

Annex XIX

INDICATIVE OUTLINE AND CONTENTS OF THE HCFC PHASE-OUT MANAGEMENT PLANS

General Information

1. This section should include general information, such as name of country; classification of country (e.g., HCFCs used in servicing only, country using HCFCs both in servicing and manufacturing), specify the controlled substances covered by the measures proposed in the plan; sector(s) covered and duration of the proposal. It should also contain the following information:

- (a) A brief country background;
- (b) A brief review of activities undertaken so far on CFC phase-out, focusing on lessons learned and how these can be used for the phase out of HCFCs;
- (c) Brief information summarizing the ratification of the Montreal Protocol and its amendments, particularly the Copenhagen, Beijing and Montreal Amendments including, as necessary, the identification of steps/action plan needed for ratification; and
- (d) A brief summary review of projects funded under the Multilateral Fund for CFC compliance and for other substances including the implementation of RMPs, TPMPs and/or NPPs, where applicable to HCFCs.

Description of existing policy/legislative/regulatory and institutional framework

2. It is important to provide background information on the current ODS regulations in the country, the extent of the existing licensing systems, and whether there are specific regulations that govern the import/export of HCFCs or HCFC-dependent equipment. Basic information needed in this section should include:

- (a) A description of the basic ODS legislation and the existing licensing system in place (including, *inter alia*, how it operates, required licenses for import/export, registration of importers/exporters, the existence of a quota system);
- (b) Information on how policies related to HCFCs, if any, are being implemented at present (i.e., requires registration of importers and a license to import/export but no quotas are set);
- (c) A description of stakeholder involvement in the policy and regulatory regime. For instance, this component should cover when policy interventions such as equipment bans are being considered. In that regard, it should be noted that consultations are needed to ensure the stakeholders' agreement and buy in. How these consultations, if any, are undertaken could be described here;
- (d) Information on bans of currently controlled ODS-dependent equipment and the relevant regulations for HCFC dependent equipment, describing how the bans

operate or could operate and the time frame for implementation;

- (e) A description of other government initiatives in response to the Protocol's accelerated phase out of HCFCs; and
- (f) A list of any Multilateral Fund CFC projects that have been replaced with HCFCs, including the status of the project and contact details of the enterprise.

Data collection and surveys

3. Decision 53/37 (h) refers to "... HCFC management plans incorporating HCFC surveys..." In the development of HPMPs, data and information need to be gathered to provide an overall view of the HCFC sector. A framework could be developed to store data collected on HCFCs in the form of a centralised database, which could be maintained by the NOUs, and that could be employed as a tool to effectively manage the information gathered for the HPMP.

4. In undertaking the survey, there should be a description of the methodology for collecting and validating the data, including the name of the institutions involved and the sources of data. Surveys should be as comprehensive as possible, and should follow the chain of ODS supply from the time when the substance is ordered and imported into the country and passed to distributors, consumers (where applicable) and manufacturers. Data sources and references may include, but are not limited to, customs services, industry associations, use data from industries, enterprise surveys, and data from compressor manufacturers. If funding needs to be provided for surveys in countries that have already received such funding it should be done to avoid double-counting.

5. While it may not be easy to gather information for each facility that uses HCFCs for manufacturing purposes or each HCFC user, countries are encouraged to provide basic information for known manufacturing establishments using HCFCs. Methods of estimating the needs of several small- and medium-sized enterprises (SMEs) that account for a small amount of consumption should be devised. This should be based on the actual consumption information gathered as part of the country programme reporting process, and will be essential in developing HPMPs. The consumption data gathered would need to be confirmed at plant level prior to approval of stage one funding or future stages of the plan. Moreover, information from foam projects approved for the conversion from CFC to HCFC should provide important information.

6. The following information should be included in the data submitted as part of the plan:

- (a) A description of survey methodology and approach;
- (b) An HCFC supply scenario:
 - (i) Production (including the identification and description of swing plants, and a description of new production plants);
 - (ii) Imports;
 - (iii) Exports; and
 - (iv) Levels of HCFCs in blends and as feedstock, as applicable;

- (c) HCFC use/consumption:
 - (i) Levels of HCFC consumption;
 - (ii) Sectoral distribution and description of sectors;
- (d) Information on established HCFC infrastructure, including the year established, looking particularly at those plants that may have been funded under the MLF for conversion to HCFCs, or those plants that have converted on their own. This will assist in establishing information on the extent of HCFC use in the country and the types of potential interventions that may be necessary for phase out;
- (e) Forecasts for HCFC use (refer to the proposed accelerated phase out schedule for timetable, include unconstrained demand up to baseline date, and beyond);
- (f) Validation of data provided in the survey; following existing Executive Committee guidelines; and
- (g) Availability of alternatives to HCFCs and prices.

Strategy and plan for the implementation of HCFC phase out

7. The HPMP should describe the overall strategy that will be followed to achieve the targets to meet complete phase out of HCFCs. This should include a discussion of policy instruments needed to reduce the supply of HCFCs such as import quotas and price controls as well as the country's plan for their implementation/enforcement of the short-term alternatives, access to alternative supplies, and for coordinating its plan with the country's climate change, chemical management, and energy policies. The steps to be taken to gradually curtail HCFC demand (such as completing the conversions of manufacturing industries while simultaneously planning to address demand in the refrigeration servicing sector, and legislation with regards to goods containing HCFCs) should also be covered. This section should also identify any national legislation that may prohibit or restrict specific non-HCFC alternatives.

