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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-fifth Meeting
Montreal, 4-8 December 2024
Item 9(d) of the provisional agenda¹

PROJECT PROPOSAL: INDIA

This document consists of the comments and recommendation of the Secretariat on the following project proposal:

Phase-out

- HCFC phase-out management plan (stage III, second UNDP, UNEP and Individual
tranche) Germany consideration

¹ UNEP/OzL.Pro/ExCom/95/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

India

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage III)	UNDP (lead), UNEP, Germany	91 st	100% phase-out by 2030

(II) LATEST ARTICLE 7 DATA (Annex C, Group I)	Year: 2023	322.44 ODP tonnes
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2023	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22				25.55	294.50				320.05
HCFC-123			0.22		1.47				1.69

(IV) CONSUMPTION DATA (ODP tonnes)			
2009-2010 baseline:	1,608.2	Starting point for sustained aggregate reductions:	1,691.25
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	1,691.25	Remaining:	0.00

(V) ENDORSED BUSINESS PLAN		2024	2025	2026	Total
UNDP	ODS phase-out (ODP tonnes)	126.70	0.00	61.40	188.10
	Funding (US \$)	5,880,648	0	2,849,726	8,730,374
UNEP	ODS phase-out (ODP tonnes)	23.31	0.00	26.95	50.26
	Funding (US \$)	1,125,210	0	1,300,864	2,426,074
Germany	ODS phase-out (ODP tonnes)	49.35	0.00	55.26	104.61
	Funding (US \$)	2,379,336	0	2,663,992	5,043,328

(VI) PROJECT DATA			2022	2023	2024	2025	2026	2027-2028	2029	2030	Total
Montreal Protocol consumption limits (ODP tonnes)			1,045.33	1,045.33	1,045.33	522.67	522.67	522.67	522.67	0.00	n/a
Maximum allowable consumption (ODP tonnes)			698.82	643.28	643.28	75.85	75.85	75.85	75.85	0.00	n/a
Funding agreed in principle (US \$)	UNDP	Project costs	6,166,500	0	5,495,933	0	2,663,295	0	509,332	0	14,835,060
		Support costs	431,655	0	384,715	0	186,431	0	35,653	0	1,038,454
	UNEP	Project costs	668,215	0	1,011,000	0	1,168,825	0	521,960	0	3,370,000
		Support costs	75,486	0	114,210	0	132,039	0	58,965	0	380,700
	Germany	Project costs	1,700,643	0	2,140,772	0	2,396,887	0	714,270	0	6,952,572
		Support costs	189,517	0	238,564	0	267,105	0	79,597	0	774,783
Funds approved by ExCom (US \$)		Project costs	8,535,358	0							8,535,358
		Support costs	696,658	0							696,658
Total funds recommended for approval at this meeting (US \$)		Project costs	0	0	8,647,705						8,647,705
		Support costs	0	0	737,489						737,489

Secretariat's recommendation:	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of India, UNDP as the lead implementing agency has submitted a request for funding for the second tranche of stage III of the HCFC phase-out management plan (HPMP), at a total cost of US \$9,385,194, consisting of US \$5,495,933, plus agency support costs of US \$384,715, for UNDP, US \$1,011,000, plus agency support costs of US \$114,210, for UNEP and US \$2,140,772, plus agency support costs of US \$238,564, for the Government of Germany.² The submission includes a progress report on the implementation of the first tranche, the verification report on HCFC consumption for 2022 to 2023, and the tranche implementation plan for 2025 to 2027.

