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DIRECTORATE OF FUNDS

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No : S- 852 /PU.2/2012
Attachment : 1 Copy Signed Project Document

August 29, 2012

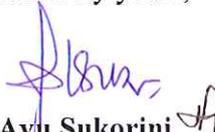
Beate Trankmann
Country Director UNDP
Menara Thamrin 8th Floor,
Jl. MH. Thamrin, Jakarta

Re : HCFC Phase-Out Management Plan (HPMP) for Compliance With the 2013 and 2015 Control Targets for Annex-C, Group-I Substances (HCFCs) in Indonesia

Referring to above-captioned subject, we hereby would like to submit one original copy of the Project Document which has been countersigned by Director General of Debt Management.

Thank you very much for your kind attention.

Sincerely yours,


Ayu Sukorini
Director

Cc:
Director General of Debt Management.



United Nations Development Programme
Country: **INDONESIA**
Project Document

Project Title *HCFC Phase-out Management Plan (HPMP) for compliance with the 2013 and 2015 control targets for Annex-C, Group-I substances (HCFCs) in Indonesia (MLF Project Numbers: IDS/PHA/64/TAS/192, IDS/PHA/64/INV/193, IDS/PHA/64/INV/195)*

UNDAF/ UNPDF Outcome(s): *Strengthened climate change mitigation and adaptation, and environmental sustainability measures in targeted vulnerable provinces, sectors and communities*

Expected CP Outcome(s): *National institutions and other key stakeholders are coherently and effectively addressing climate change adaptation and mitigation and ozone layer protection (Outcome 2.3, CPAP 2011-2015)*
(Those linked to the project and extracted from the CPAP)

Expected Output(s): *National policies/guidelines/strategies and mechanisms in place to enable implementation of HCFC phase-out with low GWP alternatives (Output 2.3.2, CPAP 2011-2015)*
(Those that will result from the project and extracted from the CPAP)

Implementing Partner: *Kementerian Lingkungan Hidup (KLH, Ministry of Environment)*

Responsible Parties: *KLH, UNDP*

Brief Description

Indonesia's HCFC Phase-out Management Plan (HPMP), for compliance with the 2013 and 2015 control targets for HCFC consumption according to the Montreal Protocol, comprises of a combination of interventions such as technology transfer investments, policies and regulations, technical assistance, training, awareness, communications and management, coordination and monitoring in various HCFC consuming sectors, to be implemented during 2012 to 2018, consistent with the provisions of the performance-based agreement between the Executive Committee of the Multilateral Fund and Indonesia.

Funding for subsequent compliance targets will be progressively incorporated in this HCFC Phase-out Management Plan.

Upon successful completion, the plan will result in net sustainable reductions of 80.4 ODP tonnes in the national HCFC consumption by 2018, contributing to Indonesia's compliance with the control targets for consumption of HCFCs. In addition, the project will result in net CO₂-equivalent direct emission reductions of about 1.5 million tonnes annually from 2015.

Programme Period:	2012-2018	Total resources required:	USD 8,901,102
Key Result Area (Strategic Plan):	Environment & Climate Change	Total allocated resources:	
ATLAS Award ID:		• Regular:	N/A
Start Date:		• Other:	N/A
End Date:	31 December 2018	• 1 st tranche received from MLF:	USD 4,000,000
PAC Meeting Date:	27 March 2012	Unfunded budget:	
Management Arrangements:	NIM	In-kind Contributions:	N/A

Agreed by Ministry of Environment: **Arief Yuwono**
Deputy Minister of Environmental Degradation Control and Climate Change

Agreed by Ministry of Finance: **Robert Pakpahan**
Expert Staff of the Minister of Finance on State Revenue
With Full Mandate as Director General of Debt Management

August 28, 2012

Agreed by UNDP: **Beate Trankmann**
Country Director

Terms and Abbreviations

CFC	<i>Chlorofluorocarbon, one of chemical substances that has Ozone Depleting Potential (ODP) and Global Warming Potential (GWP) under control of the Montreal Protocol</i>
CO ₂	<i>Carbon dioxide</i>
COP	<i>Conference of Parties</i>
CP	<i>Country Programme</i>
CPAP	<i>Country Programme Action Plan</i>
CTC	<i>Carbon tetrachloride</i>
ExCom	<i>Executive Committee</i>
Government	<i>In most cases, it refers to the Implementing Partner, i.e. the Ministry of Environment, acting as the Focal Point of the Montreal Protocol programme</i>
GWP	<i>Global Warming Potential</i>
HCFC	<i>Hydrochlorofluorocarbon, one of chemical substances that has Ozone Depleting Potential and Global Warming Potential under control of the Montreal Protocol</i>
HPMP	<i>HCFC Phase-out Management Plan</i>
ID	<i>Identity</i>
IDS	<i>Indonesia</i>
KLH	<i>Ministry of Environment</i>
M-DAG	<i>Ministry of Trade</i>
MeBr	<i>Methyl Bromide</i>
MenKes	<i>Ministry of Health</i>
Mfg	<i>Manufacturing</i>
M-IND	<i>Ministry of Industry</i>
MLF	<i>Multilateral Fund</i>
Montreal Protocol	<i>Montreal Protocol on Substances that Deplete the Ozone Layer is a protocol to the Vienna Convention for the Protection of the Ozone Layer. It is an international treaty designed to protect the ozone layer by phasing out the production of numerous substances believed to be responsible for ozone depletion.</i>
MOP	<i>Meeting of Parties</i>
MT	<i>Metric tone</i>
N/A	<i>Not applicable</i>
NIM	<i>National Implementation Modality</i>
NOU	<i>National Ozone Unit</i>
NPP	<i>National Phase-out Plan</i>
ODP	<i>Ozone Depletion Potential</i>
ODS	<i>Ozone Depleting Substances</i>
Permentan	<i>The Regulation of the Minister of Agriculture</i>
Q	<i>Quarterly</i>
QPS	<i>Quarantine and Pre-shipment</i>
SOP	<i>Standard Operating Procedure</i>
TCA	<i>Trichloroacetic acid</i>
TWG	<i>Technical Working Group</i>
UNDAF	<i>United Nations Development Assistant Framework – old term for the United Nations Partnership Development Framework (UNPDF) in Indonesia</i>
UNDP	<i>United Nations Development Programme</i>
UNIDO	<i>United Nations Industrial Development Organization</i>
US	<i>United States</i>
USA	<i>United States of America</i>

Situation Analysis

HCFC SUPPLY SCENARIO

- Production:** There is no production of HCFCs in Indonesia.
- Exports:** There is no export or re-export of HCFCs from Indonesia.
- Imports:** The entire domestic demand is met through imports mainly from Canada, China, India, Indonesia, Netherlands, Singapore and USA. Import of HCFCs is regulated in Indonesia. HCFC-141b, HCFC-22 and HCFC-123 are the main HCFCs imported.
- Distribution:** HCFCs are sold by the importers to manufacturers or users directly or indirectly through secondary distributors or retailers. HCFCs are also supplied through service establishments and contractors. Larger manufacturers also import HCFCs directly.

HCFC CONSUMPTION

Historical HCFC consumption

The HCFC consumption in Indonesia increased from 1,261 metric tonnes in 1996 to 3,949 metric tonnes in 2006, indicating an average annual growth rate of over 12%.

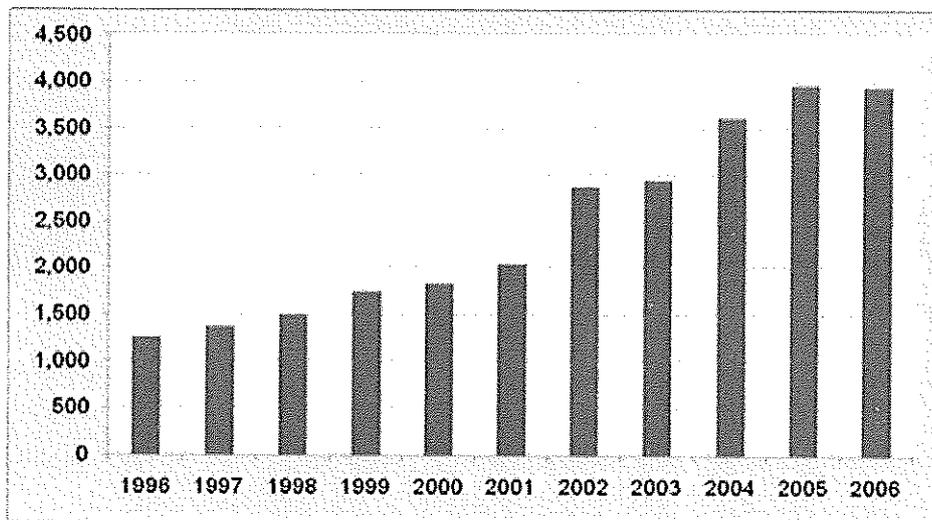


Figure: Indonesia HCFC consumption in metric tonnes (1996-2006)

This steady increase in HCFC consumption was ascribed to sustained economic development during that decade, resulting in increased demand for consumer, commercial and industrial products operating on HCFCs, particularly in the refrigeration and air conditioning sectors.

Recent HCFC Consumption

Based on data compiled, collated and reconciled between data from Department of Customs, data from Central Bureau of Statistics, mandatory reporting by registered importers to the Ministry of Trade and data from Ministry of Environment, the consumption of HCFCs in Indonesia during 2007 to 2009 was as below:

Table 1: Indonesia HCFC Consumption (2007 to 2009)

Substance	2007		2008		2009	
	Metric tonnes	ODP tonnes	Metric tonnes	ODP tonnes	Metric tonnes	ODP tonnes
HCFC-141b	1,008	110.8	874	127.7	1,186	130.5
HCFC-22	3,094	170.2	3,668	201.8	4,327	237.9
HCFC-123	288	5.8	92	1.8	318	6.4
HCFC-225	-	-	1	0	1	-
Total	4,390	286.8	4,635	331.3	5,832	374.8

Note: Metric tonnes rounded off to the nearest 1. ODP tonnes rounded off to the nearest decimal.

In terms of substances, HCFC-22 recorded the most spectacular growth, increasing by over 40% since 2007. This is ascribed to recent robust economic growth experienced by Indonesia, and the consequent rapid increase in demand for air conditioning and refrigeration appliances and equipment, which serves the upstream and downstream cold chain, as well as serves the demand for comfort air conditioning systems for homes and offices.

