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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-fifth Meeting
Montreal, 16-20 November 2015

PROJECT PROPOSAL: INDONESIA

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

Phase-out

•	HCFC phase-out management plan (stage I, third tranche)	UNDP, UNIDO, World Bank and Australia

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Indonesia

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	Australia, World Bank, UNDP (lead), UNIDO	64th	20% by 2018

(II) LATEST ARTICLE 7 DATA (Annex C Group l)	Year: 2014	257.98 (ODP tonnes)

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2014	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22				27.5	134.4				161.9
HCFC-123			1.0		1.1				2.2
HCFC-141b		60.3		32.5					92.7
HCFC-142b					0.3				0.3
HCFC-225						0.9			0.9

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	403.9	Starting point for sustained aggregate reductions:	403.9
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	135.0	Remaining:	268.92

(V) BUSINESS PLAN		2015	2016	2017	2018	Total
UNDP	ODS phase-out (ODP tonnes)	4.9	0.0	0.0	4.7	9.6
	Funding (US $)	490,310	0	0	478,375	968,685
World Bank	ODS phase-out (ODP tonnes)	1.4			1.4	2.9
	Funding (US $)	145,888			145,888	291,776

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	Total
Montreal Protocol consumption limits			n/a	n/a	403.9	403.9	363.5	363.5	363.5	363.5	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	403.9	403.9	363.5	363.5	363.5	323.1	n/a
Agreed funding (US $)	Australia	Project costs	300,000	0	0	0	0	0	0	0	300,000
		Support costs	39,000	0	0	0	0	0	0	0	39,000
	World Bank	Project costs	1,500,000	0	942,767	0	135,710	0	0	135,710	2,714,187
		Support costs	112,500	0	70,708	0	10,178	0	0	10,178	203,564
	UNDP	Project costs	4,000,000	0	4,000,000	0	456,102	0	0	445,000	8,901,102
		Support costs	300,000	0	300,000	0	34,208	0	0	33,375	667,583
	UNIDO	Project costs	777,395	0	0	0	0	0	0	0	777,395
		Support costs	58,305	0	0	0	0	0	0	0	58,305
Funds approved by ExCom (US $)		Project costs	6,577,395	0	4,942,767						11,520,162
		Support costs	509,805	0	370,708						880,513
Total funds requested for approval at this meeting (US $)		Project costs					591,812				591,812
		Support costs					44,386				44,386

Secretariat's recommendation:	For individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Indonesia, UNDP as the lead implementing agency, has submitted to the 75th meeting a request for funding for the third tranche of stage I of the HCFC phase-out management plan (HPMP), at a total cost of US $636,198, consisting of US $456,102, plus agency support costs of US $34,208 for UNDP, and US $135,710, plus agency support costs of US $10,178 for the World Bank. The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption and the tranche implementation plan for 2015 to 2018.

Report on HCFC consumption

HCFC consumption

2. The Government of Indonesia reported a consumption of 257.98 ODP tonnes of HCFC in 2014. The 2010-2014 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Indonesia (2010-2014 Article 7 data)

HCFC	2010	2011	2012	2013	2014	Baseline
Metric tonnes						
HCFC-22	5,396.8	3,909.6	3,662.4	2,977.1	2,944.2	4,861.9
HCFC-123	66.4	311.7	190.9	100.5	108.8	192.2
HCFC-124	0.1	0	0	0	0	0.1
HCFC-141b	1,225.8	1,009.9	1,096.4	1,300.0	843.0	1,205.9
HCFC-142b	0	64.1	24.9	6.4	4.5	0
HCFC-225	0.0	14.0	27.3	19.4	12.2	0.3
Total (metric tonnes)	**6,689.1**	**5,309.3**	**5,001.9**	**4,403.4**	**3,912.7**	**6,260.4**
ODP tonnes						
HCFC-22	296.8	215.0	201.4	163.7	161.9	267.4
HCFC-123	1.3	6.2	3.8	2.0	2.2	3.8
HCFC-124	0.0	0.0	0.0	0.0	0.0	0.0
HCFC-141b	134.8	111.1	120.6	143.0	92.7	132.6
HCFC-142b	0.0	4.2	1.6	0.4	0.3	0.0
HCFC-225	0.0	1.0	1.9	1.4	0.9	0.0
Total (ODP tonnes)	**433.0**	**337.50**	**329.38**	**310.52**	**257.98**	**403.9**

3. As a result of the implementation of HCFC licensing and quota system and conversion projects, the consumption of all HCFCs used in the country has decreased in 2014, except HCFC-123 which has grown due to the increase in installation of HCFC-123 based centrifugal chiller and servicing requirement for existing chillers. The 2014 HCFC consumption of 257.98 ODP tonnes is approximately 30 per cent below the allowable consumption of 363.51 ODP tonnes in 2015.

