



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/37/40
20 June 2002

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-seventh Meeting
Montreal, 17-19 July 2002

PROJECT PROPOSALS: INDONESIA

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

Foam

- Phase-out of CFC-11 by conversion to water blown in the manufacture of integral skin shoe soles at PT. Accurai UNIDO
- Phase-out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam for insulating purposes at Aneka Citra Refrigeratama Co. Japan
- Phase-out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam for insulating purposes at Bina Teknik Co. Japan

Refrigeration

- Sector phase-out plan for elimination of CFCs in the refrigeration (manufacturing) sector UNDP

**PROJECT EVALUATION SHEET
INDONESIA**

SECTOR: Foam ODS use in sector (2000): 2281.34 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 water blown in the manufacture of integral skin shoe soles at PT. Accurai
- (b) Phase-out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam for insulating purposes at Aneka Citra Refrigeratama Co.
- (c) Phase-out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam for insulating purposes at Bina Teknik Co.

Project Data	Integral skin	Rigid	
	Accurai	Aneka Citra	Bina Teknik
Enterprise consumption (ODP tonnes)	50.00	20.00	25.00
Project impact (ODP tonnes)	50.00	18.20	22.80
Project duration (months)	30	24	30
Initial amount requested (US \$)	563,543	142,361	142,639
Final project cost (US \$):			
Incremental capital cost (a)	179,000	110,000	65,000
Contingency cost (b)	17,900	11,000	6,500
Incremental operating cost (c)	366,643	39,357	46,389
Total project cost (a+b+c)	563,543	160,357	117,889
Local ownership (%)	100%	100%	100%
Export component (%)	0%	0%	0%
Amount requested (US \$)	563,543	142,506	117,889
Cost effectiveness (US \$/kg.)	11.30	7.83	5.20
Counterpart funding confirmed?	Yes	Yes	Yes
National coordinating agency	State Ministry for Environment	State Ministry for Environment	
Implementing agency	UNIDO	Japan	

Secretariat's Recommendations			
Amount recommended (US \$)		142,506	117,889
Project impact (ODP tonnes)		18.20	22.80
Cost effectiveness (US \$/kg)		7.83	5.20
Implementing agency support cost (US \$)		18,526	15,326
Total cost to Multilateral Fund (US \$)		161,032	133,215

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	5,411.14 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 June 2002	US \$18,948,088
- Quantity of CFC to be phased out in approved investment projects in foam sector as of end of June 2002	3,727.00 ODP tonnes
- Quantity of CFC phased out or approved investment project	1,536.00 ODP tonnes
- Quantity of CFC to be phased out in approved but not implemented foam projects	2,191.00 ODP tonnes
- Quantity of CFC to be phased out in projects submitted to the 37 th Meeting	91.00 ODP tonnes
- Quantity of CFC remaining to be phased out in the foam sector (based on 2000 data)	0 ODP tonnes

1. As of this writing Indonesia had not submitted its data for 2001 to the Fund Secretariat (due 1 May). The latest available foam sector ODS consumption data was reported by Indonesia for 2000 as 2,281.34 ODP tonnes which was consistent with its data reported under Article 7 of the Montreal Protocol. The foam projects being submitted for consideration at the 37th Meeting for Indonesia account for a phase-out of 91 ODP tonnes. Their approval will result in total amount of 2,282 ODP tonnes that have been funded but not yet implemented for the sector, the same as the latest reported on the basis of 2000 sector consumption CFC consumption.

2. Five projects in the foam sector were submitted on behalf the Government of Indonesia, two by the Government of Japan and three by UNIDO, all to be implemented by UNIDO. During the discussion of the projects, UNIDO decided to defer two of the projects (Delta and Samudra and Ganesha and Sindari) for submission at the next meeting pending resolution by the Government of Indonesia of the issues associated with the sector CFC consumption identified by the Secretariat.

