DocuSign Envelope ID: 716C14B0-D362-4DC8-91F9-ED77BE636613

ANNUAL PROGRESS REPORT

HPMP Stage-III Project

Project number (Quantum ID): 01001462

REPORTING PERIOD[1]: 1 Jan - 31 Dec 2023

Signed and endorsed by:

DocuSigned by:
Ashish Chaturvedi
FC837FD25D5E462...

Team Leader, Action for Climate and Environment

30-Apr-2024

Project Summary Information	
Project Title	Hydrochlorofluorocarbons (HCFC) Phase-out Management Plan (HPMP) Stage-III
Project ID	01001462
Project Duration	17 Jul 2023 to 31 Dec 2031
Location	Pan-India
CPD/UNSDCF/RPD/SP Outputs	Country Programme Document for India (2023-2027): Output:3.2: Innovative solutions developed, demonstrated and upscaled at national and subnational levels for vulnerable communities and businesses to benefit from sustainable management of natural resources (land, water, air), chemicals and circular economy. UNSDCF (2023-2027): By 2027, Government of India, state governments, communities, private sector and other actors take informed actions to address climate change, pollution, biodiversity loss and restore ecological integrity through improved knowledge, capacity and mainstreaming of relevant actions across sectoral programmes, policies and plans.
Gender marker	GEN2
Digitalization marker	
Implementing Partner	UNDP
Total budget	USD 14,835,000
Donors (funding sources)	Multilateral Fund for the Implementation of the Montreal Protocol
Annual Budget 2023	USD 2,180,630
Expenditure recorded for the reporting period	Nil

[1] Periodicity of this project progress report will be determined based on online input; it can be used quarterly, half-yearly, or annually. Once the data from this tool is input into Quantum, one can generate multi-year, annual, or quarterly reports, as the system should be able to aggregate various periods as long as they have been reported. The minimum requirement for Project Board to meet at least once to review progress and risks is annual - per policy.

DocuSign Envelope ID: 716C14B0-D362-4DC8-91F9-ED77BE636613

Expenditure recorded for the total project	Nil
Project Manager name:	Ankit Agrahari

1. Executive Summary

HCFCs are extensively utilized chemicals, with India ranking as the second-largest producer globally, following China. These compounds find application in various sectors such as Refrigeration and Air Conditioning manufacturing and servicing, Foam Manufacturing, Solvents, and Fire Fighting. The global phase-out of HCFCs presents a considerable challenge, particularly in developing economies experiencing significant growth in these industries. Among the myriad challenges faced are the cost-effective availability of sustainable and environmentally friendly alternatives. Some of these emerging alternatives, while promising, come with issues related to flammability and safety, constraining their widespread and unrestricted use. Moreover, numerous small and medium enterprises are active in these sectors, necessitating comprehensive facilitation and technical assistance for a smooth phase-out of HCFCs.

India successfully achieved the phase-out targets for HCFCs outlined in the Montreal Protocol for the years 2013 and 2015 during the HCFC Phase-out Management Plan (HPMP) Stage-I. Furthermore, in adherence to the Montreal Protocol, India accomplished the phase-out objectives for HCFCs set for the year 2020 through the implementation of HPMP Stage-II.

The implementation of HPMP Stage-III is pivotal for India to align with the Montreal Protocol's 2025 and 2030 control targets concerning HCFC consumption. This project aims to achieve a comprehensive phase-out, particularly targeting HCFC-22 in all manufacturing sectors by January 1, 2025, as mandated by the ODS (Control and Regulation) Rules 2000, amended in 2014. Additionally, HPMP Stage-III addresses the phase-out of HCFC-22 and HCFC-123 in the Refrigeration and Air Conditioning (RAC) and firefighting servicing sectors by 2030.

The project encompasses various elements, including capacity building, policy and regulations, enforcement training, and other project activities crucial for the successful and sustainable implementation of complete HCFC phase-out by 2030. Exceptions are allowed for a servicing tail between 2030 and 2040, where necessary, in line with the Montreal Protocol's provisions.

2. Progress Review

a) Key results achieved

- The proposal for the HPMP Stage-III project was formally presented to the Executive Committee of the Multilateral Fund of the Montreal Protocol during its 91st meeting held from December 5-9, 2022, and subsequently received approval in the same session.
- The project document for HPMP Stage-III was developed through consultations with the national ozone unit, namely the Ozone Cell under the Ministry of Environment, Forest and Climate Change.
- The Local Project Appraisal Committee (LPAC) granted approval to the project during its meeting on June 22, 2023.

DocuSign Envelope ID: 716C14B0-D362-4DC8-91F9-ED77BE636613

- The Project Steering Committee (PSC) endorsed the work plan and activities for the year 2023 during its meeting on July 20, 2023.

Please explain why there was no expenditure / delivery / progress on activities. How is it being addressed.

- The onboarding of the project team has been pending for the last six months leading to a delay in project initiation.

b) Output progress

Output statement	Baselines Value type	Indicators	Mid-term Targets	End of the project target	Status: On-track/ off-track / complete	Means of verifications and comment to substantiate the selected response
Innovative solutions developed, demonstrated and upscaled at national and subnational levels for vulnerable communities and businesses to benefit from sustainable management of natural resources (land, water, air), chemicals and circular economy	HCFCs – Starting Point: 1691.25 ODP tonnes	Amount of chemicals reduced, disposed, or avoided (metric tons)	75.85 ODP tonnes (2027)	Zero ODP tonnes (2030)	On-track	A7 data collected from ODS users like producers, importers and exporters.

3. Communications, visibility, and partnerships

The Hydrochlorofluorocarbons (HCFC) Phase-out Management Plan (HPMP) Stage-III was launched during the World Ozone Day programme, organised by MoEF&CC with support from UNDP at India Habitat Center, New Delhi on 16th Sep 2023.

https://ozonecell.nic.in/wp-content/uploads/2023/09/2-HPMP-Stage-III.pdf

4. Project risks and mitigation measures

DocuSign Envelope ID: 716C14B0-D362-4DC8-91F9-ED77BE636613

Issues/Challenges:
While India has successfully achieved the targets under HPMP Stage-I and HPMP Stage-II, the key challenges in HPMP stage-III are:

a. To implement phase-out of HCFCs without adversely affecting industrial and economic growth in the HCFC consuming sectors, especially for the small and medium enterprises (SME) while protecting consumer and public interests.
b. To meet the demand for substitutes for HCFCs, as far as possible from indigenous sources.
c. To reflect India's commitment to achieve compliance with the Montreal Protocol obligations including the Kigali amendment.
d. Exploring and getting right technology options as per the decision XIX/9 of the 19th MOP which emphasizes introducing safe and sustainable non-HCFC and climate friendly technologies to maximize the environmental benefits, particularly on climate.

To address the above challenges, some of the measures that need to be undertaken include the following:

a. Development of a roadmap for the RAC industries in SME sector and industry specific solutions.
b. Technical assistance to enable RAC industries in SMEs to select appropriate replacement options

5. Lessons Learned

The project document is yet to be signed by the responsible party i.e. Ozone Cell, MoEF&CC resulting in initial implementation delay. - what is the lesson learnt ?

6. Way Forward

Signing off the project document by Ozone Cell, MoEF&CC to initiate the implementation of activities. The first set of activities planned for 2024 include onboarding identified enterprises for participation in technology conversion through a Memorandum of Agreement (MOA) and to provide equipment support to servicing sector.

7. Annexures

Annexure I – HPMP Stage-III document (https://ozonecell.nic.in/wp-content/uploads/2023/09/2-HPMP-Stage-III.pdf)