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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-fifth Meeting
Montreal, 5-7 December 2001

PROJECT PROPOSALS: INDONESIA

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposals:

Foam:

• Phase out of CFC-11 by conversion to 100% water based technology in the manufacture of polyurethane integral skin shoe soles at PT Udapana Swasti	World Bank
• Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at PT Kemenangan	UNDP
• Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (steel door) at PT Bostinco	World Bank
• Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (cooler box products) at Dua Roda Industrial Co.	World Bank
• Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (house ware products) at PT Maspion Plastic & Metal Industry	World Bank

Refrigeration:

• Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Alfa Metalindo Agra	UNDP

• Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Gastro Gizi Sarana	UNDP
• Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Hatindo Metal Utama	UNDP
• Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment and rigid foam at PT Nikoteknik	UNDP
• Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment and rigid foam at PT Leoindo Kreasi	UNDP
• Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Sapporo Mestika	UNDP

PROJECT EVALUATION SHEET
INDONESIA

SECTOR: Foam | ODS use in sector (2000): 2,281.34 ODP tonnes

Sub-sector cost-effectiveness thresholds: Integral Skin US $16.86/kg; Rigid US $7.83/kg

Project Titles:

(a) Phase out of CFC-11 by conversion to 100% water based technology in the manufacture of polyurethane integral skin shoe soles at PT Udapana Swasti
(b) Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at PT Kemenangan
(c) Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (steel door) at PT Bostinco
(d) Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (cooler box products) at Dua Roda Industrial Co.
(e) Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (house ware products) at PT Maspion Plastic & Metal Industry

Project Data	**Integral skin**	**Integral skin**	**Rigid**	**Rigid**	**Rigid**
	Udapana Swasti	**Kemenangan**	**Bostinco**	**Dua Roda**	**Maspion**
Enterprise consumption (ODP tonnes)	28.00	13.07	12.70	12.60	20.34
Project impact (ODP tonnes)	28.00	13.07	11.30	11.20	18.10
Project duration (months)	33	30	24	24	24
Initial amount requested (US $)	277,428	108,117	88,479	78,947	141,723
Final project cost (US $):					
Incremental capital cost (a)	97,200	42,000	51,040	12,000	62,000
Contingency cost (b)	9,720	4,200	5,104	1,200	6,200
Incremental operating cost (c)	58,281	58,617	40,267	39,257	81,303
Total project cost (a+b+c)	165,201	104,817	96,411	52,457	149,503
Local ownership (%)	100%	100%	100%	100%	100%
Export component (%)	0%	0%	0%	0%	0%
Amount requested (US $)	165,201	104,817	88,479	52,457	141,723
Cost effectiveness (US $/kg.)	5.90	8.02	8.53	4.68	7.83
Counterpart funding confirmed?	Yes		Yes	Yes	Yes
National coordinating agency	Ministry for Environment				
Implementing agency	World Bank	UNDP	World Bank	World Bank	World Bank

Secretariat's Recommendations					
Amount recommended (US $)	165,201	104,817	88,479	52,457	141,723
Project impact (ODP tonnes)	28.00	13.07	11.30	11.20	18.10
Cost effectiveness (US $/kg)	5.90	8.02	8.53	4.68	7.83
Implementing agency support cost (US $)	21,476	13,626	11,502	6,819	18,424
Total cost to Multilateral Fund (US $)	186,677	118,443	99,981	59,276	160,147

PROJECT DESCRIPTION

Sector background*

- Latest available total ODS consumption (2000)	5,426.34 ODP tonnes
- Baseline consumption of Annex A Group I substances (CFCs)	8,332.70 ODP tonnes
- Consumption of Annex A Group I substances for the year 2000	5,865.80 ODP tonnes
- Baseline consumption of CFCs in foam sector	4,057.00 ODP tonnes
- Consumption of CFCs in foam sector in 2000	2,281.34 ODP tonnes
- Funds approved for investment projects in foam sector as of end of July 2001	US $21,998,472
- Quantity of CFC to be phased out in approved investment projects in foam sector as of end of July 2001	3,508.00 ODP tonnes
- Quantity of CFC phased out from approved investment projects in the foam sector as of end of July 2001 (including CFC phased out in projects not yet reported as completed)	1,597.80 ODP tonnes
- Quantity of CFCs in approved ongoing investment projects in the foam sector as of end of July 2001	1,910.20 ODP tonnes
- Quantity of CFCs remaining to be phased out in the foam sector as of end of July 2001	371.14 ODP tonnes
- Quantity of CFCs to be phased out in investment projects being submitted to the 35th ExCom (December 2001).	86.71 ODP tonnes
- Quantity of CFCs remaining to be phased out in the foam sector by the end of 2001	284.43 ODP tonnes

* Analysis based on data reported to the Fund Secretariat by the Government of Indonesia on 5 November 2001.

