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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-eighth Meeting
Montreal, 3-7 December 2012

PROJECT PROPOSALS: PHILIPPINES

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposals:

Phase-out

- National CFC Phase-out Plan (work plan covering the funds remaining) UNEP
- HCFC phase-out management plan (stage I, first tranche) UNEP/UNIDO/Japan

Philippines: National CFC Phase-out Management Plan (work plan covering the funds remaining)
(UNEP)

Introduction

1. Decision 65/10(e)(iv) and (v) requested UNEP as the selected lead implementing agency for the remaining activities under the National CFC Phase-out Management Plan of the Philippines (NCPP), to submit an implementation plan for 2012-2013 for the remaining funds under the NCPP to the 66th meeting. At the 66th meeting, the World Bank returned US \$1,835,205 (plus support costs of US \$154,294) as balance for the NCPP for subsequent transfer to UNEP upon approval of the implementation plan for 2012-2013. UNEP submitted a work plan for April 2012-April 2013 to the 66th meeting where the Executive Committee approved activities for only part of the remaining balance under the NCPP (US \$471,630) to sustain the activities associated with CFCs and requested UNEP to provide a report to the Executive Committee at the 70th meeting on progress made under this work plan. In decision 66/15(f)(iii) and (v), the Committee further requested the Government of the Philippines through UNEP that a subsequent work plan be submitted to the 68th meeting, taking into account that the remaining balance of US \$1,407,221 should support activities that would facilitate the phase-out of HCFCs within the context of the country's HCFC phase-out management plan (HPMP), in line with decision 60/11. The same decision also further encouraged the Government of the Philippines and UNEP to utilize the remaining balance of the NCPP to defray HPMP costs to the extent possible.

2. The present submission of UNEP on behalf of the Government of the Philippines is for the approval of activities at the funding level of US \$474,221 from the balance of the NCPP for remaining activities required to sustain the phase-out of CFCs in the country, in line with decision 66/15(f).

Progress report

3. UNEP advised that since 2010, there has been no import of CFC in the country. The overall identified objective for 2011 and 2012 was to ensure the completion of the remaining activities in the NCPP and to further sustain the phase-out of CFCs in the country.

4. Upon approval of part of the remaining balance of the NCPP (US \$471,630) for the NCPP at the 66th meeting in April 2012, the Government of the Philippines completed some activities which included a survey of service shops to look at the effectivity of the NCPP voucher system, holding several meetings to initiate revisions to the code of good practice for the refrigeration and air-conditioning sector which will now focus on HCFCs as well, continuing capacity building activities to ensure that cars with CFC-based mobile air-conditioning systems would not be issued registrations, issuing remaining vouchers for equipment, and conducting awareness raising activities. These activities were conducted with the supervision of the Project Management Unit (PMU) of the NCPP.

Proposed 2013 work plan

5. A number of technical assistance activities are proposed in the submission in order to ensure the sustainability of the CFC phase-out for a total cost of US \$474,221 each with completion dates no later than December 2013. These will focus on the following:

- (a) Implementation and compliance of a joint administrative order with the Department of Transportation, Land Transportation Office and the Department of Environment and Natural Resources (DENR) specifically mandating the inspection of motor vehicles with CFC-based MAC systems. This order will ensure that cars with CFC-based MACs are not allowed to register for the period up until the time they are converted to non-CFC MACs;

- (b) For the servicing sector, the NCPP will complete the assessment of service shops that had received equipment through the voucher system to ensure that such equipment are still being used and continue to enhance good practices in refrigeration and air-conditioning. While this component will focus on the MAC sector, it will also link closely with the servicing sector for the HPMP;
- (c) Some tools and equipment that had not been provided through the voucher system will be provided during this period as this was a commitment already made by the Government with the recipient service shops. This will continue to strengthen the capacity of the MAC service shops to follow the code of good practice including the recovery and recycling of CFCs and other ODS used in these shops; and
- (d) Support for the PMU, in particular for on-going activities to ensure oversight, documentation and sustainability of operation. As the project draws to a close, the PMU will have to carry out, in addition to on-going monitoring and management tasks, a number of activities related to finalisation of activities, ensuring orderly completion and sustainability.

6. The activities, their corresponding costs and planned completion dates are summarized in the table below:

Table 1: Proposed activities for the 2013 work plan for the NCPP

	Completion Data	Funding
Capacity Building for Government Agencies and Other Stakeholders to support ODS Phase-out Activities		
Supporting Department of Transportation and Communications Land Transportation Office- (DOTC- LTO) for the enforcement of the Joint Administrative Order on MAC's registration (CFC)	Dec 2013	100,000
Technical Assistance for Servicing Sector		
Completion of the assessment and monitoring of the service shops voucher grantees in order to ensure the continuing use of the equipment provided by the project (CFC)	Dec 2013	40,000
Strengthening the capacity of refrigeration and air-conditioning and MAC service sector to conduct good practices including recovery and recycling of ODS (CFC)	Dec-2013	90,000
Sub-total		230,000
Project Management		
PMU operations including maintenance and operating expenses	Dec 2013	244,221
Total		474,221

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The Secretariat had provided comments on the annual work plan related to activities that were clearly overlapping with work to be done under the HPMP for the service sector and emphasized that these should be part of the HPMP. It also sought clarification on progress made for the activities approved at the 66th meeting to understand the work currently being done in the HPMP. The Secretariat also emphasized the need to complete the NCPP no later than 2013 so that there is a smooth transition to HPMP implementation. A revised work plan was submitted which includes the activities described above. UNEP also confirmed that all activities in the NCPP are scheduled for completion by December 2013.