Verification report

4. The verification report confirmed that the Government has an enforceable licensing and quota system for HCFC imports and that the total consumption of HCFCs was 310.5 ODP tonnes in 2013 and 258 ODP tonnes in 2014. The verification concluded that Indonesia has met the Montreal Protocol targets for the relevant years.

Country programme (CP) implementation report

5. The Government of Indonesia reported HCFC sector consumption data under the 2014 CP implementation report which is consistent with the data reported under Article 7.

Progress report on the implementation of the second tranche of the HPMP

Legal framework

6. The licensing and quota system for HCFC imports was established in 2012. The Government has already issued HCFC import quotas for 2015 at 269.4 ODP tonnes; has prohibited the use of HCFC-22 and HCFC-141b in refrigeration and air-conditioning manufacturing and assembly sectors from 1 January 2015; and has removed HFC-32 from the list of highly flammable substances and is developing standards for its safe use in refrigeration and air-conditioning equipment. The enterprises manufacturing HFC-32-based products have their own safety standards in installing and servicing the equipment. Currently, there is no regulation restricting the import of products/substances with high global warming potential (GWP).

Foam manufacturing sector

7. Twenty-six polyurethane rigid foam manufacturing enterprises were included under stage I of the HPMP for conversion to non-HCFC-141b technologies with the assistance of the World Bank. Three large enterprises manufacturing refrigeration equipment completed the conversion of the insulation foam process to cyclopentane technology with the phase-out of 149.6 metric tonnes (mt) of HCFC-141b. The remaining 23 are small and medium-sized enterprises (SMEs), of which three have completed and two are finalizing the conversion to HFC-245fa technology which will result in the total phase-out of 45.1 mt of HCFC-141b. Seven out of the remaining 18 enterprises, are considering the conversion to HFC-245fa, whereas the rest are concerned about the availability and price of non-HCFC-141b foam blowing agents and raw materials that will allow them to make the same quality foam products that their clients are used to.

8. In addition four foam enterprises manufacturing rigid polyurethane foam are converting from HCFC-141b to hydrocarbon-based technology with the support of UNIDO. The equipment had been purchased and delivered for all the enterprises. Installation of equipment, trials and training will be completed by the end of November 2015 with the phase-out of 94.1 mt of HCFC-141b.

Refrigeration and air-conditioning manufacturing sector

9. In the air-conditioning sector, out of 21 enterprises included under stage I, one enterprise completed its conversion and four have stopped using HCFCs and will complete the conversion to HFC-32 by the end of 2015 or early 2016, with a total phase-out of 353.46 mt of HCFC-22. In the commercial refrigeration sector, out of 27 enterprises included under stage I, 15 enterprises had stopped using HCFCs and are expected to finalize their conversion to HFC-32 to replace HCFC-22 refrigerant and cyclopentane to replace HCFC-141b as a foam blowing agent by mid-2016 with a phase-out of 266.2 mt tonnes of HCFCs. The remaining 12 enterprises in the refrigeration sector and 16 enterprises in the air-conditioning sector requested to be removed from the HPMP as they decided to convert to high-GWP refrigerants without funding from the Multilateral Fund.

10. In support to the conversion of the refrigeration and air-conditioning manufacturing enterprises, the Ministry of Environment and Forestry facilitated a number of awareness activities on HCFC alternatives and their availability, provided technical assistance and an outreach event for the media.

Refrigeration servicing sector

11. The phase-out activity to address HCFC consumption in the servicing sector included in stage I was limited to the establishment of a product stewardship programme for effective management of refrigerants, reclaim equipment supply for demonstration purposes and an awareness programme (as a bilateral cooperation by the Government of Australia). As of September 2015, manuals on good service

practices and on use of flammable refrigerants in refrigeration and air-conditioning (RAC) equipment had been translated, and consultations with the Management Refrigeration Association of Indonesia (AMRI) on phase-out related matters in the RAC sector had been carried out.