Integral Skin Foam

PT Accurai

3. PT Accurai, located in Jakarta, was established in 1984. It consumed 50 ODP tonnes of CFC-11 in 2001 in the production of shoe soles (of density 400 – 600 kg/m³). The company uses 6 low pressure dispensers of maximum output 4 – 7 kg/min installed between 1983 and 1989 and

360 moulds preheated to 40 - 45°C. Accurai will convert its production to water-blown technology using polyester polyol systems. The incremental capital cost of conversion includes the cost of retrofit of the dispensers at US \$15,000 each, temperature control for six sets of 60 moulds at US \$11,000 each, technology transfer/training (US \$8,000) and commissioning, start-up and trials (US \$15,000). Incremental operating cost of US \$366,643 is requested.

Rigid Foam

PT Aneka Citra Refrigeratama, Bina Teknik

4. Aneka Citra Refrigeratama, established in 1991 located in Jakarta, while Bina Teknik, formerly called Tempking Jaya Co., established in 1989, has two plants located in Jakarta and Desa Tulangan – Sidoarjo. The two companies consumed 20 ODP tonnes and 25 ODP tonnes, respectively in the manufacture of rigid polyurethane thermal insulating panels for thermal insulated rooms and cabinets and rigid polyurethane foam blocks which are cut into boards for floor insulation of cold rooms and cabinets. Aneka uses a Cannon 60 low pressure dispenser while Bina Teknik uses essentially manual operations.

5. The foam production at the two enterprises will be converted to interim use of HCFC-141b. The incremental capital cost of conversion includes replacement of the low pressure dispenser and the manual operations at the two companies with the use of high pressure dispensers (US \$90,000), thermal conditioning of the presses (US \$5,000), technology transfer/training and trials (US \$15,000). In the case of Bina Teknik, fifty per cent of the cost of the machine is deducted from the incremental capital cost to account for lack of foaming machine in the baseline. Incremental operating costs of US \$39,357 and US \$46,389 are requested for Aneka and Bina Teknik respectively.

Justification for the use of HCFC-141b

6. Justification for the use of HCFC-141b based on technological and economic analysis of each enterprise's operations is provided in each project document. UNIDO indicated that the choice of HCFC-141b as interim technology was made by the enterprises following a discussion with them on available alternatives and relevant decisions of the Executive Committee regarding the use of HCFC-141b as interim substitute foam blowing agent.

7. In accordance with relevant decisions of the Executive Committee on the use of HCFCs, a letter of transmittal from the Government of Indonesia endorsing the use of HCFC-141b by the companies has been submitted and is attached. A letter of commitment signed by the enterprises in which receipt of information consistent with Decision 36/56 (c) is acknowledged by the enterprises is also attached.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Integral Skin Foam

8. The project costs for Accurai have been under discussion between the Secretariat and UNIDO. Agreement, however, has not been reached, particularly with regard to the eligibility for funding of the requested mould oven. The outcome of the discussion will be communicated to the Sub-Committee on Project Review.

Rigid Foam

9. The Fund Secretariat and UNIDO (acting on behalf of the Government of Japan) have discussed and agreed on the costs of the rigid foam projects (Aneka Citra and Bina Teknik) as follows:

	Incremental capital cost * US \$	Incremental operating cost US \$	Eligible grant US \$	Cost- effectiveness US \$
Aneka Citra	121,000	39,357	142,506	7.83
Bina Teknik	71,500	46,389	117,889	5.20

* including 10% contingency

RECOMMENDATIONS

10. The Fund Secretariat recommends blanket approval of the Aneka Citra Refrigeratama and the Bina Teknik 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
(b)	Phase-out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam for insulating purposes at Aneka Citra Refrigeratama Co.	142,506	18,526	Japan
(c)	Phase-out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam for insulating purposes at Bina Teknik Co.	117,889	15,326	Japan

11. The total amount of US \$260,395 should be credited against the contribution of the Government of Japan for the triennium 2000-2002.

12. The 40 ODP tonnes to be phased out by the two projects should be deducted from Indonesia's remaining national aggregate consumption.

