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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-first Meeting  
Montreal, 18-22 June 2018

**WORLD BANK'S WORK PROGRAMME FOR 2018**

## COMMENTS AND RECOMMENDATION OF THE FUND SECRETARIAT

1. The World Bank is requesting approval from the Executive Committee of US \$250,000, plus agency support costs of US \$17,500 for its 2018 work programme listed in Table 1. The submission is attached to the present document.

**Table 1: The World Bank's work programme for 2018**

Country	Activity/Project	Amount requested (US \$)	Amount recommended (US \$)
<b>BLANKET SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL</b>			
<b>A1: Technical assistance for enabling activities (decision 79/46)</b>			
Indonesia	Enabling activities for HFC phase-down	250,000	250,000
	Agency support costs (7 per cent for enabling activities)	17,500	17,500
	<b>Grand total</b>	<b>267,500</b>	<b>267,500</b>

### SECTION A: ACTIVITIES RECOMMENDED FOR BLANKET APPROVAL

#### A1: Technical assistance for enabling activities (decision 79/46)

##### Background

2. In line with decision 79/46,<sup>1</sup> the World Bank submitted a funding request for the implementation of enabling activities in one Article 5 country listed in Table 1. The detailed proposal is contained in Annex 1 to the World Bank's submission.

3. The proposal for enabling activities submitted by Indonesia consists of the following elements:
- (a) Review existing legislation pertaining to ozone and climate protection;
  - (b) Explore synergy among various government departments involved in ozone and climate protection in order to increase coordination in their efforts relative to the implementation of relevant global environmental treaties, including capacity-building for Ministry of Environment and Forestry, Ministry of Trade, Customs Department, and other relevant agencies;
  - (c) Review the 2014 HFC survey and update the analyses with current information to forecast the baseline level of HFC consumption, and develop a list of alternative technologies for different sectors based on the projected baseline of HFC consumption;
  - (d) Develop a draft strategy based on different phase-down scenarios in order to proceed with the ratification of the Kigali Amendment and be compliant with its commitments.

##### **Secretariat's comments**

4. To facilitate the preparation and submission of requests for enabling activities, the Secretariat re-issued the Guide for the submission of enabling activities for HFC phase-down<sup>2</sup> and presented it to

<sup>1</sup> The Executive Committee decided *inter alia* to approve enabling activities on the basis that countries would be allowed the flexibility to undertake a range of activities to fulfil their initial obligations in line with the Kigali Amendment; enabling activities could consist of, but were not limited to, activities to: facilitate and support the early ratification of the Kigali Amendment; initiating supporting institutional arrangements; the review of licensing systems; data reporting on HFCs; and demonstration of non-investment activities.

<sup>2</sup> MLF/IACM.2018/1/19.

bilateral and implementing agencies at the Inter-agency coordination meeting.<sup>3</sup> The Secretariat notes that the request for enabling activities submitted by the World Bank followed the Guide.

5. The Government of Canada (as bilateral agency), and the four implementing agencies, submitted on behalf of 60 Article 5 countries requests for funding for enabling activities, in line with decision 79/46. In sub-paragraph (e) of the decision, the Committee decided that requests for enabling activities submitted by the 80<sup>th</sup> meeting would be funded to the extent possible from additional voluntary contributions provided by non-Article 5 Parties. Given the funding modality agreed in decision 79/46(e), the Secretariat has included a list of all the requests for enabling activities submitted to the 81<sup>st</sup> meeting, indicating funding levels and agencies involved, in the document on the Overview of issues identified during project review.<sup>4</sup>

6. The Secretariat reviewed the request for enabling activities and concluded that it fulfilled all the requirements of decision 79/46, as noted below:

- (a) Endorsement letter from the Government of Indonesia indicating its intent to make best efforts to ratify the Kigali Amendment as early as possible was submitted by the World Bank as the lead implementing agency;
- (b) The project proposal included a description of each of the enabling activities, institutional arrangements, cost breakdown and the schedule for implementation;
- (c) The proposal will be implemented in 18 months.