Integral Skin

PT Kemenangan, PT Udapana Swasti

1. Kemenangan consumed 13.07 ODP tonnes of CFC-11 in 2000. The enterprise produces flexible polyurethane molded foam for marine mooring systems such as various buoys and floats. It currently produces the foam parts through hand mixing. It will phase out the use of CFC-11 by converting to water-blown technology. The total incremental capital cost of the project is US $45,000, covering the cost of one medium pressure dispenser (with 33% counterpart funding), trials, technical assistance and training. Incremental operating cost of US $58,617 is requested. The project is expected to be completed in 2 years and 6 months.

2. PT Udapana Swasti consumed 28 ODP tonnes of CFC-11 in 2000. The enterprise produces polyurethane integral skin shoe soles. It currently operates a PAVI low-pressure machine with a rotary table purchased in 1990. The enterprise will phase out the use of CFC-11 by converting to water-blown technology. The total incremental capital cost of the project is US $187,985, covering the cost of three new temperature controlled tanks, polyol metering pumps, tunnel oven, new painting masks, trials, technical assistance and training. Incremental

operating cost of US $70,644 is requested. The project is expected to be completed in 2 years and 9 months.

Rigid Foam

Bostinco, Dua Roda Industrial, Maspion Plastic and Metal Industry

3. The three companies Bostinco, Dua Roda and Maspion consumed 12.7 tonnes, 12.6 tonnes and 20.34 tonnes of CFC-11 respectively (average 1998-2000). Bostinco manufactures polyurethane insulated doors while Dua Roda and Maspion manufacture thermoware products. They will phase out the use of CFC-11 by converting their production to the use of HCFC-141b.

4. Bostinco does not have any machine while Dua Roda operates a low pressure machine installed in 1997 and Maspion operates two low pressure machines installed in 1978. The project proposals include incremental capital costs covering the cost of one high pressure machine for Bostinco with 50% counterpart contribution and two compact high pressure machines with appropriate deductions to replace the low pressure machines of Maspion, costs of trials and technical assistance for the three enterprises. Incremental operating costs are requested. The following is the summary of the project costs of the three companies.

	Incremental capital cost US $	**Incremental operating cost US $**	**Total US $**
Bostinco	56,144	40,267	96,411
Due Roda	10,230	68,717	78,947
Maspion	66,319	81,303	147,622

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

5. All the projects meet the relevant requirements of the Executive Committee Decision 33/2.

Integral skin foam projects

PT Kemenangan

6. The Fund Secretariat and UNDP agreed on the cost of the project.

PT Udapana Swasti

7. The Fund Secretariat identified a number of technical issues relating to both the incremental capital and operational costs which have been discussed and resolved. Consequently, the amount of US $165,201 was agreed as the eligible grant of the project. This is made up of US $106,920 as incremental capital cost and US $58,281 as incremental operational cost of the project.

Rigid foam projects

8. The Fund Secretariat identified some issues relating to incremental operating costs of two of the projects (Dua Roda and Maspion). The issues have been discussed and resolved. The agreed costs of the projects are as follows:

	Incremental Capital Cost US $	**Incremental Operating Cost US $**	**Total US $**	**Eligible Grant US $**
Bostinco	51,700	40,267	91,967	88,479
Dua Roda	13,200	39,257	52,457	52,457
Maspion	68,200	81,303	149,503	141,723

RECOMMENDATIONS

9. The Fund Secretariat recommends blanket approval of the PT Kemenangan, PT Udapana Swasti, PT Bostinco, PT Dua Roda Industrial Co., PT Maspion Plastic and Metal Industry projects with the levels of funding and associated support costs as indicated in the table below.

