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COMITÉ EXÉCUTIF
DU FONDS MULTILATÉRAL AUX FINS
D'APPLICATION DU PROTOCOLE DE MONTRÉAL
Quarante et unième réunion
Montréal, 17 - 19 décembre 2003

PROPOSITION DE PROJET : PHILIPPINES

Le présent document comporte les observations et les recommandations du Secrétariat du Fonds sur la proposition de projet suivante :

Élimination :

- Plan national d'élimination des CFC : secteur de la fabrication : Programme annuel pour 2004 :
- Plan national d'élimination des CFC : secteur de l'entretien Programme annuel pour 2004 :

Banque mondiale

Suède

FICHE D'ÉVALUATION DE PROJET PHILIPPINES

SECTEUR : Élimination Consommation sectorielle de SAO (2002): 1 632,3 tonnes PAO

Seuil de coût-efficacité du secteur : n/d

Titres du projet :

- a) Plan national d'élimination des CFC : secteur de la fabrication : programme annuel pour 2004
- b) Plan national d'élimination des CFC : secteur de l'entretien (programme annuel pour 2004)

Données du Projet	Multiple	
	Plan national	
Consommation de l'entreprise (tonnes PAO)	2 017,6	n/d
Incidences du projet (tonnes PAO)	150,0	n/d
Durée du projet (mois)	12	12
Montant initial demandé(\$ US)	1 877 418	166 134
Coût final du projet (\$ US):		
Surcoûts d'investissement (a)		
Coût d'imprévus (b)		
Surcoûts d'exploitation (c)		
Coût total du projet (a+b+c)	2 043 552	166 134
Participation locale au capital (%)		
Élément exportation (%)		
Montant demandé pour la première tranche (\$ US)	2 043 522	166 134
Rapport coût-efficacité (\$ US/kg.)	12,52	n/d
Financement de contrepartie confirmé?		
Agence nationale de coordination	Bureau national de l'Ozone, DENR	
Agence d'exécution	Banque mondiale	Suède

<i>Recommandations du Secrétariat</i>		
Montant recommandé (\$ US)	1 877 418	166 134
Incidences du projet (tonnes PAO)	150,0	n/d
Rapport coût-efficacité (\$ US /kg)	12,52	n/d
Coût de soutien à l'agence d'exécution (\$ US)	160 968	12 952
Coût total pour le Fonds multilatéral (\$ US)	2 217 472	179 086

DESCRIPTION DU PROJET

1. La Banque mondiale a présenté à la 40^e réunion, de la part du Gouvernement des Philippines, une demande pour le décaissement de 2 043 522 \$ US et de 173 920 \$ US (coût d'appui) dans le cadre du financement du programme de mise en œuvre pour l'année 2004 du plan national philippin d'élimination des CFC. Cette demande comporte :

- Première Partie : Réalisations du programme annuel 2003;
- Deuxième Partie : Plan annuel 2004; et
- Troisième Partie : Vérification de la consommation pour 2002.

Contexte

2. Le Comité exécutif avait, lors de sa 38^e réunion en novembre 2002, approuvé en principe la somme totale de 10 575 410 \$ US, coûts d'appui aux agences de 896 788 \$ US en sus, pour le plan national philippin d'élimination de 2 017,6 tonnes PAO de CFC. La mise en œuvre du plan s'étale sur huit ans, de 2002 à 2009. La première tranche de financement de 3 010 873 \$ US avec eu sus 259 979 \$ US de coût d'appui d'agence fut approuvée à la 38^e réunion en décembre 2002 pour la première phase (2002 à 2003), et visait une élimination de 31,7 tonnes de PAO de CFC.

3. Le tableau ci-dessous montre les objectifs de contrôle pour l'élimination des CFC, ainsi que le calendrier de décaissement selon les termes de l'accord :

Tableau 1 : Calendrier des décaissements et objectifs de contrôle pour l'élimination totale des CFC aux Philippines. (tonnes PAO et \$ US).

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Consommation maximale permise de CFC	2 049,3	2017,6	1 960	1 810	1 509	1 360	453	400	300	0	
Réduction - projets en cours	-	31,7	-	-	-	-	-	-	-	-	31,7
Nouvelle réduction dans le cadre du plan	-	-	57,6	150	301	149	907	53	100	300	2 017,6
Réduction totale annuelle	-	31,7	57,6	150	301	149	907	53	100	300	2 049,3
Financement convenu (Volet I BM)	-	2 858 473	1 877 418	2 160 071	2 873 197	337 717	110 000	0	0		10 216,876
Coût d'appui BM	-	248 663	160 968	186 006	248 588	20 795	5 500	-			870 520
Financement convenu (Volet II Suède)	-	152 400	166 134	40 000	0	0	0	0	0		358 534
Coût de l'appui bilatéral suédois	-	11 316	12 952	2 000	0	0	0	0	0		26 268
Financement total convenu (\$)	-	3 010 873	2 043 552	2, 00 071	2 873 197	337 717	110 000	0	0		10 575 410
Total des coûts d'appui aux agences (\$)	-	259 979	173 920	188 006	248 588	20 795	5 500	0	0		896 788
Coût total pour le FM		3 270 852	2 217 472	2 388 077	3 121 785	358 512	115 500	0	0		11 472 198

4. Les décaissements en 2003 et au cours des années suivantes dépendront :

- De la réalisation des objectifs de réduction et des limites de consommation spécifiés dans le tableau 1, ainsi que de l'observation des autres exigences d'efficacité contenues dans l'accord;
- De l'approbation du programme annuel de mise en œuvre pour l'année suivante;
- Du respect du calendrier tel qu'établi dans le tableau 12.2 du chapitre 12 du plan national philippin d'élimination des CFC et du programme correspondant de mise en œuvre.

