



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/88/51
2 November 2021

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-eighth Meeting
Montreal, 15-19 November 2021¹

PROJECT PROPOSALS: INDONESIA

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

Phase-out

- HCFC phase-out management plan (stage I, progress report) UNDP, UNIDO, World Bank, and Government of Australia
- HCFC phase-out management plan (stage II, third tranche) UNDP and World Bank

¹ Online meetings and an intersessional approval process will be held in November and December 2021 due to coronavirus disease (COVID-19)

Background

1. On behalf of the Government of Indonesia, UNDP as the lead implementing agency has submitted the final progress report on the implementation of stage I of the HCFC phase-out management plan (HPMP), including aggregated information on the sales of low-global-warming-potential (GWP)-based equipment manufactured by the enterprises participating in the project, in line with decision 85/10(c).

2. Stage I of the HPMP consisted of HCFC-141b phase-out in the foam sector implemented by the World Bank and UNIDO, conversion of 48 enterprises in the refrigeration and air-conditioning (RAC) manufacturing sector to low-GWP technologies implemented by UNDP, and technical assistance for refrigerant management implemented by the Government of Australia.

Progress Report

HCFC consumption

3. The Government of Indonesia reported a consumption of 188.41 ODP tonnes of HCFC in 2020, which is 53 per cent below the HCFC baseline for compliance. The 2016-2020 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Indonesia (2016-2020 Article 7 data)

HCFC	2016	2017	2018	2019	2020	Baseline
Metric tonnes (mt)						
HCFC-22	3,267.52	3,171.00	3,114.31	2,993.63	2,952.60	4,861.9
HCFC-123	123.63	110.00	99.92	106.52	90.98	192.2
HCFC-124	0.00	0.00	0.00	0.00	0.00	0.1
HCFC-141b	560.00	570.00	560.00	440.00	220.00	1,205.9
HCFC-142b	10.04	6.41	8.20	6.41	0.00	0
HCFC-225	3.13	1.00	2.00	2.00	0.00	0.3
Total (mt)	3,964.32	3,858.41	3,784.43	3,548.56	3,263.58	6,260.4
ODP tonnes						
HCFC-22	179.71	174.41	171.29	164.65	162.39	267.4
HCFC-123	2.47	2.20	2.00	2.13	1.82	3.8
HCFC-124	0.00	0.00	0.00	0.00	0.00	0.0
HCFC-141b	61.60	62.70	61.60	48.40	24.20	132.6
HCFC-142b	0.65	0.42	0.53	0.42	0.00	0.0
HCFC-225	0.22	0.07	0.14	0.14	0.00	0.0
Total (ODP tonnes)	244.66	239.79	235.56	215.74	188.41	403.9

4. Following the 2015 ban on the use of HCFC-22 in RAC manufacturing and assembly, HCFC-22 has been consumed exclusively for servicing, and HCFC-141b consumed exclusively as a foam blowing agent. Consumption of HCFC-22 declined in light of improved servicing practices, and consumption of HCFC-141b declined in light of continued conversions in the polyurethane (PU) foam manufacturing sector, both supported under the HPMP. Consumption of HCFC-123 is for installation and servicing of chillers and in the fire protection sector. Consumption of HCFC-225, which was used for coating syringes and piston rings, was phased out in 2020 given the availability of alternatives for those uses (hexamethyldisiloxane and HFE-347pc-f, respectively). HCFC-142b is consumed intermittently as a component of R-406A, which was designed as a drop-in replacement for CFC-12-based equipment. The COVID-19 pandemic, which affected the economy and business activity, likely also contributed to a reduction in consumption.

Country programme (CP) implementation report

5. The Government of Indonesia reported HCFC sector consumption data under the 2020 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Legal framework

6. The licensing and quota system for HCFC imports was established in 2012 and further updated in October 2015. In January 2015, the Government implemented a ban on the import, manufacturing, and assembly of HCFC-22-based RAC equipment; the use of HCFCs as blowing agents for foam insulation in commercial and industrial refrigeration equipment; and the use of HCFC-141b as a blowing agent in manufacturing domestic refrigerators and freezers, refrigerated trucks, and integral skin foam products. In 2020 a new regulation, the Ministerial Regulation of Trade Number 12 of 2020 on Goods Prohibited from Import, was issued that compiled existing bans into a single regulatory document to be uniformly used by enforcement officers.

