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COMITÉ EXÉCUTIF
DU FONDS MULTILATÉRAL AUX FINS
D'APPLICATION DU PROTOCOLE DE MONTRÉAL
Quarante-cinquième réunion
Montréal, 4 – 8 avril 2005

PROPOSITIONS DE PROJETS: INDE

Ce document comprend les observations et les recommandations du Secrétariat du Fonds sur la proposition de projets suivante :

Élimination

- Plan d'élimination du tétrachlorure de carbone dans les secteurs de la consommation et de la production : programme annuel de 2005
France, Allemagne, Japon, Banque mondiale

Production

- Élimination graduelle du secteur de la production de CFC : programme annuel de mise en oeuvre de 2005
Banque mondiale

ÉLIMINATION DU TÉTRACHLORURE DE CARBONE DANS LES SECTEURS DE LA PRODUCTION ET DE LA CONSOMMATION : PROGRAMME ANNUEL DE 2005

Description du projet

Contexte

1. En juillet 2003, la 40^e réunion du Comité exécutif a décidé d'approuver, en principe, la somme totale de 52 millions \$US afin d'aider l'Inde à respecter le calendrier de réglementation du Protocole de Montréal pour la production et la consommation de tétrachlorure de carbone, et a décaissé la première tranche de 5 millions \$US lors de la réunion, afin d'entreprendre la mise en œuvre du projet. Par la suite, la 41^e réunion du Comité exécutif a approuvé l'accord d'élimination de la consommation et de la production de tétrachlorure de carbone en Inde, et a décaissé le solde de 3 520 843 \$US pour le financement du programme de travail annuel de 2003. Enfin, en 2004, la 42^e réunion du Comité exécutif a approuvé le programme de travail annuel de 2004 et a décaissé une somme supplémentaire de 13 380 112 \$US.

2. La Banque mondiale propose le programme de travail annuel de 2005 à la 45^e réunion du Comité exécutif et demande le décaissement de 8 099 046 \$US supplémentaires pour sa mise en œuvre. La proposition comprend un compte rendu sur la mise en œuvre du programme de travail annuel de 2004 et les détails du programme de travail annuel de 2005, ci-joint. Le tableau ci-dessous résume le plan sectoriel et le programme de travail annuel de 2005.

Pays	Inde
Titre du projet	Élimination de la consommation et de la production de tétrachlorure de carbone en Inde
Année du plan	2005
Nombre d'années écoulées	2
Nombre d'années restant au plan	5
Consommation en 2004 (valeur de référence)	11 505 tonnes PAO
Consommation en 2005	1 726 tonnes PAO
Production en 2004 (valeur de référence)	11 553 tonnes PAO
Production en 2005	1 726 tonnes PAO
Montant total approuvé, en principe, pour le plan d'élimination du tétrachlorure de carbone	52 000 000 \$US
Montant total décaissé en date de décembre 2004	21 900 955 \$US
Niveau de financement demandé pour le plan annuel de 2005	8 099 046 \$US

3. Il y a trois producteurs de tétrachlorure de carbone au pays. En Inde, le tétrachlorure de carbone est utilisé comme agent de transformation et comme solvant. Le tétrachlorure de carbone est utilisé comme agent de transformation pour le caoutchouc chloré et la paraffine chlorée, et dans les industries pharmaceutiques et agricoles. Le tétrachlorure de carbone est utilisé comme solvant dans les industries du textile et du vêtement, du nettoyage du métal et comme solvant chimique.

4. Plusieurs agences d'exécution travaillent au programme de l'Inde et sont affectées aux différents secteurs du programme. La Banque mondiale est l'agence d'exécution principale. Elle est responsable de l'élimination de la production et de la consommation de tétrachlorure de carbone dans les secteurs des agents de transformation et des solvants chimiques. Le Japon a communiqué avec le PNUD afin de collaborer à l'élimination du tétrachlorure de carbone dans quatre entreprises de nettoyage de métal. La France et l'Allemagne aideraient les petits utilisateurs des industries du textile et du vêtement à cesser leur consommation de tétrachlorure de carbone.