	Project Title	**Project Funding (US$)**	**Support Cost (US$)**	**Implementing Agency**
(a)	Phase out of CFC-11 by conversion to 100% water based technology in the manufacture of polyurethane integral skin shoe soles at PT Udapana Swasti	165,201	21,476	World Bank
(b)	Conversion from CFC-11 to fully water-based technology in the manufacture of flexible molded polyurethane foam at PT Kemenangan	104,817	13,626	UNDP
(c)	Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (steel door) at PT Bostinco	88,479	11,502	World Bank
(d)	Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (cooler box products) at Dua Roda Industrial Co.	52,457	6,819	World Bank
(e)	Phase out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (house ware products) at PT Maspion Plastic & Metal Industry	141,723	18,424	World Bank

PROJECT EVALUATION SHEET
INDONESIA

SECTOR: Refrigeration

ODS use in sector (2000): 2,429.8 ODP tonnes

Sub-sector cost-effectiveness thresholds:

Commercial	US $15.21/kg
Domestic	US $13.76/kg
Rigid Foam	US $7.83/kg

Project Titles:

(a) Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Alfa Metalindo Agra
(b) Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Gastro Gizi Sarana
(c) Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Hatindo Metal Utama
(d) Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment and rigid foam at PT Nikoteknik
(e) Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment and rigid foam at PT Leoindo Kreasi
(f) Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Sapporo Mestika

Project Data	**Commercial**			**Commercial/Rigid Foam**		**Domestic**
	Alfa Metalindo	**Gastro Gizi**	**Hatindo**	**Nikoteknik**	**Leoindo Kreasi**	**Sapporo Mestika**
Enterprise consumption (ODP tonnes)	10.23	16.49	10.15	29.73	16.81	11.58
Project impact (ODP tonnes)	9.66	15.50	9.59	27.90	15.74	11.18
Project duration (months)	30	30	30	30	30	30
Initial amount requested (US $)	146,960	221,049	145,894	247,703	128,194	153,768
Final project cost (US $):						
Incremental capital cost (a)	115,000	137,000	114,000	118,000	77,000	87,500
Contingency cost (b)	11,500	13,700	11,400	11,800	7,700	8,750
Incremental operating cost (c)	70,823	99,442	69,590	109,103	34,694	83,997
Total project cost (a+b+c)	197,323	250,142	194,990	238,903	119,394	180,247
Local ownership (%)	100%	100%	100%	100%	100%	100%
Export component (%)	0%	0%	0%	0%	0%	0%
Amount requested (US $)	146,960	221,049	145,894	238,903	119,394	153,768
Cost effectiveness (US $/kg.)	15.21	15.21	15.21	8.56	7.59	13.76
Counterpart funding confirmed?	Yes	Yes	Yes	Yes	Yes	Yes
National coordinating agency	Ozone Layer Protection Unit					
Implementing agency	UNDP					

Secretariat's Recommendations						
Amount recommended (US $)	146,960	221,049	145,894	238,903	119,394	153,768
Project impact (ODP tonnes)	9.66	15.50	9.59	27.90	15.74	11.18
Cost effectiveness (US $/kg)	15.21	15.21	15.21	8.56	7.59	13.76
Implementing agency support cost (US $)	19,105	28,736	18,966	31,057	15,521	19,990
Total cost to Multilateral Fund (US $)	166,065	249,785	164,860	269,960	134,915	173,758

PROJECT DESCRIPTION

Sector Background

Latest available total ODS consumption (1999)	5,885.80 ODP tonnes
Baseline consumption of Annex A Group I substances (CFCs)	8,332.70 ODP tonnes
Consumption of Annex A Group I substances for the year 1999	5,865.80 ODP tonnes
Baseline consumption of CFCs in refrigeration sector	N.A. ODP tonnes
Consumption of CFCs in refrigeration sector in 2000	2,429.80 ODP tonnes
Funds approved for investment projects in refrigeration sector as of end of 2000	US $7,043,343.00
Quantity of CFC to be phased out in investment projects in refrigeration sector as of end of 2000	777.67 ODP tonnes

10. The total ODS consumption in the refrigeration sector for the year 2000, according to the Government of Indonesia, was 2,429.8 ODP tonnes, including 1166.8 ODP tonnes used for manufacturing new equipment and 1263 ODP tonnes used for servicing.

11. The Executive Committee has approved about US $7,043,343 for 20 projects to phase out 777.67 ODP tonnes of CFC for enterprises manufacturing refrigeration equipment in the refrigeration sector.

12. Six commercial refrigeration projects for enterprises with similar backgrounds have been submitted by the UNDP for consideration at the 35th Meeting of the Executive Committee.

13. The six enterprises (Alfa Metalindo, Gastro Gizi, Hatindo Metal, Leoindo Kreasi, Nikoteknik, Sapporo Mestika) consume 73.8 ODP tonnes of CFC-11 and 21.19 ODP tonnes of CFC-12 (in 2000) in the manufacture of commercial refrigeration equipment. All of the enterprises, with the exception of Leoindo Kreasi, manufacture similar equipment (chest freezers, display cabinets and water coolers), and operate low-pressure foam dispensers which are predominantly locally made, assorted foaming moulds and jigs, production and portable refrigerant charging machines, vacuum pumps and leak detectors in the baseline. Leoindo Kreasi produces refrigerated trailers and containers and employs hand-mixing techniques for foam operations in the baseline.