RAC manufacturing sector

7. Stage I of the HPMP included conversion of 48 enterprises in the RAC manufacturing sector to low-GWP technologies. However, during implementation, 28 enterprises (16 in the air-conditioning (AC) sector and 12 in the commercial refrigeration sector) decided to convert to high-GWP technology with their own resources, and returned US \$3,134,216, plus agency support costs, to the Multilateral Fund. Additionally, 11 enterprises² decided to withdraw from the project and manufacture high-GWP-based equipment; the associated funding of US \$764,842, plus agency support costs, was returned to the 85th meeting in line with decision 84/35(b)(i).

8. At the 84th meeting, it was reported that issues during conversion included the inability to manufacture equipment with the agreed HFC-32 technology due to the limited commercial availability of compressors and components, the lack of demand in the local market for HFC-32-based equipment, and the higher cost of HFC-32-based equipment compared to other equipment available in the country. Further, two enterprises had experienced technical challenges during their conversion, resulting in one enterprise improving the design of the heat exchanger, and another requesting a change in technology to R-290 (decision 84/35(c)); and three enterprises had orders to fulfill under an original equipment manufacturer brand based on high-GWP refrigerants and would temporarily manufacture high-GWP refrigerant-based equipment upon orders from OEMs while manufacturing HFC-32-based equipment under their enterprises' brands. As a result, the completion date of stage I of the HPMP for Indonesia was extended to December 2020.

9. One residential AC enterprise already began manufacturing HFC-32-based AC units in 2014;³ the remaining eight commercial manufacturers converted their RAC manufacturing lines in 2015 and finalized their conversion in 2020, seven to HFC-32-based technology and one to R-290-based technology. In line with decision 85/10(c), UNDP provided aggregated information on the sales of low-GWP-based equipment manufactured by those enterprises.⁴ Notwithstanding the COVID-19 pandemic, the enterprises were able to sell 5,628 HFC-32- and R-290-based units, accounting for 29 per cent of the baseline manufacturing capacity of the enterprises; the manufacturers are no longer manufacturing equipment with high-GWP refrigerants.

² Three in the commercial refrigeration sector (Mentari Metal Pratama, Polysari Citratama, and Inti Tunggal) and eight in the commercial refrigeration assembly sub-sector (Sabindo Refrigeration, Global Technic, AVIS Alpin Servis Tr, Aneka Froze Triutama, Graha Cool Technic, United Refrigeration, Gaya Technic Supply, and Ilthabi Mandiri Tech).

³ Panasonic Indonesia.

⁴ Confidential information available upon request by Executive Committee members.

PU foam manufacturing sector

10. Twenty-six PU rigid foam manufacturing enterprises were included under stage I of the HPMP for conversion to non-HCFC-141b technologies; three converted to cyclopentane in 2015, with the associated savings returned to the 82nd meeting; six converted to HFC-245fa technology, five in 2014 and one in 2016; and the remaining 17 decided to withdraw from the project, with a portion of the associated savings redirected to support two systems houses (decision 76/47(b)).

11. One systems house⁵ completed its conversion in 2019, while the other⁶ decided to withdraw from the project, and the associated funding was returned to the 83rd meeting. UNIDO completed the umbrella project to phase out HCFC-141b used at Isotech Jaya Makmur, Airtekindo Prima, Sinar Lentera Kencana, and Mayer Jaya in 2017.

12. Four commercial refrigeration manufacturer enterprises have both a refrigeration and PU manufacturing line; three⁷ have completed conversions of their PU foam manufacturing lines and one⁸ decided to outsource its HCFC-141b-based PU foam insulation process; the associated funding of US \$60,500, plus agency support costs, was returned to the 85th meeting (decisions 84/35(b)(ii) and 84/35(d)(i)). The PU foam sector conversions are complete.

Refrigeration servicing sector

13. Activities in the refrigeration servicing sector were established as a bilateral cooperation by the Government of Australia. Manuals on good service practices and on the use of flammable refrigerants in RAC equipment were translated, and consultations with the Management Refrigeration Association of Indonesia on phase-out related matters in the RAC sector were carried out. The Indonesia National Standard agency adopted ISO 817/2014 for designating refrigerants, including a safety classification for refrigerants based on toxicity and flammability, and a means of determining the refrigerant concentration limit, as a national standard.