HCFC Consumption by Sector and Substance

The 2009 HCFC consumption in Indonesia by substance and sector is tabulated below:

Table 2: Indonesia HCFC Consumption by Sector and Substance (2009)

Sector/Substance	HCFC-22	HCFC-141b	HCFC-123	HCFC-225	Total
Manufacturing					
Air Conditioning	587	-	-	-	587
Refrigeration	165	413	-	-	578
Firefighting	-	-	152	-	152
Foams	-	773	-	-	773
Solvents	-	-	-	1	1
Servicing	3,575	-	166	-	3,741
Total	4,327	1,186	318	1	5,832

Note: All figures in metric tonnes, rounded off to the nearest 1.00.

In metric tonnes, about 36% of the total HCFC consumption is in manufacturing and remaining in servicing. In terms of substances in metric tonnes, HCFC-22 accounts for about 74% of the consumption and HCFC-141b accounts for about 20% of the consumption. HCFC-123 and HCFC-225 account for the remaining consumption.

Table 3: ODP Impact by Sector and Substance (2009)

Sector/Substance	HCFC-22	HCFC-141b	HCFC-123	HCFC-225	Total
Manufacturing					
Air Conditioning	32.30	-	-	-	32.30
Refrigeration	9.08	45.43	-	-	54.51
Firefighting	-	-	3.04	-	3.04
Foams	-	85.03	-	-	85.03
Solvents	-	-	-	~	~
Servicing	196.61	-	3.32	-	199.93
Total	237.99	130.46	6.36	~	374.81

Note: All figures in ODP tonnes.

In terms of ODP tonnes, the sectoral contributions to the HCFC consumption in manufacturing are Air Conditioning (18.5%), Refrigeration (31.2%) and Foams (48.6%)¹. Overall manufacturing contributes 46.7% and servicing contributes 53.3%.

About 60-70% of the consumption in manufacturing originates from organized enterprises with good technical and managerial capability. The remaining consumption in manufacturing originates in small and medium-sized enterprises.

The main challenges for HCFC reductions identified were the current non-availability of cost-effective, environment-friendly, efficient and mature alternatives and also the implementability of conversions within the short time span available for meeting the 2013 and 2015 control targets for HCFC consumption.

TECHNOLOGY

The selection of alternative technologies to HCFCs is governed by the following:

Requirements for the alternative substance

The alternative substance whether used as a refrigerant, blowing agent or fire suppressant, should:

- *Have favorable physical and chemical properties for the concerned application*
- *Be inert and stable*
- *Be compatible with existing materials*
- *Preferably not be flammable*
- *Not be toxic*
- *Have zero ODP and low GWP*
- *Be easily available*

Requirements for the technology

In addition to the substance, the phase-out of HCFCs requires plant and process conversions. Additional requirements that the overall conversion technology needs to fulfill are as below:

- *Proven and reasonably mature technology*
- *End-product properties and performance should be maintained*
- *Cost-effective conversion with minimal disruption of current manufacturing operations*
- *Compliance with established local and international standards for health safety and environment*
- *Low overall direct and indirect CO₂-equivalent emissions*
- *Implementable in a relatively short time frame*

Currently, alternative substances and technologies that fully meet the above requirements are not available, except for one or two applications.

Due to the environmental and occupational impact of technologies in the ODS consuming sectors, the past two decades have been marked by constant uncertainties and changes as well as several technological innovations and investments to overcome them.

As more scientific and technical information on alternative technologies and their environmental impacts, as well as information on research on new alternatives becomes available, it is clear that the eventual choice of alternative technology will need to carefully take into account

environmental impacts and focus more on long-term environmental and occupational sustainability. This will need resources to be directed towards innovative products and processes that minimize ozone and climate impacts, while remaining efficient and affordable.

INSTITUTIONAL FRAMEWORK

Institutional Arrangements

The Ministry of Environment (Kementerian Lingkungan Hidup - KLH) is the focal point for international environmental conventions and their implementation in Indonesia. The activities related to ozone layer protection and implementation of the Montreal Protocol, are coordinated through the National Ozone Unit, within the Climate and Atmosphere Division. The National Ozone Unit is partially supported through the Institutional Strengthening Project with financial assistance from the Multilateral Fund and implemented by UNDP.

To provide strategic and policy guidance for implementation of the Montreal Protocol, a National Ozone Committee has been established since the mid-1990s, comprised of high-level representation from other line ministries, departments, agencies, scientific and technical institutions and other stakeholders. The Committee meets 1-2 times a year, or as needed, to address issues of national importance and for making strategic policy decisions. A technical team, comprising of operating level officials from these stakeholders, meets regularly to monitor the progress of implementation and to address evolving issues.

To provide regulatory and policy support for enabling the industry to eliminate ODS in line with the country's obligations under the Montreal Protocol, the Government of Indonesia (Ministry of Environment, in coordination with other relevant sectors) has taken and continues to take key initiatives and actions, that include targeted regulations, coordination of actions with other line ministries, monitoring of ongoing activities, socialization of regulations, promoting decentralized enforcement and monitoring, and awareness and information dissemination.

Existing Policies and Regulations

Indonesia has taken a proactive, forward-looking and targeted approach for regulating ODS, under the mandate provided by the overarching Environmental Law 32/2009. The existing regulations related to ODS are tabulated chronologically below:

Table 4: Existing ODS Regulations in Indonesia

Date	Reference and Title	Issued by	Key Provisions
May 1990	376/MenKes/Per/VIII/1990 Use of CFCs as aerosol propellants in cosmetics	Ministry of Health	Prohibition on use of CFCs as aerosol propellants in cosmetics
July 2001	74/2001 Hazardous and Toxic Substances Management	Ministry of Environment	ODS categorized as hazardous and toxic substances under the Environmental Law 23/1997.
Feb 2007	2/2007 Technical guidance and competency requirements for retrofitting and recycling for refrigeration systems	Ministry of Environment	<ul style="list-style-type: none">• Mandatory registration of service workshops• Refrigeration technicians required to have a certificate of competency from approved institutions• Retrofitting should follow the Standard Operating Procedure (SOP) as stated in the regulation• Prohibition on venting CFCs and HCFCs
April 2007	33/M-IND/PER/4/2007	Ministry of	<ul style="list-style-type: none">• ODS production prohibited

Date	Reference and Title	Issued by	Key Provisions
	<i>Restriction on producing ozone depleting substances (ODS) and on manufacturing products using ozone depleting substances</i>	<i>Industry</i>	<ul style="list-style-type: none"> • CFC, CTC, TCA, MeBr, Halons are allowed to be used in aerosol, foam and refrigeration manufacturing until 30 June 2008 • From 01 July 2008, CFC, CTC, TCA and MeBr are allowed only for servicing • Mandatory labeling of non-CFC products
Nov 2008	86/M-IND/PER/11/2008 <i>Labeling of non-CFC and non-CFC and non-Halons</i>	<i>Ministry of Industry</i>	<i>Logo and labeling requirements for products not containing CFCs or Halons</i>
July 2009	37/Permentan/OT.140/7/2009 <i>The use of pesticides with Methyl Bromide as active ingredient for quarantine and pre-shipment treatments (QPS)</i>	<i>Ministry of Agriculture</i>	<ul style="list-style-type: none"> • MeBr use allowed only when there is no alternative or required by importing countries • MB fumigation for agricultural products is only done by technicians with a certificate from Plant Quarantine
Oct 2009	35/2009 <i>Management of Halons</i>	<i>Ministry of Environment</i>	<ul style="list-style-type: none"> • Mandatory reporting of Halons stocks to local environmental authorities • Prohibition on venting/release • Critical use of Halon only with prior permission from Ministry of Environment
Jan 2012	03/M-DAG/PER/1/2012 <i>Regulations for Importing of Ozone Depleting Substances</i>	<i>Ministry of Trade</i>	<ul style="list-style-type: none"> • Prohibition on imports of CFCs, their blends, Halons, CTC, TCA, MeBr for non QPS • Importation for HCFCs and MeBr for QPS are allowed and controlled by quota system • Mandatory labeling on imports of MeBr for QPS

STRATEGY

PRINCIPLES

The overarching strategy underlying the HCFC Phase-out Management Plan (HPMP) for Indonesia is based on the following guiding principles:

- Reflect national context and priorities, national policies and country-drivenness;*
- Develop and demonstrate a strengthened and proactive partnership between government (acting through Min of Environment) and industry;*
- Draw upon the lessons learnt from functioning of institutional arrangements and operational mechanisms, integrate and build upon existing infrastructures and introduce new mechanisms as needed;*
- Be dynamic and evolving, and to be open for revisions and adaptation as necessary in response to evolving situations*

APPROACH FOR COMPLIANCE

Indonesia will develop and implement a staged approach for complying with the adjusted control schedule for Annex-C Group-I substances (HCFCs) under the Montreal Protocol.

Stage-I (2011 to 2015)

Considering the profiles of the various HCFC consuming sectors and sub-sectors, their current and forecasted consumption, their future prospects considering the country's need for sustained and sustainable economic development, the burgeoning population of HCFC-containing products and equipment and resulting ozone and climate impacts, requirements for effective and efficient management and coordination and to ensure a systematic transition with minimal disruption, the Stage-I period from 2011 to 2015 will focus on converting manufacturing facilities in all HCFC consuming sectors to the extent possible, to non-HCFC, zero-ODP and low-GWP technologies. To ensure that these conversions and the associated reductions in HCFC consumption remain sustainable, targeted and specific regulations will be promulgated. To further support the sustainability of these reductions, appropriate technical assistance, training, capacity-building and awareness actions will be implemented.

Stage-II (2015 to 2020)

In the Stage-II period from 2015 to 2010, three focal areas for action are identified as below:

- Phase-out of the residual HCFC consumption in the manufacturing sectors, which could not be addressed in Stage-I, through investments, regulations and technical assistance.*
- Reduction of HCFC consumption in the Servicing Sector, for which necessary supporting actions in terms of investments, policy, regulations, technical assistance, training, capacity-building and awareness will be implemented*
- Sustained monitoring and enforcement of regulation issued during Stage-I.*

Subsequent Stages (beyond 2020)

The focus of actions for subsequent stages will be on further reductions in HCFC demand for servicing in line with the subsequent control targets for HCFC consumption. This will involve sustaining and strengthening infrastructures for effective and efficient management of HCFCs, introducing and strengthening decentralized enforcement mechanisms and further mainstreaming the implementation of the Montreal Protocol in national and local institutions.