Report on HCFC consumption

2. The Government of India reported a consumption of 322.44 ODP tonnes of HCFCs in 2023, which is 80 per cent below the country's HCFC baseline for compliance. The 2019-2023 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in India (2019-2023 Article 7 data)

HCFC	2019	2020	2021	2022	2023	Baseline
Metric tonnes (mt)						
HCFC-22	9,988.45	5,404.19	4,278.99	6,220.55	5,819.05	10,944.7
HCFC-123	77.48	12.99	47.19	173.38	84.38	176.5
HCFC-141b	3,494.18	0.00	0.00	0.00	0.00	7,868.4
HCFC-225**	55.50	0.00	-254.49	-44.26	10.09	1,903.0
Total (mt)	13,615.61	5,417.18	4,071.69	6,349.67	5,903.43	21,504.4
ODP tonnes						
HCFC-22	549.37	297.23	235.34	342.13	320.05	602.0
HCFC-123	1.55	0.26	0.94	3.47	1.69	3.5
HCFC-141b	384.36	0.00	0.00	0.00	0.00	865.5
HCFC-225**	3.89	0.00	-17.81	-3.10	0.71*	123.7
Total (ODP tonnes)	939.16	297.49	218.47	342.50	322.44	1,608.2

*Numbers do not add due to rounding.

**India produced HCFC-225 in 2018, 2019, 2022 and 2023 for feedstock uses. Exports of HCFC-225 in 2021 and 2022 were for feedstock and were produced partly in 2022 and in prior years.

3. Overall HCFC consumption decreased in 2020 and 2021 due to the COVID-19 pandemic, followed by an increase in 2022 along with the economic recovery. The decrease in 2023 was due to transition to alternatives, mainly by the ineligible enterprises under stage III of the HPMP, based on market demand. HCFC-22 use in the refrigeration servicing sector accounts for 50-60 per cent of the total HCFC consumption in the country, as has been the trend since 2017. The consumption is likely to increase in the next few years but will still remain within the allowable limits. The Government has issued a ban on the import and manufacture of HCFC-based RAC equipment by 1 January 2025.

4. Consumption of HCFC-141b was phased out in 2020, in line with the ban in effect since 1 January 2020. HCFC-123 is imported and used in manufacturing and servicing fire-protection equipment and in servicing chillers. The fluctuations in consumption during the reporting period are due to the market conditions and the fact that imports from one year can supply needs for more than one year.

Country programme implementation report

5. The Government of India reported HCFC sector consumption data under the 2023 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol. Article 7 data reports a slightly higher consumption rate (a difference of 0.71 ODP

² As per the letter of 11 September 2024 from the Ministry of Environment, Forest and Climate Change of India to UNDP.

tonnes) due to production of HCFC-225 for export in future years for feedstock applications, which has not been reported in CP data, as per the standard format.

Verification report

6. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2022 to 2023 was correct (as shown in table 1 above). The verification concluded that India is in compliance for 2022 and 2023 as per the accelerated phase-out schedule of the Montreal Protocol, and that consumption is below the maximum allowable consumption for the same years in the Agreement between the Government of India and the Executive Committee.

7. It is noted that HCFC-225 has not been included in the scope of the verification report. There was no production of HCFC-225 during the year 2009 and 2010 and it is not included in the baseline for production of HCFCs. Yearly production and exports of HCFC-225 are included in the country's Article 7 data reporting. Differences between the 2021 and 2022 Article 7 consumption, the verified consumption for those years, and the data submitted under the CP data report is due to exports of small amounts of HCFC-225 for feedstock that were partly produced in prior years. Similarly, HCFC-225 produced in 2023 will be exported for feedstock use in a future year. HCFC-225 produced is exclusively exported to one country for feedstock and for controlled uses.

Status of implementation of stage II of the HCFC phase-out management plan

8. Stage II of the HPMP will be completed by 31 December 2024.

Progress report on the implementation of the first tranche of stage III of the HCFC phase-out management plan

Legal framework

9. An HCFC licensing system, quota system and national import quotas are all in effect. A ban was issued on the manufacture of HCFC-based products and equipment (including manufacturers of air conditioners, other refrigeration and air-conditioning (AC), fire extinguisher or fire extinguishing systems, and all other equipment or products) that will be in effect from 1 January 2025. Pursuant to the country's ratification of the Kigali Amendment on 27 September 2021, India established a licensing system for HFCs in March 2022, and will implement an HFC quota system once the national strategy for HFC phase-down is finalised during 2024 and regulations for HFC are in place during 2025 and 2026.