5. En outre, en dehors des décaissements faits en 2002 et 2003, tous les autres décaissements ne seront effectués qu'après la confirmation que : les réductions de consommation convenues et les limites maximales de consommation notées au tableau 1 pour l'année précédente ont été atteintes, la vérification de l'élimination des CFC a été effectuée et une bonne partie des activités de l'année précédente a été réalisée, conformément au programme annuel de mise en œuvre.

Évolution de la mise en œuvre du programme annuel 2003.

Activités préparatoires

6. L'accord de financement pour l'élimination des CFC entre le Gouvernement des Philippines et la Banque mondiale a été signé le 24 mars 2003. L'unité de gestion du projet a été mise en place en septembre 2003 avec la désignation du coordonnateur et de l'équipe de soutien, ainsi que la définition des fonctions et des responsabilités de cette unité.

Élimination des CFC et résultats

7. Le niveau de consommation des CFC aux Philippines en 2003 a été fixé à 1 960 tonnes de PAO. Cependant, les prévisions provisoires de consommation des CFC indiquent que le niveau réel de consommation des CFC ne dépasserait pas 1 836,52 tonnes de PAO. Le niveau définitif de consommation des CFC sera fourni dans le rapport de vérification de 2003. En 2002, la consommation des CFC aux Philippines était de 1 644 tonnes de PAO, selon une enquête ordonnée par le Gouvernement. Puisque la quantité indiquée dans l'enquête est supérieure d'environ 12 tonnes au volume précédent rapporté au Secrétariat à l'ozone, un correctif est en train d'être publié. Cette consommation de 2002 est inférieure à la limite qui est de 2 017,6 tonnes de PAO prévue dans le rapport.

8. En 2003, un volume total de 43 tonnes de CFC-12 dont 28 tonnes illégalement importées et 15 tonnes faussement étiquetées HFC-134a, a été saisi par le DENR et les Douanes. Ces quantités de CFC seront vendues aux importateurs agréés et les quantités correspondantes déduites de leurs quotas d'importation.

Composante investissement

9. Il existe une tendance à la baisse de la consommation des CFC-11 aux Philippines; cela est attribué à son prix élevé comparativement à celui des produits chimiques de remplacement, ainsi qu'à l'impact positif de la publicité gouvernementale sur l'élimination des CFC. Les activités d'élimination prévues pour 2003 aux Philippines comprenaient les projets d'investissement, l'assistance technique à apporter aux fabricants de mousse retenus, pour leur permettre de préparer leurs propositions de projet avant la fin de l'année (2003).

10. La consommation des CFC aux Philippines semble en déclin, en raison de l'élimination volontaire de ces produits par les membres de la Chambre de l'Industrie des Cosmétiques. Cependant, on compte 9 entreprises de fabrication de gaz lacrymogène qui utilisent encore les CFC. Des discussions ont été organisées entre l'unité de gestion du projet et ces entreprises pour les aider à se convertir aux substances sans CFC.

11. Des efforts ont été mis en oeuvre aux Philippines pour remplacer les inhalateurs à doseur métrique utilisant les CFC par des inhalateurs à doseur sans CFC. L'unité de gestion du projet, une importante société pharmaceutique ainsi que des importateurs ont programmé une réunion en novembre 2003 pour déterminer les voies et les moyens de réaliser la conversion à une technologie sans CFC.

12. Aux Philippines, les fabricants des réfrigérateurs ont remplacé le CFC-11 et le CFC-12 par une technologie sans CFC, grâce au financement du Fonds Multilatéral. Cependant, les producteurs des comptoirs frigorifiques, des congélateurs et des refroidisseurs d'eau continuent à utiliser le CFC-11 et le CFC-12. L'unité de gestion du projet travaille avec des entreprises identifiées pour la préparation des propositions de projet de conversion au HFC-134a.

Politique, sensibilisation et formation

13. Le Gouvernement des Philippines a organisé un atelier de lancement pour les agences d'exécution et les partenaires, et a élaboré, en ce qui concerne les PAO, le projet d'ordonnance sur le contrôle des substances chimiques. En septembre 2003, 60 formateurs ont terminé leur formation dans le cadre de la première promotion de 150 instructeurs techniques qui vont assurer la formation des techniciens en réfrigération et des agents chargés du respect de la réglementation sur les permis pour les PAO en collaboration avec le bureau des douanes.

Vérification de la consommation de CFC en 2002

14. Bien que le Gouvernement n'était pas obligé de soumettre l'élimination des CFC à un vérificateur indépendant, il a ordonné un audit de la consommation de 2002 en faisant appel à un consultant, afin de mieux comprendre le processus pour les années à venir. Une copie du rapport a été jointe pour information, à la demande de décaissement de la deuxième tranche; ce rapport reste disponible sur demande. Il ressort du rapport du vérificateur que la consommation était de 1 644 tonnes de PAO, soit un dépassement de 12 tonnes par rapport aux chiffres fournis au Secrétariat à l'Ozone conformément à l'Article 7. Le Gouvernement procède actuellement à la publication des données révisées. De la même manière, la réalisation des objectifs de réduction de 2003 sera confirmée dans le programme annuel, avec un audit du rapport de vérification

Programme annuel de mise en œuvre pour 2004

15. Dans le cadre du programme d'élimination des CFC de 2004 pour les Philippines, une revue globale de toutes les mesures de contrôle et de réglementation sera entreprise, ainsi qu'une mise à jour des normes nationales pour l'utilisation des équipements à base de SAO. Une grande campagne de sensibilisation utilisant les stratégies des multi-média et visant le plus grand public sera organisée sur les CFC. Les entreprises qui auront été retenues recevront une assistance technique pour la préparation de leurs propositions de projet d'élimination.