Strategic Issues

Indonesia expects to encounter tremendous challenges for meeting the control targets for HCFC consumption in accordance with the adjusted phase-out schedule. Two key strategic issues are identified as below:

- The time available to implement actions for achieving the objectives of Stage-I (2011 to 2015), Stage-II (2015 to 2020) and subsequent stages, is extremely limited and will introduce extraordinary management and coordination challenges for government (Min of Environment) and industry. While in the midst of implementing Stage-I, preparation for Stage-II will need to be initiated, well in advance of 2015, so that implementation of Stage-II can commence smoothly, using the momentum gained in the implementation of Stage-I. To address this constraint, the management and coordination of actions will need to be forward-looking, systematic, effective and efficient and both government (Min of Environment) and industry will need to dedicate strong focus and adequate resources to ensure that implementation is approached consistently and in a result-oriented and unified manner.*
- Indonesia will give serious and special attention to maximizing the environmental benefits of HCFC phase-out by prioritizing safe and sustainable low-GWP alternative technologies in accordance with the guidance provided by MOP Decision XIX/6. Indonesia has also set voluntary national targets for CO₂-equivalent emission reductions. In view of this, Indonesia considers it of utmost importance that adequate resources need to be targeted towards introducing benign alternative technologies and curtailing the population of products and equipment containing HCFCs or other high-GWP substances.*

PRIORITIZATION FOR STAGE-I

Indonesia will focus on manufacturing sectors for converting to alternative technologies for compliance with the 2013 and 2015 targets. The prioritizing of enterprises, applications, sub-sectors and sectors will be based on the following criteria:

- Applications and sub-sectors where mature and benign alternatives are available*
- Enterprises with sound financial standing and market reputation, with larger HCFC consumption and with good technical and managerial capacity, to ensure cost-effective conversions with maximum impact and implementability within the short timeframe*
- Endeavoring to achieve complete phase-out on application-level or sub-sector level to facilitate easier regulation and enforcement and to maintain a level playing field for all stakeholders without market distortion*

ANALYSIS OF REDUCTIONS REQUIRED FOR STAGE-I (2011 TO 2015)

Projected Baseline and Targets

The HCFC consumption in Indonesia is experiencing spectacular growth. The TWGs for various sectors and the National Coordination Group carried out detailed analyses for projecting scenarios in order to establish the level of reductions needed to be achieved and available in various sub-sectors and applications, taking into account the prioritization principles. The following methodology was used:

- Establish projected HCFC consumption for 2010 for each sub-sector, based on the specific situation in each sub-sector/application
- Compile the projected 2010 HCFC consumptions from each sub-sector, into a projected national HCFC consumption for 2010
- Establish the projected national HCFC consumption Baseline (average of 2009 and 2010 levels in ODP tonnes)
- Apply the prioritization principles and establish and segregate the level of HCFC consumption at Baseline levels available in each sub-sector application that accomplish phase-out no later than 2014.
- Establish the unaddressed remaining HCFC consumption at Baseline levels by deducting the addressable consumption calculated above, from the projected Baseline
- Establish the maximum allowable growth until 2015 for the unaddressable HCFC consumption

Based on the above, the projected HCFC Consumption Baseline for Indonesia (average of 2009 and 2010 consumption levels is shown below:

Table-6: Projected HCFC Baseline consumption levels by sector

Sector	Projected Baseline (ODP tonnes)		
	Manufacturing	Servicing	Total
Air Conditioning	34.90	147.66	182.56
Refrigeration	55.61	70.21	125.82
Firefighting	2.15	1.00	3.15
Foams	90.61	0	90.61
Solvents	0.02	0	0.02
Total	183.29	218.87	402.16

Based on the above, the targets for compliance with the 2013 and 2015 controls are as below:

Table-7: Stage-I Targets

Target	Maximum Consumption Level (ODP tonnes)
From 01 January 2013	402.16
From 01 January 2015	361.94

Reductions for Stage-I Compliance

Indonesia has decided to achieve reductions in HCFC consumption at Baseline levels, for various sectors as below:

Table-8: Reductions for Stage-I Compliance

Sector	Reductions for 2013 and 2015 targets (ODP tonnes)*		
	Manufacturing	Servicing	Total
Air Conditioning	32.27	-	32.27
Refrigeration	54.51	-	54.51
Firefighting	0.0	-	0.0
Foams	44.52	-	44.52
Solvents	0	-	0
Servicing	0	3.67	3.67
Total	131.30	-	134.97

*Based on 2009 consumption levels

Rationale and Phase-out Strategy

The following rationale and strategic considerations are involved in designing this phase-out strategy for compliance with the 2013 and 2015 compliance targets:

- Manufacturing has been prioritized. Servicing will be addressed in Stage-II.
- Applications and sub-sectors where mature and relatively benign technologies are available are prioritized
- Financially sound and viable enterprises with good technical and managerial capacity and large consumption have been prioritized, to ensure implementability and maximum impact
- Wherever possible (subject to the above considerations) manufacturing sub-sectors are targeted for complete phase-out to avoid market distortion and to facilitate clear regulations and enforcement.

Based on the above, the Air Conditioning and Refrigeration (Manufacturing) Sectors, which have high future growth potential in HCFC consumption and have relatively small number of well-organized enterprises will achieve complete phase-out by 2015. The two sectors will respectively achieve reductions of 32.27 ODP tonnes and 54.11 ODP tonnes.

Using the same criteria, the Foams Sector will target complete HCFC phase-out in the following sub-sectors: Domestic Refrigeration, Thermoware (picnic boxes), Transportation (refrigerated and insulated trucks) and Integral Skin Foam by 2015, achieving a total reduction of 34.12 ODP tonnes. In addition, HCFC-141b consumption would be phased-out in four relatively organized enterprises making sandwich panels and commercial refrigeration equipment, resulting in a phase-out of 10.4 ODP tonnes through a group project.

The only unaddressed manufacturing sectors that would remain after 2015 would be part of the Foams Sector (rigid foam sub-sector) which has small and medium-sized enterprises, part of the Firefighting Sector and Solvents Sector. The Firefighting and Solvents Sectors have a very small impact due to low consumption level and low-ODP of HCFCs used.

A key strategic consideration is the approach to deal with the HCFC consumption in manufacturing that would be unaddressed, either due to non-availability of mature and viable alternatives, or due to unimplementability in small and medium-sized enterprises within the available timeframe. The other major unaddressed consumption would be in the Servicing Sector.

It has been determined by analysis of the addressable consumption and profile of the unaddressed consumption, that the growth in unaddressed consumption until 2015 will need to be controlled at a maximum level of about 6.7% annually. If this is not done, there is a risk that the reductions achieved from phase-out in prioritized sub-sectors may be potentially nullified.

Through carefully designed policies and targeted regulations, Indonesia will control the growth in HCFC consumption in sectors unaddressed for phase-out in Stage-I.

STRATEGY COMPONENTS AND COSTS

The strategy for compliance with the Stage-I targets for compliance with the 2013 and 2015 milestones is comprised of the following components:

Investment Components

The investment component comprises of four sector plans and a group project as below:

- Air Conditioning Sector Plan, which will aim to phase out HCFC consumption in the manufacturing of air conditioning products and equipment by 2015. The successful implementation of this plan will contribute 24.8% to the phase-out target.
- Refrigeration Sector Plan, which will aim to phase out HCFC consumption in the manufacturing of refrigeration products and equipment by 2015. The successful implementation of this plan will contribute 39.5% to the phase-out target.
- A group project in the Foams Sector will phase-out HCFC consumption in four selected organized enterprises in the Foams Sector and contribute 7.4% to the phase-out target.
- Foams Sector Plan which will aim to phase out HCFC consumption in selected foam manufacturing sub-sectors by 2015. The successful implementation of this plan will contribute 28.3% to the phase-out target.

Non-investment Components

Following provides a summary of the non-investment components, as part of Indonesia's HPMP Stage-I:

Policies and Regulations

Policies and targeted regulations that are enforceable without distorting the markets will be instrumental in controlling the consumption of HCFCs, for meeting the 2013 and 2015 targets. Indonesia already has instituted a licensing system for HCFCs since 2006, which allows the government (Min of Environment and relevant sectors) to mandate import quotas when needed. Some of the key planned regulations are described below:

Table-9: Key Planned Regulatory Actions

Planned Regulatory Actions	Impact
Import quota management and raising import taxes for HCFCs from 2011	Growth reduction in 2011 and 2012
Prohibition of import of HCFC-based air conditioning equipment (with or without refrigerant charge) from 01 January 2015	Controlling growth in the population of HCFC-based air conditioning equipment and thereby controlling future HCFC use in servicing
Prohibition of manufacturing/assembly of HCFC-22 based air conditioning equipment from 01 January 2015	Phase-out of HCFCs in manufacturing and assembly of air conditioning equipment and also controlling future HCFC use in servicing

Planned Regulatory Actions	Impact
Prohibition of import of HCFC-based refrigeration equipment (with or without refrigerant charge) from 01 January 2015	Controlling growth in the population of HCFC-based refrigeration equipment and thereby controlling future HCFC use in servicing
Prohibition of manufacturing/assembly of HCFC-22 based refrigeration equipment from 01 January 2015	Phase-out of HCFC-22 in manufacturing and assembly of refrigeration equipment and also controlling future HCFC use in servicing
Prohibition of the use of HCFCs as blowing agents for foam insulation in commercial and industrial refrigeration equipment	Phase-out of HCFC-141b in manufacturing and assembly of refrigeration equipment
Prohibition of the use of HCFC-141b as a blowing agent in manufacturing domestic refrigerators and freezers, thermoware, refrigerated trucks and integral skin foam products from 01 January 2015	Phase-out of HCFC-141b in select foam applications.

Implementation Supervision, Management, Coordination and Monitoring

The earliest date by which actual field activities can commence, is estimated to be mid-2011. This is to allow time for putting in place the necessary project initiation procedures, agreements, etc. This means that stringent timelines are likely to be encountered for implementing actions for Stage-I compliance. This will make the task of management and coordination of activities very challenging. Adequate resources would need to be allocated, to support the additional costs of management, coordination and monitoring.