8. UNEP as the implementing agency, and the Government of the Philippines assured the Secretariat that with the total funding of US \$945,851 (US \$471,630 approved at the 66th meeting plus US \$474,221 for activities in this current work plan) for the remaining activities under the NCPP, CFC phase-out will be sustained as planned. UNEP had indicated that the remaining US \$933,000 from the balance of US \$1,407,221 indicated in decision 66/15(f) will be transferred to the HPMP.

RECOMMENDATION

9. The Executive Committee may wish to consider:

- (a) Approving the 2013 work plan at the amount of US \$474,221 and the activities included therein for completion of the remaining activities for the National CFC phase-out management plan (NCPP) in the Philippines;
- (b) Approving the transfer of US \$933,000 from the NCPP to stage I of the HCFC phase-out management plan; and
- (c) Requesting UNEP to provide to the 71st meeting of the Executive Committee a report on the implementation of the activities approved at the 68th meeting, and return any remaining balances as of 31 December 2013 to the Multilateral Fund.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Philippines

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNEP (lead), UNIDO, Japan

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2011	164.89 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year 2011	
Chemical	Aerosol	Foam	Halons	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123			2.14		1.93				4.08
HCFC-124									0
HCFC-141b		33.17		0.06	21.78				58.28
HCFC-141b in imported pre-blended polyol		15.06							15.06
HCFC-142b									0
HCFC-22				21.53	80.27				101.8
HCFC-225ca						0.02			0.02
HCFC-225cb						0.03			0.03

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	208.4	Starting point for sustained aggregate reductions:	162.3
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	40	Remaining:	122.3

(V) BUSINESS PLAN		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.0				0.0		0.0		0.0	0.0
	Funding (US \$)	0.0									0.0

(VI) PROJECT DATA			2010	2012	2013	2014	2015	Total
Montreal Protocol consumption limits			n/a	n/a	208.4	208.4	187.56	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	162.3	162.3	146.07	n/a
Project Costs requested in principle(US\$)	UNEP	Project costs	0	207,000	0	0	23,000	230,000
		Support costs	0	26,910	0	0	2,990	29,900
	UNIDO	Project costs	1,770,650	0	0	0	0	1,770,650
		Support costs	132,799	0	0	0	0	132,799
	Japan	Project costs	317,350	0	0	0	0	317,350
		Support costs	41,256	0	0	0	0	41,256
Total project costs requested in principle (US \$)			2,088,000	207,000	0	0	23,000	2,318,000
Total support costs requested in principle (US \$)			174,055	26,910	0	0	2,990	203,955
Total funds requested in principle (US \$)			2,262,055	233,910	0	0	25,990	2,521,955

(VII) Request for funding for the first tranche (2012)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	207,000	26,910

Funding request:	Approval of funding for the first tranche (2012) as indicated above
Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

10. On behalf of the Government of Philippines the World Bank, as the agency responsible for the preparation of the overarching strategy for the HCFC phase-out management plan (HPMP) for the Philippines, has submitted to the 68th meeting of the Executive Committee stage I of the HPMP at a total cost of US \$2,821,555, consisting of US \$230,000 plus support costs of US \$29,900 for UNEP, US \$2,050,650, plus agency support costs of US \$152,399 for UNIDO, and US \$317,350, plus agency support costs of US \$41,256 for Japan, as originally submitted. The total amounts include funding for UNIDO and Japan (US \$2,262,055) for an investment project to phase-out 40 ODP tonnes of HCFC-141b in the foam sector approved at the 62nd meeting (decision 62/34). Implementation of stage I of the HPMP will enable the country to phase-out 40 ODP tonnes of HCFCs and assist in meeting the Montreal Protocol's compliance target of the 10 per cent reduction by 2015.

11. The first tranche for stage I of the HPMP being requested at this meeting amounts to US \$230,000, plus agency support costs of US \$29,900 for UNEP and US \$280,000, plus support costs of US \$19,600 for UNIDO, as originally submitted (excluding the level of funding for the investment project previously approved for UNIDO and the Government of Japan).

12. While stage I of the HPMP had been submitted by the World Bank, the Government of the Philippines had indicated in its endorsement letter that it will be implemented by UNEP as lead agency, with UNIDO and Japan to continue to complete the already approved activities in the foam sector.

Background

13. The Philippines, with a total population of 92 million people, has ratified all the amendments to the Montreal Protocol.

ODS policy and regulatory framework

14. The Department of the Environment and Natural Resources' (DENR) Environmental Management Bureau (EMB) acts as the national coordinator for the implementation of the Montreal Protocol in the Philippines. Through the DENR-EMB, the Philippine Ozone Desk (POD) was created in 1994 to facilitate and coordinate ODS phase-out projects and policies. The NCPP Project Management Unit (PMU) was created to spearhead CFC phase-out activities. A National Methyl Bromide Phase-out Strategy (NMBPS) PMU was also created for methyl bromide phase-out. Republic Act 6969, known as the "Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990" regulates, restricts, or prohibits the importation, manufacture, processing, sale, distribution, use, and disposal of chemical substances and mixtures that present unreasonable risk and/or injury to health or the environment. Through a regulation called the Chemical Control Order (CCO) for Ozone Depleting Substances, DENR-EMB established import controls and a phase-out schedule for all substances listed under Annex A, Annex B, and Annex C of the Montreal Protocol. Methyl bromide is regulated by the Fertilizer and Pesticide Authority of the Department of Agriculture and therefore is not subject to the controls identified in the CCO. Since ODS are not produced in the Philippines, these regulations primarily govern the import and sale of ODS.