**PROJECT EVALUATION SHEET
INDONESIA**

SECTOR: Refrigeration ODS use in sector (2000): 5,411.14 ODP tonnes

Sub-sector cost-effectiveness thresholds: Commercial US \$15.21/kg
Domestic US \$13.76/kg

Project Titles:

(a) Sector phase-out plan for elimination of CFCs in the refrigeration (manufacturing) sector

Project Data	Commercial
Enterprise consumption (ODP tonnes)	1,180.00
Project impact (ODP tonnes)	1,141.00
Project duration (months)	60
Initial amount requested (US \$)	16,169,480
Final project cost (US \$):	
Incremental capital cost (a)	11,933,000
Contingency cost (b)	1,193,300
Incremental operating cost (c)	3,043,180
Total project cost (a+b+c)	16,169,480
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	16,169,480
Cost effectiveness (US \$/kg.)	14.17
Counterpart funding confirmed?	
National coordinating agency	Ministry of Environment
Implementing agency	UNDP

Secretariat's Recommendations	
Amount recommended (US \$)	
Project impact (ODP tonnes)	
Cost effectiveness (US \$/kg)	
Implementing agency support cost (US \$)	
Total cost to Multilateral Fund (US \$)	

PROJECT DESCRIPTION

Sector background

- Latest available total CFC consumption (2000)	5,411.14 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	5,411.14 ODP tonnes
- Baseline consumption of CFCs in refrigeration sector	Not Available 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 March 2002	US \$7,575,871.00
- Quantity of CFC to be phased out in investment projects in refrigeration sector as of March 2002	867.24 ODP tonnes
- Quantity of CFC phased out from approved projects in the refrigeration sector	802.12 ODP tonnes
- Quantity of CFC to be phased out in approved but not implemented refrigeration projects	89.60 ODP tonnes
- Quantity of CFC remaining to be phased out in the refrigeration sector	1,199.20 ODP tonnes

13. The Government of Indonesia reported to the Ozone Secretariat that the total CFC consumption for 2000 is 5,411.14 ODP tonnes. As of June 2002, the Fund Secretariat's records indicate that the total remaining unfunded ODP consumption is 2,016.4 ODP tonnes.

14. In the refrigeration sector, the 2000 CFC consumption data reported to the Fund Secretariat was 2,429.80 ODP tonnes, including 1,166.8 ODP tonnes used for manufacturing new equipment and 1,263 ODP tonnes used for servicing. The refrigeration sector in Indonesia is comprised of seven large manufacturers of household refrigerators and freezers who have license or joint venture agreements with multinational corporations and about 200 small- and medium-sized enterprises manufacturing a variety of unitary and non-unitary commercial refrigeration equipment. The Executive Committee approved 26 investment projects to address the conversion of the seven major manufacturers of domestic appliances and 21 enterprises manufacturing commercial refrigeration products. A recovery/recycling project to reduce CFC-12 emissions in the MAC servicing sector was also approved. The total approved funding amounts to about US \$7.9 million to phase out 908 ODP tonnes.

15. The Government of Indonesia is planning to address the remaining CFC consumption in the refrigeration sector through submission of three sector-wide phase-out plans as follows:

- Sector Phase-out Plan for Refrigeration Manufacturing (July 2002) through UNDP;
- Sector Phase-out Plan for Refrigeration Servicing (November 2002) through UNDP;
- Sector Phase-out Plan for MAC & Chillers (November 2002) through the World Bank.

16. To address CFC phase-out in the refrigeration manufacturing and servicing sub-sectors a survey was initiated by UNDP and a local firm. The manufacturing enterprises have been

identified and their baseline information obtained. The survey of the refrigeration servicing sub-sector is still on-going. The sector ODS phase-out plan addressing the remaining manufacturing enterprises has been formulated by UNDP and submitted for consideration at the 37th Executive Committee meeting.

The refrigeration manufacturing sector plan

17. The objective of the plan is to assist the Government of Indonesia to meet its 2007 compliance target for Annex A Group 1 substances. A total of 1,180 CFC tonnes consumed at 152 enterprises will be phased out by December 2007. This covers the total remaining unfunded consumption in refrigeration manufacturing sub-sector with the exception of two projects, which may be covered as bilateral co-operation in the 2002 business plan of the Government of Japan.

18. The survey has identified 180 enterprises manufacturing different commercial and transportation refrigeration equipment. Twenty-eight were established after July 1995 leaving 152 enterprises eligible for funding. About 75% of the enterprises use polyurethane foam with CFC-11 as blowing agent. About half of this group do not have any foaming machines and employ hand-mixing techniques. For refrigerant operations, most of the small-sized enterprises do not have charging units but use assorted charging kits and vacuum pumps.