Awareness and Capacity-building

It is considered extremely important to engage and enlist the support of all stakeholders in the implementation of the HPMP (Stage-I). To accomplish this, targeted awareness and capacity-building activities will need to be carried out, and aligned with the implementation of the HPMP Stage-I. Accordingly resources would need to be allocated to cover the costs of awareness and capacity-building actions.

SUMMARY OF COSTS AND FUNDING

The total funding and phase-out for the various HPMP Stage-I components are summarized below:

Strategy Component	Phase-out (ODP tonnes)	Funding (US\$)
UNDP (Lead Agency)		
Air Conditioning Sector Plan	32.27	4,505,453
Refrigeration Sector Plan	54.51	4,022,649
Project Management, Coordination and Monitoring	-	450,000
Sub-total (UNDP)	86.78	8,901,102
UNIDO		
Group Project in Foams	10.40	777,395
Sub-total (UNIDO)	10.40	777,395
World Bank		
Foams Sector Plan	34.12	2,714,187
Sub-total (World Bank)	34.12	2,714,187
Australia		
Technical assistance for Refrigerant Management	3.67	300,000
Sub-total (Australia)	3.67	300,000
Grand Total	134.97	12,692,684

Note: All amounts rounded off to the nearest US\$ 1.00 and do not include agency support costs

ANNUAL WORK PLAN

Year 2012

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (USD)
<p>Output: National policies/ guidelines/ strategies and mechanism in place to enable implementation of HCFC reduction programmes with low GWP.</p> <p>Indicators:(1)Availability of policies/ guidelines/ strategies and mechanisms on HCFC Reduction Programme, (2) % reduction of HCFC consumption.</p> <p>Baseline: (1) Strategy for HPMP has been developed but policies and other relevant regulations for the implementation of the strategy have not been developed, (2) Baseline HCFC consumption of 2009/2010 average = 5,714.25 metric tonnes.</p> <p>Target 2012:(1) Quota import on HCFC consumption issued and implemented, and freeze on the consumption of HCFC equal to 2009/2010 baseline by end of 2012 2) Business as Usual (BAU)</p>	1. Activity Result: Project Management and Coordination					KLH ¹	MLF/63030	72600 Grants	88,337
	Sub-total								93,337
2. Activity Result: Phase-out of HCFC consumption in the Air Conditioning and Refrigeration Sectors						KLH	MLF/63030	72100 Contractual services ³	450,000
						KLH	MLF/63030	72100 Contractual services ³	50,000
						KLH	MLF/63030	72100 Contractual services ³	0
						KLH	MLF/63030	75700 Workshops/ Meetings	90,000
						KLH	MLF/63030	74500 Miscellaneous	5,000
Sub-total					UNDP	MLF/63030	71200 International Expert	5,000	
TOTAL									600,000
									693,337

¹ The budget line under Output 1, which is managed by KLH, is covered by a performance-based arrangement, as per milestones stipulated in Annex IV on Milestones and Indicators for Result 1.

² Similar to above, the budget line under Output 1, which is managed by KLH, is covered by a performance-based arrangement, as per milestones stipulated in Annex IV on Milestones and Indicators for Result 1.

³ Recipient enterprises, for phase-out projects

⁴ TWG/Industry Associations for industry interaction, awareness and technical assistance

⁵ Performance verification

Year 2013

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount (USD)
<p>Output: National policies/ guidelines/ strategies and mechanism in place to enable implementation of HCFC reduction programmes with low GWP.</p> <p>Indicators:(1)Availability of policies/ guidelines/ strategies and mechanisms on HCFC Reduction Programme, (2) % reduction of HCFC consumption.</p> <p>Baseline: (1) Strategy for HPMP has been developed but policies and other relevant regulations for the implementation of the strategy have not been developed. (2) Baseline HCFC consumption of 2009/2010 average = 5,714.25 metric tonnes.</p> <p>Target 2013:(1) Control of HCFC consumption growth via quota import to ensure 3% reduction of HCFC consumption 2) 3 % reduction in HCFC consumption.</p>	1. Activity Result: Project Management and Coordination					MLF/63030	• 72600 Grants	93,337	
	Sub-total							98,337	
<p>Baseline: (1) Strategy for HPMP has been developed but policies and other relevant regulations for the implementation of the strategy have not been developed. (2) Baseline HCFC consumption of 2009/2010 average = 5,714.25 metric tonnes.</p> <p>Target 2013:(1) Control of HCFC consumption growth via quota import to ensure 3% reduction of HCFC consumption 2) 3 % reduction in HCFC consumption.</p>	2. Activity Result: Phase-out of HCFC consumption in the Air Conditioning and Refrigeration Sectors					MLF/63030	• 72100 Contractual services ⁶	2,958,326	
						MLF/63030	• 72100 Contractual services ⁷	50,000	
						MLF/63030	• 72100 Contractual services ⁸	20,000	
						MLF/63030	• 75700 Workshops/ Meetings	170,000	
						MLF/63030	• 74500 Miscellaneous	5,000	
	Sub-total				UNDP	MLF/63030	• 71200 International Expert	5,000	
TOTAL								3,208,326	
								3,306,663	

⁶Recipient enterprises, for phase-out projects

⁷TWG/Industry Associations for industry interaction, awareness and technical assistance

⁸Performance verification

Year 2014 - 2018⁹

EXPECTED OUTPUTS <i>And baseline, associated indicators and annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	Funding Source	PLANNED BUDGET	
		Q1	Q2	Q3	Q4			Budget Description	Amount (USD)
<p>Output: National policies/ guidelines/ strategies and mechanism in place to enable implementation of HCFC reduction programmes with low GWP.</p> <p>Indicators: (1) Availability of policies/ guidelines/ strategies and mechanisms on HCFC Reduction Programme. (2) % reduction of HCFC consumption.</p> <p>Baseline: (1) Strategy for HPMP has been developed but policies and other relevant regulations for the implementation of the strategy have not been developed. (2) Baseline HCFC consumption of 2009/2010 average = 5,714,25 metric tonnes.</p> <p>Target 2014: 1) By end of 2014, regulations on the 10% reduction from 2009/2010 baseline of HCFC have been developed and released 2) 10% reduction from 2009/2010 baseline of HCFC consumption. Target 2015: 1) Ban of imports on goods and equipment (products) containing HCFCs. 2) 10% reduction from 2009/2010 baseline of HCFC consumption.</p>									
	Sub-total								
TOTAL									

⁹The budgets are currently shown for the first tranche of US\$ 4,000,000. The balance funding of US\$ 4,901,102, will be released by MLF in future tranches in 2013, 2015 and 2018 and will be phased-in to the budgets through appropriate budget revisions

TIME-FRAME AND MONITORING MILESTONES

The overall timeframe and monitoring milestones are as below:

MILESTONE/TIME FRAME	2012				2013				2014				2015				2016				2017				2018							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
HCFC Consumption Limit (ODP tonnes)	N/A				403.92				403.92				363.53				363.53				363.53				323.14							
Technology Conversions																																
• Finalization of implementation plan																																
• Enterprise-level agreements																																
• Enterprise-level conversions																																
• Commissioning																																
Project Management																																
• Finalization of implementation plan																																
• Regulations development																																
• Enforcement																																
• Monitoring and Coordination																																
• Awareness and capacity-building																																
• Stakeholder consultations																																
• Performance verification																																

MANAGEMENT ARRANGEMENTS

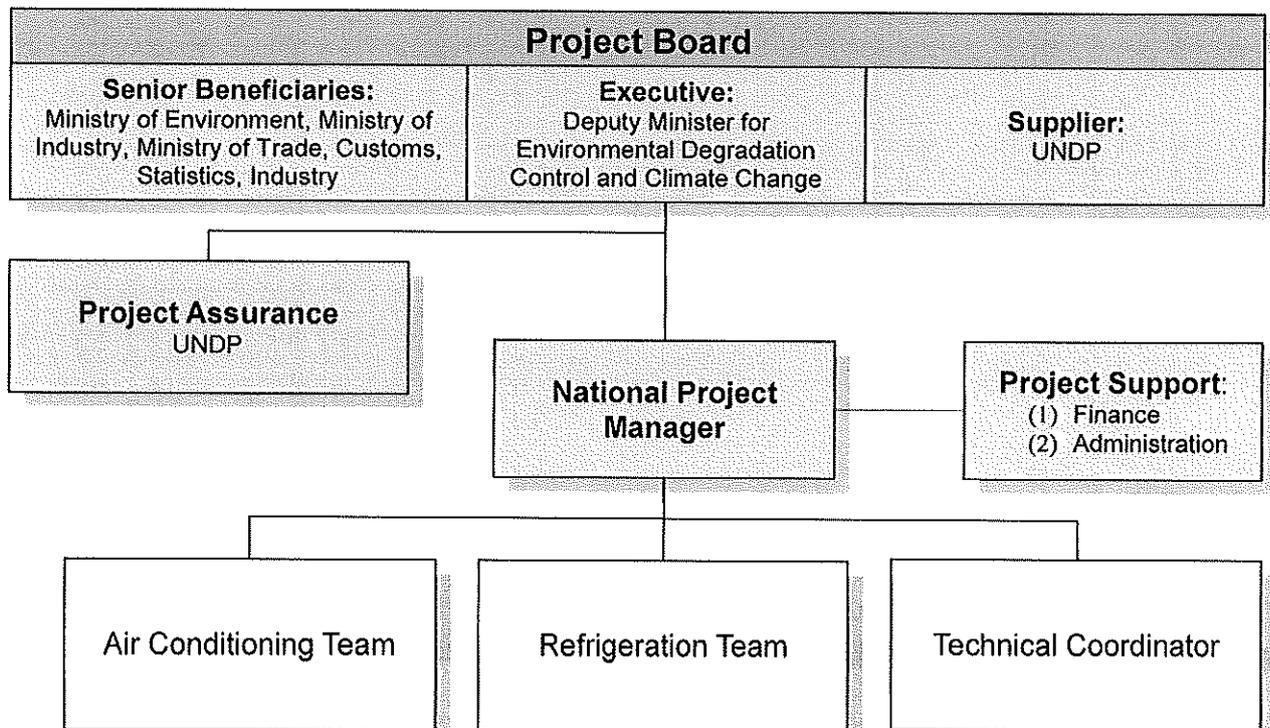
Institutional Arrangement

The Deputy for Environmental Degradation Control and Climate Change is designated as the Implementing Partner. The Implementing Partner will implement the project on behalf of the Government of Indonesia (GOI) and be fully responsible and accountable for the success of the project management and coordination, and HCFC phase-out management plan.