16. Le budget du programme de 2004 met l'accent sur les programmes de formation des formateurs en réfrigération et en climatisation automobile, la fourniture des subventions financières pour l'acquisition des équipements d'entretien en réfrigération et en climatisation automobile, la mise en place d'infrastructures pour la reconversion des CFC et du sous-secteur de fabrication des réfrigérateurs commerciaux.

OBSERVATIONS ET RECOMMANDATIONS DU SECRÉTARIAT

OBSERVATIONS

17. La consommation totale des CFC pour les Philippines en 2002, telle que vérifiée, était de 1 644 tonnes de PAO, soit 373 tonnes de moins que la consommation permise pour cette année là qui, selon l'Accord, était de 2 017,6 tonnes de PAO. Un total de 89,3 tonnes de PAO comprenant 31,7 tonnes pour le secteur de mousse et 57,6 tonnes pour le secteur de l'entretien en réfrigération, a été éliminé dans le cadre des projets en cours et des nouveaux projets, permettant ainsi aux Philippines de réaliser les objectifs d'élimination de 2002 et de 2003. Le pays est donc allé au-delà des objectifs fixés par l'Accord.

18. Le Bureau national de l'ozone (DENR) ainsi que le Bureau des douanes ont prouvé leur efficacité en interceptant les CFC introduits par contrebande, ce qui permettra une réduction des émissions des CFC d'environ 43 tonnes de PAO.

19. Le rapport périodique souligne également que le système de quotas aux Philippines est pratique et efficace pour faire baisser les importations des CFC; cela permet de maintenir les niveaux de réductions réalisés dans le cadre du plan national d'élimination.

20. Les erreurs qui avaient été détectées dans la répartition de l'élimination des CFC et de la quantité totale des CFC à éliminer dans le cadre du plan national d'élimination totale, tel que présenté dans l'Accord, ont été corrigées à la suite de discussions entre le Secrétariat et la Banque mondiale. Ces corrections sont les suivantes :

2002:	Consommation maximale de CFC permise:	2 017,6 tonnes PAO au lieu de 2 049,3 tonnes PAO
2003:	Nouvelle réduction dans le cadre du plan:	57,6 tonnes PAO au lieu de 89,3 tonnes PAO
	Réduction annuelle totale :	57,6 tonnes PAO au lieu de 89,3 tonnes PAO
Nouvelle colonne 2010 insérée		
2010:	Consommation maximale de CFC permise:	0 tonne PAO
	Nouvelle réduction dans le cadre du plan:	300 tonnes PAO
	Réduction annuelle totale:	300 tonnes PAO
Dans la colonne "Total"		
	Nouvelle réduction dans le cadre du plan:	2 017,6 tonnes PAO au lieu de 1 749 tonnes PAO
	Réduction annuelle totale:	2 049,3 tonnes PAO au lieu de 1 781 tonnes PAO

21. Le tableau 1 du paragraphe 3 du chapitre sur le contexte reflète ces corrections sur les données qui seront incorporées dans le corrigendum de l'Accord.

RECOMMANDATIONS

22. Le Secrétariat du Fonds recommande l'approbation du montant et des coûts d'appui à l'agence d'exécution demandés pour la réalisation du programme annuel de mise en œuvre du plan national d'élimination des CFC des Philippines, tel qu'indiqué dans le tableau ci-après :

23. Le Comité exécutif aimerait noter en l'appréciant, la vigilance du gouvernement des Philippines dans la lutte contre les importations frauduleuses dans le pays, ce qui a contribué à éviter les émissions indésirables de SAO.

	Titre du projet	Financement du projet (\$ US)	Coûts d'appui (\$US)	Agence d'exécution
a)	Plan national d'élimination des CFC	1 873 418	160 968	Banque mondiale
b)	Plan national d'élimination des CFC	166 134	12 952	Suède

**PHILIPPINES NATIONAL CFC PHASEOUT
PLAN**

2004 ANNUAL PROGRAM

GOVERNMENT OF THE PHILIPPINES
DEPARTMENT OF ENVIRONMENT AND NATURAL
RESOURCES - PHILIPPINE OZONE DESK

WITH ASSISTANCE FROM

THE WORLD BANK AND
THE GOVERNMENT OF SWEDEN

November 26, 2003

**Philippines National CFC Phaseout Plan
2004 Annual Implementation Program**

**Submitted to the 41st Executive Committee
October 21, 2003**

DATA SHEET

COUNTRY:	THE PHILIPPINES
PROJECT TITLE:	National CFC Phaseout Plan
YEAR OF PLAN:	2004
NO. OF YEARS COMPLETED:	1 (2003)
NO. OF YEARS REMAINING UNDER THE PLAN:	6 (2004-2009)
CEILING FOR 2003 CFC CONSUMPTION, 2003 ANNUAL PLAN:	1,960 ODP tonnes
CEILING FOR 2004 CFC CONSUMPTION, 2004 ANNUAL PLAN:	1,810 ODP tonnes
TOTAL FUNDING APPROVED IN PRINCIPLE FOR THE CFC PHASEOUT PLAN:	\$10,575,410
TOTAL FUNDING RELEASED AS OF OCT. 2003:	US \$3,010,873
TOTAL FUNDING DISBURSED FROM THE WORLD BANK TO THE PHILIPPINES:	US \$3,010,873
LEVEL OF FUNDING REQUESTED FOR 2004 ANNUAL PLAN:	US \$2,043,552
NATIONAL IMPLEMENTING OPERATING AGENCY:	Department of Environment and Natural Resources – Philippine Ozone Desk (POD)
LEAD IMPLEMENTING AGENCY	The World Bank
CO-IMPLEMENTING AGENCY:	The Government of Sweden

PROJECT SUMMARY

The National CFC Phaseout Plan (NCPP) will phase out the remaining consumption of 2,017.6 ODP tonnes of Annex A, Group I chemicals during the period of 2003-2010. To achieve this target, a series of investment, non-investment, technical assistance, and other support activities will be undertaken. The NCPP will enable the Philippines Government to enforce a ban on the importation of equipment (new and used) designed to use exclusively CFCs and totally eliminate the use of CFCs in the manufacturing sector by January 1, 2005 and use of CFC (other than banked supplies) in the servicing sector by 2010.