Air-conditioning manufacturing sector (UNDP)

10. A total of 16 enterprises (13 enterprises in room AC sector and three in light commercial AC sector) consuming 222.92 mt of HCFC-22 have been verified and found eligible to participate in the HPMP. Memoranda of Agreement (MoA) have been signed with 11 of them to convert to HFC-32, while the remaining five enterprises, which require further support in the technology conversion, are working on their conversion plans and technology trials ahead of the MoA signature, expected during the last quarter of 2024. An additional 14 enterprises (155.71 mt of HCFC-22) established after 21 September 2007 or non-Article 5 owned would convert with their own resources.

Commercial refrigeration manufacturing sector (UNDP)

11. A total of 48 commercial refrigeration and process chiller manufacturing enterprises (mostly micro, small and medium enterprises (MSMEs)) consuming 163.19 mt of HCFC-22 were verified and found eligible to participate in the HPMP. MoAs have been signed with 33 of them to convert to R-290, R-600a

or HFC-32, and all of those enterprises have delivered a technical conversion plan and are progressing with their conversion activities; the remaining 15 enterprises, which require further support in the technology conversion, are working on their conversion plans and technology trials in advance of the MoA signature, expected during the last quarter of 2024. An additional 91 enterprises (38.93 mt of HCFC-22) established after 21 September 2007 or non-Article 5 owned would convert with their own resources.

Technical assistance for the manufacturing sector

12. A national government technical institution specialized in the cooling sector has been identified to deliver technical assistance to enterprises in the sector, alongside international experts. A cooperation agreement with this institution is in the process of being signed.

Refrigeration servicing sector

13. *Strengthening capacity in the refrigeration servicing sector (UNDP)*: Procurement process initiated for delivery of equipment³ to the industrial training institutes (ITIs). Out of the 120 sets of equipment to be procured for ITIs, it is planned to handover the equipment to 25 ITIs during 2024 and the balance during 2025, as reflected in the tranche implementation plan.

14. *Strengthening capacity in the refrigeration servicing sector (Germany)*: A proposal submitted by the Ozone Cell of the Ministry of Environment, Forest and Climate Change (MoEFCC) for training content and a unified certification system for service technicians has been approved by the National Council for Vocational Education and Training (NCVET), and states that the training can be imparted by any agency, but NCVET issues certification based on assessment of the trained technicians. Unsuccessful candidates will be retrained and reassessed until they obtain certification from NCVET. Germany is finalizing training partner contracts to initiate the training of 25,000 service technicians starting December 2024. Procurement of equipment and materials for the training has been initiated, and the development and update of training material has been completed, reviewed by experts, and published in September 2024. Content for train-the-trainer (TOT) courses has been finalized, reviewed by experts, and two TOT courses for 50 trainers will be conducted during November 2024. The entire funding of the first tranche of this activity will be disbursed by the second quarter of 2025.

Enabling activities in the servicing sector (UNEP)

15. *Policy and enforcement framework*: Areas for capacity building of Pollution Control Board (PCB) officials have been determined, training content has been reviewed, and implementation started in October 2024; an MoA with the National Academy of Customs, Indirect Taxes and Narcotics (NACIN) relating to capacity building of customs and enforcement officials as well as risk profiling was finalized and training of 100 customs officers started September 2024, procurement of 25 refrigerant identifiers for all customs ports initiated, and two border dialogue of customs officers completed in September 2024. Following discussion among NACIN, customs and enforcement authorities on the need for standard operating practices (SOPs) on enforcement processes for combating illegal trade, they will be developed and will also include procedures for application of license/quota, reporting of import/export, declaration checking, inspection of shipments, handling seizures, penalties/fines, case reporting and recordkeeping.