A Project Board shall be established by the Implementing Partner and be responsible for making consensus executive management decisions for the programme when guidance is required by the Project Manager, including recommendation for UNDP/Implementing Partner approval of work plans and revisions. The composition will be the Deputy Minister for Environment as the Executive; UNDP will be the Supplier, and the Ministry of Environment, Ministry of Industry, Ministry of Trade, DG. Custom, Ministry of Finance, Statistics and private sectors (industry) will be the Senior Beneficiaries.

For day-to-day implementation, the Deputy for Environmental Degradation Control and Climate Change appoints the Assistant Deputy for Climate Change Mitigation and Atmosphere Function Conservation as the National Project Director (NPD) to assume the responsibility.

Diagram 1: Project Organization Structure



NPD may establish a contract with individual and/or other entities to undertake specific activities in compliance with the project Standard of Operations (SOP) that shall be established.

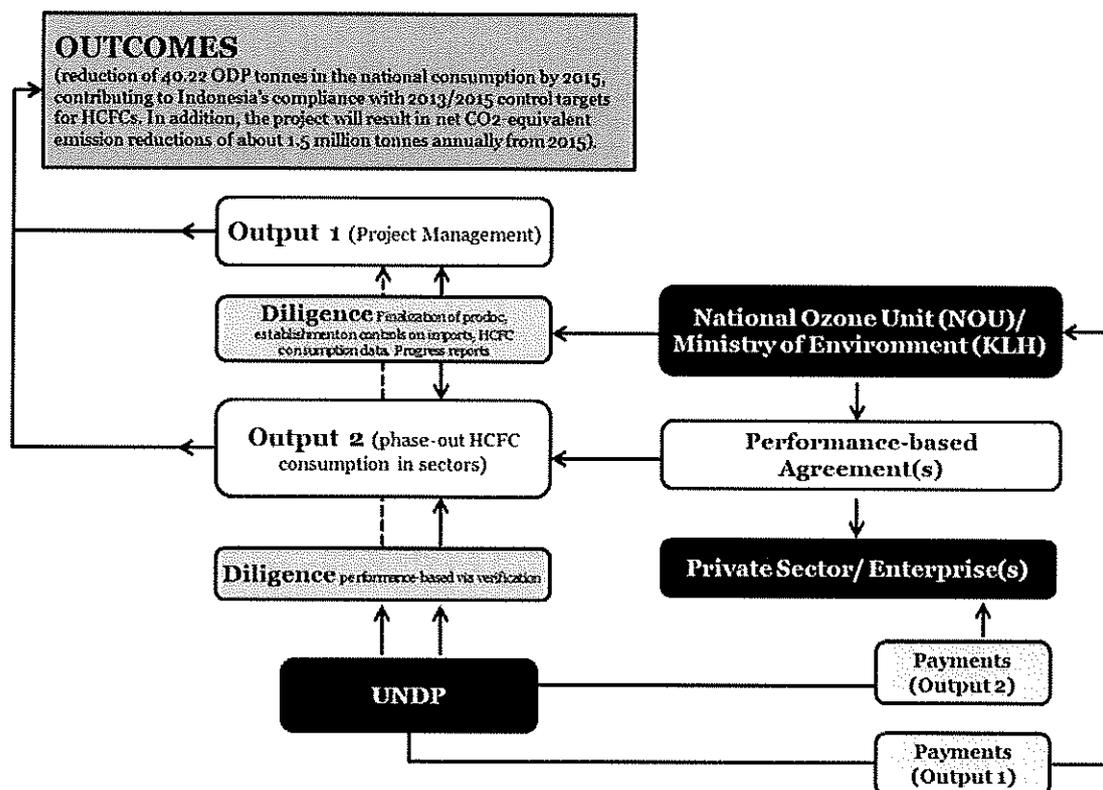
The NPD shall be assisted by the Deputy National Project Director (DNPD). To ensure the project operations and coordination, the NPD and DNPD shall be assisted by a National Project Manager (NPM), a Team of Project Support, a Technical Team focusing on Air Conditioning Sector and a Technical Team focusing on Refrigeration.

Implementation Modality

The funding for the project is approved in-principle by the Executive Committee of the Multilateral Fund, to assist Indonesia in complying with the 2013 and 2015 control measures for HCFCs under the Montreal Protocol and is subject to the provisions of the performance-based agreement between the Executive Committee and Government of Indonesia (Min of Environment), comprising of annual/biennial HCFC consumption and phase-out targets. Approval of future funding tranches is contingent upon achievement of these targets, failing which Indonesia could be liable for penalties for non-compliance. The project implementation would need to be within the framework of this agreement and the components to be implemented through performance-based agreements involving the beneficiary enterprises and/or the Government.

The project will be managed through National Implementation Modality. The Government of Indonesia through its National Ozone Unit, Ministry of Environment (KLH) will implement the project with support from UNDP as may be requested and agreed. The execution arrangements for the project results will follow the structure and process depicted below:

Diagram 2: Flow of Activities



For Output 1 (Project management and coordination), performance-based payments will be made by UNDP to NOU/KLH, based on achievement of agreed milestones and deliverables.

For Output2 (Phase-out of HCFC consumption in the Air Conditioning and Refrigeration Manufacturing Sectors), NOU/KLH will enter into performance-based phase-out agreements with enterprises in these two sectors. Upon achievement of the agreed milestones and deliverables in these agreements, UNDP will make payments to the enterprises upon NOU/KLH endorsement and upon carrying out the required diligence through verification.

ROLES AND RESPONSIBILITIES

National Ozone Unit (NOU)/ Ministry of Environment (KLH)

The National Ozone Unit (NOU) within the Ministry of Environment (KLH) acts as a national focal point for the implementation of the Montreal Protocol and is responsible for the overall coordination of ODS Phase-out programme in Indonesia. The NOU will have the following roles and responsibilities:

- Overall responsibility for supervision and monitoring of implementation;*
- Coordination of activities among various stakeholders and partners;*
- Developing appropriate policy and regulatory actions, including review and coordination amongst different government departments and ensuring their enactment and enforcement;*
- Executing performance-based agreements with enterprises participating in the HPMP for technology conversions and HCFC phase-out, and endorsing disbursements to the enterprises based on agreed performance targets;*
- Establishing completion of enterprise level technology conversions and phase-out of HCFCs;*
- Coordinating between various HCFC-consuming sectors at national level in such a way as to ensure that the agreed national-level phase-out targets and consumption targets are met;*
- Facilitating stakeholder consultations;*
- Conducting awareness and outreach activities to ensure communication and dissemination of information to stakeholders and public;*
- Facilitating performance verification and financial audit as required;*
- Preparing annual implementation plans and progress reports in accordance with the provisions of the HPMP agreement between the Executive Committee of the Multilateral Fund and Government (Min of Environment) and reports as may be required by UNDP.*

UNDP

UNDP has been designated as the Lead Implementing Agency for the overall HPMP and also the implementing agency for the Air Conditioning, Refrigeration and Firefighting Sectors. UNDP will have the following responsibilities:

- Supporting NOU/KLH in ensuring an effective and smooth implementation process;*
- Providing assistance for policy/regulatory actions, management and technical support to NOU/KLH as and when required;*
- Assisting NOU/KLH in the process of consultations with stakeholders on the technical and logistical aspects of HPMP implementation;*
- Supporting NOU/KLH in the review and endorsement process for enterprise-level technology conversions and phase-out agreements;*
- Assisting NOU/KLH and stakeholders on alternative technologies and technology transfer;*
- Assisting NOU/KLH in identification and recruitment of expert(s) and project staff as required;*

- *Ensuring performance verification and disbursements in accordance with the HPMP agreement between the Executive Committee of the Multilateral Fund and Government of Indonesia;*
- *Assisting NOU/KLH in the preparation and submission of annual implementation plans, progress reports and requests for future funding tranches, as stipulated in the HPMP agreement between the Executive Committee of the Multilateral Fund and Government of Indonesia;*
- *Undertaking consultations and clarifications with MLF Secretariat as may be required in context of submission and approval of annual implementation plans and progress reports;*
- *Carrying out the required monitoring and supervision missions.*

MONITORING FRAMEWORK AND EVALUATION

Monitoring and Reporting

Monitoring will include a continuous and systematic review of the various activities and will be intended to (i) measure input, output, and performance indicators; (ii) provide regular and up-to-date information on the progress towards meeting the overall project objectives; and (iii) alert implementing partners to potential problems in implementation, and propose corrective measures. Milestone review will be undertaken jointly with national counterparts and all concerned stakeholders and beneficiaries.

The reporting with respect to this project will comprise of annual/biennial implementation plans, reporting on implementation of previous tranches and performance verification, consistent with the reporting requirements stipulated in the HPMP agreement between the Executive Committee of the Multilateral Fund.

UNDP will be responsible for financial monitoring and reporting on all disbursements of the programme and will ensure continued reporting to the Government of Indonesia (Min of Environment) and Montreal Protocol MLF.

Performance Verification

In accordance with the HPMP agreement between the Executive Committee of the Multilateral Fund and Government of Indonesia (Min of Environment), performance verification will need to be carried out for each year for which national level consumption targets are stipulated. This would apply to each year beginning 2013.

Performance verification will be carried out by an independent external entity. The terms of reference for the verification shall be jointly developed by and agreed between UNDP and NOU/KLH. The verification will establish the following key parameters:

- Whether or not the targets for national HCFC consumption and/or phase-out for a given year as defined in the HPMP agreement between the Executive Committee and Government of Indonesia (Min of Environment) were achieved;*
- Whether or not the HCFC consumption at enterprise level was reduced or phased-out as planned, employing the alternative technologies as agreed;*
- Whether or not the technical assistance activities were appropriately conducted as planned in accordance with the annual implementation plan for that year.*

The performance verification for a given year shall be completed no later than 75 days prior to the date of the meeting of the Executive Committee, to which the submission is due.

Financial Audit

Financial audit of projects under the national implementation modality will be carried out as per prevailing agreed procedures between UNDP and Government of Indonesia. There will be at least one financial audit during the project duration.