IMPACT OF THE PROJECT ON COUNTRY'S MONTREAL PROTOCOL OBLIGATIONS: The project will enable the Government of the Philippines to meet its CFC phaseout obligations.

The Philippines National CFC Phaseout Plan: 2004 Annual Program*

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* NOTE: This is based on the format proposed by the MLF Secretariat for use by the Article 5 country to prepare the annual work plan for the implementation of performance-based ODS phase-out plans.

Introduction

1. In accordance with the Executive Committee's approval of the "Agreement for the National CFC Phaseout Plan for the Philippines" (Report No. UNEP/OzL.Pro/Excom/38/70, Rev.1, Decision 38/48 and Annex V to the Report), the Philippines is hereby requesting release of the second tranche of US\$2,043,552 for the implementation of the 2004 Annual Program. After implementing this program, the Philippines' CFC consumption will be reduced to a maximum of 1,810 ODP tonnes by the end of 2004. Details of the 2004 annual program are provided in Part II.
2. The Executive Committee (ExCom) of the Multilateral Fund for the Implementation of the Montreal Protocol has approved a total grant of US \$10,575,410 to cover part of the phase-out costs of the phased reduction and complete phase-out of consumption of Annex A, Group I substances in the Philippines. The approved funding and agreed annual targets are summarized in the table below.
3. Following the approval of the NCPP at the 38th Meeting of the ExCom in November 2002, the Philippines has begun implementation of the NCPP and has taken important initial steps, such as the establishment of the project management unit. Details of 2003 activities and developments to date are found in Part I.

Approved MLF Funding and ODP Reduction Schedule

Year	Annual Grant Funding US\$ (million)	Maximum Consumption allowed under NCPP
		(ODP tonnes)
2003	3,010,873	1,960
2004	2,043,552	1,810
2005	2,200,071	1,509
2006	2,873,197	1,360
2007	337,717	453
2008	110,000	400
2009	--	300
2010	--	0

Part I – 2003 Annual Program Accomplishments (Actual & Projected)

A. Targets Met

1. The overall performance target for 2003 is to ensure that CFC consumption does not exceed the ceiling of 1,960 ODP tonnes, amounting to a reduction of at least 89.3 ODP tonnes from the previous year. This target represents a reduction of 31.7 ODP tonnes from the completed UNDP-implemented investment project in rigid foam manufacturing (PHI/FOA/31/INV/64 , completed in October 2002) and 57.6 ODP tonnes reduction in the servicing sector.

2. Considering the supply of CFCs to the country in 2003 to date, the 2003 reduction target is most likely to be met at a projected maximum consumption level of 1,923.98 ODP tonnes (made up of the issued quota and outstanding CFC shipment from the 2002 quota that would arrive in 2003), well below the consumption ceiling. This is composed of the following:

- a) The final 2002 CFC consumption figure is 1644 ODP tonnes which includes 139.5 ODP tonnes of imported CFC that did not receive pre-shipment importation clearance.
- b) Out of the remaining issued CFC quota/import permits for CY 2002 of 274.20 ODP tonnes that were not utilized in 2002, only 186.74 ODP tonnes arrived as of September 30, 2003. The undelivered quota of 87.46 tonnes was deemed cancelled with the expiration of the Pre-shipment Importation Clearance in July 2003.
- c) The issued CFC quota for CY 2003 for imports which are expected to arrive within the year is 1,649.78 ODP tonnes – an amount 15% lower than the ceiling established in the agreement with the ExCom.
- d) So far in 2003, a total of 43 tonnes of CFC-12 was seized and forfeited (this included 28 tons of illegally-imported CFC-12 and 15 tons of CFC-12 labeled as HFC-134a) as a result of the vigilance of the DENR and Bureau of Customs. This amount will be disposed of by selling the same to the registered importers but will be deducted from their quota allocation.
- e) Consequently, the total consumption in the year will be capped at (1649.78+274.20) 1,923.98 ODP tons, and is in fact not likely to exceed (1649.78+186.74) 1,836.52 ODP tons.

3. The Government decided to commission an audit of 2002 consumption in the Philippines using a consultant to enable a better understanding of the process for future years. A copy of the report is attached for information. The verified consumption of 1,644 ODP tons is 12 tons higher than Article 7 data reported to the Ozone Secretariat previously, and a revision to that report is being issued.

4. The achievement of the 2003 reduction performance target will be confirmed in the 2005 Annual Program, along with the 2003 consumption verification report.

B. Industry Actions

5. As indicated above, the actual ODP consumption reductions by sector for 2003 will be reported in the 2005 Annual Program. Please refer to Table IV in Part II for the

planned reductions for 2003. Major developments as of the date of this report are provided below by sector.

B.1 Foam Sector

6. Based on recent information obtained by POD, there has been a decrease of CFC-11 consumption in the foam sector since 2002. This decrease is attributed to an increase in CFC-11 prices in comparison to alternative chemicals and a downturn of the economy in the northern Manila area where most of the remaining CFC-consuming enterprises are located. In addition, through the preparation and launch of the NCPP, the Government's message that CFC consumption is to be phased out has, in effect, reached many manufacturers and CFC consumers in the last year and half of consultations and workshops. Moreover, the Government's official announcement in mid-December 2002 of the NCPP's approval and its corresponding phaseout schedule as well as of the Government import quota for 2003-2010, has had an impact on the CFC-consuming market in the last ten months.