Level of fund disbursement

12. As of September 2015, of the US $11,520,162 so far approved, US $4,649,597 had been disbursed (US $2,763,970 for UNDP, US $498,627 for UNIDO, US $1,352,000 for the World Bank and US $35,000 for the Government of Australia). Table 2 shows the financial report of stage I.

Table 2. Financial report of stage I of the HPMP for Indonesia (US $)

Agency	First tranche		Second tranche		Total approved	
	Approved	**Disbursed**	**Approved**	**Disbursed**	**Approved**	**Disbursed**
UNDP	4,000,000	1,584,799	4,000,000	1,179,171	8,000,000	2,763,970
UNIDO	777,395	498,627	0	0	777,395	498,627
World Bank	1,500,000	982,000	942,767	370,000	2,442,767	1,352,000
Government of Australia	300,000	35,000	0	0	300,000	35,000
Total	6,577,395	3,100,426	4,942,767	1,549,171	11,520,162	4,649,597
Disbursement rate (%)		47		31		40

Implementation plan for the third tranche of the HPMP

13. The third funding tranche of the HPMP will be implemented between 2016 and 2018. During this period, the Government of Indonesia will continue conversion activities in the refrigeration and air-conditioning sector (US $456,102 for UNDP), and in the foam sector (US $135,710 for the World Bank), and will finalize implementation modalities of the product stewardship programme, upgrade training curriculum and conduct awareness activities (funding remaining from the first tranche). The project management unit will continue to support HPMP implementation and consultations with industry will be also held.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Verification report

14. The verification report indicated that custom authorities record R-406 as a pure substance whereas the national ozone unit (NOU) assigns the consumption of R-406 into HCFC-22 and HCFC-142b, which results in a slight difference in consumption figures. In responding to the suggestion by the Secretariat that the Government may wish to consider harmonizing the report on imports of R-406, UNDP indicated that import control on R-406 is exercised by the NOU through ODP limits in the issued licenses, and the NOU will work with customs to ensure that necessary control measures for compliance with the Montreal Protocol are maintained.

15. With regard to the recommendations to use a common shared database on HCFC permit and quota system between the Ministry of Trade, NOU and the registered importers with monthly quality checks by NOU; set HCFC monitoring and reporting process for export; and use single unit system in customs records, UNDP indicated that the NOU will review the recommendations with officials from different ministries and is expected to address them in 2016.

Proposals on funds reallocation

Foam manufacturing sector

16. With regard to the concern of several enterprises included in stage I of the HPMP about the availability and price of non-HCFC-141b foam formulations, the World Bank clarified that for small-size enterprises with highly specialized foam applications the price of formulations can impact the viability of their business model, and as a consequence have hesitated to convert. While pre-blended HFC-245fa polyol became available in Indonesia and is likely to be a solution for most of the remaining enterprises, its application is not trivial given the need for cold storage facilities and proper handling, and a guarantee that the quality of products will not be affected.

17. The World Bank further indicated that stage I did not include support for local systems houses, assuming that non-HCFC-141b systems would be available from foreign-owned systems houses and chemicals supplier. However, foreign-owned systems houses targeted large size enterprises converting to hydrocarbon technology and local systems houses were unwilling to make investments before significant demand had materialized. Consequently, local systems houses did not have the HFC-245fa technology and technical capacity for assisting their SME costumers.

18. In response to this situation, the Government of Indonesia and the World Bank proposed to modify the foam sector component by redirecting up to US $542,837 (representing 20 per cent of the stage I foam sector funding) to purchase foam blowing equipment for customization and testing HFC-245fa formulations and researching the use of water blown formulations, by one or two systems houses. This support will result in better and faster service on the supply side and raise acceptance among hesitant foam enterprises for their conversion. The World Bank considered that this would represent a minor change to the annual implementation plan, which is covered by the flexibility clause in the Agreement between the Government of Indonesia and the Executive Committee.

19. In relation to the proposal to reallocate funding for support to systems houses, the Secretariat noted that four years after the approval of the HPMP in 2011, a majority of the enterprises in the foam sector (with an associated funding of US $1,187,187) have not converted to the technology that was selected during the preparation of stage I; today, the situation is markedly different compared to 2011, with a number of new low-GWP alternative formulations developed and implemented or the subject of demonstration projects. The Secretariat considered that the proposed reallocation is a major change since stage I did not address systems houses, and the proposal is to introduce a high-GWP blowing agent that will supply these systems during future implementation stages of the HPMP, noting the reservation of the Executive Committee to replace HCFCs with high-GWP technologies.