³ Basic refrigeration and electrical cycle unit (frost-free refrigerator), split AC training unit (compatible to inverter technology), commercial refrigeration training unit, industrial refrigeration unit for rack systems, split AC training unit (metal frame), vacuum pump (double stage), 4-way gauge manifold set, tube cutter, flaring and swaging tool set, valve core remover tool, refrigerant recovery equipment, torque wrench, digital vacuum gauge, protective gloves and goggles, refrigerant recovery cylinder (30lbs), weighing scale, and refrigerant leak detector.

16. *Sector-based ODS policy development:* Terms of reference are under finalization for the following six studies to commence from December 2024: ODS phase-out legislation/policies compendium, policy study on women in cooling sector, study on district/passive cooling, study on transportation sector refrigeration development, practical guidance including best practices for installation and maintenance on ammonia/low-GWP alternatives, and study on indigenous/not in kind Indian RAC technology.

17. *Awareness, outreach and communication:* An advisory committee was constituted for the e-newsletter, with the first issue planned for December 2024 and to continue on a quarterly basis; two documentary videos⁴ on the unified certification system for RAC technicians were launched during the World Ozone Day 2024; an end-user awareness campaign is being carried out across the country as part of the World Ozone Day celebrations; 400 participants attended five stakeholder consultation workshops held to promote awareness campaigns on HCFC bans/phase-out by 2025, certification, refrigerant management and other relevant areas of stage III of the HPMP.

Project implementation and monitoring

18. The project management unit (PMU), established within the Ozone Cell, coordinates the implementation of the HPMP, facilitating communication amongst stakeholders and increasing awareness on ODS issues amongst senior decision makers. Tasks undertaken by the PMU include third-party verification of enterprise eligibility and implementation milestones through on-site visits; providing technical assistance (TA) to eligible enterprises; managing the implementation of investment projects; organizing missions, meetings and technical visits to enterprises; and preparing periodic progress and financial reports for submission to the Project Steering Committee, the Ozone Cell and UNDP.

19. During the first tranche, the PMU has been strengthened to ensure proper coordination with UNDP and the participating enterprises for the timely completion of the technology conversion activities by the participating enterprises. The funds allocated for the PMU under the first tranche amount to US \$448,930, including project staff and consultation (US \$120,000); technical missions to support assisted enterprises in their conversion process (US \$30,000); third party verification of enterprises for eligibility and milestone achievement, and independent verification of consumption (US \$200,000); operational costs (US \$50,000); and meetings, workshops, awareness-raising, and development of a gender action plan (US \$48,930).

Level of fund disbursement

20. As of 19 October 2024, of the US \$8,535,358 approved so far (US \$6,166,500 for UNDP, US \$688,215 for UNEP and US \$1,700,643 for the Government of Germany), US \$2,196,017 (26 per cent) had been disbursed (US \$1,281,909 for UNDP (21 per cent), US \$269,108 for UNEP (39 per cent) and US \$645,000 for the Government of Germany (38 per cent)). The balance of US \$6,339,341 will be disbursed in 2025 and 2026.

Implementation plan for the second tranche of stage III of the HCFC phase-out management plan

21. The following activities will be implemented between January 2025 to December 2027:

- (a) *Air conditioning manufacturing sector (UNDP):* Establish MoAs with 5 remaining AC enterprises; and complete and monitor the conversion of 16 participating enterprises (US \$879,420);

⁴ Video with English subtitles: <https://youtu.be/e6EHWnKizWI> and video in Hindi: <https://youtu.be/Mo3nfg0tJ9s> with a link to a video with incorporated subtitles forthcoming.