7. Consequently, a consultant will be hired to re-assess the country's foam industry as well as design projects and strategies to phase out CFC in the sector in a permanent manner. Consultations will be held with identified foam enterprises to formulate the required assistance packages to totally phase out CFC in the foam-manufacturing sector and to assist any originally identified manufacturers that may have commenced with conversion on their own since the data was collected for the NCPP. Investment projects as well as technical assistance for all the eligible foam manufacturers will be prepared before the end of the year.

B.2 Aerosol Sector

8. As stated in the NCPP, most CFC-based aerosols have readily available alternatives that has led to a decrease of the consumption of CFC-12 in this sector – consumption in this sector almost disappeared due to the voluntary phase-out of CFC-12 in the operations of member companies of the Chamber of Cosmetic Industries in the Philippines.

9. Considerable efforts were made to track down and quantify the small amount of remaining consumption through back-tracking the raw material supply chain and through consultations with experts and users. Based on the list provided by the Philippine Aerosol Container Corporation (PACC), it was confirmed that nine enterprises are manufacturing tear gas and are using CFC-12 as propellant. St. Pancratius was identified in the NCPP as the largest producer of tear gas with an annual consumption of 1.44 ODP tonnes of CFC-12.

10. Initial consultation meetings in mid-2003 with the two major tear gas manufacturers, namely, St. Pancratius Industries and Dancan Trading, were conducted to reconfirm their CFC consumption and the assistance needed to phase out CFC in their products. Plans for assistance, will be finalized after some additional consultations in November 2003.

B.3 Metered-Dose Inhalers (MDI)

11. The Philippines is not a manufacturer of MDIs, however, about 1.2 million units were imported in 2001. Non-CFC MDIs have penetrated the market, but CFC MDIs are reportedly "more sellable" because asthma patients are not used to alternative products due to a different taste and cooling effect. Further, the low acceptance of non-CFC MDIs can also be attributed to lack of awareness of ODS issues of patients and health specialists.

12. GlaxoSmithKline, a leading importer of CFC-based MDI in the country, has already expressed its support for the project. A consultation meeting among PMU, BFAD, consultant and MDI importers is planned for November 2003 to determine next steps.

B.4 Refrigeration Equipment Manufacturing

13. Manufacturers of household and commercial refrigerators have shifted totally to non-ODS technology and eliminated CFC-11 and CFC-12 in their manufacturing process with assistance from the Multilateral Fund. Under the NCPP, only producers of refrigerated counters, freezers and water coolers were identified to be using CFC-11 and CFC-12, namely, LowTemp Corporation, Greenpole Industrial Trading Corporation and Kooler Industries.

14. Kooler Industries, which manufactures 700 to 1,000 units of water coolers per year with estimated CFC-12 consumption of 8 oz. per unit per the NCPP, has informed the Government in June 2003 that it has already shifted to use of HFC-134a as refrigerant. To ensure the total and sustained phaseout of CFCs in this company, retroactive support (technical and financial subsidies) will be provided. LowTemp is awaiting help for preparing an investment project proposal, and will be converting to non-ODS systems in 2004. Greenpole's present business is concentrated on servicing of water coolers using CFCs purchased locally. Greenpole will be eligible for a grant package under Type II investment projects (servicing) in a future annual program.

B.5 Servicing Sector

15. Technician-oriented information campaigns as embedded in the Technical Education and Skills Development Authority (TESDA) curriculum have become part of the regular training of technicians. The training program targets 150 trainers to be covered within the year. Sixty trainers were provided training up to the end of September, 2003. Eight training sessions have been scheduled for the next three months. Ninety trainers are invited and are expected to participate in the training.

C. Summary of Technical Assistance Activities

C.1 PMU

16. The NCPP Project Management Unit (PMU) was established the first week of September 2003 after approval of the Administrative Order # 2003-43 and Special Order No. 2003-712 delineating the roles and responsibilities. The NCPP PMU functions under the direct supervision of POD. Most of the staffing of the unit has been completed.

C.2 Train the Trainers

17. The Technical Education and Skills Development Authority has upgraded and field-tested its Competency-Based Curriculum and Learning Materials for refrigeration and air conditioning (RAC) and mobile air conditioning (MAC) technicians. The new curriculum incorporates the NCPP requirements on good service practice. Forty-five (45) and fifteen (15) RAC and MAC instructors from TESDA and TESDA supervised training centers in the Visayas Region (Regions VI, VII, and VIII) and Mindanao (Region XI) respectively were trained as trainers.

C.3 Swedish TA

18. The International Consultant for the Servicing Sector under the Government of Sweden component came on board in April 2003 and is providing advice to POD regarding accreditation & certification, Code of Practice, Reclamation and Trade Communication.

C.4 Foam

19. The World Bank's clearance for the hiring of a Foam Consultant was received on October 15, 2003, and the Consultant is expected to be hired by October 27, 2003. A meeting with Foam sector stakeholders has been organized shortly thereafter to discuss: (a) ban on CFC-11 importation starting January 2005; (b) new standards set by the Bureau of Product Standards (BPS) for the sector; and (c) documentary requirements to avail of the grant.

C.5 MDI

20. It has been difficult to locate a suitable expert for MDI. Discussions are ongoing with the Bureau of Food and Drugs (BFAD) to locate a suitable consultant from among government retirees or other possible sources of qualified help, and to discuss other steps to be able to proceed with the implementation of planned activities. The MDI Consultant is expected to be hired by November 2003.

C.6. MAC

21. Action has been taken to add information on refrigerants used by vehicles to the vehicle inspection form. Land Transportation Office (LTO) inspectors nationwide will be trained by TESDA on the basic identification of the type of MAC refrigerants. It has also been decided that LTO will distribute information materials on the phaseout of CFCs to all owners of vehicles with MAC throughout the entire 2004 vehicle registration period.