15. In 2004, a regulation that further controls the import, export and trade of ODS including HCFCs was issued and a national registry of ODS imports/exports was established by a decree. A web based licensing system where importers/exporters are registered and quotas are issued is operational. Import/export quotas for HCFCs will be issued starting 1 January 2013. The Government will also issue a ban on the manufacturing and import of HCFC-based domestic air-conditioning equipment starting 1 July 2013, as well as a ban on the use of HCFC-141b for foam manufacturing by 2014.

HCFC consumption, production and sector distribution

16. In the Philippines, a significant amount of HCFCs are used in the servicing end-use sectors. Since no HCFCs are produced in the country and there are no reported exports, HCFC consumption is assumed to equal the total imported quantity of HCFCs.

17. In 2009 and 2010, data reported under Article 7 was 194.7 ODP tonnes and 222.0 ODP tonnes respectively, resulting in a baseline for compliance of 208.4 ODP tonnes. However, during the verification of HCFC consumption conducted at the time of the HPMP preparation, it was found that the actual import was only 159.16 ODP tonnes and 165.43 ODP tonnes for 2009 and 2010 resulting in a baseline of 162.3 ODP tonnes. The main reason given for the discrepancy was that HCFC consumption data reported under Article 7 was based on the quantity covered by the Pre-Shipment Importation Clearance (PSIC) issued by POD/EMB to legitimate HCFC importers, which was not often equal to the actual amounts imported into the country. The level of HCFC consumption in Philippines is shown in Table 1.

Table 1: HCFC Consumption in the Philippines

Year	Article 7 data		Verified data	
	(ODP tonnes)	(MT)	(ODP tonnes)	(MT)
2005	210.5	3,414.0	n/a	n/a
2006	200.9	3,200.1	n/a	n/a
2007	180.2	2,819.4	n/a	n/a
2008	226.2	3,597.0	n/a	n/a
2009	194.7	2,959.3	159.16	2,456.17
2010	222.0	3,603.1	165.43	2,610.18
Baseline	208.4	3,281.2	162.3	2,533.18

18. In the Philippines, HCFCs are used predominantly for refrigeration and air-conditioning manufacturing (26 per cent measured in ODP tonnes), servicing (48 per cent), and foam blowing (26 per cent). In addition, small quantities are used as a solvent in servicing applications, cleaning agent in other industries, (i.e. the optical lens industry) and fire extinguishing (Table 2). For the most part, HCFC-22 is imported from China, India, and Singapore; HCFC-141b from China; and HCFC-123 from China and Singapore. Other countries from which HCFCs have been imported during the past four years include Canada, Japan, Malaysia, South Korea and United States of America.

Table 2. HCFC consumption distribution by sector (2010)

HCFC	(tonnes)	Air-conditioning		Commercial Refrigeration	Servicing	Foams	Solvent	Fire extinguishing	Total
		Commercial/Industrial	Residential						
HCFC-22	mt	217	541	< 1	1,285.2	0.0	0.0	0.0	2,043.8
HCFC-123	mt	60.0	0.0	0.0	4.9	0.0	0.0	38.1	103.1
HCFC-141b	mt	0.0	0.0	0.0	72.4*	390.9	< 1**	0.0	463.3
TOTAL	mt	277.0	541.0	< 1	1,362.5	390.9	< 1	38.1	2,610.2

HCFC	(tonnes)	Air-conditioning		Commercial Refrigeration	Servicing	Foams	Solvent	Fire extinguishing	Total
		Commercial/Industrial	Residential						
HCFC-22	ODP	11.9	29.8	0.0	70.7	0.0	0.0	0.0	112.4
HCFC-123	ODP	1.2	0.0	0.0	0.1	0.0	0.0	0.8	2.1
HCFC-141b	ODP	0.0	0.0	0.0	8.0*	43.0	0.0**	0.0	51.0
TOTAL	ODP	13.1	29.8	0.0	78.7	43.0	0.0	0.8	165.4

*use as a solvent for flushing or cleaning during refrigeration and air-conditioning servicing operations.

**use as a cleaning solvent in other industries e.g. optical lens was identified.

19. The 2012-2015 forecast HCFC consumption in the Philippines based on a two per cent annual average growth is presented in Table 3.

Table 3: HCFC consumption forecast for Philippines

Scenario	Year	2012	2013	2014	2015
Unconstrained HCFC consumption	mt	2,717.81	2,772.17	2,827.61	2,884.16
	ODP t	172.5	177.1	180	183.9
HCFC consumption with Montreal Protocol control measures	mt	2,717.81	2,533.2	2,533.2	2,279.88
	ODP t	172.5	162.3	162.3	146.1

Refrigeration and air-conditioning manufacturing sector

20. A total of 21 manufacturers and importers of residential air-conditioners were identified in the country, of which only three are confirmed to manufacture equipment in 2010. These three companies produced 431,000 window and split units with different cooling/heating capacities with an associated consumption of 431 mt (23.71 ODP tonnes) of HCFC-22.

21. HCFC-22 is also used in commercial air-conditioning. There are three domestic manufacturers and seven importers of this equipment in the Philippines. An estimated 30,200 units of commercial air-conditioning equipment were imported in 2010, 80 per cent based on HCFC-22 and 20 per cent on HFC-410a. The three manufacturers produced a total of 51,278 units in 2010 with a total HCFC-22 consumption of 142.8 mt (7.85 ODP tonnes). Taking into account consumption by both manufacturers and importers, an estimated total of 171 mt (9.41 ODP tonnes) of HCFC-22 was consumed by the commercial AC sector in 2010.

