sectors. Contracts to convert 6 system houses are to be signed soon to provide support for conversions by small and medium enterprises that lack the capability to produce handling the blending process by themselves. In order to facilitate the dissemination of alternative technologies, and to regulate the enterprises' safe production practices, corresponding technology and safety standards are being studied and prepared. In the remaining time of Stage I HPMP, about 2,000 MT of HCFC-141b will be phased out through conversion and policies. A technical support system will be considered to ensure sustaining conversion. A ban on using HCFC-141b in three sub-sectors such as small household appliances, reefer containers and refrigerators is undergoing study, and is expected to be issued by the year 2015.

The implementation of the HPMP shows that 1) policies such as quotas and bans play an important role in phase-out and securing the obtained progress; 2) it is important to establish a technical support system to avoid the risk of the conversion to the hydrocarbon technology and provide the support for the SMEs; 3) Strengthening the capacity of local authorities can greatly enhance the overall capability of the country to meet phase-out targets and help the sector achieve fair and sustainable phase-out, and 4) it is important to carry out the system house project to provide water or hydrocarbon pre-blended polyol to enable the small-and-medium scale beneficiary enterprises to undertake conversion away from HCFC-141b. Meanwhile, in the course of HPMP (stage I) implementation, some challenges are also identified. For instance, there are a large number of small and medium sized enterprises in the PU foam sector that comparatively lack of information on alternative technologies and possess limited financial and management capacity. Additionally, due to more and more adoption of HC technology to replace HCFC-141b, the issues on safe production and good practice need to be further emphasized.

2.3 Preparation of HPMP (stage II)

The Stage II PU foam sector plan will focus on the two sub-sectors, which are solar water heater and pipe insulation sub-sectors as the alternative technologies are well proven in the two sub-sectors. Two substitutes, cyclopentane and water, will be applied in these two sub-sectors according to their suitability for specific products. The goal of Stage II of HPMP is to realize the scheduled HCFC cap of not more than 65% of the baseline level. With consideration of the whole country's compliance and the practicality of management, the PU foam sector will have to phase out a larger part of HCFC consumption, resulting in at least 8,588 MT of HCFC phase out. The actual phase-out amount to be captured by the PU foam sector will be determined when the survey results become available and an overall strategy for Stage II is decided. In order to properly develop the HPMP (stage II) for the PU foam sector, the preparation project will include, among others, information collection, policy review, field survey, data and technology analysis, cost calculation, exploration of project implementation modalities and formulation of HPMP. They are detailed as follows:

Data Collection:

A. Collection of general information

- Background information of the PU foam sector will be collected and updated through consultation with industrial associations, HCFC-141b producers, polyol suppliers, MDI suppliers, equipment suppliers, foam producers, and other related stakeholders.
- A brief review of activities undertaken so far under the HPMP (stage I) in the PU foam sector, focusing on lessons learnt and how these could be used for the future HCFCs phase-out.

- Consultation meetings for sub-sector and sector levels will be organized in order to formulate a data collection strategy accordingly.
- Development of the Term of Reference for surveys and data analysis.

B. Development of questionnaire

- Questionnaire for data collection will be designed and developed. Working meetings will be organized with industrial associations, manufacturers and experts to finalize the questionnaire.
- Consultation meetings with all relevant stakeholders will be organized to ensure common understanding of the data collection and the information required by the questionnaire.
- Training will be planned and provided to the staff participating in the data survey.

C. Field survey and data analysis

- Questionnaire will be distributed to ~150 enterprises with the aid of industry association and local authorities.
- Field visits to at least 40 PU foam enterprises mainly covering solar energy, pipe and panel sub-sectors as well as system house companies. A survey plan will be prepared. The field survey will be jointly carried out by the PMO/MEP, industrial associations, local EPBs and external experts, with a view to the eligibility of enterprises, the information on HCFC consumption in recent three years, production lines and applications, technical preference for replacing HCFCs, and any difficulties or challenges to be faced by enterprises in future conversions.
- Upon the data collected, the consumption of HCFC-141b in different sub-sectors and different scales of enterprises will be analyzed, and the situation of different blowing agents used in the PU foam sector will be concluded.

Stage II PU foam sector plan formulation:

D. Policy review

- Existing national and local policies and regulations will be reviewed.
- New policies and regulatory framework for HCFCs phase-out in the PU foam sector might be proposed.

E. Review and analysis of substitute technologies

- Consultation meetings will be held to update technology development and evaluate different alternative technologies, taking into consideration of any technical issues emerging in the process of conversion activities under HPMP (stage I)
- Research on development of both domestic and overseas alternative technologies in PU foam sector will be conducted. Updated information of alternative technologies to HCFC-141b in various sub-sectors will be collected and evaluated.