- (b) *Refrigeration manufacturing sector (UNDP)*: Establish MoAs with 15 remaining enterprises; complete and monitor the conversion of 48 participating enterprises (US \$921,941);
- (c) *Technical assistance for the manufacturing sector (UNDP)*: Establish agreement with National Institute; provide support to enterprises in the technology conversion activities (US \$200,000);
- (d) *Strengthening capacity in the refrigeration servicing sector (UNDP)*: Deliver training kits procured under the first tranche to 25 TVETs/ITIs and procure and deliver additional servicing tools for technicians and enterprises; (US \$2,820,000);
- (e) *Strengthening capacity in the refrigeration servicing sector (Germany)*: Complete two TOT workshops for 150 trainers, train 10,000 technicians in good service practices and installation of room air-conditioners including using flammable refrigerants, and certify 3,000 technicians in the system approved by NCVET; complete equipment procurement in cooperation with UNDP and deliver to ITIs; finalize criteria for provision of tools to trained and certified technicians and RAC service centres; and deliver tools to 500 trained and certified service technicians, and 100 RAC service centres; and feasibility study on sustainability of reclamation centres as part of technical assistance on RRR programme (US \$2,140,772);
- (f) *Enabling activities for the servicing sector (UNEP)*: Enabling activities will be implemented with the assistance of UNEP at a total cost of US \$1,011,000, and include:
 - (i) *Policy and enforcement framework*: Conduct three capacity building workshops for PCB/Central PCB officials including provision of training material; one risk profiling workshop for customs authority enforcement officials; conduct one TOT and four workshops for customs officials on HCFC trade control; develop two supporting training videos; procure and distribute refrigerant identifiers to all customs ports; develop SOP for enforcement officers and one workshop on combating illegal trade; one targeted workshop for importers/exporters and traders; develop targeted materials for occupational safety enforcement staff; and four targeted training for occupational safety enforcement authorities supervisors/managers (US \$142,000);
 - (ii) *Sector-based ODS policy development*: Continue the review of the regulatory and policy framework; translation of the code of good servicing practices for RAC technicians into eight languages; continued work on the green buildings guide; produce practical guide for cooling equipment in IT data centres and develop university course module; develop materials to hold targeted awareness workshops on low-GWP technologies for different sectors; continued work on practical guide on ammonia/low-GWP alternatives; study on handling ODS-based and non-efficient systems; study on transportation sector refrigeration development; study on convenience stores; continued work on the study on indigenous/not in kind Indian RAC technology; study on standards and labelling programme; develop targeted refrigerant management voluntary program and awareness campaign; development of national code of standards; policy study on women in the refrigeration servicing sector to identify policies integrating gender equality and social media campaign to sensitize on the role of women in Montreal Protocol implementation and promote career opportunities for women in the servicing sector (US \$616,000);

- (iii) *Awareness, outreach and communication:* Publish and disseminate eight issues of quarterly newsletter, develop two videos for promoting awareness of HCFC bans, translate the end-user awareness campaign materials into eight local languages, yearly website maintenance; and conduct two Ozone2Climate Roadshows (US \$120,500);
- (iv) *Technical assistance, main streaming and impact monitoring:* develop three social media campaigns to promote gender awareness, and conduct two workshops in cooperation with the ITIs for promoting women in RAC sector (US \$132,500); and
- (g) *Project monitoring (UNDP):* Deliver coordination, management and monitoring support to MoEFCC including assisting manufacturing enterprises in their conversions, conducting one procurement process of tools for technicians, conducting two project board meetings, and delivering the third tranche request (US \$674,572).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Progress report on the implementation of the first tranche of stage III of the HCFC phase-out management plan

Legal framework

22. The Government of India has already issued HCFC import quotas for 2024 in accordance with the control targets under the Montreal Protocol and its Agreement with the Executive Committee.