14. Implementation modalities of the product stewardship programme, upgrade of the training curriculum, and awareness activities were finalized, resulting in approximately 1,400 technicians trained and registered to a web-based refrigerant monitoring application that tracks information on the number of existing technicians, service workshop location, type of services, and refrigerant used. Basic RAC training equipment (e.g., manifold and mobile training table; training unit for domestic AC, compressor, and refrigerator; hydrocarbon recovery machine; hydrocarbon leak detector; recovery cylinder) was updated at one vocational school.

15. The Government of Australia reviewed the qualifications and skills system for licensing and certifying technicians. A study tour to Australia was conducted to assess the technician licensing system; following that, a technician certification scheme was launched for the recovery and handling of RAC refrigerants and two trainings were held to pilot the technician certification process, resulting in the certification of 24 technicians. The technical assistance for refrigerant management project (IDS/PHA/64/TAS/196) is complete. A total of 1,656 RAC technicians were trained and certified after the completion of stage I; costs for those certifications were covered by the Government's national budget.

⁵ Sutindo Chemical Indonesia.

⁶ TSG Chemical.

⁷ Sumo Elco Mandiri, Rotaryana Prima, and Alpine Cool Utama.

⁸ Aneka Cool Citratama.

Project implementation and monitoring unit (PMU)

16. The PMU supported the Ministry of Environment and Forestry of Indonesia in the implementation and monitoring of the HPMP by coordinating with stakeholders; providing delivery services; reporting activities; and supervising financial, administrative, and technical activities of the HCFC phase-out.

Level of fund disbursement

17. As of July 2021, of the US \$12,692,684 approved so far, US \$8,044,232 had been disbursed (US \$4,941,544 for UNDP, US \$776,842 for UNIDO, US \$2,025,846 for the World Bank, and US \$300,000 for the Government of Australia), and US \$4,648,452 returned to the Multilateral Fund (US \$3,959,558 for UNDP, US \$553 for UNIDO, and US \$688,341 for the World Bank). Stage I of the HPMP was financially completed at the 86th meeting.

Secretariat's comments

18. Notwithstanding the challenges in implementation, and the decision by numerous enterprises to withdraw from the project, stage I of the HPMP was completed and the enterprises that converted with the assistance of the Multilateral Fund were able to successfully market and sell equipment based on the agreed alternatives (i.e., HFC-32, except for Rotaryana Prima that converted to R-290). Sales of all RAC equipment, including the HFC-32- and R-290-based equipment manufactured by the converted enterprises, were lower in 2020 due to the severe impacts of COVID-19, including restrictions from the extended lockdown period and reduced economic activity in the sectors demanding new RAC equipment, particularly for the made-to-order commercial equipment manufactured by most of the converted enterprises; UNDP anticipates that enterprises will be able to continue increasing their manufacturing and sale of equipment based on the agreed alternatives with the recovery from COVID-19.

Recommendation

19. The Executive Committee may wish to take note of the final progress report on the implementation of stage I of the HCFC phase-out management plan (HPMP) for Indonesia, submitted by UNDP, contained in document UNEP/OzL.Pro/ExCom/88/51.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

INDONESIA

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (stage II)	UNDP (lead), World Bank	76 th	55% by 2023

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2020	188.41 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2020	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					162.39				162.39
HCFC-123			0.76		1.06				1.82
HCFC-141b		24.20							24.20

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:		403.9	Starting point for sustained aggregate reductions:
			403.9
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:		219.33	Remaining:
			184.59

(V) BUSINESS PLAN		2021	2022	2023	Total
UNDP	ODS phase-out (ODP tonnes)	6.37	0	4.40	10.77
	Funding (US \$)	670,982	0	463,631	1,134,613
World Bank	ODS phase-out (ODP tonnes)	10.09	0	0	10.09
	Funding (US \$)	1,062,372	0	0	1,062,372

(VI) PROJECT DATA			2016	2017	2018	2019	2020	2021	2022	2023	Total
Montreal Protocol consumption limits			363.51	363.51	363.51	363.51	262.54	262.54	262.54	262.54	n/a
Maximum allowable consumption (ODP tonnes)			363.51	363.51	323.12	323.12	252.44	252.44	252.44	181.76	n/a
Agreed funding (US \$)	UNDP	Project costs	2,233,114	0	753,500	0	0	627,086	0	433,300	4,047,000
		Support costs	156,318	0	52,745	0	0	43,896	0	30,331	283,290
	World Bank	Project costs	1,985,743	0	1,276,549	0	0	992,871	0	0	4,255,163
		Support costs	139,002	0	89,358	0	0	69,501	0	0	297,861
Funds approved by ExCom (US \$)	Project costs		4,218,857	0	2,030,049						6,248,906
	Support costs		295,320	0	142,103						437,423
Total funds requested for approval at this meeting (US \$)	Project costs							1,619,957			1,619,957
	Support costs							113,397			113,397