Components of the Plan and Requested costs

19. The investment component of the plan provides production equipment to all enterprises, including foaming machines and refrigerant charging units at a cost US \$10,683,000. The technical support component includes the establishment of product and quality standards, technical assistance and training and a certification programme at a cost of US \$400,000. The policy and management support component provides local support for the implementation of the project at a cost of US \$850,000. A contingency of 10% is requested for the above three components at US \$1,193,300. To calculate incremental operating costs (IOC), the CFC-12 and CFC-11 consumption at an average enterprise was estimated and the incremental operating cost for an average enterprise was calculated. The ratio of the consumption of the “average” enterprise to the total claimed consumption in the sub-sector was then used to calculate the total incremental operating cost taking into account requirements in calculating IOC in commercial, domestic and transport refrigeration sub-sectors. Using this methodology, incremental operating costs were calculated at US \$3,043,180. The cost-effectiveness of the proposal is US \$14.17 kg ODP. The implementing agency support costs are not identified in the proposal.

Implementation of the Plan

20. The approach for implementation of the investment component is proposed to be a combination of individual and group sub-projects. This approach draws on previous experience and has been designed based on the size and baseline of the existing enterprises. CFC phase-out in non-eligible enterprises will not be funded under the sector phase-out plan and is expected to take place through the control, which the Government will implement through policy and regulatory actions. Any unaccounted or unidentified eligible enterprises will be identified and accommodated within the resources approved for this sector phase-out plan. The sector

phase-out plan will be managed by a dedicated management unit, comprised of a co-ordinator to be designated by the Government and supported by representatives and experts from the implementing/executing agencies and the necessary infrastructure support.

Funding arrangements

21. Since the average duration for completion of a sub-project is expected to be 12 – 18 months, the phase-out activities initiated in 2002 will not produce results until the end of 2003, contributing to the reduction of consumption starting in 2004. The performance and disbursement schedule is shown in the table below.

Year	ODS phase-out from sector plan (ODP Tonnes)	Disbursement (US \$)
2002	0	1,750,000
2003	0	3,500,000
2004	300	3,500,000
2005	300	3,500,000
2006	300	3,500,000
2007	241	419,480
Total	1,141	16,169,480

22. The disbursements (other than the initial tranches for 2002 and 2003) would be contingent upon submission of annual implementation plans. Disbursements for 2004 onward would be contingent upon confirmation from UNDP that the relevant milestones have been achieved.

Justification for the use of HCFC-141b

23. Justification for the use of HCFC-141b based on technological and economic analysis of each enterprise's operations is provided in the project document. UNDP indicated that the choice of HCFC-141b as interim technology was made by the enterprises following a discussion with them on available alternatives and relevant decisions of the Executive Committee regarding the use of HCFC-141b as interim substitute foam blowing agent.

24. In accordance with relevant 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 has been submitted and is attached.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

25. In accordance with Decision 35/57, the consumption included in this project, if approved, will need to be deducted from a starting point of the national aggregate consumption in Indonesia. The Government of Indonesia has advised the Secretariat that it has chosen Option 2 as the starting point: (2,506.6 ODP tonnes). However, on 17 June 2002, the Government of

Indonesia advised the Secretariat of its view that there were errors in the data from which the starting point was calculated and that the starting point is therefore not correct. It is to be noted that the Government of Indonesia used 2000 data instead of 1999 used by the Fund Secretariat as the most recent reported to the 35th Meeting.

26. The Secretariat is in communication with the Government of Indonesia to resolve the issue.

27. The Government of Japan has included US \$1,000,000 in its 2002 Business Plan for an umbrella investment project in the refrigeration sector in Indonesia in close co-operation with UNIDO. The UNDP proposal indicates that Japan would be submitting 2 projects. However, since the UNDP proposal accounts for all the remaining consumption in the refrigeration manufacturing sub-sector in Indonesia, it appears that there would not be any phase-out remaining for a project to be submitted by Japan.