Commercial refrigeration manufacturing sector

23. Regarding the 15 enterprises that have not signed MoA for conversion yet, UNDP explained that seven are micro-sized enterprises, five are small-sized enterprises, and three are medium-sized enterprises; a third party has visited them and verified that all national and Multilateral Fund related eligibility criteria were met, and their MoAs are under review and expected to be signed during the fourth quarter of 2024. In relation to the 91 enterprises that were not eligible and are phasing out HCFC-22 with their own resources, the main challenges they are facing are technology choice/technical capacities, as expected. The Ozone Cell is facilitating technical guidance through experts to these ineligible enterprises, and they must submit quarterly reports to the Ozone Cell, as per the provisions of ODS (Regulation and Control) Rules. The Ozone Cell closely monitors the HCFC-22 consumption for these enterprises to ensure that its use ceases by 31 December 2024.

Air-conditioning manufacturing sector

24. UNDP explained that of the remaining five enterprises to convert to low-GWP alternatives, two are micro-sized enterprises, one is a small-sized enterprise, one is a medium-sized enterprise, and one is a large-sized enterprise. A third party has visited them and verified that all national and Multilateral Fund related eligibility criteria were met, and their MoAs are under review and expected to be signed during the fourth quarter of 2024. Similar to the enterprises in the commercial refrigeration sector that were not eligible for funding, the main challenges encountered by the 14 enterprises that were not eligible and are phasing out HCFC-22 with their own resources are technology choice/technical capacities. The Ozone Cell is facilitating technical guidance through experts to these ineligible enterprises, and they must submit quarterly reports to the Ozone Cell, as per the provisions of ODS (Regulation and Control) Rules. The Ozone Cell closely monitors the HCFC-22 consumption for these enterprises to ensure that its use ceases by 31 December 2024.

Technical assistance for the manufacturing sector

25. The Secretariat queried whether a MoA would be signed with the national government technical institution that has been identified to provide technical support to enterprises in the manufacturing sector. UNDP confirmed that based on the visit and discussions held by the Ozone Cell with the institution, the modalities for continuing the technical support for at least three years beyond the completion of conversion activities are being finalised, after which the MoA will be signed by December 2024. It was also noted with appreciation that notwithstanding an unsigned agreement, the institution is already placing their technical teams at the disposal of enterprises to support the technology transition, by participating in the meetings with the enterprise and guiding the enterprises in the technology conversion activities, together with international consultants made available under the HPMP.

Refrigeration servicing sector

26. The Secretariat notes with appreciation that the proposal submitted by the Ozone Cell for a unified certification system for service technicians has been approved by the NVCET, the training curriculum has been updated and the training material has been developed. In providing more detail on the certification system, the Government of Germany explained that the Electronics Sector Skill Council of India (ESCCI) is one of the awarding bodies registered with the NCVET; the training content (known as the Qualification Pack) developed jointly by Ozone Cell, ESCCI and Germany, was submitted to NCVET, and approved for the certification system for RAC technicians. MoEFCC has sent a communication to all concerned agencies associated with training of RAC service technicians to adopt and implement the approved certification system. NCVET will issue the certification based on the assessment of the trained technicians, done by the 12 empanelled assessing agencies of the ESCCI. A tripartite memorandum of understanding (MOU) has been signed between ESCCI, Germany and Ozone Cell for implementing the certification system. Following the MOU, specific bi-yearly agreements covering details of modalities including costs associated with certification per technician are being worked out to commence implementation from December 2024. This will synchronize with training activities to be initiated by Germany in December upon the revision of the ITI syllabus to include knowledge of alternative low-GWP refrigerants, implementation of safety protocols for flammable refrigerants, and an overview of energy efficiency including star labelling and Indian Seasonal Energy Efficiency ratio (ISEER) initiatives.