F. Cost calculation

- Information on the cost for different alternative technologies will be updated.
- Cost calculation methodology will be established, taking into account different scales of enterprises, especially the small and medium sized enterprises in the sector.

G. Project implementation modality

- Project implementation modalities will be proposed. In the Stage I of HPMP in PU foam sector, most beneficiaries are large or medium-sized enterprises. Given the fact that there are

a large number of small and medium sized enterprises in the sector, in Stage II, it is estimated that more of those enterprises will be involved in phase-out activities. Therefore, more implementation modalities, such as region-based phase-out and system house-leading phase-out may be taken into consideration.

- Phase-out priority for stage II will be identified on a sub-sector basis.

H. Formulation of the HPMP(stage II)

- Stakeholders meetings will be organized to review the draft of the sector plan, including proposed HCFC-141b phase-out strategy, technology options, proposed policy framework, cost calculation, proposed implementation modalities, and so on.
- The HPMP (stage II) for PU foam sector will be revised based on the feedback from aforementioned meetings, and be concluded for submission.

3. Timelines for preparation

Month	1	2	3	4	5	6	7	8	9	10	11	12
Description												
Inception meeting	X											
Field survey planning	X	X	X									
Data collection			X	X	X	X						
Data analysis				X	X	X	X	X				
Project preparation						X	X	X	X			
Stakeholder consultations		X				X		X	X	X	X	
Project document finalization								X	X	X	X	X

4. Project costs and break-down

The project preparation costs for sector projects can be given in the table below.

Particulars	Unit Price	Times or Person-days	Value in USD
Workshops (4 at provincial and 2 at national level)	10,000	6	60,000
National consultant (data collection)	200	300	60,000
Field survey	800	100	80,000
Technology Consultation (International survey of low carbon alternatives)	20,000	1	20,000
PU Foam Sector Plan Stage II Preparation	200	150	30,000
Development of implementation modality (International Consultants and Travel)			62,800
Review of Survey Result and Draft HPMP (International Consultants and Travel)			62,800
Subtotal			375,000
Contingency (10%)			37,500
Total			412,500

Annex 2: Request for Project Preparation (PRP) for Stage II of HPMP for HCFC Production Sector in China

1. Background

At the 19th Meetings of the Parties held in September 2007, the Parties agreed to accelerate the HCFC phase-out schedule. As an Article 5 country, China was required to freeze the production and consumption of HCFCs at the average level of 2009 - 2010 (baseline) by 2013, to realize 10%, 35%, 67.5% reductions in 2015, 2020 and 2025, respectively, and achieve complete phase-out of HCFCs by 2030 with a 2.5% remaining allowed production and consumption of HCFCs to meet the residual demand in the servicing sector during the period of 2030 – 2040.

In cooperation with the World Bank, one of the implementing agencies to the Multilateral Fund for the implementation of the Montreal Protocol, the Sector Plan for Phase out of HCFCs in the Production in China (phase I) was submitted to the 66th ExCom meeting for approval in July 2012, and was approved at 69th ExCom meeting with a funding of US\$95,000,000 grant. The objective of the HPMP in production sector in the first stage (2011-2015) is to ensure the HCFC production in China is frozen on an average level of 2009-2010 by 2013 and realizes 10% reduction from the freeze level by 2015. To realize these targets, the sector plan covers enterprise level phase-out, policy-making and technical assistance activities. According to the sector plan, around 47,256 MT of HCFCs, equivalent to 3,970 ODP tonnes, will be phased out by the year 2015.

In the second stage (2015-2020), to continue the phase-out of HCFCs and achieve the 2020 target of phasing out 35% of HCFC production from the baseline level, the HPMP (stage II) of production sector is to be prepared, and will continue to organize the investment activities, policy development, and technical assistance (TA) activities. This document presents the intended coverage, time-lines and costs for the preparation for Stage II.

2. Sector background and coverage

2.1 Sector Background

China produces a variety of HCFC including HCFC-22, HCFC-141b, HCFC-142b, HCFC-123 and HCFC-124. The first three accounts for 99% of total production and are used primarily as refrigerants, foam blowing agents and feedstock. For HCFC-22, HCFC-141b and HCFC-142b, there are 16, 8 and 12 manufacturers, respectively. Total production capacity in 2010 was around one million tons. China HCFC production, excluding feedstock, was 445,887 tons in 2010. In terms of metric tons, HCFC-22 production is about 71% of the total production, follow by HCFC-141b (22%) and HCFC-142b (6%). Phasing out HCFC will pose a very significant challenge to China as HCFC production and consumption plays a critical role in China's economy in terms of raw materials consumed, sectors covered, volume produced and economic value.