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

20. On behalf of the Government of Indonesia, UNDP as the lead implementing agency has submitted a request for funding for the third tranche of stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$1,733,354, consisting of US \$627,086, plus agency support costs of US \$43,896 for UNDP, and US \$992,871, plus agency support costs of US \$69,501 for the World Bank.⁹ The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2018 to 2020, and the tranche implementation plan for 2021 to 2023.

Report on HCFC consumption

21. The Government of Indonesia reported a consumption of 188.41 ODP tonnes of HCFC in 2020, which is 53 per cent below the HCFC baseline for compliance, as described in paragraphs 3 and 4 of the present document. The Government reported HCFC sector consumption data under the 2020 country programme implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

22. The verification report confirmed that the Government is 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 2018 to 2020 was correct (as shown in Table 1 of the present document). The verification concluded that import and export controls applied by the Government of Indonesia were effective in reducing the HCFC consumption, the process for determining quotas is transparent and fair, and the import process (online applications) is efficient.

Progress report on the implementation of the second tranche of the HPMP

Legal framework

23. The Government banned the use of HCFC-22 and HCFC-141b in refrigeration and air-conditioning (RAC) manufacturing and assembly sectors from 1 January 2015; removed HFC-32 from the list of highly flammable substances; and banned the import of CFC- and HCFC-22-based equipment from 1 January 2016. A voluntary technician certification was implemented under stage I of the HPMP, and became mandatory on 18 October 2021.

Polyurethane (PU) foam manufacturing sector

24. To achieve the complete phase-out of HCFC-141b by 1 January 2021, stage II included the conversion of four large-size (consumption above 20 mt) and eight mid-size (consumption between 5 and 20 mt) enterprises to hydrocarbon (HC)-based blowing agent, with the former blending in-house and the latter purchasing pre-blended HC; a group project for conversion of 201 small enterprises that will be provided vouchers to purchase low-global-warming-potential (GWP) blowing agents at a reduced price from systems houses; and assistance to two system houses to introduce HC and HFO-based polyol systems.

25. So far, 11 of the 12 large and mid-size enterprises, and both systems houses,¹⁰ have completed their conversions; the one remaining mid-size enterprise (Koronka Nusantara, PT.) signed a foam technology replacement agreement in April 2021; a high-pressure foam machine was under fabrication with a supplier, and the conversion was expected to be completed by December 2021. The Government developed technical

⁹ As per the letter of 2 September 2021 from the Ministry of Environment and Forestry of Indonesia to UNDP.

¹⁰ One of the original two systems houses, PT. MCNS Polyurethane Indonesia, withdrew from the project and was replaced with PT. Intimas Chemindo, which had originally declined to participate in stage II.

guidelines for the voucher system for the group project of 201 small enterprises in August 2021; however, in light of delays caused by the COVID-19 pandemic, the voucher system will be in place by January 2022 and extended until June 2023.

26. In line with decision 76/38(c), a ban on the use and import of HCFC-141b in pure and pre-blended form was planned for 1 January 2021; however, due to disruptions from the COVID-19 pandemic, which resulted in delayed delivery of equipment, materials, and support, the Government of Indonesia proposed to delay the ban to 1 January 2022.