28. The Secretariat reviewed the plan in detail and provided extensive comments to UNDP. Several issues have been identified related to the reported ODS consumption remaining in the manufacturing sub-sector. The Secretariat has analysed the size of this sub-sector in Indonesia and compared it with those in Thailand, Turkey and Brazil using several parameters, including data on the magnitude of the market of commercial refrigeration equipment. It appears that remaining ODS consumption reported in the manufacturing sub-sector in Indonesia is disproportionately high in comparison with the other three countries.

29. Additionally, the Secretariat analysed data on the average ODP consumption per enterprise for the remaining SMEs in the commercial refrigeration manufacturing sub-sector in the same four countries. The comparison of ODP consumption per enterprise demonstrates that the average figure in Indonesia is significantly higher than in the other three countries. It is noted that ODS consumption in the manufacturing sub-sector could be estimated also using "average" ODS consumption per enterprise applied by UNDP in incremental operating cost calculations. This estimate demonstrates that the calculated total ODS consumption in the manufacturing sub-sector would have been about 390 metric tonnes, not 1,046 metric tonnes which is used in the proposal. The conclusion from this analysis is that the reported data on ODS consumption in the manufacturing sub-sector are not sufficiently reliable to provide a basis for the determination of incremental operating costs.

30. With regard to the categorisation of the proposal as a sector plan, commercial refrigeration manufacturing does not constitute a sector. Additionally, a performance agreement is not possible when part of the CFC-12 consumption in a proportion of the enterprises involved will not be phased-out due to substantial servicing activities that are routinely provided by enterprises that are also engaged in manufacturing at some level. The Secretariat suggested that UNDP withdraw the proposal to amalgamate it with a plan for the phase out in the servicing sector and resubmit as a sector plan for the refrigeration sector as a whole. UNDP declined to use this approach.

31. Since the above option was not taken up, the Secretariat reviewed the project as submitted according to the relevant Executive Committee rules and policies, including Decision 25/50. This decision provides that where the number of enterprises is large (over 50)

and the quality of information is not high a new approach can be applied in regard to requirements for capital equipment, technical assistance, trials and training.

32. The incremental capital costs requested in the proposal amount to about US \$13.1 million. The Secretariat has estimated eligible incremental capital costs at US \$2.45 million on the basis of Decision 25/50 and taking into account several projects and sector plans previously approved by the Executive Committee involving large numbers of SMEs in the commercial refrigeration manufacturing and rigid foam sub-sectors in India, Thailand and Turkey. No incremental operating costs are eligible under Decision 25/50. The Secretariat estimated allocations for national institutional support for the implementation of the project at the cost of US \$367,000 representing 15% of the total capital costs. The total eligible grant is calculated at US \$2.8 million.

33. The Secretariat further strove to substantiate its proposed level of funding by making a comparison of calculated allocations per enterprise in Indonesia (US \$18,529) with figures calculated on the basis of approvals in Thailand (US \$11,301) and Turkey (US \$10,689). The calculated allocations per enterprise in Indonesia are still about 68 % higher than the others. If the funding level is applied as requested by UNDP, the calculated allocations per enterprise (US \$106,378) would have been about ten fold higher than those in Thailand and Turkey.

34. The Secretariat is still awaiting a response from UNDP. The Sub-Committee on Project Review will be advised in due course.

RECOMMENDATION

35. Pending.

**GOVERNMENT NOTE OF TRANSMITTAL OF INVESTMENT PROJECTS TO THE
EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL**

PROJECTS OF THE GOVERNMENT OF INDONESIA

The Government of **INDONESIA** requests UNIDO to submit the project(s) listed in Table 1 below/attached Table 1 to the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol for consideration at its 37th Meeting.

Section I: ODS Consumption Data

1. The ODS consumption figure(s) of the project(s) has/have been validated by the National Ozone Unit (NOU).
2. The consumption data have been retained in the records of the NOU for reference and/or future verification.
3. The Government has been advised by the NOU that the agreement to the project(s) indicates a commitment to ensure that the validated phase-out figure(s) was/were realized and yielded a sustained reduction from the current sector consumption of 2,282 ODP tonnes .