Programme de travail de 2004

5. En 2004, le gouvernement de l'Inde a mis en œuvre plusieurs activités d'orientation liées au plan sectoriel du tétrachlorure de carbone. Il a commencé à enregistrer les producteurs, les importateurs et les exportateurs de tétrachlorure de carbone, et a terminé le processus d'enregistrement en décembre. Il a envisagé de limiter les importations de tétrachlorure de carbone à des fins non réglementées tout en continuant à autoriser les importations de tétrachlorure de carbone aux fins d'utilisation comme matière première. Le gouvernement de l'Inde a décidé d'imposer des quotas de tétrachlorure de carbone produit et vendu à des fins autres que comme matière première et de commencer à appliquer cette politique au cours du premier trimestre de 2005. Il interdirait également l'utilisation du tétrachlorure de carbone dans la fabrication de caoutchouc chloré et de paraffine chlorée en 2005.

6. L'accord ne comprenait aucun objectif pour 2004. Le rapport sur le programme de travail de 2004 expliquait le travail préliminaire qui avait été fait pour lancer les activités d'élimination dans les différentes agences.

7. La Banque mondiale a signé l'accord de subvention avec l'intermédiaire financier et l'accord du projet avec le gouvernement de l'Inde, établissant ainsi le fondement juridique pour le déroulement du projet au pays. Des réunions ont eu lieu avec les trois producteurs de tétrachlorure de carbone afin de déterminer la répartition des quotas et de la subvention entre eux. L'Unité nationale d'ozone (UNO) a informé les producteurs de la nécessité d'emmagasiner le tétrachlorure de carbone afin de répondre à la demande de 2005 et de 2006, et du projet du gouvernement de vérifier leurs stocks à la fin de l'année.

8. Le Japon et le PNUD ont participé à deux missions afin de visiter les quatre usines et aider à l'élimination du tétrachlorure de carbone pour le nettoyage du métal. Des discussions ont eu lieu avec les gestionnaires de l'usine sur des questions administratives et techniques, et les caractéristiques techniques des nouveaux produits de dégraissage du métal ont été convenues. Un appel d'offres international a été lancé pour l'achat de l'équipement.

9. Le GTZ est l'agence d'exécution de la France et de l'Allemagne. Il aide les petites entreprises des industries du textile et du vêtement. Pour joindre les utilisateurs, le GTZ a entrepris des activités de sensibilisation et a distribué des feuillets en anglais et dans la langue locale dans 18 grands centres des industries du textile et du vêtement. Le GTZ a aussi collaboré avec le comité du textile du ministère du Textile afin de contribuer à la mise en œuvre du programme.

10. Au même moment, le comité de gestion du projet était formé et un système de gestion de l'information a été mis en œuvre. Le système de gestion de l'information avait pour objet de réunir toutes les données pertinentes sur les producteurs et les consommateurs de tétrachlorure de carbone, et d'aider à la surveillance continue de la mise en œuvre du plan sectoriel. Le gouvernement a mené une campagne d'enregistrement des utilisateurs de tétrachlorure de carbone afin de recueillir des données sur ces utilisateurs.

11. Le rapport sur le programme de travail contient une présentation par onglets sur les activités d'assistance technique menées en 2004 précisant le nom de l'activité, les objectifs, le groupe cible, les incidences et l'état de la mise en œuvre. Le rapport sur les dépenses de 2004 a fait état d'un engagement total de 2 millions \$US par rapport à un montant total approuvé par le Fonds de 21 millions \$US.

Programme de travail de 2005

12. En vertu du calendrier de réglementation du Protocole de Montréal et des objectifs établis dans l'accord d'élimination sectoriel, l'Inde doit réduire sa production de tétrachlorure de carbone de sa valeur de référence de 11 553 tonnes PAO à 1 726 tonnes PAO, et sa consommation de sa valeur de référence de 11 505 tonnes PAO à 1 726 tonnes PAO, en 2005.

13. Le gouvernement prévoit utiliser plusieurs mesures pour faciliter la mise en œuvre du programme de travail annuel de 2005. Il utiliserait les quotas de production imposés aux utilisations non réglementées pour contrôler la production de tétrachlorure de carbone. Il imposerait aussi l'enregistrement des utilisateurs de tétrachlorure de carbone, des ordres administratifs pour limiter l'utilisation, la revente et le transfert du tétrachlorure de carbone, et l'enregistrement des importations de tétrachlorure de carbone à des fins autres que l'utilisation comme matière première, afin de contrôler la consommation.