Refrigeration servicing sector

27. The following activities were undertaken:

- (a) Delivery and distribution of 20 portable refrigerant identifiers to customs officers,¹¹ and training of 474 customs and enforcement officers to monitor HCFCs and prevent illegal trade of banned refrigerants;
- (b) Procurement of 111 sets of equipment (e.g., recovery machine, vacuum pump and gauge, 4-way manifold and hoses for low-pressure refrigerants, 4-way manifold and hoses for high-pressure refrigerants, cylinder, scale, leak detector, thermometer, refrigerant identifier) for technicians and training institutions; and initiation of procurement of equipment for one reclamation centre (e.g., multi-refrigerant reclaim unit, vacuum pumps and gauge, cylinders, scale, refrigerant identifier, recovery machine, cylinder inspection borescope) with delivery expected by December 2021;
- (c) Capacity-building activities, including implementation of a training of trainers programme and the training of 109 trainers on the new curriculum-based competency training and to become certification advisors; review and update of training materials and curriculum for service technicians to handle new alternative technology; and training and certification of 476 technicians in good servicing practices, including the safe handling of flammable refrigerants; additional training of technicians was on hold due to the COVID-19 pandemic; and
- (d) Awareness-raising activities to encourage end-users to use environmentally-friendly, low-GWP, non-HCFC technologies in RAC sub-sectors and to use certified technicians for servicing, which included the organization of 46 meetings and workshops for information outreach and webinar assistance and the dissemination of 750 informational brochures.

Technical assistance to the fire-fighting sector

28. Activities related to strengthening services in the fire-fighting sector, including a planned workshop with stakeholders, were delayed in 2020 due to the COVID-19 pandemic; in 2021, a consultant was hired to assess current consumption in the sector and identify alternative technologies, though this activity continues to be limited by the pandemic.

Project implementation and monitoring unit (PMU)

29. As of July 2021, US \$7,374 was disbursed under the second tranche for the continued management and coordination of the HPMP.

¹¹ At the 81st meeting, UNDP reported (UNEP/OzL.Pro/ExCom/81/38) that 20 portable refrigerant identifiers had been ordered but not yet delivered.

Level of fund disbursement

30. As of July 2021, of the US \$6,248,906 approved so far, US \$3,917,909 had been disbursed (US \$1,089,644 for UNDP and US \$2,828,265 for the World Bank) as shown in Table 2. The balance of US \$2,330,997 will be disbursed in 2022 to 2024.

Table 2. Financial report of stage II of the HPMP for Indonesia (US \$)

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNDP	2,233,114	895,113	753,500	194,531	2,986,614	1,089,644
World Bank	1,985,743	1,985,743	1,276,549	842,522	3,262,292	2,828,265
Total	4,218,857	2,880,856	2,030,049	1,037,053	6,248,906	3,917,909
Disbursement rate (%)	68		51		63	

Implementation plan for the third tranche of the HPMP

31. The following activities will be implemented between December 2021 and December 2023.
- (a) Training of 226 customs officers to monitor and prevent illegal trade of HCFCs (UNDP) (US \$70,000);
 - (b) Training and certification of 1,000 technicians on good servicing practices and the safe handling of alternative refrigerants; delivery of equipment for 50 technicians (e.g., recovery machine, vacuum pump and gauge, 4-way manifold and hoses for low-pressure refrigerants, 4-way manifold and hoses for high-pressure refrigerants, cylinder, scale, leak detector, thermometer) and nine training institutions (e.g., AC demonstration unit, recovery machine, vacuum pump and gauge, 4-way manifold and hoses for low-pressure refrigerants, 4-way manifold and hoses for high-pressure refrigerants, cylinder, scale, leak detector, thermometer); and the establishment of two reclamation centres including procurement of equipment (e.g., multi-refrigerant reclamation unit, 32-kg cylinders, scale, refrigerant identifier, recovery machine, cylinder inspection borescope, vacuum pump and gauge) (UNDP) (US \$457,854);
 - (c) Continued implementation of PU foam manufacturer conversions. Complete the conversion of all large and mid-size enterprises by the end of December 2021, and the small enterprises under the voucher system by June 2023; monitoring of the PU foam sector activities will continue (US \$992,871) (World Bank); and
 - (d) Assessment of consumption in the fire-fighting sector and identification of alternative technologies, including completing a survey of consumption in the sector and organizing a workshop on the survey results and alternative technologies (UNDP) (US \$30,000 from previous tranche).

PMU

32. The PMU, in cooperation with UNDP, will continue the management and coordination of the HPMP and providing technical assistance to the stakeholders, in the amount of US \$99,232.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Progress report on the implementation of the second tranche of the HPMP

Legal framework

33. The Government of Indonesia has already issued HCFC import quotas for 2021 at 182.09 ODP tonnes, which is lower than the Montreal Protocol control targets.

PU foam manufacturing sector

34. The Government of Indonesia proposed to delay the ban on the use and import of HCFC-141b in pure and pre-blended form to 1 January 2022. Given the extraordinary circumstances of the COVID-19 pandemic, and the resultant delays in the provision of equipment, materials, and support, the Secretariat supports that delay.