22. The industrial air-conditioning units (such as chillers and centralized air-conditioners) are imported and installed through local service providers. Of the chillers installed from 2007-2010, it is estimated that about 60 per cent were running with HCFC-123 and HFC-407C; 30 per cent with HFC-134a and HFC-410a; and 10 per cent with HCFC-22 (about 400 units).

23. The phase-out of HCFC used in the domestic air-conditioning and commercial and industrial refrigeration sub-sectors will be covered under stage II of the HPMP by the World Bank and UNDP respectively.

Refrigeration and air-conditioning servicing sector

24. Based on the survey, there are approximately 5,000 service shops nationwide, 2,000 of which are located in Metro Manila while the other 3,000 are dispersed among three large island groups, namely Luzon, Visayas, and Mindanao. Each refrigeration and air-conditioning service shop employs 3 to 50 technicians depending on the number and size of equipment to be repaired, installed or

maintained. Industrial air-conditioners and refrigeration units are mostly contracted by larger refrigeration and air-conditioning agencies.

25. In addition to HCFC-22, a total of 72 mt (7.92 ODP tonnes) of HCFC-141b is used during servicing for flushing air-conditioner and commercial refrigeration circuits.

Foam sector

26. In 2010, approximately 390.9 mt (43.0 ODP tonnes) of HCFC-141b were used by 66 to 76 foam enterprises in the Philippines, for spray, panels, insulation pipes, and injected-moulded applications. About 85 per cent of this consumption is attributed to only 15 enterprises. A further 11 enterprises use more than 1 mt per year, while the remaining 40 to 50 enterprises use less than 1 mt per year. Over 90 per cent of the total foam produced is used in the domestic market. One enterprise exports foam products to some non-Article 5 countries. Only three enterprises are foreign-owned.

HCFC phase-out strategy

27. The overarching strategy of the Government of the Philippines is to adopt a staged approach to achieve the complete phase-out of the HCFC consumption in line with the Montreal Protocol. Stage I of the HPMP which is envisaged to meet the 2013 and 2015 phase-out obligations involves the complete phase-out of HCFC-141b in the foam sector by 2014 through the phase-out plan approved at the 62nd meeting; and control growth of HCFC-22 consumption in the refrigeration, air-conditioning, and servicing sectors and HCFC-141b consumption in solvent/servicing usages. Stage II of the HPMP will focus on the refrigeration and air-conditioning (RAC) manufacturing sector and remaining activities in the servicing sector.

28. At the 62nd meeting, the Executive Committee approved US \$2,088,000 for an investment project to phase-out 40 ODP tonnes of HCFC-141b in the foam sector with UNIDO as lead agency and the Government of Japan as a bilateral partner. It will cover the conversion of the following foam applications: insulation foam for refrigeration equipment, integral skin foam, rigid polyurethane panels, spray and extruded polystyrene foam (XPS). The foam sector plan was envisaged to address the three large manufacturing enterprises first in 2011 and the smaller ones in 2012 with the aim of total phase-out of HCFC-141b by 2013.

29. The HPMP also includes a request for additional funding for one enterprise in the foam sector (US \$280,000). This additional request is being sought on the basis that the ownership of the enterprise (Panasonic) shows a change in the local share, currently demonstrating an 80 per cent local ownership. At the 62nd meeting, this enterprise was provided funding based on an 80 per cent foreign ownership and 20 per cent local ownership. UNIDO provided a document from the Securities and Exchange Commission in the Philippines supporting this change.

30. The Government of the Philippines is also proposing to undertake various regulatory and policy measures, investment project, capacity building, and technical assistance activities, as shown in Table 4.

Table 4: Stage I phase-out plan summary

Component	Activities	Time frame
Regulatory and policy measures and strengthening HCFC and ODS import-export control and licensing system	Ban new or expansion of existing foam production facilities using HCFC-141b Ban bulk HCFC-141b imports for use in the foam sector and introduce a condition in the Certificate of Registration that imported HCFC-141b must not be diverted to the foam sector Ban the use of HCFC-141b in foam manufacturing Ban the import of pre-blended polyols containing HCFC-141b	2012 - 2015
	Establish an import quota system	
	No new registration of HCFC-22 importers	
	Strengthening capacity of the Bureau of Customs (BOC) and Enforcement Officers through training and provision of training materials Strengthening capacity of Philippine Economic Zone Authority (PEZA) and other free trade /special economic zones on control and monitoring of ODS	2013-2015
Capacity building for Government agencies and other stakeholders to support HCFC phase-out activities	Support to Department of Trade and Industry (DTI) - Bureau of Trade Regulation and Consumer Protection (BTRCP) to enforce the service shops' accreditation requirements	2013-2015
	Support to DTI- Bureau of product standards (BPS) on the development of new standards for ODS equipment and appliances	
	Support to Technical Education and Skills Development Authority (TESDA) and TESDA-Accredited Training Institutions to conduct technicians training	
	Support Department of Interior and Local Government Units (DILG) on the development of policies and local regulations on ODS including HCFC	
	Support to EMB Regional Offices on the implementation of ODS Phase-out programmes	
	Training of partner agencies on database management and maintenance	
	Capacity building for military for the implementation of the ODS phase-out programme	
	Capacity building for Department of Energy and Climate Change Commission to explore ozone-climate-energy linkages	
Technical assistance activities for refrigeration and air-conditioning servicing sector	Study to identify potential alternatives to HCFC-141b for flushing	2013-2015
	Train-the trainers workshop for trainers	
	Refrigeration servicing technicians training	
Management of unwanted ODS including HCFCs	Expansion of the collection, transport and storage (CTS) of recovered refrigerants from service shops, chiller owners, and other ODS/refrigerant alternative handlers	2013-2015
	Safe disposal of ODSs and contaminated refrigerants collected/stored by the CTS facility	
Information, education and communication	Public awareness activities to support HCFC phase-out	2013-2015

Monitoring and coordination

31. This component will ensure monitoring and coordination between stakeholders of all activities to be implemented in stage I of the HPMP. Meetings with relevant authorities, industry stakeholders, and HCFC and HFC importers will be organized regularly in order to enact the necessary agreements and measures to carry out the investment and non-investment activities in a coordinated manner.