20. The Secretariat also noted that at the 72nd meeting, US $150,000 was approved for the World Bank to prepare activities in the foam sector under stage II of the HPMP for Indonesia. It is unclear how the proposed reallocation will relate to the stage II foam sector plan, which is still under preparation. Stage II of the HPMP is expected to be submitted to the 76th meeting.

Servicing sector

21. The funding associated with the by 28 RAC enterprises that decided to convert with their own resources to HFC-410A technology (rather than HCFC-32 originally proposed) is US $3.12 million. The Government of Indonesia had proposed to use US $3,050,000 out of US $3,120,000 for the servicing sector support and enforcement capacity building, which would result in the phase-out of 635.4 mt (34.95 ODP tonnes) of HCFC-22, as shown in Table 3.

Table 3. Activities in the servicing sector under stage I of the HPMP for Indonesia

Description	Cost (US $)
Training of 60 trainers and 2,700 technicians in good service practice	2,132,000
Customs and enforcement training	273,000
Equipment support for 30 training centres	645,000
Total	**3,050,000**
ODP impact (US $4.8/kg)	34.95

22. UNDP noted that the Government of Indonesia has taken proactive steps to phase-out HCFC consumption mainly in the RAC sector, and the service sector is engaged in the process of adoption of alternatives. The proposed activity would result in continuous and seamless implementation of HPMP strategy and help servicing sector phase-out process. The phase-out associated with the proposed activities represents an additional 8.7 per cent reduction from the HCFC baseline, and will be incorporated into the servicing sector strategy under stage II of the HPMP under current preparation. The process of finalizing and implementing administrative procedures would be faster if these activities are implemented under stage I rather than stage II. Furthermore, any "disturbance" to the continuity of implementation of its HPMP will adversely affect stakeholder engagement and the implementation pace of the HCFC phase-out

23. In considering the proposal to include, in stage I of the HPMP, activities to address HCFC consumption in the servicing sector, the Secretariat noted that the HCFC consumption in 2014 of 257.98 ODP tonnes was approximately 30 per cent below the allowable consumption of 363.51 ODP tonnes in 2015; furthermore, the consumption of HCFC-22 in the servicing sector has been reduced by 45 per cent in 2014 as compared to 2010. Accordingly, additional reductions in consumption beyond those envisioned in stage I would not appear necessary to ensure Indonesia compliance with the targets specified under the Montreal Protocol and in its Agreement.

24. The Secretariat also noted that at the 72nd meeting, US $90,000 was approved for UNDP to prepare the overarching strategy with the servicing sector as a key component. While the activities proposed may have been informed by data collected in the process of stage II preparation, it is unclear how the proposed activities relate to the overarching strategy under preparation. Stage II of the HPMP is expected to be submitted to the 76th meeting.

Changes to the Agreement

25. In regards to the proposed reallocation of funds, after given due consideration of the proposals for utilizing US $3,050,000 (of the US $3,200,000) associated with the RAC enterprises that decided to convert with their own resources, and the US $1,187,187 associated with the foam enterprises that postponed their conversion due to concerns on the viability of their business model, the Secretariat concluded that the best course of action would be to revise the Agreement between the Government of Indonesia and the Executive Committee with the last tranche request in 2015 (instead of 2018). This approach would allow for a cost-effective and sustainable transition from stage I to stage II of the HPMP for Indonesia, particularly in light of the comprehensive strategy for stage II under current preparation that is expected at the 76th meeting (i.e., technical support to local systems houses for testing only low-GWP foam formulations (noting the presumption of the Executive Committee against the introduction of high-GWP technologies such as HFC-245fa even if it is co-blown with water), and conversion to low-GWP formulations for all eligible foam enterprises; and a strategy for addressing the consumption of the refrigeration servicing sector, taking into account the technologies being selected by the enterprises converted with assistance from the Fund).