Table 1: Projects Submitted to the 35th Meeting of the Executive Committee

Project Title/Sector	Type of ODS	Consumption (ODP Tonnes), (Year)	Amount to be Phased Out (ODP Tonnes), (Year)	Implementing Agency
Foam Sector				
PROJECT TO PHASE-OUT OF CFC-11 BY CONVERSION TO HCFC-141B IN THE MANUFACTURE OF RIGID POLYURETHANE FOAM FOR INSULATING PURPOSES AT ANEKA CITRA REFRIGERATAMA CO.	CFC 11	20.0	18.2	JAPAN BILATERAL
PROJECT TO PHASE-OUT OF CFC-11 BY CONVERSION TO HCFC-141B IN THE MANUFACTURE OF RIGID POLYURETHANE FOAM FOR INSULATING PURPOSES AT TEMPKING JAYA CO.	CFC 11	25.0	22.8	JAPAN BILATERAL

37th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

PROJECT TO PHASE -OUT OF CFC-11 BY CONVERSION TO HCFC-141B IN THE MANUFACTURE OF RIGID POLYURETHANE FOAM FOR INSULATING PURPOSES AT GANESHA RATTESKO AND SINDARI NUSATAMA	CFC 11	57.0	52.0	UNIDO
PROJECT TO PHASE -OUT OF CFC-11 BY CONVERSION TO HCFC-141B IN THE MANUFACTURE OF RIGID POLYURETHANE FOAM FOR INSULATING PURPOSES AT DELTA ATLANTIK AND SAMUDRA PLASTICS	CFC 11	20.75	18.8	UNIDO
PROJECT TO PHASE-OUT OF CFC-11 BY CONVERSION TO WATER BLOWN IN THE MANUFACTURE OF INTEGRAL SKIN SHOE SOLES AT P.T. ACCURAI	CFC 11	50.0	50.0	UNIDO
Total		172.75	161.80	

Section II: Other Relevant Actions Arising from Decision 33/2

4. It is understood that, in accordance with the relevant guidelines, the funding received for a project would be partly or fully returned to the Multilateral Fund in cases where technology was changed during implementation of the project without informing the Fund Secretariat and without approval by the Executive Committee;
5. The National Ozone Unit undertakes to monitor closely, in cooperation with customs authorities and the environmental protection authorities, the importation and use of CFCs and to combine this monitoring with occasional unscheduled visits to importers and recipient manufacturing companies to check invoices and storage areas for unauthorized use of CFCs, in view of the instances of equipment purchased by the Multilateral Fund not being used or being reverted to the use of CFCs..
6. The National Ozone Unit will cooperate with the relevant implementing agencies to conduct safety inspections where applicable and keep reports on incidences of fires resulting from conversion projects.

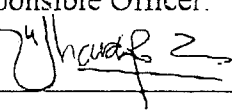
Section III: Projects Requiring the Use of HCFCs for Conversion

7. In line with Decision 27/13 of the Executive Committee and in recognition of Article 2F of the Montreal Protocol, the Government
 - (a) has reviewed the specific situations involved with the projects ANEKA CITRA REFRIGERATAMA, TEMPKING JAYA, GANESHA RATTESKO, SINDARI NUSATAMA, DELTA ATLANTIK, AND SAMUDRA PLASTICS as well as its HCFC commitments under Article 2F; and
 - (b) has nonetheless determined that, at the present time, the projects needed to use HCFCs for an interim period with the understanding that no funding would be available for the future conversion from HCFCs for the company/companies involved.

37th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Name and signature of responsible Officer:

Mr. Gunardi



Designation: Assistant Deputy
for Atmosphere and Climate Change

Date: 2 May 2002

Telephone: +62 21 851 7164

Fax: +62 21 858 0111

E-mail: ozonenet@cbn.net.id

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AC&R PARTS

(AIR CONDITIONING & REFRIGERATION)

Shop : GLODOK JAYA Blok A No. 76-77
Jl. Mayan Wuriuk, Jakarta 11180 - Indonesia
Telp. : (62-21) 6250643, 6250153, 6384168, Fax: 6498041
Office : GLODOK JAYA Blok B Lt. IV No. 38-42
Jl. Mayan Wuriuk, Jakarta 11180 - Indonesia
Telp. : (62-21) 6240148, 6250153, 6242260, 6241907, Fax. : 6498041

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Planning, Designing, Installing, Maintaining, Repairing, Servicing, etc.
Best Freezer, Water Chiller, Ice Plant, etc.