7. The funding requested was consistent with decision 79/46(c), and calculated based on the country's HCFC baseline.

### **Secretariat's recommendation**

8. The Secretariat recommends blanket approval for the request for enabling activities for HFC phase-down for Indonesia at the level of funding indicated in Table 1 above, in the context of its discussion of the funding modality for enabling activities described in the document on Overview of issues identified during project review (UNEP/OzL.Pro/ExCom/81/14).

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<sup>3</sup> Montreal, 6-8 March 2018.

<sup>4</sup> UNEP/OzL.Pro/ExCom/81/14.



2018 BUSINESS PLAN  
WORK PROGRAM AMENDMENT



**WORLD BANK GROUP**

WORLD BANK IMPLEMENTED  
MONTREAL PROTOCOL OPERATIONS

Presented to the  
81<sup>st</sup> Meeting of the Executive Committee  
of the Multilateral Fund

April 2018

## WORK PROGRAM FOR WORLD-BANK IMPLEMENTED MONTREAL PROTOCOL OPERATIONS

1. This proposed work program amendment for Bank-Implemented Montreal Protocol Operations is prepared based on the 2018-2020 World Bank Business Plan which was approved by the Executive Committee at its 80<sup>th</sup> meeting.
2. The 2018-2020 World Bank Business Plan consists of investment and non-investment activities to assist Article 5 partner countries to meet their HCFC reduction target, the 2020 35% reduction. The Business Plan includes, in addition to deliverables associated with previously approved and new investment activities, requests to extend support for implementation of existing institutional strengthening projects in 2 countries.
3. As part of the 2018-2020 Business Plan, the World Bank has submitted stage II of the HPMP for stage II of the HPPMP for China and will be submitting Stage II of the HPMP for Thailand in 2018.
4. In addition, this work program amendment includes activities for HFC-related projects in response to decisions undertaken at the 79<sup>th</sup> Meeting of the Executive Committee, in particular, decisions 79/45, 79/46, and 79/47.

### 2018 Work Program – ExCom 81 Amendment

5. The proposed 2018 Work Program Amendment being submitted for consideration at the 81<sup>st</sup> Meeting of the Executive Committee, includes funding requests for one HFC enabling activity in Indonesia, outlined in Table 1 below. Explanation on the preparation activities and HFC enabling activities are described in annexes below.

*Table 1: Funding Requests Submitted for Consideration  
by the 81<sup>st</sup> Meeting of the Executive Committee*

Country	Request (US\$)	Support Costs (US\$)	Duration	Description
Indonesia	250,000	17,500	18 months	Enabling activities for HFC phase-down
<b>Total</b>	<b>250,000</b>	<b>17,500</b>		

## Annex 1: HFC Enabling Activities for Indonesia

### Background

Indonesia is an archipelago located in Southeast Asia with a land area of 1.81 million sq. km, coastline of about 55,000 km, population about 250 million, with an estimated GDP per capita of USD 3,500 (2013). The Government of Indonesia is fully committed to the Montreal Protocol and the Climate Change Convention.

Indonesia HFC inventory<sup>5</sup> report provides estimates and future projections of HFC consumption as summarized in table below.

	2009	2011	2013	2015	2017	2019	2020
HFC-134a	5,536	6,356	7,465	8,812	10,456	12,525	13,767
HFC-32	-	-	-	982	1,375	1,768	1,866
R-404A	3	13	36	110	153	188	203
R-407C	-	1	1	2	3	5	5
R-410A	173	213	256	322	384	459	502
R-507C	9	11	13	15	18	22	23
HFC-245fa	-	-	-	326	541	830	1,006
HFC-365mfc	-	-	-	21	31	44	51
Total	5,721	6,593	7,770	10,590	12,961	15,839	17,422

HFC-134a are used by local manufacturers of domestic refrigerators and small commercial refrigeration equipment. Indonesia also estimates significant amount of HFC-134a are being used for MAC and aerosol sectors. R-410A and HFC-32 are used as refrigerant in the air-conditioning units along with small amount of R-407C being used as drop-in replacement of HCFC-22. R-404A and R-507C are used in medium and large commercial and industrial refrigeration units.