Total cost of stage I of the HPMP

32. The total cost of the activities proposed in stage I of the HPMP is US \$3,531,333. Out of this, US \$2,088,000 (excluding support costs) had been already been approved at the 62nd meeting for the foam sector plan, and US \$933,000 is to be reallocated from the balance of the NCPP in line with decision 66/15(f). Therefore, US \$510,000 is requested as new funds to cover the costs for the PMU and additional funding for one enterprise in the foam sector. Detailed activities and cost breakdown are shown in Table 5.

Table 5. Details activities and cost breakdown

HCFC phase-out activities	HCFC consumption phase-out (ODP tonnes)	Funding Requested from MLF (US \$)	Funding to be utilized from NCPP remaining balance (US \$)
Regulatory and policy measures, technical assistance to improvement of HCFC data collection and management procedures	NA		173,000
Development of a web-based for import and export monitoring system	NA	-	38,000
Strengthening capacity of BOC and enforcement officers	NA	-	120,000
Strengthening capacity of PEZA and other free trade zones	NA		15,000
Project Management Unit		230,000	
Capacity building for government agencies and stakeholders to support ODS phase-out activities	n/a	-	278,500
Management of unwanted ODSs including HCFCs			110,000
Information, Education and Communication (IEC) campaign activities	n/a	-	113,000
Annual consumption verification by independent consultant	n/a	-	40,000
Technical assistance for the refrigeration servicing sector	n/a		218,500
HCFC-141b solvent/ servicing uses	n/a	-	41,500
Training of technicians and provision of equipment	n/a	-	177,000
Sub-total		230,000	933,000
Foam sector plan (approved at the 62 nd meeting)		2,088,000*	
Additional funding for foam sector plan (UNIDO)		280,000	
Total		2,598,000	933,000

*Funding approved at the 62nd meeting of the Executive Committee (decision 62/34)

COMMENTS

33. The Secretariat reviewed stage I of the HPMP for Philippines in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60th meeting (decision 60/44), subsequent decisions on HPMPs and the 2012-2014 business plan of the Multilateral Fund. The Secretariat also reviewed the proposal in light of decision 66/15(f)(iii).

34. The Secretariat noted that while the project preparation funds for the HPMP overarching strategy was approved for the World Bank, and that the current HPMP was submitted by the World Bank on behalf of the Government of the Philippines, the Secretariat received an endorsement letter that indicated that the implementation of stage I of the HPMP would be done by UNEP as lead agency, and the World Bank would not be at all involved in the implementation at this stage. The mention of the World Bank in the document is only due to an agreement that discussions and negotiations on the HPMP overarching strategy would be done with both the World Bank and UNEP, as the World Bank had undertaken the preparation of the submitted document. The World Bank and UNDP are also envisaged to assist the Government of the Philippines for stage II of the HPMP.

Starting point for aggregate reduction in HCFC consumption

35. The Secretariat drew the World Bank's and UNEP's attention to the fact that at the 62nd meeting, in approving the investment project for the phase-out of HCFC-141b in the foam manufacturing sector, the Executive Committee noted that the Government of the Philippines had agreed to establish the HCFC baseline for compliance as the starting point for aggregate reductions in HCFC consumption. At that time, it was estimated at 202.4 ODP tonnes calculated using the average of actual reported 2009 consumption (194.7 ODP tonnes) and the forecast of 2010 consumption (210.0 ODP tonnes). The baseline as established by the Ozone Secretariat is 208.4 ODP tonnes.

36. In its HPMP, the Philippines had indicated that the actual baseline is 162.3 ODP tonnes as a result of the verification and official audit of the consumption in the baseline years 2009 and 2010. The change in the consumption data for 2009 and 2010 has not yet been communicated by the Government of the Philippines to the Ozone Secretariat.

37. For the purpose of the HPMP for the Philippines, the Government agreed that the starting point for aggregated reduction on HCFC consumption would be based on the verified baseline i.e., 162.3 ODP tonnes.

Licensing and quota system

38. The Secretariat noted that with the implementation of NCPP coupled with strong national institutional support, the Philippines has robust ODS regulations and a working licensing system. While it is also understood that imports of HCFCs are currently controlled through the requirement of a license prior to imports, there is as yet no official annual import quota set for HCFC imports. It drew the World Bank's and UNEP's attention to decision 63/17, in which the Executive Committee requested that for all submissions of tranches of multi-year agreements from the 68th meeting onward, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and exports is in place and that the system is capable of ensuring the country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this agreement. The Secretariat was informed that the DENR confirmed that the quotas will be put in place by 1 January 2013. In fact, the import control system for HCFCs has already been applied to imports for 2012 on a pilot basis. It was also confirmed that this current system to control imports will contribute in a broad way to ensuring the country's compliance to the HCFC phase-out schedule under the Montreal Protocol.