Enabling activities

27. *Policy and enforcement framework:* In relation to the training for PCB officials started in October 2024, UNEP explained that there will be seven workshops to be completed by the third quarter of 2025 aimed to inter alia increase knowledge on Montreal Protocol provisions and lifecycle refrigerant management (LRM) to support finalization of the guidelines for appropriate management and disposal of refrigerants at the end-of-life RAC equipment, monitoring of enterprises using controlled substances considering the provisions of the ODS rules, and modalities for overseeing the approved destruction technologies. The Secretariat also followed up on the SOP and the materials for occupational safety enforcement staff, which UNEP informed is planned to commence January 2025 with a series of consultations with the occupational safety enforcement staff, the Bureau of Indian Standards (BIS) who is currently working on safety standards for refrigerants in line with the India Cooling Action Plan (ICAP), and the industry stakeholders. Based on the outcomes of the consultations, the SOP and the material development will be initiated in the second quarter of 2025.

28. *Sector-based ODS policy development:* In explaining the reason why none of the terms of reference (TORs) for the proposed studies under this activity had been completed, UNEP informed that it took some time to transfer the funds to the country and commencing implementation soon after approval was difficult. In addition, as several of these activities are closely related to the thematic areas of the ICAP, the input from the concerned line Ministries/departments were sought after finalisation of action points for all the thematic areas of the ICAP during 2023 and 2024. UNEP reassured that the draft TORs have now been

discussed with the concerned stakeholders and the studies will start to be conducted with relevant national partners in December 2024.

Implementation plan for the second tranche of stage III of the HCFC phase-out management plan

Refrigeration servicing sector

29. *Equipment support component (UNDP)*: In relation to the US \$2,820,000 requested under the second tranche, UNDP informed that it will be used to procure and distribute additional sets of equipment for ITIs and sets of tools and equipment for certified technicians and RAC servicing centres. UNDP confirmed that the request is in line with the plan under stage III of the HPMP of providing equipment to 100-120 ITIs, 2,000 certified technicians and 1,000 RAC servicing centres.

30. *Strengthening capacity in the refrigeration servicing sector (Germany)*: Germany clarified that it is expected to train 250 trainers, including 100 under the first tranche and 150 under the second tranche. Fifty of these trainers will be from the training patterns of Germany, which will impart training to the targeted 25,000 technicians under stage III; the remaining trainers will be the 100-120 ITIs being also strengthened with equipment under stage III. In addition to the overall target of an estimated 25,000 technicians to be trained directly by the HPMP, an additional 100,000 technicians are expected to be trained by the ITIs and other training partners during stage III of the HPMP.

Gender policy implementation

31. Following decision 84/92, the operational policy on gender mainstreaming has been integrated into the design of stage III of the HPMP. Gender-sensitive data was collected through surveys, and an analysis of baseline actions taken by enterprises and stakeholders revealed that women's participation in the workforce was present in over 50 per cent of the enterprises visited during site verification. In some enterprises, women made up to one-third of the total workforce. Among eligible enterprises, 62 per cent reported an average female workforce share of 11 per cent, with the highest share reaching 35 per cent. It was observed that women were more commonly employed in back-office, accounts, and administrative roles, rather than on the shop floors. Women represented more than 25 per cent of the 400 participants in the awareness activities under the first tranche. Additionally, the staff of the NOU and PMU includes over 50 per cent women.

32. The servicing sector component focused on strengthening training infrastructure and capacity-building programs, with particular attention to supporting women technicians in the RAC sector. Efforts include providing equipment and tools to help women work effectively in this specialized field, as well as creating training opportunities specifically designed to encourage women to enter the sector. Support for RAC training institutes included selection criteria that promote applications from women for technical and vocational training. Additionally, training programs were designed to address the specific needs of both men and women. A study has been launched to develop a comprehensive Gender Action Plan, which will research and analyze key gender issues in the sector. Progress on the activities along with the mandatory performance indicators will be provided during the next tranche submission.