35. The World Bank explained the need to extend the implementation of the voucher scheme until June 2023 notwithstanding the 1 January 2022 ban due to the delays in establishing the voucher system; that the business practice of small- and medium-sized enterprises (SMEs) was to commence manufacturing foam products only after they receive an order from a customer, and the COVID-19 pandemic may cause potential customers of SMEs to delay their purchase due to market uncertainty; and there have been considerable delays in delivery of HFOs due to the COVID-19 pandemic; those delays were further exacerbated by congestion and delays at shipping ports. In addition, the 1 January 2020 ban includes both a ban on the import and use of all forms of HCFC-141b, which provides a clear signal to importers not to stockpile HCFC-141b in advance of the import ban.

Impact of the COVID-19 pandemic on HPMP implementation

36. The COVID-19 pandemic has affected the overall pace of implementation of business and economic activities, including HPMP activities, in Indonesia; the recovery of the economy, and the implementation of planned activities under the HPMP, will depend on the evolution of the pandemic.

37. The activities planned under the HPMP that face the highest risk for delays due to COVID-19 are those that require in-person action and technical assistance, including practical training for technicians on good servicing practices, and stakeholder's consultations, such as the one planned for the fire-fighting sector. On this basis, the Government will continue monitoring the impacts of the pandemic and will consider alternate implementation methods as appropriate.

Gender policy implementation¹²

38. The first and second tranche of stage II of the HPMP were approved prior to decision 84/92(d); therefore, UNDP had not collected gender disaggregated data on the activities implemented under those tranches; such data will be collected under the third tranche. Gender mainstreaming under the third tranche will include encouraging participation of women in the events and activities of the HPMP, promoting gender mainstreaming in training and awareness campaigns, and discussing gender issues during workshops by sharing experiences and lessons learned on gender mainstreaming.

¹² Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

Sustainability of the HCFC phase-out

39. The Government of Indonesia has an enforceable licensing and quota system, and as of 1 January 2015: prohibited the import, manufacturing, and assembly of HCFC-22-based RAC equipment; and banned the use of HCFCs as blowing agents for specific applications. The forthcoming ban on the import and all uses of HCFC-141b pure and pre-blended will ensure the sustainability of the PU foam sector phase-out. The mandatory technician certification scheme, implemented in October 2021, the strengthening of technician training institutions, and continued training of technicians will contribute to the reduction of virgin refrigerant use.

Conclusion

40. The 2018, 2019, and 2020 verified HCFC consumption was 42, 47, and 53 per cent, respectively, below the country's HCFC baseline for compliance, and 27, 33, and 25 per cent below the maximum allowable consumption under the Agreement with the Executive Committee for those years. The Government continues to implement a licensing and quota system for monitoring and controlling HCFCs, and to enforce bans on specified imports, manufacturing, and uses of HCFCs. COVID-19 has impacted the implementation of HPMP activities, leading to delays, including in the PU foam manufacturing sector. The Secretariat recommends approving the delay of the ban on the import and use of HCFC-141b pure and pre-blended to 1 January 2022, and the extension of the implementation of the voucher system to June 2023. Notwithstanding the challenges caused by COVID-19, implementation of the HPMP progressed, including completion of the conversions at 11 of the 12 large and mid-size PU foam manufacturing enterprises, and both systems houses; capacity-building of customs officers and servicing technicians; equipment support to customs and training institutions; and promotion of low-GWP, non-HCFC RAC equipment and the use of certified technicians. The overall disbursement rate stands at 63 per cent, and 51 per cent of the second tranche has been disbursed. Activities planned in the third tranche will further sustain the results achieved so far in the course of HPMP implementation.

RECOMMENDATION

41. The Fund Secretariat recommends that the Executive Committee takes note:

- (a) Of the progress report on the implementation of the second tranche of stage II of the HCFC phase-out management plan (HPMP) for Indonesia; and
- (b) That the Government will issue a ban on imports of HCFC-141b in bulk and contained in imported pre-blended polyols by 1 January 2022.

42. The Secretariat further recommends blanket approval of the third tranche of stage II of the HPMP for Indonesia, and the corresponding 2021-2023 tranche implementation plan, at the funding levels shown in the table below:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage II, third tranche)	627,086	43,896	UNDP
(b)	HCFC phase-out management plan (stage II, third tranche)	992,871	69,501	World Bank