Progress in the foam sector plan implementation

39. In reviewing the progress of its implementation of the foam sector plan, the Secretariat noted that some difficulties were faced in its implementation, which would delay its full conversion to 2013 rather than 2012 as originally planned. It requested clarification on the reasons for the delay as well as the proposed solutions taking into account that the conversion of this sector will ensure that the country meets its compliance targets for 2013 and 2015. In response, information was provided that the delays were mainly caused by selection of alternative technologies to be adopted. This has now been resolved and that contracts for the supply of necessary equipment and services have been signed and equipment is being delivered. UNIDO as the lead agency implementing the projects also indicated that the foam sector plan would generate enough phase-out as of 1 January 2013 in order to ensure compliance for the freeze in HCFC consumption. It likewise confirmed that the conversion of the foam enterprises should be completed by end of December 2013.

40. The Secretariat also drew UNIDO's attention to the inclusion of a request for additional funding (US \$280,000) for one enterprise in the foam sector, because of an apparent change in ownership. It noted that upon review of the company's (Panasonic) annual report, it appeared that the funding provided at the 62nd meeting only for the 20 per cent share of the enterprise was appropriate, and requested that additional information be provided to support this request. Upon further discussion, UNIDO and the Government of the Philippines acknowledged that they could not provide additional documentation, and therefore withdrew the request.

Implementation of the NCPP and link to the HPMP

41. The Secretariat also reviewed the HPMP together with the work plan submitted for the remaining balance under the NCPP, in line with decision 65/15(f) (iii) and (v). In discussions with UNEP, the World Bank and the Government of the Philippines it was agreed that, activities that had initially been identified as part of the NCPP but would fit more into the HPMP as the outcomes would benefit HCFC phase-out would be included in the HPMP document. These activities focused on regulatory and policy revisions that need to be undertaken during HPMP implementation, work with the servicing sector on training on good practices and providing equipment to service technicians, as well as capacity building and inter-agency coordination to support the implementation of the HPMP across stakeholders.

42. The Secretariat expressed some concern on one additional activity related to managing waste ODS in the country which was included in these activities, and asked about the outstanding ODS disposal project for the Philippines for which preparation funds had been approved, but the project is yet to be submitted for the Executive Committee's consideration. The World Bank and UNEP replied that the current activity would actually build on the one already funded under the NCPP, and would focus on building capacity for the collection, transport and storage (CTS) facility that had been established during the NCPP to manage unwanted and confiscated CFCs and transfer these confiscated substances including HCFCs to the facility for proper storage. DENR-EMB will provide guidance to service shops and ODS handlers on the proper recovery, storage, transport and disposal of the said refrigerants. As this was an activity that was in the original NCPP, its inclusion in the HPMP was considered positively.

Servicing sector activities in the HPMP

43. In discussing the activities for the servicing sector vis-à-vis the implementation of the activities identified in the NCPP to be transferred to the HPMP as described in the paragraph above, the Secretariat raised concerns on how these activities would reduce its growth rate and contribute to meeting the reduction steps in 2013 and 2015 as per decision 62/12(b). The Secretariat was informed that the initial work will focus on the activities related to the strengthening of the regulatory and policy framework particularly by further developing the web-based system for monitoring imports of HCFCs and other ODS, and training of the Customs officials in its first year. It is likely that this strong monitoring will

close the gap between the increasing demand for HCFCs for servicing. The agencies also emphasised the need to train refrigeration technicians on good practices to support the revision of the Code of Good practices that is currently being undertaken by the Government, as well as the already existing certification of refrigeration technicians put in place through the NCPP.

44. The Secretariat, noting that HCFC-141b was also used for flushing during servicing, asked whether in the development of the overarching strategy the option to phase out all HCFC-141b consumption (including for flushing which has high emissive use) had been considered. According to the World Bank, based on preliminary discussions with the industry, the price difference between HCFC-141b and alternatives is very significant and complete phase-out now would place undue burden on the industry. The Government has therefore decided to control HCFC-141b with policy measures during this period while allowing time for other affordable alternatives to gain penetration into the market. In addition, they will also identify potential alternatives to HCFC-141b for flushing refrigeration circuits.

45. As a result of these discussions, it was agreed that the activities listed in Table 5 would be implemented as part of the HPMP, and that these would be covered from the balance of funding under the NCPP.

Overall cost of the HPMP

46. The total cost of the stage I of the HPMP is agreed at US \$3,251,000. Out of this, US \$2,088,000 was already approved at the 62nd meeting for the foam sector plan, and US \$933,000 is to be reallocated from the balance of the NCPP. The new funding request is valued at US \$230,000 for the PMU, after UNIDO had withdrawn the request for additional funding for the foam sector.

47. The phase-out from activities in the foam sector (40 ODP tonnes) constitutes more than 19 per cent reduction from the established baseline of (208.4 ODP tonnes) for the Philippines (or 24.6 per cent of the starting point of 162.3 ODP tonnes). The Secretariat drew the implementing agencies' attention to the phase-out that will be achieved in stage I vis-à-vis the additional activities that will be undertaken for the servicing sector albeit with funding from the NCPP balance. The agencies' recognised that while the tonnage associated with the foam sector is quite high, the proposed activities will be implemented using already approved funding, and the new funding request was only for the PMU. They therefore emphasized that no tonnage should be associated with stage I of the HPMP.

Impact on the climate estimated by the country in its HPMP

48. As indicated in document UNEP/OzL.Pro/ExCom/62/45/Add.1, the implementation of the foam sector plan through the introduction of hydrocarbon and methyl formate technologies would avoid the emission into the atmosphere of 257,422 tonnes of CO₂-equivalent as shown in Table 6 below (this calculation is based on the global warming potential (GWP) values of hydrocarbon and methyl formate blowing agents and their level of consumption before and after conversion).