Sustainability of the HCFC phase-out and assessment of risks

33. Under stage III, India will strengthen enforcement actions and regulatory frameworks to support and sustain the phase-out of HCFCs, particularly in sectors and enterprises not eligible for Multilateral Fund assistance. This will help eliminate 194.64 mt of HCFC-22 consumption in the RAC manufacturing sector at no additional cost to the Fund. UNDP and MoEFCC also developed a risk log that includes qualitative discussion of the risks to the successful implementation of the project and its sustainability; and management plans, activities, policy and regulatory measures that will help ensure the sustainability of HCFC phase-out including conversions in the manufacturing sector, improved servicing practices, and

sustainability of the training programmes. Stage III of the HPMP proposed the establishment of a technical assistance component for the RAC sector to continue providing assistance to enterprises and local bodies after the completion of the HPMP (project exit strategy) and overall sustainability of the reductions in HCFCs achieved through manufacturing sector conversion. Additionally, UNDP has applied its Partner Capacity Assessment Tool (PCAT) to the Implementing Partner (MoEFCC) to assess its project execution capabilities and internal risks, and the UNDP Enterprise Risk Management Policy has been applied as a key strategic risk management tool during the project lifecycle.

34. The Secretariat noted delays in starting activities in the refrigeration servicing sector and enabling activities during the first tranche. For the UNDP component, delays stemmed from the steps required for the signature of stage III of the HPMP, approved in June 2023, which included project registration, compliance with legal requirements, and third-party eligibility confirmation. The enabling activities implemented by UNEP are aligned with the ICAP's 2023-2024 action points, which involved coordination between both initiatives, delaying the start. Despite this, the project remains on track, with frameworks like a Project Steering Committee and risk mitigation measures ensuring timely completion, particularly for company conversions.

35. Notwithstanding that HCFC-225 is not included in the scope of HCFC verifications of consumption submitted by the country, and that there are considerable stocks of the substance, the Secretariat considers the risk of diversion of HCFC-225 that was produced for feedstock uses to controlled uses to be minimal given the comprehensive controls specified under the ODS (Regulation and Control) Rules 2000 and its amendments, which allow the Government to carefully monitor the production and stocks. The registered producer must submit quarterly reports on the production and exported quantities, and the license for export is issued by the Directorate General of Foreign Trade only after the recommendations of the Ozone Cell, which require the enterprise to produce a letter along with the application from importing country committing that the imported HCFC-225 shall be used for feedstock purpose only, in line with decisions VII/30 and XXIV/6 of the Meetings of the Parties.

Conclusion

36. The Government of India continues to be in compliance with the Montreal Protocol and the HCFC consumption targets stated in its Agreement with the Executive Committee. HCFC consumption in 2023 was 80 per cent below the HCFC consumption baseline and 50 per cent below the limit established in the Agreement. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports and, except for production of HCFC-225 for feedstock that will be exported in a future year, that the HCFC consumption reported under Article 7 of the Montreal Protocol for 2022 to 2023 was correct. MoAs were signed with 11 AC manufacturing enterprises and 33 commercial refrigeration enterprises to convert to R-290, R-600a or HFC-32. A unified certification system for technicians has been approved, equipment for 25 ITIs is being procured and training of 25,000 technicians will start in December 2024. Enabling activities in the servicing sector have also started including training of customs officers, drafting the terms of reference for several studies that will start in December 2024 and awareness activities including five workshops on the HPMP and HCFC regulations with participation of 400 stakeholders. The bilateral and implementing agencies have met the 20 per cent disbursement threshold for the previous tranche, disbursing 26 per cent of funds approved.

RECOMMENDATION

37. The Executive Committee may wish to consider:

- (a) Noting the progress report on the implementation of the first tranche of stage III of the HCFC phase-out management plan (HPMP) for India; and

- (b) Approving the second tranche of stage III of the HPMP for India, and the corresponding 2025-2027 tranche implementation plan, in the amount of US \$9,385,194, consisting of US \$5,495,933, plus agency support costs of US \$384,715, for UNDP, US \$1,011,000, plus agency support costs of US \$114,210, for UNEP and US \$2,140,772, plus agency support costs of US \$238,564, for the Government of Germany.
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