14. The total phase out of 94.99 ODP tonnes of CFC-11 and CFC-12 will be achieved by converting CFC-11 based technology to HCFC-141b as the foam blowing agent, and CFC-12 to HFC-134a as the refrigerant. Under the current projects, the existing low-pressure machines will be replaced by high-pressure dispensers. All enterprises will require provision of industrial or portable charging units, new vacuum pumps and retrofitting of existing vacuum pumps and leak detectors suitable for HFC-134a duty. Other costs include re-design, testing, trials, technical assistance and training. Incremental operating costs are requested by the enterprises reflecting the higher cost of chemicals and an increase in foam density.

15. In accordance with decisions of the Executive Committee on the use of HCFCs, a letter of transmittal from the Government of Indonesia endorsing the use of HCF-141b by the companies is attached.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

16. Each project proposal includes a request for technical assistance and training (for both foam and refrigerant parts), which amounts to US $20,000. The Secretariat requested explanations from UNDP regarding high costs of this project component. UNDP provided a breakdown of technical assistance and training costs. These costs are primarily associated with the services of international and local consultants.

17. The Secretariat has noticed also that the costs of trials which are claimed in each project are unjustifiably high (US $10,000 per enterprise). The Secretariat has requested detailed breakdown of costs of trials from UNDP. The information provided by UNDP in this regard indicated that some of the components included in the cost of trials constitute elements of capital cost, which may or may not be eligible for funding.

18. The Secretariat discussed these issues with UNDP and agreed to eliminate cost components that are not associated with technical assistance, trials and testing, and to retain the cost components that are needed for the implementation of the projects.

RECOMMENDATIONS

19. The Secretariat recommends blanket approval of the projects at the funding level indicated below.

	Project Title	Project Funding (US$)	Support Cost (US$)	Implementing Agency
(a)	Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Alfa Metalindo Agra	146,960	19,105	UNDP
(b)	Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Gastro Gizi Sarana	221,049	28,736	UNDP
(c)	Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Hatindo Metal Utama	145,894	18,966	UNDP
(d)	Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment and rigid foam at PT Nikoteknik	238,903	31,057	UNDP

(e)	Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment and rigid foam at PT Leoindo Kreasi	119,394	15,521	UNDP
(f)	Conversion from CFC-11 to HCFC-141b technology and from CFC-12 to HFC-134a technology in the manufacture of commercial refrigeration equipment at PT Sapporo Mestika	153,768	19,990	UNDP

KANTOR MENTERI NEGARA
LINGKUNGAN HIDUP

Jakarta, October 26,2001

Ms. Priya Mathur
Environmental Consultant
The World Bank
1818 H Street, N.W. Washington DC,
United State of America

Dear Ms. Mathur,

Subject : Submission of ODS Phase-out projects for the 35th Meeting Of the Executive Committee of the Multilateral Fund.

The Government of Indonesia hereby request WB to submit project listed below to the 35th Meeting of the Executive Committee of the Multilateral Fund fro the implementation of the Montreal Protocol.

No	Name of Project	Type of ODS	ODS Consumption (ODP-MT)*	ODS Phase-out (ODP-MT)	Implementing Agency
1.	PT. Maspion Plastic and Metal Industry (Rigid polyurethane foam)	CFC-11	2.281.34	18.10	WB
2.	PT. Dua Roda Industrial Co (Rigid polyurethane foam)	CFC-11	2.281.34	11.20	WB
3.	PT.Bostico (Rigid polyurethane foam)	CFC-11	2.281.34	11.30	WB
4.	PT. Udapana Swasti (Integral Skin Shoe Soles)	CFC-11	2.281.34	28.00	WB

* ODS Consumption Data year 2000

Jl. Dl. Panjaitan Kav. 24, Kebon Nanas – Jakarta Timur 13410
Telp. 021-8517164, Fax. 021-85902521

ODS Consumption Data

1. The ODS consumption figures of the project have been validated by State Ministry for Environment (SME).
2. The ODS consumption data have been retained in the SME records for reference and/or future verification.
3. The agreement to the projects indicates a commitment to ensure that the validated ODS phase-out figures will realize a sustained reduction from the current year consumption.