Audit is an integral part of the administrative and financial management of the project, and part of UNDP accountability. Projects/ Programmes funded by UNDP will be audited by an audit agency within the Government regularly and the results will be reported to UNDP Executive Board. The audit report is expected to provide assurance related to the following broad areas, during a one-year period from 1 January to 31 December. Components that will be audited are:

- 1. Work Plan*

2. Project progress report and rate of delivery
3. Financial management
4. Procurement of goods and services
5. Fund disbursement and project expenditure
6. Management and use of equipment and inventory
7. Human resource selection and administration
8. Other payments related to the project, such as project closure and asset transfer.

Review

Two review meetings will be held annually between UNDP, KLH and other stakeholders and partners, at least one of which will be arranged prior to the submission date for implementation plans and reports to the Executive Committee. The objective of these meetings will be to review progress of implementation and finalize implementation plans and reports.

Additional review meetings as necessary will be arranged to monitor progress of implementation, to identify potential risks and to devise consensual remedial actions.

Quality Management for Results

CPAP Outcome: National institutions and other key stakeholders are coherently and effectively addressing climate change adaptation and mitigation and ozone layer protection (Outcome 2.3, CPAP 2011-2015)		
CPAP Output: National policies/guidelines/strategies and mechanisms in place to enable implementation of HCFC phase-out with low GWP alternatives (Output 2.3.2, CPAP 2011-2015)		
Project Output1	Project Management and Coordination	Start Date: Jan 2012 End Date: Dec 2018
Purpose	Ensure smooth technical and operational management of the project, including the required regulatory and awareness interventions.	
Description	<ul style="list-style-type: none"> • Enact regulations for control of HCFC consumption • Technical, financial and operational management • Coordination with stakeholders and partners • Promote awareness and communications for stakeholders and public to ensure sustainability • Monitoring, reporting and verification 	
Quality Criteria	Quality Method	Date(s) of Assessment
Controls on HCFC consumption	Enactment of regulations for control of HCFC consumption	1Q 2014 and 1Q 2015
Project implementation progress as planned	Timely submission of implementation plans, reports and verification to the Executive Committee	1Q 2013, 2014, 2016 and 2018
Project Output 2	HCFC phase-out in the Air Conditioning and Refrigeration (Mfg) Sectors	Start Date: Jan 2012 End Date: Dec 2016
Purpose	Phase-out of HCFCs at enterprises in the Air Conditioning and Refrigeration (Mfg) Sectors by converting to agreed ozone-friendly alternative technologies which minimize impacts on health, safety and environment.	

Description	<ul style="list-style-type: none"> • Enterprise-level technology conversions to non-HCFC technologies • Technical assistance at enterprise and sector levels 	
Quality Criteria	Quality Method	Date(s) of Assessment
Enterprise-level technology conversions	Signed agreements with enterprises	2Q2012, 4Q2012
Phase-out of HCFCs at enterprise level	No HCFC consumption at enterprise-level confirmed through verification	1Q2014, 1Q2016
Technical assistance	Smooth conversion to agreed safe and environment-friendly technologies	1Q2013, 1Q2014, 1Q2015, 1Q2016

LEGAL CONTEXT

This document together with the CPAP signed by the Government of Indonesia and UNDP which is incorporated by reference constitute together a Programme Document.

- a) *The Revised Basic Agreement for Technical Assistance signed 29 October 1954 between the United Nations, the International Labour Organization, the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization, the International Civil Aviation Organization, and the World Health Organization and the Government of the Republic of Indonesia,*
- b) *The Standard Agreement on Operational Assistance signed 12 June 1969 between the United Nations, the International Labour Organization, the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization, the International Civil Aviation Organization, the World Health Organization, the International Telecommunication Union, the World Meteorological Organization, the International Atomic Energy Agency, the Universal Postal Union, the Inter-Governmental Maritime Consultative Organization and the United Nations Industrial Development Organization and the Government of the Republic of Indonesia,*
- c) *The Agreement signed 7 October 1960 between the United Nations Special Fund and the Government of the Republic of Indonesia, and*
- d) *All CPAP provisions apply to this document.*

Additionally, this document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together the instrument envisaged in the Supplemental Provisions to the Programme Document, attached hereto as an Annex.

Consistent with the above Supplemental Provisions, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) *put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the Programme is being carried;*
- b) *assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.*

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Programme Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Programme Document.

COUNTRY OFFICE SUPPORT SERVICE (COSS) AGREEMENT

AGREEMENT BETWEEN UNDP AND THE GOVERNMENT FOR THE PROVISION OF SUPPORT SERVICES

1. Reference is made to consultations between officials of the Government of Indonesia/ Deputy Minister for Environmental Degradation Control and Climate Change/ Ministry of Environment (hereinafter referred to as "the Government") and officials of UNDP with respect to the provision of support services by the UNDP country office for nationally managed programmes and projects. UNDP and the Government hereby agree that the UNDP country office may provide such support services at the request of the Government through its institution designated in the relevant programme support document, as described below.

2. The UNDP country office may provide support services for assistance with reporting requirements and direct payment. In providing such support services, the UNDP country office shall ensure that the capacity of the Government-designated institution is strengthened to enable it to carry out such activities directly. The costs incurred by the UNDP country office in providing such support services shall be recovered from the administrative budget of the office.

3. The UNDP country office may provide, at the request of the designated institution, the following support services for the activities of the programme:

- a) Identification and/or recruitment of project and programme personnel and technical expertise;
- b) Procurement of goods and services to undertake agreed activities;
- c) Administration of the donor contribution;
- d) Management of grant agreements and related disbursements for project-related activities (to be specified in the project details)

4. The procurement of goods and services and the recruitment of programme personnel by the UNDP country office shall be in accordance with the UNDP regulations, rules, policies and procedures.

5. The relevant provisions of the Revised Basic Agreement for Technical Assistance signed 29 October 1954 between the United Nations, the International Labour Organisation, the Food and Agriculture Organisation of the United Nations, the United Nations Educational, Scientific and Cultural Organisation, the International Civil Aviation Organisation, and the World Health Organisation and the Government of the Republic of Indonesia, the Standard Agreement on Operational Assistance signed 12 June 1969 between the United Nations, the International Labour Organisation, the Food and Agriculture Organisation of the United Nations, the United Nations Educational, Scientific and Cultural Organisation, the International Civil Aviation Organisation, the World Health Organisation, the International Telecommunication Union, the World Meteorological Organisation, the International Atomic Energy Agency, the Universal Postal Union, the Inter-Governmental Maritime Consultative Organisation and the United Nations Industrial Development Organisation and the Government of the Republic of Indonesia and the Agreement signed 7 October 1960 between the United Nations Special Fund and the Government of the Republic of Indonesia including the provisions on liability and privileges and immunities, shall apply to the provision of such support services. The Government shall retain overall responsibility for the nationally managed programme through its designated institution. The responsibility of the UNDP country office for the provision of the support services described herein shall be limited to the provision of such support services detailed in the annex to the programme support document.

6. Any claim or dispute arising under or in connection with the provision of support services by the UNDP country office in accordance with this letter shall be handled pursuant to the relevant provisions of the above mentioned agreements.

7. The manner and method of cost-recovery by the UNDP country office in providing the support services described in paragraph 3 above shall refer to the agreed implementation support service rate as stipulated in the letter from BAPPENAS dated 22 June 2010, No. 3965/W/06/2010.

8. The UNDP country office shall submit progress reports on the support services provided and shall report on the costs reimbursed in providing such services, as may be required.

9. Any modification of the present arrangements shall be effected by mutual written agreement of the parties hereto.

10. If you are in agreement with the provisions set forth above, please sign and return to this office two signed copies of this letter. Upon your signature, this letter shall constitute an agreement between your Government and UNDP on the terms and conditions for the provision of support services by the UNDP country office for nationally managed projects.

Annexes

Annex-I: Introduction & Background

Annex-II: Risk Analysis

Annex-III: Agreement between the Executive Committee of the Multilateral Fund and Government of Indonesia for HPMP Stage-I

Annex-IV: Milestones and Indicators for Result 1 (Project Management and Coordination)

ANNEX-I

INTRODUCTION & BACKGROUND

OBJECTIVES

The objectives of Indonesia's HCFC Phase-out Management Plan (HPMP) are as below:

- To facilitate Indonesia's compliance with the control targets for HCFC consumption with minimal impacts on the national economy, on environment and on occupational health;
- To implement a combination of interventions such as technology transfer investments, policies and regulations, technical assistance, training and capacity-building, awareness and education and monitoring and management in the HCFC consuming sectors, contributing to achieve sustainable reductions and phase-out of HCFC consumption..

ODS phase-out activities in Indonesia

The table below shows the dates of ratification by Indonesia of the Montreal Protocol and its amendments:

Agreement	Ratification
Vienna Convention	26 June 1992
Montreal Protocol	26 June 1992
London Amendment	26 June 1992
Copenhagen Amendment	10 December 1998
Montreal Amendment	26 January 2006
Beijing Amendment	26 January 2006

In 1994, Indonesia prepared a Country Programme incorporating the national strategy and action plan to phase out ODS in line with the Montreal Protocol control schedule. The action plan proposed to address each of the ODS consuming industry sectors, through six elements, namely, institutional measures, regulatory measures, incentive and disincentive measures, awareness and information dissemination, investment and technical assistance and monitoring. With the assistance of the Multilateral Fund, several investment and non-investment activities were implemented by Indonesia, from 1993 to 2003.

Indonesia's National Phase-out Plan for ODS (NPP) was approved in November 2004. It aimed to eliminate the remaining consumption of ODS by 2010 through a multi-year performance-based agreement, enabling Indonesia to comply with the 2005, 2007 and 2010 control milestones of the Montreal Protocol. Indonesia has thus far complied with the annual phase-out targets set out in this agreement and from 2008 has already banned the import of CFCs.

As of Jan 2008, Indonesia has successfully complied with the Montreal Protocol control schedule for CFCs, CTCs and Halons.

HCFC Survey in Indonesia (2005-2007)

HCFCs, which have Ozone Depleting Potential (ODP) up to 15% of that of CFCs, are also classified as controlled substances under Annex-C, Group-I of the Montreal Protocol. HCFCs therefore, have use restrictions and would eventually have to be phased-out. Initially for developing countries, the scheduled phase-out date for HCFCs was 01 January 2040 with an interim control measure of freezing HCFC production and consumption at 2015 levels, from 01 January 2016.