C.7 CCO Legal Consultant

22. A consultant was appointed to propose revisions to the Chemical Control Order to reflect the requirements for additional restrictions for NCPP implementation. A draft revised order is under review by the Government and consultations with stakeholders are under way. It is expected to be finalized by the end of the year.

23. Table I provides a detailed summary of all activities expected to be accomplished by the end of the year.

Table I: Technical Assistance (TA) Activities in 2003

No	Activity	Objective	Target Group	Impact	Status
1.	Technical Assistance to CFC-based Aerosol Manufacturers	To assist product fillers reformulate their products.	Nine known and identified producers	Technical options and associated hazards are understood and most are expected to move to contract filling by a non-CFC aerosol producer or cease operations – by 2004.	POD/PMU conducted a meeting with St. Pancratius Industries in order to assess the need of the said company for possible assistance from the NCPP.
2.	Technical Assistance to the MDI sector to be led by the Bureau of Food and Drugs – in particular the development of a strategy to facilitate MDI phaseout.	To develop an MDI Phaseout Strategy that focuses on reducing the growth of CFC MDIs dependence by early introduction of alternatives.	The local pharmaceutical industry; doctors; government agencies and other relevant stakeholders	Strategy on how best to stop the growth in use assessed; consumer dissatisfaction with non-CFC alternatives addressed; awareness of alternatives and problems associated with continued use raised.	The terms of reference for an MDI expert have been finalized. POD is now in the process of selecting/sourcing for a possible local MDI expert with assistance from the BFAD.
3.	Technical assistance to help the larger foam enterprises prepare their proposals.	To phase out the remaining CFC-using foam manufacturers.	All eligible foam enterprises that are still using CFCs in foam production.	Planned conversion dates before the end of 2004 realized.	The terms of reference for the foam expert have been finalized. POD is now sourcing for a local foam expert.
4.	Technical assistance to the very small producers (0-1 tonnes).	To phase out the remaining CFC-using foam manufacturers.	The very small (SME) foam producers.	Technical advice and some limited assistance provided. Conversion to non-CFC production processes realized.	The terms of reference for the foam expert have been finalized. POD is now sourcing for a local foam expert.

No	Activity	Objective	Target Group	Impact	Status
5.	Training trainers on how to minimize intentional and unintentional emissions by improving practices	To incorporate the NCPP requirements on proper service practice to TESDA RAC and MAC training; conduct trainers training for the said curriculum.	Trainers of service technicians	Improved practice and reduced, long-term costs for the servicing of refrigeration systems, both MAC and stationary. As an example of the impact, the effects on leakage rates from a change of behaviour as displayed in Table 8-1 is based on international experience showing that a 50% reduction of the traditional leakage levels are realistic to achieve on old equipment.	The Technical Education and Skills Development Authority upgraded its Competency-Based Curriculum and Learning Materials for refrigeration air conditioning (RAC) and mobile air conditioning (MAC) technicians to incorporate the NCPP requirements on good service practice. Sixteen vocational practitioners have been trained and 134 more are expected to be trained before the end of 2003.
6.	To give credibility to the requirements associated with improved service practices such as a venting ban. Information on possibilities for industry will be given to all refrigerant suppliers/distributors.	To solve the issue of CFC-11 chillers and in order to tackle the servicing sector.	Suppliers/distributors	Suppliers/distributors are enabled for submitting proposals on how to establish reclamation capability for CFC-11 and CFC-12.	An international consultant to assist in the process to initiate a reclamation scheme has been contracted by Sida (Sweden) and is providing advice.
7.	Development and production of MAC Inspection Manual	To provide technical capability to inspectors who will conduct MAC inspection.	LTO MAC inspectors and other MAC inspection teams	MAC inspectors capable of proper MAC inspection procedure. Knowledge of the use CFCs in MACs widened resulting in stricter inspection during vehicle registration.	TESDA will train LTO technicians on identification of MAC refrigerants using visual inspection of MAC system installed in vehicles.
8.	Voucher Scheme under the Type II Sub-project finalized and ready to be implemented	To provide necessary service equipment to small and medium enterprises. To assist service shops to comply with Department	Service shops	Reductions in CFC emissions achieved. Phaseout of CFC consumption in this sector will have a direct impact on the Philippines' ability to meet its 50% and 85% reduction targets in 2005 and 2007	Workshop with LandBank to finalize the details of the Voucher Scheme under Type II sub-projects scheduled in November 2003. Contents of the Voucher

No	Activity	Objective	Target Group	Impact	Status
		of Trade and Industry (DTI) registration requirements.		respectively.	commented/discussed with LandBank and SEI consultant September 26, 2003
9.	Working Group to prepare the Code of Good Practice already in place	To ensure an improved standard of services in the service sector.	Service sector, trade organizations	Reduction in CFC emissions achieved.	Draft Code of Good Practice was prepared by the NCPP-PMU for presentation to the Working Group (stakeholders) by November 2003
10.	Initial Design of the Recovery, Recycling and Reclamation Scheme Prepared	To establish a reclamation facility.	Refrigerant importers	CFC-11 banned without creating adverse effects on the chiller sector. Premature scrapping of existing equipment avoided.	NCPP-PMU constantly meeting with PARII and CIGI to explore the establishment of in-house reclamation facility/ies.
11.	Target-oriented public awareness campaigns	To disseminate information related to the government's policy on ODS	Service shops, Equipment owners, LTO, General Public	More people informed about the issues of ozone depletion and policies and measures to solve the problem. Service shops, equipment owners and vehicle owners informed about the requirements and the benefits.	PMU to produce leaflets on NCPP for distribution by LTO to owners of vehicles with MAC during the 2004 vehicle registration period. Public awareness campaign and advocacy plan already prepared
12.	Establishment and operationalization of the PMU	To carry out associated activities under the NCPP	Government and all stakeholders	NCPP milestones reached.	The Project Management Unit has been established and is operational since September 2003.
13.	Training of DTI, LTO, TESDA, BFAD, PMU, Regional ODS staff on their role in NCPP conducted	In order for the concerned personnel to have thorough information on the objectives of the NCPP.	Concerned personnel of DTI, LTO, TESDA, BFAD and PMU staff.	NCPP objectives achieved.	Series of trainings scheduled to be conducted from October to December 2003.