14. En ce qui concerne les mesures de l'industrie pour réduire la consommation de tétrachlorure de carbone, l'accent serait mis sur l'élimination du tétrachlorure de carbone chez quatre grands utilisateurs pour le nettoyage du métal, afin d'atteindre le niveau de réduction nécessaire, tout en maintenant les programmes de rayonnement du GTZ qui permet de joindre les plus petits utilisateurs. L'élimination chez les petits utilisateurs ne serait réalisée que dans les années ultérieures. La réduction de la consommation de tétrachlorure de carbone en 2005 par rapport à la consommation réelle en 2001 est indiquée dans le tableau ci-dessous :

Secteur	Consommation en 2001 (1)	Consommation en 2005 (2)	Réduction (1)-(2)	Nombre de projets achevés
Agents de transformation	1 916	860	1 056	
Solvants	4 745	866	3 879	4
Total	6 661	1 726	4 935	4

15. Le comité de gestion du projet devrait fonctionner à capacité en 2005 et fera appel aux services d'une firme-conseil pour traiter les demandes des utilisateurs de tétrachlorure de carbone qui font une demande d'appui financier pour éliminer leur consommation de tétrachlorure de carbone. Entre temps, le GTZ continuerait sa campagne pour joindre les petits utilisateurs et a prévu plusieurs activités, notamment la tenue d'ateliers de préparation de projets, la recherche et l'essai de nouveaux produits de remplacement, la tenue de séances de formation sur les nouveaux produits de remplacement, et autres activités.

16. Afin de coordonner les diverses agences, le comité de gestion du projet organiserait des réunions interagences et mènerait des essais de vérification de la production et de la consommation de tétrachlorure de carbone fondés sur le cadre de vérification créé par la Banque mondiale en collaboration avec le gouvernement. La première vérification officielle serait effectuée par la Banque mondiale au début de 2006.

17. La Banque mondiale demande une somme de 8 099 045 \$US et des coûts d'appui de 714 928 \$US pour le programme de travail de 2005. La répartition entre la Banque mondiale et les agences bilatérales serait de 3 899 046 \$US plus des coûts d'appui de 292 427 \$US pour la Banque mondiale; 1 000 000 \$US plus des coûts d'appui de 85 000 \$US pour la France; 700 000 \$US plus des coûts d'appui de 57 500 \$US pour l'Allemagne; et 2 500 000 \$US plus des coûts d'appui de 280 000 \$US pour le Japon. Le budget de 2005 serait réparti entre les activités d'élimination industrielle pour le nettoyage du métal, l'industrie du textile et la production de tétrachlorure de carbone, et le soutien au comité de gestion de projet.

Observations du Secrétariat

18. Le gouvernement de l'Inde, la Banque mondiale et les autres agences de coopération ont mis en œuvre plusieurs activités en 2004 afin de faire avancer le programme d'élimination sectorielle du tétrachlorure de carbone. Le rapport périodique révèle que tous les travaux préparatoires ont été faits et que le cadre juridique a été établi. Il est à souhaiter que ces travaux préparatoires permettront aux agences de lancer la mise en œuvre à plein régime en 2005 car le programme de travail annuel de 2005 joue un rôle déterminant dans la capacité du gouvernement de l'Inde de réduire sa production et sa consommation de tétrachlorure de carbone de 85 pour cent en vertu du calendrier de réglementation du Protocole de Montréal pour la production et la consommation de tétrachlorure de carbone, et de réaliser les objectifs mis de l'avant dans l'accord. Le défi est de taille car l'Inde devra réduire sa consommation de tétrachlorure de

carbone de sa valeur de référence de 11 505 tonnes PAO à 1 726 tonnes PAO, et sa production de sa valeur de référence de 11 553 tonnes PAO à 1 726 tonnes PAO.

19. Les politiques habilitantes proposées par le gouvernement et le système de surveillance prévu dans le plan sectoriel ont été pris en note. Les premiers résultats du programme sont prévus en 2006, lorsque la Banque mondiale remettra son premier rapport de vérification de la mise en œuvre du programme de travail de 2005, préparé à partir du cadre de vérification créé par la Banque mondiale.

Recommandations

20. Le Comité exécutif pourrait souhaiter approuver le programme de travail de 2005 du plan sectoriel du tétrachlorure de carbone de l'Inde au niveau total de 8 099 045 \$US plus les coûts d'appui de 714 927 \$US. La répartition entre la Banque mondiale et les agences bilatérales est de 3 899 046 \$US plus les coûts d'appui de 292 428 \$US pour la Banque mondiale, 1 000 000 \$US plus les coûts d'appui de 85 000 \$US pour la France, 700 000 \$US plus les coûts d'appui de 57 500 \$US pour l'Allemagne et 2 500 000 \$US pour les coûts d'appui de 280 000 \$US pour le Japon.