2.2 Implementation Progress of HPMP (stage I) and lessons learnt

Since approval of the Sector Plan, China has initiated various activities to ensure the smooth implementation of the sector plan. With regard to policy actions, in order to duly achieve the freeze target in 2013 and 10% reduction in 2015, China has already issued the ODS regulations, strict control of HCFC Production facilities and establishment of facilities, and introduced the quota management in the production sector. As a result of conversion activities carried out under the sector plan, collaborating with

policy measures as well as series of TA activities, China has realized the freeze target for 2013, and implementation of the production sector is also on track as per the commitments set out in the sector plan.

In terms of policy actions, the HCFC export/import license system was implemented and HCFC production and consumption quota system has been implemented since 7 August 2013. A national HCFC production quota of 426,540 MT (28,633 ODP) which includes 281,037 (18,560 ODP) for domestic use was issued for 2013 and 2014. According to the verification report on 2013 production conducted by the World Bank’s independent verification team, it shows that the overall production for controlled use and production for domestic sales are within the quotas issued.

HCFC production in 2009-2013 (ODP tonnes)

	2009	2010	2011	2012	2013	Baseline
Production	28,200.60	30,043.30	32,106.07	34,413.51	26,599.33	29,122.00

For meeting the freeze target in 2013, mandatory production reduction was employed. By end of December 2013, 6 HCFC-141b enterprises and 6 HCFC-142b enterprises signed the phase-out contracts with FECO for their reduction from the 2010 level to baseline for a total amount of 10,427 MT of production reduction. Meanwhile, several TA activities were carried out to lay down a solid foundation for smooth implementation of phase-out activities in future. The reduction in 2013 would be at least 19,348 MT with an estimate of climate benefit of about 33 Million tons of CO₂eq.

In order to address the 10% reduction in 2015, the bidding for HCFC production line closure projects has been initiated at earlier of August 2014, and the contracts with bid winners are expected to be signed by end of October 2014.

During the implementation of stage I so far, except the funding incentive to encourage the phase-out activities at the enterprise level, quota system is the most effective manner to ensure the China’s compliance with the Montreal Protocol. Combination of financial incentives and “tradable” production quota system has shown to be effective tools in enabling China to meet its compliance under the Montreal Protocol. Coordination among management of HCFC production, consumption and import & export is also the key element for China’s compliance with the Montreal Protocol.

3. Preparation of HPMP (stage II)

3.1 Objective

The objective of this assignment is to develop a HCFCs Production Phase-out Management Plan for stage II with funding request for China to ensure its production for controlled use will not exceed 18,929 ODP tons by 2020. The plan will include a production phase-out strategy for each HCFCs taking into account current and future demand of HCFCs and expected HCFCs consumption reduction from MLF funded activities in China and other A5 countries, in order to maintain a balance between global demand and supply of HCFCs.

3.2 Scope of works

In order to properly develop the HPMP (stage II) for the production sector, the preparation work will mainly include:

- Review experience and lessons learned from implementation of Stage I HPPMP;

- Determine the demand of each HCFCs in China and other Article 5 countries during the past three years and in the future by reviewing all the HPMP agreements between the ExCom and other A5 countries;
- Conduct consultation with relevant industrial sectors in China and with key non-LVC countries regarding their phase-out policies and future demand of HCFCs;
- Review any potential industrial rationalization including closure in the HCFC production industry in China;
- Develop a comprehensive HCFC production phase-out strategy, reduction schedule, implementation modality, policies framework, technical activities for each HCFC taking into account the need to maintain a balance between the global supply and demand of HCFCs.
- Determine the funding needed for stage II, taking into account different kinds of influencing factor and key sensitivity parameters;

4. Timelines for preparation

Overall time plan for implementation of the preparation project during the 18 months is given in the table below:

	Q1	Q2	Q3	Q4	Q5	Q6
Inception meeting	X					
Review current domestic demand and HPMP of other A5 countries		X	X			
Analysis on future demand for HCFCs in China and other A5 countries for stage II		X	X	X		
Funding needed for stage II			X	X	X	
Stage II HPPMP formulation				X	X	
Stakeholder consultations				X	X	X
Finalization of stage II HPPMP					X	X

5. Project costs

The project preparation costs for sector projects can be given in the table below.

Particulars	Unit Price	Times or Person-days	Value in USD
Workshops	10,000	6	60,000
National consultant service (analysis on future demand , industry rationalization, global demand and supply, reduction schedule, cost calculation and project formulation)	200	150	30,000
Domestic travel for stakeholder consultation and enterprise visits	800	40	32,000
International travels and accommodation for Chinese experts	6,000	2	12,000
Consultation workshops with non-LVC in China	6,000	8	48,000
Communication, translation, printing, etc.			10,000
Development of Project Implementation Modality taking into account industrial rationalization and the global demand and supply			62,800
Review the consultant's report and finalize the HPPMP document			62,800
Sub-total			317,600
Contingency			31,760
Total			349,360