D. Summary of Government Actions Taken

24. The Grant Agreement between the Philippine Government and the World Bank was amended on March 24, 2003 to enable implementation of the NCPP. Since then, other administrative issuances and procedures were prepared and adopted to facilitate the efficient and effective implementation of the Project, as follows:

- a) the Tripartite MOU among the Department of Environment and Natural Resources, the Department of Finance and the LandBank of the Philippines (as the Financial Intermediary) was signed to facilitate the flow and management of the project's financial resources;
- b) the Project's Operating Policy Guidelines were appropriately amended/updated to ensure that the requirements of the NCPP are properly addressed;
- c) a Memorandum of Agreement among the partner agencies of the DENR in the implementation of the NCPP such as the Technical Education and Skills Development Authority, Department of Trade and Industry, Bureau of Food and Drug, Land Transportation Office has been prepared and adopted;
- d) a Launch Workshop was conducted in which all the implementing and partner agencies of the Project presented their respective plans in support of the NCPP.

25. The Chemical Control Order for ODS as well as the Proposed Legal Measures under the NCPP as drafted by the Legal Consultant were reviewed, and the comments were discussed with the POD and PMU in order to come up with the right legal infrastructure supportive of the NCPP activities/strategies.

26. In the area of enforcement of the ODS Licensing System, the DENR-EMB-POD has emphasized that a good partnership with the Bureau of Customs is the most potent weapon against the illegal trade of ODS. In fact, the partnership has resulted, in seizure and forfeiture of two (2) shipments of CFC-12 allegedly from Shanghai, China. The first case involved the mislabeling of CFC-12 as HFC-134a amounting to about 15 ODP tonnes, while the second case involved "double layering" or the concealment of CFC-12 behind the layers of HCFC-22 amounting to about 28 ODP tonnes. Also, an on-the-spot inspection by a composite team of personnel from EMB, Customs and DTI resulted in the detection of 131 cylinders of mislabeled/counterfeit R134a which was tested to be CFC-12.

27.

28. Department of Trade and Industry: The Bureau of Product Standards conducted its first technical committee meeting for tear gas and home appliances on August 20, 2003.

Table II: Summary of Government Actions

No.	Policy/Activity Planned	Date Effective	Status
	POLICY CONTROL		
1.	Grant Agreement with World Bank amended to enable NCPP implementation, OPG amended	March 24, 2003	Complete.
2.	Tripartite MOU with DOF and		Complete.

	Land Bank		
3	Memorandum of Agreement with partner agencies	Expected	Awaiting signature of Department Secretaries (Ministers).
4	Comprehensive review of control measures (those existing and still needed to implement the phase-out)	November 30, 2003 – CCO revised.	A legal consultant was hired to study the possible inclusion of the proposed Legal Measures in the CCO. Comments on 3 rd draft of the CCO already discussed with the legal consultant. Consultation with stakeholders to be held in October.
5.	Updated Philippine National Standard for ODS-using equipment and products issued by DTI-BPS	December 29, 2003	Technical Committee Meetings conducted
PUBLIC AWARENESS/Targeted-oriented information campaign			
1.	Announcement of the NCPP and phase-out schedule/import quota for CFCs for 2003-2010. Announcement of the entering into force of accreditation by January 1, 2005	December 15, 2003 upon effectiveness of the revised CCO	A tri-media advertisement was produced.
OTHER ACTIONS			
1.	Import control training	Ongoing	Customs trainings on control and monitoring of ODS were conducted under UNEP.
2.	Criteria/procedures developed for financial support for phase-out projects	Ongoing	Already established under the Operating Policy Guidelines

E. Table III: Budget and Financial Performance

Activity / Description	Planned Expenditures (US \$) (Funds received for 2003 Activities)	Actual 2003 Expenditures (Jan. – Sept.)	Projected Expenditure (October – Dec. 2003)
Technical Assistance Projects			
– Aerosols	12,000	-	2,000
– MDIs	24,970		15,000
Investment and Technical Assistance Projects – Foam	724,000	-	4,500
Refrigeration Commercial Manufacturing	122,744	-	
Sub-total Manufacturing	883,714	-	
Service Sector			
Train-the-Trainer – Ref.	277,970*		
Financial Subsidy for Purchasing Refrigeration Servicing Equipment	547,655	14,570	38,750
Train-the-Trainer – MAC	309,100*		
Financial Subsidy for Purchasing MAC Servicing Equipment	695,434		
Technical assistance to initiate infrastructure to reclaim CFC	22,000*	10,000**	
Subtotal Service Sector	1,852,159		
PMU			
Project Implementation and Monitoring Unit	275,000*	11,336	207,000
Total	3,010,873		

*Includes bilateral assistance from Sweden.