Table 6. Impact on the climate

Substance	GWP	Metric ton/year	CO ₂ -eq (metric ton/year)
Before conversion			
HCFC-141b	713	364.4	259,817
After conversion:			
Hydrocarbon	25	94.1	2,353
Supercritical CO ₂	1	42.4	42
Total after conversion			2,395
Net impact			(257,422)

49. The proposed assistance activities in the servicing sector, which include training of technicians in good practice, better containment of refrigerants and leakage control, and the enforcement of HCFC import quotas, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogramme of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO₂-equivalent tonnes. The activities planned by the Philippines, in particular its efforts to improve servicing practices; refrigerant recovery and reuse indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere therefore resulting in benefits on climate. However, at this time, a more accurate quantitatively assessment on the impact on climate cannot be conducted. The impact might be established through an assessment of implementation reports by, *inter alia*, comparing the levels of refrigerants used annually from the commencement of the implementation of the HPMP, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22 based equipment being retrofitted. Additional benefits will also be gained by replacing HCFC-141b use in flushing with alternative cleaning agents.

Co-financing

50. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, the Government of Philippines indicated that opportunities for co-financing related to energy efficiency in the refrigeration and air-conditioning sectors will be addressed in stage II.

2012-2014 business plan of the Multilateral Fund

51. UNEP is requesting US \$230,000 plus support costs for the implementation of stage I of the HPMP. The business plan for 2012-2014 does not include any allocation for the HPMP for the Philippines for UNEP. This was attributed to the fact that stage I was earlier planned to be implemented by the World Bank, but that the Government had requested a change of implementing agencies.

Draft Agreement

52. A draft Agreement between the Government of the Philippines and the Executive Committee for HCFC phase-out is contained in Annex I to the present document.

RECOMMENDATION

53. In light of the information provided, the Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for the Philippines for the period 2012 to 2015 to reduce HCFC consumption by 10 per cent of the baseline, at the amount of US \$230,000, plus agency support costs of US \$29,900 for UNEP, and noting that the project to phase out 40 ODP tonnes HCFC-141b used in the polyurethane foam sector, at the amount of US \$2,088,000 plus agency support costs of US \$132,799 for UNIDO, and US \$41,256 for Japan, had already been approved at the 62nd meeting of the Executive Committee and had subsequently been included in stage I of the HPMP;
- (b) Noting that with the amounts referred to in paragraph (a) above, the total funding for stage I of the HPMP for Philippines amounts to US \$2,318,000, plus agency support costs of US \$203,955;

- (c) Noting that the Government of the Philippines had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the revised baseline of 162.3 ODP tonnes, calculated using actual consumption of 159.16 ODP tonnes and 165.43 ODP tonnes reported for 2009 and 2010, respectively, under the HPMP survey;
- (d) Noting the deduction of 40 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption for the project approved at the 62nd meeting for the implementation of stage I of the HPMP;
- (e) Noting that the Government of the Philippines had committed to banning the import of HCFC-141b for foams, and banning the import of HCFC-22 for manufacturing domestic air-conditioning by 1 January 2013;
- (f) Approving the Agreement between the Government of the Philippines and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (g) Requesting the Fund Secretariat, in the event that the baseline consumption for the Philippines is amended based on revised Article 7 data, to update Appendix 2-A to the Agreement to include the revised figures for the baseline once approved by the Parties to the Montreal Protocol;
- (h) Approving the first tranche of stage I of the HPMP for Philippines, and the corresponding implementation plan, at the amount of US \$207,000 plus agency support costs of US \$26,910 for UNEP; and
- (i) Noting the reallocation of funding remaining from the national CFC phase-out management plan of US \$933,000, plus agency support costs of US \$121,290 for UNEP, as agreed by the Government of the Philippines in line with the implementation plan provided.

Annex I

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

1. This Agreement represents the understanding of the Government of the Philippines (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 146.07 ODP tonnes by 1 January 2015 in compliance with Montreal Protocol schedules.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in rows 4.1.3, 4.2.3 and 4.3.3 (remaining eligible consumption).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country agrees to implement this Agreement in accordance with the HCFC phase-out sector plans submitted. In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country had met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which no obligation for reporting of country programme data exists at the date of the Executive Committee meeting at which the funding request is being presented are exempted;
 - (b) That the meeting of these Targets has been independently verified, unless the Executive Committee decided that such verification would not be required;
 - (c) That the Country had submitted annual implementation reports in the form of Appendix 4-A (“Format of Implementation Reports and Plans”) covering each previous calendar year; that it had achieved a significant level of implementation of activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

- (d) That the Country has submitted an annual implementation plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous annual implementation plans in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 4 above.

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in an annual implementation plan submitted as foreseen in sub-paragraph 5(d) above, or as a revision to an existing annual implementation plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
 - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
 - (ii) Changes which would modify any clause of this Agreement;
 - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and
 - (iv) Provision of funding for programmes or activities not included in the current endorsed annual implementation plan, or removal of an activity in the annual implementation plan, with a cost greater than 30 per cent of the total cost of the last approved tranche;
- (b) Reallocations not categorized as major changes may be incorporated in the approved annual implementation plan, under implementation at the time, and reported to the Executive Committee in the subsequent annual implementation report;
- (c) Should the Country decide during implementation of the agreement to introduce an alternative technology other than that proposed in the approved HPMP, this would require approval by the Executive Committee as part of an Annual Implementation Plan or the revision of the approved plan. Any submission of such a request for change in technology would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable. The Country agrees that potential savings in incremental costs related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (d) Any enterprise to be converted to non-HCFC technology included in the approved HPMP and that would be found to be ineligible under the guidelines of the Multilateral Fund (i.e., due to foreign ownership or establishment post the 21 September 2007 cut-off date), will not receive assistance. This information would be reported to the Executive Committee as part of the Annual Implementation Plan; and
- (e) Any remaining funds will be returned to the Multilateral Fund upon completion of the last

tranche foreseen under this Agreement.