### Objectives

The main objective for the proposed enabling activities is to enable Indonesia to proceed with the ratification of the Kigali Amendment and make recommendations for policy and regulatory actions that would enable Indonesia to be in compliance with the initial HFC phase-down obligations under the Amendment.

### Proposed approach and activities

The proposed approach includes the following:

- (i) An assessment of existing domestic regulations pertaining to the ozone and climate protection in order to identify potential options to strengthen existing policy and regulatory framework to effectively control and monitor import, export, and use of HFCs.
- (ii) Capacity building for Ministry of Environment and Forestry, Ministry of Trade, Customs Department, and others in order to strengthen their capacity to extend existing licensing and quota systems for ozone depleting substances to cover HFCs, and to adapt existing Harmonized

<sup>5</sup> Indonesia HFC Inventory Report, CCAC/UNDP, 2014

System (HS) of Custom Codes for tracking import/export of HFCs and HFC blends.

- (iii) Exploring synergy among various government departments involved in ozone and climate protection with an aim to increase coordination in their efforts to control and monitor HFCs and to report HFC consumption and emissions to the relevant global environmental treaties (i.e. UNFCCC and Montreal Protocol).
- (iv) Review 2014 Indonesia HFC survey and update analyses with current information to forecast the baseline HFC consumption level (average consumption between 2020 and 2022) and consumption beyond 2022 based on business as usual through intensive consultation with relevant ministries, industry, academia and NGOs. The HFC consumption projection would then be compared with the maximum level allowed by the Kigali Amendment. This would provide guidance for the Government of Indonesia with regards to timing and compliance concerns.
- (v) Based on the forecasted baseline HFC consumption and use, a list of alternative technologies for respective sectors will be developed. Consultations with stakeholders to determine appropriate alternative technologies for the Indonesia context would be carried out. All alternative technologies that are currently commercially available as well as emerging technologies and expected timeframe for these technologies to become commercially available would be considered.
- (vi) Develop a draft strategy highlighting different phase-down scenarios for Indonesia to proceed with ratification and to be in compliance with short-term, medium-term, and long-term commitments under the Kigali Amendment. The strategy should include recommendations for policy and regulatory actions to enable Indonesia to proceed with the ratification and those that would enable Indonesia to be in compliance with the Amendment. In addition, the strategy should provide an analysis for, and outline, Indonesia's technology pathway for complying with the Amendment.

### **Impact on HCFC phase-out projects implementation**

The implementation of the enabling activities would not delay implementation of HCFC phase-out projects in Indonesia.



## Proposed activities, implementation plan, and budgets<sup>6</sup>

Activities	Responsible entity	Target group	Start date	End date	Tentative Budget (US \$)	Milestones	Expected outputs
1. National consultation workshop (Kick-off)	WB/NOU	Industry/ relevant stakeholders	Sep-18	Sep-18	10,000	Workshop conducted – workshop summary report	Introduction to Kigali Amendment
2. Review existing regulations to control and monitor import and export of HFCs and HFC-blends	WB/NOU	Legislators	Sep-18	Nov-18	10,000	Report with recommendations	Action plan to revise relevant regulations to enable control and monitor import and export of HFCs and HFC-blends
3. Training workshops for customs officers/MOT/importers/exporters	NOU/ customs department	Customs officers/ MOT/ importers/ exporters	Jan-19	Jun-19	30,000	Workshops conducted – workshop report	Capacity building of national stakeholders
4. Review ODS alternative survey, analysis and forecast baseline HFC consumption	WB/NOU	Industry/ legislators	Sep-18	Dec-18	20,000	Model for forecast HFC consumption	Improved capacity to analyze HFC phase-down scenarios
5. Industry consultation workshops	WB/NOU	Industry (MAC, domestic refrigerator, Residential AC, solvent, firefighting)	Sep-18	Mar-19	50,000	Workshops conducted – workshop report	Identification of potential technology pathway for each sector
6. Review of lower-GWP alternatives in each sector including assessment of commercial availability of	WB/NOU	Industry	Jan-19	Jun-19	30,000	Technical reports for each sector	Identification of possible alternatives for