26. Accordingly, the total funding associated with the enterprises converted using their own resources (US $3,120,000, UNDP) or not yet committed to convert (US $1,187,187, World Bank) would be deducted from the agreed funding for stage I. Taking into account the funding that would have been allocated in the third tranche (US $456,102 for UNDP plus US $135,710 for the World Bank) in 2015; and the fourth tranche (US $445,000 for UNDP plus US $135,710 for the World Bank) in 2018, the return to the Multilateral Fund at the 75th meeting would be US $2,218,898, plus agency support costs of US $166,417 for UNDP, and US $915,767, plus agency support costs of US $68,683 for the World Bank. The consumption of 115.48 mt (12.70 ODP tonnes) of HCFC-141b associated with the enterprises in the foam sector that have not yet committed to convert to HFC-245fa would be added back to the country's remaining consumption eligible for funding. On this basis, Appendix 2-A of the Agreement would be modified as shown in Table 4.

Table 4: Updated Appendix 2-A as proposed by the Secretariat (Option 1)

Row	Particulars	2011	2012	2013	2014	2015*	2016	2017	2018*	Total
2.1	Lead IA (UNDP) agreed funding (US $)	4,000,000	0	4,000,000	0	**0***	0	0	**0**	**8,000,000**
2.2	Support costs for Lead IA (US $)	300,000	0	300,000	0	**0**	0	0	**0**	**600,000**
2.3	Cooperating IA (Australia) agreed funding (US $)	300,000	0	0	0	0	0	0	0	300,000
2.4	Support costs for Cooperating IA (US $)	39,000	0	0	0	0	0	0	0	39,000
2.5	Cooperating IA (World Bank) agreed funding (US $)	1,500,000	0	942,767	0	**0***	0	0	**0**	**2,442,767**
2.6	Support costs for Cooperating IA (US $)	112,500	0	70,708	0	**0**	0	0	**0**	**183,208**
2.7	Cooperating IA (UNIDO) agreed funding (US $)	777,395	0	0	0	0	0	0	0	777,395
2.8	Support costs for Cooperating IA (US $)	58,305	0	0	0	0	0	0	0	58,305
3.1	Total agreed funding (US $)	6,577,395	0	4,942,767	0	**0**	0	0	**0**	**11,520,162**
3.2	Total support cost (US $)	509,805	0	370,708	0	**0**	0	0	**0**	**880,513**
3.3	Total agreed costs (US $)	7,087,200	0	5,313,475	0	**0**	0	0	**0**	**12,400,675**
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)									45.10
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)									0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)									222.30
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)									**77.20**
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)									0
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)									**55.43**

***Funds associated with 18 foam enterprises and 28 refrigeration and air-conditioning enterprises that were expected to be included under stage I but had not committed or used their own resources to convert to a high-global warming potential technology.**

27. Subsequently, UNDP and the World Bank informed the Secretariat that the Government of Indonesia wishes to proceed with implementation of stage I of the HPMP until 2018 with the proposed changes in the strategies for the foam sector (by including a few local systems houses to optimize HFC-245fa formulations and research the use of water blown formulations, to supply to their downstream foam enterprises) and for the refrigeration manufacturing sector (by implementing several activities in the refrigeration servicing sector with the funding of US $3,050,000 out of the US $3,120,000 available from the manufacturing sector). Noting that decision 74/50 specified the criteria for funding HCFC phase-out in the consumption sector for stage II and that decision 60/44 applies to stage I, this would result in the phase-out of additional 677.8 mt (37.28 ODP tonnes) of HCFC-22, that would be deducted from the remaining consumption eligible for funding. On this basis, Appendix 2-A of the Agreement would be modified as shown in Table 5.

Table 5: Updated Appendix 2-A as proposed by UNDP and the World Bank (Option 2)

Row	Particulars	2011	2012	2013	2014	2015	2016	2017	2018	Total
2.1	Lead IA (UNDP) agreed funding (US $)	4,000,000	0	4,000,000	0	456,102	0	0	445,000	8,901,102
2.2	Support costs for Lead IA (US $)	300,000	0	300,000	0	34,208	0	0	33,375	667,583
2.3	Cooperating IA (Australia) agreed funding (US $)	300,000	0	0	0	0	0	0	0	300,000
2.4	Support costs for Cooperating IA (US $)	39,000	0	0	0	0	0	0	0	39,000
2.5	Cooperating IA (World Bank) agreed funding (US $)	1,500,000	0	942,767	0	135,710	0	0	135,710	2,714,187
2.6	Support costs for Cooperating IA (US $)	112,500	0	70,708	0	10,178	0	0	10,178	203,564
2.7	Cooperating IA (UNIDO) agreed funding (US $)	777,395	0	0	0	0	0	0	0	777,395
2.8	Support costs for Cooperating IA (US $)	58,305	0	0	0	0	0	0	0	58,305
3.1	Total agreed funding (US $)	6,577,395	0	4,942,767	0	591,812	0	0	580,710	12,692,684
3.2	Total support cost (US $)	509,805	0	370,708	0	44,386	0	0	43,553	968,452
3.3	Total agreed costs (US $)	7,087,200	0	5,313,475	0	636,198	0	0	624,263	13,661,136
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)									**82.38**
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)									0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)									**185.02**
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)									89.90
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)									0
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)									42.73