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

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

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

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per subparagraph 5(b). This responsibility includes the necessity to co-ordinate with the Cooperating IA to ensure appropriate timing and sequence of activities in the implementation. The Cooperating IA will support the Lead IA by implementing the activities listed in Appendix 6-B under the overall co-ordination of the Lead IA. The Lead IA and Cooperating IAs have reached consensus on the arrangements regarding inter-agency planning, reporting and responsibilities under this Agreement to facilitate a co-ordinated implementation of the Plan, including regular co-ordination meetings. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 2.2, 2.4 and 2.6 of Appendix 2-A.

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

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

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

14. The completion of stage I of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in Appendix 2-A. Should there at that time still be activities that are outstanding, and which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion unless otherwise specified by the Executive Committee.

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

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	109.7
HCFC-123	C	I	1.5
HCFC-141b	C	I	51.1
Total			162.3

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2010	2012	2013	2014	2015	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	N/A	N/A	208.4	208.4	187.56	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	N/A	N/A	162.3	162.3	146.07	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	0	207,000	0	0	23,000	230,000
2.2	Support costs for Lead IA (US \$)	0	26,910	0	0	2,990	29,900
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	1,770,650	0	0	0	0	1,770,650
2.4	Support costs for Cooperating IA (US \$)	132,799	0	0	0	0	132,799
2.5	Cooperating IA (Japan) agreed funding (US \$)	317,350	0	0	0	0	317,350
2.6	Support costs for Cooperating IA (Japan) (US \$)	41,256	0	0	0	0	41,256
3.1	Total agreed funding (US \$)	2,088,000	207,000	0	0	23,000	2,318,000
3.2	Total support costs (US \$)	174,055	26,910	0	0	2,990	203,955
3.3	Total agreed costs (US \$)	2,262,055	233,910	0	0	25,990	2,521,955
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)						0
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)						0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)						109.7

4.2.1	Total phase-out of HCFC-123 agreed to be achieved under this Agreement (ODP tonnes)	0
4.2.2	Phase-out of HCFC-123 to be achieved in previously approved projects (ODP tonnes)	0
4.2.3	Remaining eligible consumption for HCFC-123 (ODP tonnes)	1.5
4.3.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)	0
4.3.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)	40
4.3.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)	11.1

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the second meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Implementation Report and Plan for each tranche request will consist of five parts:

- (a) A narrative report, with data provided by calendar year, regarding the progress since the year prior to the previous report, reflecting the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include ODS phase-out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Annual Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information on activities in the current year;
- (b) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken until and including the year of the planned submission of the next tranche request, highlighting the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall plan and progress achieved, as well as any possible changes to the overall plan that are foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-

paragraph (b) above;

- (d) A set of quantitative information for all annual implementation reports and annual implementation plans, submitted through an online database. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), the annual implementation plan and any changes to the overall plan, and will cover the same time periods and activities; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The Philippine Ozone Desk (POD) under the Department of Environment and Natural Resources (DENR), with assistance from an HPMP programme management unit (PMU), will enact HCFC import regulations and policies and improve data collection processes, including but not limited to:

- (a) Enact regulations to ban bulk imports of HCFC-141b intended for usage in foam sector, ban the use of HCFC-141b in foam manufacturing and ban the import of pre-blended polyol containing HCFC-141b;
- (b) Enact regulations to ensure that construction of new or expansion of existing manufacturing facilities using HCFCs are not undertaken;
- (c) Collaborate with the Department of Trade and Industry, and the Bureau of Customs, to establish and implement the HCFC import quota system;
- (d) Review applications for, and issue, annual HCFC import/export licenses;
- (e) Develop and publish the annual import quotas for HCFCs for the period 2012 to 2015;
- (f) Report any incidents of illegal imports of HCFCs;
- (g) Develop an improved data management system to track HCFC consumption reporting by companies;
- (h) Conduct outreach with companies to improve data submissions, and perform data entry and quality control procedures from 2013-2014; and
- (i) Ensure that annual independent verification of reported HCFC consumption data is undertaken for reporting under Article 7.

2. To facilitate implementation of the stage I HPMP, the HPMP PMU will undertake the following activities in cooperation with or under the supervision of the POD:

- (a) Work with the Lead IA to provide training and technical assistance and disseminate information to raise awareness about limiting the growth of HCFC-141b in air-conditioning line flushing and solvent applications in other industries and the cost-effectiveness of available alternatives;

- (b) Work with the Cooperating IA to implement the activities specified in the foam sector plan;
- (c) Prepare implementation plans and progress reports on the implementation of the HPMP and other reports as required by the POD and the Multilateral Fund of Executive Committee and in coordination with the Lead IA;
- (d) Carry out safety and technical audits of all relevant activities undertaken under this plan.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities, including at least the following:
 - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
 - (b) Assisting the Country in preparation of the Implementation Plans and subsequent reports as per Appendix 4-A;
 - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Implementation Plan consistent with Appendix 4-A;
 - (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future annual implementation plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
 - (e) Fulfilling the reporting requirements for the annual implementation reports, annual implementation plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee. The reporting requirements include the reporting about activities undertaken by the Cooperating IA;
 - (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
 - (g) Carrying out required supervision missions;
 - (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Implementation Plan and accurate data reporting;
 - (i) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
 - (j) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IA, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;
 - (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
 - (l) Providing assistance with policy, management and technical support when required.

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

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the overall plan, including at least the following:

- (a) Providing assistance for policy development when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; and
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$116 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met.