8. As described in paragraphs 9 to 17 of document UNEP/OzL.Pro/ExCom/54/53, the strategy could be developed on the basis of a staged approach. For these purposes it is important that the immediate interventions that may constitute stage one, and are needed to meet the freeze on HCFC in 2013 and the 10 per cent reduction in 2015, should be elaborated and described in detail. To the greatest extent possible, this should include the total funding required. While the second and other subsequent stages are indicative at this stage, it would also be helpful if some cost calculations on how much these further stages will consequently cost could be provided in the plan bearing in mind that the country's commitment and possible funding will, at the outset, only be available for the first stage. Assumptions for such calculations should be included.

9. The strategy should describe a time frame for the implementation of the planned activities based on the country's actual needs and its current consumption situation. This would also include an assessment of how much immediate reduction in HCFC consumption can be achieved with little investment but with targeted institutional activities that may be carried out.

10. For refrigeration servicing, the proposal should describe the strategy to reduce the dependence on HCFCs. This strategy could include measures such as legal and economic incentives and disincentives; training; public awareness activities; import controls and other sector-specific initiatives. Recovery and recycling initiatives based on previous experience should also be included, with a view to proposing specific activities considering the lessons learned from the past.

11. The Executive Committee has provided assistance for the establishment of NOUs, development of national legislation and regulations, licensing systems, and recovery and recycling for CFCs. From results gathered during the survey, it should also be possible to establish how the existing system can be used to facilitate HCFC phase-out, and this information should be included as part of the overall phase out plan. These plans should also contain a summary review of the implementation of the relevant RMP, TPMP, NPP or SPPs and other projects and activities of the Multilateral Fund. A description of additional actions/activities and estimated costs that might be needed to re-orient NPPs/TPMPs from CFCs to addressing HCFCs should also be included.

12. The items below provide indicative guidance on the specific section of the plan and what it should contain:

- (a) Description of planned activities:
 - (i) Institutional activities -- including industry actions;
 - (ii) Investment projects;
 - (iii) Capacity building--including policy analysis and review and awareness raising activities necessary;
- (b) Timetable for implementation including reductions proposed;
- (c) Management of HCFC supply and demand;
- (d) Specific activities for the servicing sector; and
- (e) Specific capacity building activities for countries without HCFC consumption.

Cost calculation

13. Paragraph 28 of document UNEP/OzL.Pro/ExCom/54/53 provides guidance on how costs can be examined, considering certain policy issues that remain to be resolved. It must be noted that the expectation for a preliminary detailed costing should cover stage one of the HPMP, as described above.

14. As an overall principle to be used in examining industry conversions, and consistent with the historic practice, data should be provided on the number of enterprises, sectors/sub-sectors involved, enterprise ODS consumption and baseline equipment, date of installation of production capacity, production levels where appropriate. It should also examine the level of exports to non-Article 5 countries and Article 5 countries and share of multinational companies if dealing with the manufacturing sector, possibly on an enterprise-by-enterprise basis. HPMPs should explore

all possible alternatives for each industry sector and conversion, and provide cost comparisons, to the greatest extent possible.

15. An additional section that explores potential financial incentives and opportunities for additional resources, if available, should be included.

16. For refrigeration servicing, data provided should include estimated number of workshops in the country and a separation into groups (large, medium, small, informal), the typical baseline equipment and education for each group, estimated number of technicians currently working in refrigeration servicing, estimated average consumption of HCFCs per workshop of each group per year, equipment needs for each group and justification, including an estimate of the amount of ODS to be recovered annually, if relevant and other details. Similar information should be provided for other relevant sectors.

17. Other non-investment activities should consider elements from decision 35/57 particularly in the areas of awareness-raising and training, and these activities should be treated as components of the overall phase out management plan. The framework should include an approach to building public awareness through a focus on HCFC stakeholders, such as industry associations, to disseminate information regarding the HCFC phase-out. It is also important to build awareness among, *inter alia*, investors, equipment and building owners, and equipment vendors. Public awareness could be encouraged through national conferences, training workshops, a dedicated website, stakeholder consultations and technical publications.

Project coordination and management including monitoring and evaluation

18. There should be a description of the management structure for the implementation of the HPMP, in particular how stage one will be implemented. Annex VIII of document 45/46, which led to decision 45/54 on TPMPs, may be used as a basis for overall terms of reference for a project management unit. This should include a clear indication of the roles to be assumed by government bodies, industry bodies, academic institutions and consultants. Accountability for the management of the plan implementation is of paramount importance. Thus a designation of a government entity to which the management body would be held accountable needs to be indicated, as well as the responsibility and decision-making capacity and reporting responsibilities of the different parts of the management structure.

19. There should also be a discussion on the level of involvement of the relevant implementing agency in the management and implementation of the HCFC phase-out proposal. A lead agency needs to be designated, if necessary, in countries where multiple agencies operate, and the role and responsibility of each has to be clearly defined.

20. There should be a clear description of the financial and substantive oversight to be exercised over the HPMP. This should include the name of institutions involved, their specific roles and responsibilities, and the type and frequency of reporting.

21. There should be also adequate opportunities to ensure independent confirmation of the achievement of the performance targets specified in the plan, including a periodic evaluation to be included in the Monitoring and Evaluation Work Programme of the Fund. The plan should also account for possible costs of verification of performance targets.

Production sector

22. Information required for the production sector sub-group's deliberations indicated in decision 53/37 paragraph (g) should also be covered in the HCFC phase-out management plans, where applicable. Any decisions taken by the Executive Committee with respect to the production sector should be taken into account prior to submission of the HPMP that would include a sector plan for the production sector, as relevant.

Submission requirements and deadlines

23. The submission requirements for HPMPs should be similar to those for RMPs/TPMPs/NPPs/SPPs with respect to agreements and review periods. Similarly, reporting, verification, monitoring, verification and evaluation guidelines for RMPs/TPMPs/NPPs/SPPs and individual projects should apply to HPMPs. HPMPs should be submitted 14 weeks in advance of Executive Committee meetings for review by the Fund Secretariat.