** Contract price of Sida Consultant

Part II – 2004 Annual Plan

A. Table IV: Targets

Target					
Indicators		Preceding Year (2003) (ODP tonnes)	Year of Plan (2004) (ODP tonnes)	Reduction (ODP tonnes)	
Supply of CFCs	Import	1,960	1,810	150	
	Total (1)	1,960	1,810	150	
Demand of CFCs projected in NCPP	Manufacturing	476.87 CFC-11 9.64 CFC-12 total = 486.51	336.51 CFC-11 0 CFC-12 total = 336.51	150	
	Servicing	Total = 1,473.5	Total = 1,473.5	0	
	Total (2)	1,960	1,810	150	

B. Industry Action

29. During 2004, the Philippines has planned a reduction from 1,960 to 1,810 ODP tonnes or a net 150 ODP tonnes. Considering that almost all of the investment projects are expected to start in 2004, coupled with the Government's visible CFC phaseout campaign, the 150 ODP tonnes reduction can be easily achieved.

Table V: Industry Action

Sector	Consumption Preceding Year (2003) 1,960 ODP tonnes*	Consumption Year of Plan (2004)	Reduction within Year of Plan (2004)	Number of Projects/Servicing Related Activities Completed	ODS Phase-Out (in ODP tons)
Aerosol					
Foam			133.86	4	133.86
Refrigeration			16.14	2	16.14
Solvents			-----		
Other			-----		
Total	486.51	336.51	150	6	150
Refrigeration and air conditioning	1,473.5	1,473.5	-----		
Total	1,473.5	1,473.5	-----		
GRAND TOTAL	1960	1810	150		150

*Actual figures will be reported after 2003, in the 2005 Annual Program.

C. Table VI: Summary of Technical Assistance Activities for CY 2004

No.	Proposed Activity	Objective	Target Group	Impact
1.	Technical Assistance to the MDI sector to be led by the Bureau of Food and Drugs – in particular the development of a strategy to facilitate MDI phaseout.	To inform pharmaceutical industry, medical practitioners, and MDI users on the phaseout of CFC MDIs	The local pharmaceutical industry; doctors; government agencies and other relevant stakeholders	Decline in imports of CFC-based MDI.
2.	Technical assistance to help foam enterprises prepare their proposals.	To phase out the use of CFC in the foam manufacturing sector	All eligible foam enterprises that are still using CFCs in foam production.	Proposals submitted and approved. TA provided to eligible enterprises resulting in reduction of CFC-11 consumption.
3.	Technical Assistance for MAC Inspection and Training	To equip Land Transportation Office (LTO) Inspectors on the proper inspection of MAC	All LTO Inspectors	Proper knowledge on MAC inspection resulted in prevention of backward retrofitting.
4.	Comprehensive and target-oriented public awareness campaigns implemented	To disseminate information related to the government's policy on ODS	Concerned stakeholders	Increased awareness of concerned stakeholders about the issues of ozone depletion, and government policies and measures resulted in changes in behavior. More industries came forward to seek assistance through the NCPP.

No.	Proposed Activity	Objective	Target Group	Impact
5.	Training of Bureau of Import Services (BIS) inspectors	To train and equip BIS inspectors regarding the new inspection criteria for products and equipment containing CFC	BIS inspectors	Stricter control on the imports of second-hand ODS equipment resulted to reduction in CFC usage in the servicing sector.
6.	Finalize and Implement the Code of Practice	To ensure an improved standard of services in the servicing sector.	Servicing sector	Reduced CFC emissions due to proper practices in servicing CFC-containing systems.
7.	Prepare reclamation strategy	To establish a reclamation facility.	CFC importers	Ban on the use of CFCs made possible without creating adverse effects on the industry Premature scrapping of existing equipment avoided.
8.	PMU	To implement and monitor NCPP activities/projects	PMU personnel	NCPP milestones for 2004 met.

D. Table VII: Summary of Government Actions for CY 2004

No.	Policy/Activity Planned	Date Effective
1.	Announcement of the Land Transportation Office of its MAC inspection requirement	December 2004
2.	Inclusion and implementation of a regulation mandating the importers of CFC to establish a Reclamation Facility	March 2004
3.	Transform MDI phaseout strategy into policy issuance	July 2004
5.	Announcement of revised Accreditation system for RAC/MAC Service providers, informing them of the requirements for technician certification, mandatory equipment & compliance to Code of Good Practice	March 2004 <i>(as agreed with DTI-BTRCP)</i>
6.	Reaffirm the ban on any allowable uses of CFCs in the manufacturing sector.	March 2004
OTHER ACTIONS		
1.	Database link-up with DTI, TESDA and DENR	January 2004
2.	Land Transportation Office Database will include refrigerant type used by vehicles	December 2004
3.	Conduct public awareness information and targeted information on the requirement for accreditation and incentives under Type II investment project Implement Type II investment projects (Voucher Scheme for Service Shops)	January 2004
4.	Implementation of Revised Phil. National Standard For Home appliances, tear gas and MAC	February 2004
5.	Monitoring of CFC importation, sales, use and other prohibited or restricted ODS	January 2004

E. Table VIII: Budget – CY 2004

Activity / Description	Planned Expenditures (US \$) (Funds received for 2004 Activities)
Technical Assistance	
Projects	
– Aerosols	12,000
– MDIs	24,970
Investment and Technical Assistance Projects – Foam	0
Refrigeration Commercial Manufacturing	122,745
Sub-total Manufacturing	159,715
Service Sector	
Train-the-Trainer – Ref.	277,970
Financial Subsidy for Purchasing Refrigeration Servicing Equipment	200,000
LTO MAC Inspection Requirement	214,500
Train-the-Trainer – MAC	309,100
Financial Subsidy for Purchasing MAC Servicing Equipment	400,000
Costs to initiate infrastructure to reclaim CFC	232,267*
Subtotal Service Sector	1,852,159
PMU	
Project Implementation and Monitoring Unit	250,000*
Total	2,043,552

*Includes bilateral assistance from Sweden.

Part III – Consumption Verification for 2002

30. For a better understanding of the audit process for future years when it will be required, the 2002 consumption data was subjected to a verification audit by a consultant hired under terms of reference agreed with the World Bank. The report of the auditor is attached.

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