Other Actions

4. It is understood that in accordance with the relevant guidelines, the funding received for a project, would be partially or fully returned to the Multilateral Fund, in cases where technology will be changed during implementation without informing the Multilateral Fund Secretariat and / or without approval from the Executive Committee.
5. SME will cooperate with the Customs and other relevant authorities to monitor importation of CFCs and to undertaken periodic plant visits, for checking unauthorized use of CFCs within the framework of the project.
6. Wherever applicable, SME will cooperate with WB to conduct safety inspection and keep records of fires arising from conversion projects.

HCFC Justification

7. In line with Decision 27/13 of the Executive Committee and in recognition of Article 2F of the Montreal Protocol, the Government of Indonesia:

   a) Has reviewed the specific situations involved with the projects mentioned above as well as its HCFC commitments under Article 2F.
   b) Has nonetheless determined that at the present time, the projects need to use HCFCs for an interim period with the understanding that no funding would be available for future conversion from HCFCs, for the enterprises involved.

Yours sincerely,

Daniel Murdiyarso,
Deputy Minister for Environmental
Management Policy,
State Ministry for Environment

Jl. Dl. Panjaitan Kav. 24, Kebon Nanas – Jakarta Timur 13410
Telp. 021-8517164, Fax. 021-85902521

KANTOR MENTERI NEGARA
LINGKUNGAN HIDUP

Government Note of Transmittal of Investment Projects

Jakarta, October ,2001

Mr. Frank Pinto
Chief, Montreal Protocol Unit
United Nations Development Programme
304 East 45th Street,
New York, NY 10017

Dear Sirs,

Submission of ODS Phase-out projects for the 35th Meeting
Of the Executive Committee of the Multilateral Fund.

The Government of Indonesia hereby request UNDP to submit project listed below to the 35th Meeting of the Executive Committee of the Multilateral Fund fro the implementation of the Montreal Protocol.

No	Name of Project	Type of ODS	ODS Consumption (ODP-MT)*	ODS Phase-out (ODP-MT)	Implementing Agency
1.	PT. Kemenangan (Foam)	CFC-11	1,908.56	13.07	UNDP
2.	PT. Gastro Gizi Sarana (Comref)	CFC-11 CFC-12	696 460	13.38 3.11	UNDP
3.	PT.Hatindo Metal Utama (Comref)	CFC-11 CFC-12	696 460	7.61 2.54	UNDP
4.	PT. Alfa Metalindo (Comref)	CFC-11 CFC-12	696 460	7.74 2.49	UNDP
5	PT. Nikoteknik* (Comref)	CFC-11 CFC-12	696 460	24.9 4.83	UNDP
6.	PT. Sapporo Mestika (Comref)	CFC-11 CFC-12	696 460	3.5 3.54	UNDP
7.	PT. Leoindo Kreasi*	CFC-11	696	14.65	UNDP

* ODS Consumption Data year 2000 by sector
* Enterprise of Commitment has not received

Jl. Dl. Panjaitan Kav. 24, Kebon Nanas - Jakarta Timur 13410
Telp. 021-8517164, Fax. 021-85902521

ODS Consumption Data

1. The ODS consumption figures of the project have been validated by State Ministry for Environment (SME).
2. The ODS consumption data have been retained in the SME records for reference and/or future verification.
3. The agreement to the projects indicates a commitment to ensure that the validated ODS phase-out figures will realize a sustained reduction from the current year consumption.

Other Actions

4. It is understood that in accordance with the relevant guidelines, the funding received for a project, would be partially or fully returned to the Multilateral Fund, in cases where technology will be changed during implementation without informing the Multilateral Fund Secretariat and / or without approval from the Executive Committee.
5. SME will cooperate with the customs and other relevant authorities to monitor the importation of CFCs and to undertake periodic plant visits, for checking unauthorized use of CFCs within the framework of the project.
6. Wherever applicable, SME will cooperate with UNDP to conduct safety inspection and keep records of fires arising from conversion projects.

HCFC Justification

7. In line with Decision 27/13 of the Executive Committee and in recognition of Article 2F of the Montreal Protocol, the Government of Indonesia:

   a) Has reviewed the specific situations involved with the projects mentioned above as well as its HCFC commitments under Article 2F.
   b) Has nonetheless determined that at the present time, the projects need to use HCFCs for an interim period with the understanding that no funding would be available for future conversion from HCFCs, for the enterprises involved.

Yours sincerely,

Daniel Murdiyarso
Deputy Minister for Environmental
Management Policy,
State Ministry for Environment

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Telp. 021-8517164, Fax. 021-86902521