To:
Dr. Omar El-Arini
Chief Executive Officer
Multilateral Fund
for the Implementation of the Montreal Protocol
1800 McGill College Ave., 27th Floor
Montreal, Quebec H3A 3G1
Canada

Subject: Choice of HCFC-141b for conversion technology

Following the preparatory process for the Montreal Protocol investment project for PT ANEKA CITRA REFRIGERATAMA would like to confirm that we obtained full explanation on the reasons why and under which specific conditions the conversion from CFC-12 to HCFC-141b could be implemented at our company.

We received sufficient information about HCFC-141b as a transitional substance and we agreed to bear the cost of subsequent conversion to non-HCFC substance in the future.

We also received sufficient information on the cost situation for alternatives. The comparative cost calculations were presented to us as it is stipulated in the project agreement.

It was amplified at the beginning of the project preparation that our company should be aware about the measures on the import restrictions into non-Article 5 countries.

We would however reiterate that there is no export of our products to non-Article 5 countries, and as yet there is no intention in our marketing policy for such export in near future.

Best regards,



Fuco R. Chandra
Director

7/7



BINA TEKNIK

Commercial Refrigeration, Cold Storage Frezer Box,
Stainless Steel Fabrication

To :
Dr. Omar El-Arini
Chief Executive Officer
Multilateral Fund
For the Implementation the Montreal protocol
1800 McGill College Ave., 27th Floor
Montreal, Quebec H3A 36J
Canada

Subject : Choice of HCFC-141b for conversion technology

Following the preparatory process for the Montreal Protocol investment project for BINA TEKNIK Co. would like to confirm that we obtained full explanation on the reasons why and under which specific conditions the conversion from CFC-11 to HCFC-141b could be implemented at our company

We received sufficient information about HCFC-141b as a transitional substance and we agreed to bear the cost of subsequent conversion to non-HCFC substance in the future.

We also received sufficient information on the cost situation for alternatives. The comparative cost calculations were presented to us it is stipulated in the project document.

It was amplified at the beginning of the project preparation that our company should be aware about the measures on the import restrictions into non-Article 5 countries.

We would however that there is no export of our products to non-Article 5 countries and as yet there is no intention in our marketing policy for such export in near future.

BINA TEKNIK
Commercial Refrigeration, Cold Storage Frezer Box,
Stainless Steel Fabrication
Jl Raya Kemastren No. 145 Telp. (031) 8850149
Tulungagung, Jawa Timur

Sunaryo
Director



KEMENTERIAN LINGKUNGAN HIDUP
REPUBLIK INDONESIA

Government Note of Transmittal of Investment Project

Jakarta, May 6, 2002

Mr. William Kwan
Montreal Protocol Unit
United Nations Development Programme
304 East 45th Street,
New York, NY 10017

Dear Mr. Kwan,

Subject : Submission of ODS Phase-out projects for the 37th Meeting
Of the Executive Committee of the Multilateral Fund.

The Government of Indonesia hereby request UNDP to submit project listed below to the 37th Meeting of the Executive Committee of the Multilateral Fund for the implementation of the Montreal Protocol.

No	Name of Project	Type of ODS	Project Impact (ODP-MT)	Implementing Agency
1.	Sector Phase-out Plan for elimination of CFCs in the Refrigeration (Manufacturing) sector in Indonesia	CFC-11 and CFC-12	1,141	UNDP

ODS Consumption Data

1. The ODS consumption figures of the project have been validated by Ministry of Environment (MOE).
2. The ODS consumption data have been retained in the MOE 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.

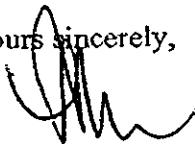
Other Actions

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. MOE 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, MOE 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 project 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,



Dra. Liana Bratasida, MS.
Deputy Minister for Environmental Conservation
Ministry of Environment

Cc. : - Mr. Omar El Arini
Chief Officer Multilateral Fund for the
Implementation of the Montreal Protocol

- Mr. Bo Asplund
Resident Representative UNDP Jakarta