During the implementation of the CFC phase-out under the Montreal Protocol, HCFCs were approved as interim substitutes for CFCs in many of the projects and activities supported by the Multilateral Fund. Considering the increasing demand for HCFCs, and considering the imminent restrictions on HCFCs, including the 2016 freeze in consumption for Article-5 countries, it was necessary to address the technology and environmental issues arising from HCFC use reductions. Moreover, it was expected that actions to reduce HCFC consumption needed to be initiated sooner rather than later. Recognizing these challenges, ExCom approved at its 45th Meeting in 2005, funding for UNDP to carry out HCFC surveys in 12 countries, to assess the HCFC consumption and growth trends in these countries. Indonesia was one of the countries which requested to be a part of this activity. The survey was carried out during 2005 to 2007. The survey focused on data collection and analysis mainly from upstream suppliers of chemicals and equipment, as well as sampling of enterprise-level HCFC use patterns. The key results of this survey was establishing the HCFC consumption profiles and projected growth rates in HCFC consumption in various sectors in Indonesia until 2015.

Indonesia's HCFC consumption increased from 1,250 metric tonnes in 1996 to 3,976 metric tonnes in 2005, signifying a compounded annual growth rate of about 12%. HCFC-22 and HCFC-141b were the two main HCFCs consumed. HCFC-141b is used as a blowing agent in foam production as a replacement for CFC-11. HCFC-22 is used as a refrigerant in air conditioning and refrigeration systems, especially in comfort air conditioning units, central air conditioning chillers and industrial refrigeration.

Based on projected annual growth rates in demand forecasted for HCFCs until 2015 in various sectors, it was estimated that the consumption of HCFCs in Indonesia would reach about 9,662 metric tonnes in 2015. This was expected to lead to additional environmental impacts on ozone depletion as well as on global warming due to the ozone depleting potential and global warming potential of HCFCs.

Accelerated HCFC Phase-out

The XIXth Meeting of the Parties to the Montreal Protocol in September 2007, through its Decision XIX/6, adopted an accelerated phase-out schedule for HCFCs. The first control measure is the freeze on production and consumption of HCFCs from 01 January 2013, at the Baseline Level (average of 2009 and 2010 consumption levels). The second control step is the reduction of 10% from the Baseline Levels on January 1, 2015. Subsequent control steps are 35% reduction by 2020, 67.5% by 2025, 97.5% by 2030 and complete phase out from January 1 2040. The accelerated phase-out of HCFCs was expected to make significant contributions to ozone layer protection as well in protection of the global climate system, due to the high GWPs of HCFCs.

HCFC Phase-out Management Plans

The MOP Decision XIX/6 also directed the Executive Committee of the Multilateral Fund to assist Article-5 Parties in preparation of HCFC Phase-out Management Plans (HPMPs).

The 54th Meeting of the Executive Committee in April 2008, through Decision 54/39, adopted guidelines for preparation of HPMPs. These guidelines provide an indicative outline and content of the HPMPs, with the following key elements:

- a) Adoption of a staged approach for HPMPs within the context of an overarching strategy for HCFC reductions and phase-out as per the adjusted schedule. The HPMP (Stage-1) would focus on compliance with the 2013 freeze and 2015 reduction targets. The subsequent stages would focus on HCFC phase-out in compliance with the future reduction control targets.
- b) Commitments to achieving the 2013 and 2015 control milestones through performance-based agreements

Further, through Decision 60/44, ExCom adopted funding guidelines for various components and types of HPMPs.

HPMP Preparation in Indonesia

Preparation funding

In order to assist Indonesia for the preparation of its HPMP (Stage-I) for compliance with the 2013/2015 targets, UNDP, on behalf of Indonesia, submitted a request for preparation funding to the 55th meeting of the Executive Committee which was held in July 2008 for the overarching HPMP strategy, which was approved at a level of US\$ 173,750. Further, in accordance with ExCom Decision 56/16, Indonesia was eligible for an additional funding of US\$ 200,000 for preparation of investment and associated activities in various sectors. This funding was approved in the 57th meeting of the ExCom in April 2009, of which US\$ 90,000 was approved for sectors assigned to UNDP (Refrigeration and Air Conditioning) and US\$ 100,000 was approved for sectors assigned to World Bank (Foams). A further US\$ 10,000 was approved through UNIDO for preparation for Solvents Sector.

Roles of Implementing and Bilateral Agencies

The Government of Indonesia designated UNDP to be the lead agency for the HCFC phase-out management plan in Indonesia. The World Bank and UNIDO were designated as the cooperating agencies. Government of Indonesia also would cooperate bilaterally with Government of Australia. The allocation of HCFC consuming sectors among the agencies was as below:

UNDP:	Lead agency, Refrigeration, Air Conditioning (manufacturing and servicing) and Firefighting sectors
World Bank:	Polyurethanes Foams sector
UNIDO:	Solvents sector and one group project in the Foams Sector
Australia:	Technical Assistance for Refrigerant Management

Government-Industry Partnership

In April 2009, through the Decree No. 01/Dep.III/KLH/04/2009 of the Deputy Minister for Natural Resources Conservation Enhancement and Environmental Degradation Control, four Technical Working Groups (TWGs) were established, comprising of designated members of industry, government and other stakeholders, thereby formalizing the role of the TWGs as being responsible for developing sector-level HCFC phase-out strategies, which would inform Indonesia's overall HPMP. This statutory mandate for a government-industry partnership for HPMP preparation was among the first of its kind in the world.

Preparation Process

The HPMP preparation process consisted of the following steps:

- Formation of the national team (assignment of stakeholder entities for carrying out the sector-level and national-level data collection and analysis work).*
- Stakeholder consultations (regular periodic meetings of TWGs and interactions with government and industry stakeholders)*
- Information dissemination and industry interaction (sector-level workshops and events)*
- Data collection at the sector-level (and reconciliation with the national-level)*
- Data analysis at the sector-level (and reconciliation at the national-level)*
- Preparation of draft sectoral strategies and national strategy*
- Stakeholder interactions/consultations (national stakeholders workshop)*
- Finalization of the HPMP (Stage-I) proposal and Government endorsement*

HPMP Submission and Approval

The Indonesia HPMP Stage-I was submitted for consideration at the 62nd ExCom Meeting in December 2010. Owing to lack of time for adequate review of the HPMP due to complexities and some open policy issues, the consideration of the Indonesia HPMP Stage-I was deferred to the 63rd ExCom meeting in April 2011.

During the 63rd ExCom meeting additional review and negotiations took place, however agreement on costs and some other issues could not be reached. The decision on approval of Indonesia's HPMP Stage-I was deferred again to the 64th ExCom meeting in July 2011.

At the 64th ExCom meeting in July 2011, Indonesia's HPMP Stage-I was finally approved through ExCom Decision 64/42. The ExCom noted with appreciation, Indonesia's commendable efforts for establishing forward-looking policy and regulatory actions to sustain HCFC phase-out.

ANNEX-II

Risk Analysis

No	Description	Date Identified	Type	Impact and Probability (1= low, 5=high)	Countermeasures/ Management Response	Owner
1	Delay in enactment of regulations	Project initiation date	Operational	Effective controls on HCFCs will not be in place and may lead to non-compliance with provisions of ExCom agreement P = 1, I = 5	Close and regular coordination between KLH and other government departments and agencies	NOU/KLH
2	Delay in implementation of enterprise-level conversions	Project initiation date	Operational	HCFC phase-out at enterprise-level may not take place as planned P = 1, I = 4	Improved project management through regular monitoring of enterprise-level activities	NOU/KLH
3	Delay in availability of alternative technologies	Project initiation date	Operational	HCFC phase-out at enterprise-level may not take place as planned P = 1, I = 4	Regular consultations with technical experts and closely monitoring technological developments	NOU/KLH

ANNEX-III

**AGREEMENT BETWEEN GOVERNMENT OF INDONESIA
AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND**

Annex XXIII

AGREEMENT BETWEEN THE GOVERNMENT OF INDONESIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS

1. This Agreement represents the understanding between the Government of Indonesia (the "Country") and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A ("The Substances") to a sustained level of 321.8 ODP tonnes prior to 1 January 2018 in compliance with Montreal Protocol schedules, with the understanding that this figure is to be revised one single time in 2011, when the baseline consumption for compliance would be established based on Article 7 data.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A ("The Targets and Funding") in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances which exceeds the level defined in row 1.2 of Appendix 2-A (maximum allowable total consumption of Annex-C, Group I substances) as the final reduction step under this agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances which exceeds the level defined in rows 4.1.3, 4.2.3 and 4.3.3.
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 3.1 of Appendix 2-A (the "Targets and Funding") to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (the "Funding Approval Schedule").
4. The Country will accept independent verification, to be commissioned by the relevant bilateral or implementing agency, of achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A ("The Targets, and Funding") of this Agreement as described in sub-paragraph 5(b) of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Targets for all relevant years. Relevant years are all years since the year in which the hydrochlorofluorocarbons phase-out management plan (HPMP) was approved. Exempt are years for which no obligation for reporting of country programme data exists at the date of the Executive Committee Meeting at which the funding request is being presented;
 - (b) That the meeting of these Targets has been independently verified, except if the Executive Committee decided that such verification would not be required;
 - (c) That the Country had submitted tranche implementation reports in the form of Appendix 4-A (the "Format of Tranche Implementation Report and Plan") covering each previous calendar year, that it had achieved a significant level of implementation of activities initiated with previously approved tranches, and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent;

- (d) That the Country has submitted and received approval from the Executive Committee for a tranche implementation plan in the form of Appendix 4-A (the "Format of Tranche Implementation Reports and Plans") covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen; and
 - (e) That, for all submissions from the 68th Meeting onwards, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and, where applicable, production and exports is in place and that the system is capable of ensuring the Country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this Agreement.
6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (the "Monitoring Institutions and Roles") will monitor and report on Implementation of the activities in the previous tranche implementation plan in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in sub-paragraph 5(b).
7. The Country agrees, in cases where HFC technologies have been chosen as an alternative HCFC, and taking into account national circumstances related to health and safety:
- (a) To monitor the availability of substitutes and alternatives that further minimize impacts on the climate;
 - (b) To consider, in the review of regulations standards and incentives adequate provisions that encourage introduction of such alternatives; and
 - (c) To consider the potential for adoption of cost-effective alternatives that minimize the climate impact in the implementation of the HPMP, as appropriate, and inform the Executive Committee on the progress accordingly.
8. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A.
- (a) Reallocations categorized as major changes must be documented in advance in an annual implementation plan and approved by the Executive Committee as described in sub-paragraph 5(d) above. Major changes would relate to issues potentially concerning the rules and policies of the Multilateral Fund; changes which would modify any clause of this Agreement; changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and provision of funding for programmes or activities not included in the current endorsed annual implementation plan, or removal of an activity in the annual implementation plan, with a cost greater than 30 per cent of the total cost of the tranche;
 - (b) Reallocations not categorized as major changes may be incorporated in the approved annual implementation plan, under implementation at the time, and reported to the Executive Committee in the annual implementation report;
 - (c) Should the Country decide during implementation of the agreement to introduce an alternative technology other than that proposed in the approved HPMP, this would require approval by the Executive Committee as part of an Annual Implementation Plan

or the revision of the approved plan. Any submission of such a request for change in technology would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable. The Country agrees that potential savings in incremental costs related to the change of technology would decrease the overall funding level under this Agreement accordingly; and

- (d) Any remaining funds will be returned to the Multilateral Fund.

9. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation and
- (b) The Country and the bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

10. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNDP has agreed to be the lead implementing agency (the "Lead IA") and the Government of Australia, UNIDO and the World Bank have agreed to be the cooperating agencies under the lead of the Lead IA in respect of the Country's activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of any of the IA taking part in this Agreement.

11. The Lead IA will be responsible for carrying out the activities of the plan as detailed in the first submission of the HPMP with the changes approved as part of the subsequent tranche submissions, including but not limited to independent verification as per sub-paragraph 5(b). This responsibility includes the necessity to co-ordinate with the cooperating agencies to ensure appropriate timing and sequence of activities in the implementation. The cooperating agencies will support the Lead IA by implementing the activities listed in Appendix 6-B under the overall co-ordination of the Lead IA. The Lead IA and cooperating agencies have entered into a formal agreement regarding planning, reporting and responsibilities under this Agreement to facilitate a co-ordinated implementation of the Plan, including regular coordination meetings. The Executive Committee agrees, in principle, to provide the Lead IA and the cooperating agencies with the fees set out in rows 2.2, 2.4, 2.6 and 2.8 of Appendix 2-A.

12. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the country did not comply with this Agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5.

13. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.

14. The Country will comply with any reasonable request of the Executive Committee, the Lead IA and the cooperating agencies to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the cooperating agencies with access to information necessary to verify compliance with this Agreement.

15. The completion of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption has been specified in Appendix 2-A. Should at that time activities be still outstanding which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 8, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per Appendix 4-A (a), (b), (d) and (e) continue until the time of the completion if not specified by the Executive Committee otherwise.

16. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	263.0
HCFC-141b	C	I	136.0
HCFC-123 and HCFC-225	C	I	3.2
Total			402.2

APPENDIX 2-A: THE TARGETS, AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	Total	
1.1	Montreal Protocol reduction schedule of Annex C, Group 1 substances (ODP tonnes)	n/a	n/a	402.2	402.2	362.0	362.0	362.0	362.0	n/a	
1.2	Maximum allowable total consumption of Annex C, Group 1 substances (ODP tonnes)	n/a	n/a	402.2	402.2	362.0	362.0	362.0	321.8	n/a	
2.1	Lead IA (UNDP) agreed funding (US \$)	4,000,000	0	4,000,000	0	456,102	0	0	445,000	8,901,102	
2.2	Support costs for Lead IA (US \$)	300,000	0	300,000	0	34,208	0	0	33,375	667,583	
2.3	Cooperating IA (Australia) agreed funding (US \$)	300,000	0	0	0	0	0	0	0	300,000	
2.4	Support costs for Cooperating IA (US \$)	39,000	0	0	0	0	0	0	0	39,000	
2.5	Cooperating IA (World Bank) agreed funding (US \$)	1,500,000	0	942,767	0	135,710	0	0	135,710	2,714,187	
2.6	Support costs for Cooperating IA (US \$)	112,500	0	70,708	0	10,178	0	0	10,178	203,564	
2.7	Cooperating IA (UNIDO) agreed funding (US \$)	777,395	0	0	0	0	0	0	0	777,395	
2.8	Support costs for Cooperating IA (US \$)	58,305	0	0	0	0	0	0	0	58,305	
3.1	Total agreed funding (US \$)	6,577,395	0	4,942,767	0	591,812	0	0	580,710	12,692,684	
3.2	Total support cost (US \$)	509,805	0	370,708	0	44,386	0	0	43,553	968,452	
3.3	Total agreed costs (US \$)	7,087,200	0	5,313,475	0	636,198	0	0	624,263	13,661,136	
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)										45.1
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)										0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)										217.9
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)										89.9
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)										0
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)										46.1
4.3.1	Total phase-out of HCFC-123 and HCFC-225 agreed to be achieved under this Agreement (ODP tonnes)										0
4.3.2	Phase-out of HCFC-123 and HCFC-225 to be achieved in previously approved projects (ODP tonnes)										0
4.3.3	Remaining eligible consumption for HCFC-123 and HCFC-225 (ODP tonnes)										3.2

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval not earlier than the first meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: TRANCHE IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plan will consist of five parts:
 - (a) A narrative report regarding the progress in the previous tranche, reflecting on the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it and how they relate to each other. The report should further highlight successes, experiences and challenges related to the different activities included in the Plan, reflecting on changes in the circumstances in the country, and providing other relevant information. The report should also include information about and justification

for any changes vis-à-vis the previously submitted tranche plan, such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 8 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information about activities in the current year;

- (b) A verification report of the HPMP results and the consumption of the substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken in the next tranche, highlighting their interdependence, and taking into account experiences made and progress achieved in the implementation of earlier tranches. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall plan foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain any revisions to the overall plan which were found to be necessary;
- (d) A set of quantitative information for the report and plan, submitted into a database. As per the relevant decisions of the Executive Committee in respect to the format required, the data should be submitted online. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), and will cover the same time periods and activities; it will also capture the quantitative information regarding any necessary revisions of the overall plan as per sub-paragraph 1(c) above. While the quantitative information is required only for previous and future years, the format will include the option to submit in addition information regarding the current year if desired by the country and lead implementing agency; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of above sub-paragraphs 1(a) to 1(d).

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The monitoring process will be managed by the Indonesia Ministry of Environment (Kementerian Lingkungan Hidup – KLH) through the National Ozone Unit (NOU) with the assistance of the Lead IA.
2. The consumption will be monitored and determined based on official import and export data for the Substances recorded by relevant government departments.
3. The NOU shall compile and report the following data and information on an annual basis on or before the relevant due dates:
 - (a) Annual reports on consumption of the Substances to be submitted to the Ozone Secretariat; and

- (b) Annual reports on progress of implementation of HPMP to be submitted to the Executive Committee of the Multilateral Fund.
4. The Ministry of Environment and the Lead IA will engage an independent and qualified entity to carry out a qualitative and quantitative performance evaluation of the HPMP implementation.
 5. The evaluating entity shall have full access to relevant technical and financial information related to implementation of the HPMP.
 6. The evaluating entity shall prepare and submit to the Ministry of Environment and the Lead IA, a consolidated draft report at the end of each Tranche Implementation Plan, comprising of the findings of the evaluation and recommendations for improvements or adjustments, if any. The draft report shall include the status of the Country's compliance with the provisions of this Agreement.
 7. Upon incorporating the comments and explanations as may be applicable, from Ministry of Environment, Lead IA and the cooperating agencies, the evaluating entity shall finalize the report and submit to the Ministry of Environment and Lead IA.
 8. The Ministry of Environment shall endorse the final report and the Lead IA shall submit the same to the relevant meeting of the Executive Committee along with the Tranche Implementation plan and reports.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for the following:
 - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's phase-out plan;
 - (b) Assisting the Country in preparation of the Tranche Implementation Plans and subsequent reports as per Appendix 4-A;
 - (c) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
 - (d) Ensuring that the experiences and progress is reflected in updates of the overall Plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
 - (e) Fulfilling the reporting requirements for the tranches and the overall Plan as specified in Appendix 4-A as well as project completion reports for submission to the Executive Committee. The reporting requirements include the reporting about activities undertaken by the cooperating agencies;
 - (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
 - (g) Carrying out required supervision missions;
 - (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;

- (i) Coordinating the activities of the cooperating agencies, and ensuring appropriate sequence of activities;
- (j) Co-ordinating implementing agencies are defined as cooperating agencies with the role of a lead agency for one or several sectors, as specified in the formal agreement between lead and cooperating agencies specified in paragraph 11 of this agreement;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
- (l) Providing assistance with policy, management and technical support when required.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent entity to carry out the verification of the HPMP results and the consumption of the substances mentioned in Appendix 1-A, as per sub-paragraph 5(b), sub-paragraph 1(b) of Appendix 4-A and Appendix 5-A.

APPENDIX 6-B: ROLE OF COOPERATING AGENCIES

1. The cooperating agencies will be responsible for the following:
 - (a) Assisting the Country in the implementation and assessment of the activities funded by the cooperating agencies, and refer to the Lead IA to ensure a coordinated sequence in the activities; and
 - (b) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 12 of the Agreement, the amount of funding provided may be reduced by US \$189 per ODP tonne of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met.

ANNEX-IV

Milestones and Indicators for Result 1

(Project Management and Coordination)

For Result 1 (Project management and coordination), performance-based payments will be made by UNDP to NOU/KLH, based on achievement of agreed milestones and deliverables as per the timelines and indicators tabulated below:

No	Milestone	Indicator(s)	Timeline	Amount (US\$)
1	Finalization of project document and management arrangements	<ul style="list-style-type: none">▪ Project document signature▪ HPMP launch workshop conducted	30 June 2012	43,000
2	Establishment on controls on imports of HCFCs	<ul style="list-style-type: none">▪ Quota system for HCFC imports established	30 August 2012	30,000
3	HCFC consumption for 2011 established	<ul style="list-style-type: none">▪ Reporting of 2011 A7 data to Ozone Secretariat▪ Reporting of 2011 CP progress report data to MLF	30 September 2012	15,337
4	Progress report for 2012 and planning for 2013	<ul style="list-style-type: none">▪ Preparation of 2012 implementation report▪ Preparation of 2013 implementation plan	31 January 2013	103,337
Total				191,674

ⁱ There are other sectors, such as firefighting, solvents, etc. which account for the remaining 1.7% consumption.