Conclusion

28. The HCFC consumption in Indonesia is already 36 per cent below the baseline level, placing country in compliance with the Montreal Protocol targets. The verification report confirmed that the country has put in place an operational licensing and quota system for HCFC imports. Thirty-one per cent of the second tranche and 40 per cent of the funding approved to date has been disbursed. The country has advanced in implementing a number of phase-out activities in the RAC and foam sectors. The Secretariat noted that sufficient level of implementation of the second tranche of the HPMP has been achieved.

29. The Secretariat is submitting for individual consideration the request for the third tranche of the HPMP for Indonesia. The Executive Committee may wish to consider whether to approve the proposed major change in the refrigeration servicing sector and the change in the foam sector as presented above.

RECOMMENDATION

30. The Executive Committee may wish to consider:

(a) Noting:

(i) The progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan (HPMP) in Indonesia;

(ii) That 12 enterprises in the refrigeration sector and 16 enterprises in the air conditioning sector requested to be removed from stage I of the HPMP as they had decided to convert to high global warming potential technology without funding from the Multilateral Fund;

(iii) That 18 foam enterprises that were expected to be converted to HFC-245fa technology under stage I of the HPMP and had not yet committed to do so;

Option 1:

(b) [Noting the return of US $2,218,898, plus agency support costs of US $166,417 by UNDP associated with the enterprises mentioned in sub-paragraph (a)(ii) above to the 75th meeting;

(c) Noting the return of US $915,767, plus agency support costs of US $68,683, by the World Bank associated with the enterprises mentioned in sub-paragraph (a)(iii) above to the 75th meeting;

(d) Reinstating 12.70 ODP tonnes of HCFC-141b associated with the enterprises mentioned in sub-paragraph (a)(iii) above to the remaining consumption eligible for funding;

(e) Further noting that the Fund Secretariat would update Appendix 2-A of the Agreement between the Government of Indonesia and the Executive Committee, based on the return of funds associated with the enterprises mentioned in sub-paragraphs (a)(ii) and (iii) above (as shown in Table 4) and the reinstatement of 12.70 ODP tonnes of HCFC-141b to the remaining consumption eligible for funding, and that paragraph 17 would be updated to indicate that the Agreement superseded that reached at the 71st meeting;

(f) Requesting the Government of Indonesia, UNDP and the World Bank to submit progress reports on a yearly basis on the implementation of the work programme associated with the final tranche until the completion of the project, verification reports until approval of stage II, and the project completion report to the second meeting of the Executive Committee in 2016; and

(g) Approving the third tranche of stage I of the HPMP for Indonesia, and the corresponding 2016-2018 tranche implementation plan, at no additional funding from the Multilateral Fund.]

Option 2:

(b) [Approving the reallocation of US $3,050,000 associated with the enterprises mentioned in sub-paragraph (a)(ii) above to implement activities in the refrigeration servicing sector as contained in the 2016-2018 tranche implementation plan;

(c) Approving the reallocation of up to US $542,837 to support local systems houses in improving the supply of HFC-245fa, and researching the use of water blown formulations as contained in the 2016-2018 tranche implementation plan;

(d) Deducting 37.28 ODP tonnes of HCFC-22 from the remaining consumption eligible for funding;

(e) Noting that the Fund Secretariat would update Appendix 2-A of the Agreement between the Government of Indonesia and the Executive Committee, based on the deduction of 37.28 ODP tonnes of HCFC-22 from the remaining consumption eligible for funding (as shown in Table 5), and that paragraph 17 would be updated to indicate that the updated Agreement superseded that reached at the 71st meeting; and

(f) Approving the third tranche of stage I of the HPMP for Indonesia, and the corresponding 2016-2018 tranche implementation plan, in the amount of US $636,198, consisting of US $456,102, plus agency support costs of US $34,208 for UNDP, and US $135,710, plus agency support costs of US $10,178 for the World Bank.]