<sup>6</sup> Indicative list and cost which can be subjected to change as deemed necessary

<b>Activities</b>	<b>Responsible entity</b>	<b>Target group</b>	<b>Start date</b>	<b>End date</b>	<b>Tentative Budget (US \$)</b>	<b>Milestones</b>	<b>Expected outputs</b>
alternatives and components							each sector
7. Development of phase-down scenarios, technology pathway, and draft strategy	WB/NOU	Industry/legislators	Jun-19	Oct-19	50,000	Draft strategy with recommendations for policy and regulatory actions to enable compliance	Basis to rally national stakeholders around phase down objectives and means to achieve them
8. National consultation workshop (draft strategy)	WB/NOU	Industry/legislators	Sep-19	Oct-19	10,000	Workshop conducted – workshop summary report	Increased ownership of the phase down strategy from key stakeholders
9. Information dissemination on the Kigali Amendment	NOU	Public/industry /legislators	Oct-19	Nov-19	10,000	Information package	Information package available for dissemination
10. Public consultation for ratification of Kigali Amendment	NOU	Public/industry /legislators	Oct-19	Nov-19	20,000	Public consultation report	Increased awareness of the Kigali Amendment from the public and other stakeholders
11. National consultation workshop (ratification)	NOU	Parliament/legislators	Dec-19	Feb-20	10,000	National consultation report	Increased understanding of implications and opportunities from the Kigali Amendment by members of Parliament

<b>Activities</b>	<b>Responsible entity</b>	<b>Target group</b>	<b>Start date</b>	<b>End date</b>	<b>Tentative Budget (US \$)</b>	<b>Milestones</b>	<b>Expected outputs</b>
Total					250,000		

## **Institutional arrangements**

Following similar arrangements for MLF supported projects in Indonesia, this activity will be implemented through the National Ozone Unit of the Ministry of Environment and Forestry (Kementrian Lingkungan Hidup dan Kehutanan - KLHK), 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.

Project Management Unit (PMU) of HPMP manages implementation of HPMP activities. This unit works directly under the supervision of National Ozone Unit (NOU) chaired by the Director for Climate Change Mitigation.

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 including representatives from service sector. 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 has taken and continues to take the following key initiatives and actions:

- Managing a licensing system for import of CFCs and Halons from 1998;
- Ban on imports of products containing CFCs and Halons from 1998;
- Maintaining liaison with enforcement authorities on a regular basis;
- Promoting coordination between the Ministry of Environment, Ministry of Industry, Ministry of Trade and Department of Customs to implement and enforce the provisions of regulations;
- Monitoring the use and import of ODS to minimize illegal trade and capacity-building of customs officials in line with ASEAN agreements;
- Active monitoring of the progress of implementation of projects funded by MLF;
- Formulating guidelines and regulations as necessary for policy implementation;
- Socialization of upcoming and existing policies and regulations;
- Promoting the decentralization of implementation and enforcement of policies and regulations by interacting with and strengthening the district-level environment focal points;

- Supporting public awareness initiatives and campaigns for promoting ozone layer protection at the consumer level;
- Regular interaction with other ministries and departments, industry representatives and implementing agencies for information dissemination related to impact of policy measures;
- Actively participating in international meetings to represent Indonesia's interests; and
- Promoting research and use of ozone-friendly technologies.