ÉLIMINATION GRADUELLE DU SECTEUR DE LA PRODUCTION DE CFC : PROGRAMME ANNUEL DE MISE EN ŒUVRE DE 2005

Contexte

21. La Banque mondiale propose à la 45^e réunion du Comité exécutif, aux fins d'approbation, son programme annuel de mise en œuvre de 2005 pour la mise en œuvre du programme d'élimination graduelle du secteur de la production de CFC en Inde, de même que le rapport de vérification de la mise en œuvre du programme de travail annuel de 2004 (les deux documents sont joints aux présentes). Cette proposition est conforme à l'accord entre le gouvernement de l'Inde et le Comité exécutif, conclu à la 29^e réunion.

Pays	Inde
Titre du projet :	Élimination graduelle du secteur de la production de CFC
Année du plan	2005
Nombre d'années écoulées	6
Nombre d'années restant au plan	6
Plafond de la production de SAO en 2004 (en tonnes), plan annuel de 2004	13 176 tonnes
Plafond de la production de SAO en 2005 (en tonnes), plan annuel de 2005	11 294 tonnes
Financement total approuvé, en principe, pour le plan d'élimination des CFC	82 millions \$US
Financement total décaissé en date de décembre 2004	52 millions \$US
Niveau de financement demandé pour le plan annuel de 2005	5,85 millions \$US

Programme de travail de 2005

22. Le programme de travail annuel de 2005 débute par un examen de la mise en œuvre du programme de travail de 2004. L'examen révèle la réalisation de l'objectif de réduction des CFC de 2004 : la production maximum permise de CFC au pays pour 2004 était fixée à 13 176 tonnes en vertu de l'accord (une réduction de 1 883 tonnes par rapport au niveau de production de 15 058 tonnes en 2003), la production brute rapportée a été de 13 155 tonnes et la production nette vendable a été de 13 069 tonnes pour l'année. Ces deux résultats sont inférieurs à l'objectif. La somme de 5,265 millions \$US sur les 6 millions \$US décaissés par la Fonds pour le programme de 2004 a été versée à quatre entreprises selon des tranches correspondant aux progrès obtenus dans la réalisation de l'objectif de réduction établi pour chacune de ces entreprises, et le solde de 0,585 million \$US sera décaissé après la vérification finale de la production de 2004. La somme de 0,27 million \$US, qui comprend vraisemblablement 0,15 million \$US du programme de travail de 2004, plus le solde des programmes de travail antérieurs, aurait été remise au PNUE pour de l'assistance technique. Plusieurs activités ont été mises en œuvre dans le cadre des programmes d'assistance technique et des systèmes de gestion

de l'information, dont les efforts de collaboration régionaux de l'Inde et des pays avoisinants dans le but de contrôler le trafic illicite des CFC. Des discussions ont eu lieu avec ces pays sur la tenue de séances de formation conjointes des agents de douane aux frontières, et l'Inde a reçu la liste des importateurs autorisés des pays avoisinants afin de vérifier les importations non autorisées dans ces pays.

23. La deuxième partie de la proposition décrit les objectifs et les activités du programme de travail de 2005. Le niveau de production maximal établi dans l'accord pour l'année 2005 est de 11 294 tonnes, ce qui exige une nouvelle réduction de 1 882 tonnes par rapport aux 13 176 tonnes de 2004. L'objectif sera réalisé en maintenant le système des quotas de production de CFC. Des quotas de 11 293,97 tonnes ont été répartis entre les quatre producteurs, et le gouvernement a été informé qu'en vertu de la décision 43/5 du Comité exécutif, le niveau de production de CFC de 2005 sera vérifié à partir de la production brute et non de la production nette vendable.

24. Les efforts seront aussi maintenus afin de surveiller les importations et les exportations de CFC au moyen de permis, d'aider l'industrie et le gouvernement à contrôler le commerce illicite, et de collaborer avec le programme régional afin de contrôler la contrebande de CFC. De plus, le programme de travail précise les activités d'assistance technique qui seront exécutées en 2005, à savoir la formation, l'exploitation d'un système de gestion de l'information et des activités de sensibilisation du public. La Banque mondiale demande le décaissement de 5,85 millions \$US des 6 millions \$US alloués à 2005 pour payer les quatre entreprises afin qu'elles réduisent davantage leur production de CFC. Les 0,15 million \$US restants, affectés à l'assistance technique, seront demandés en 2006 car il existe encore une réserve accumulée assez importante pour les activités d'assistance technique à financer en 2005. La Banque mondiale demande la somme de 438 750 \$US en coûts d'appui connexes, lesquels représentent 7,5 pour cent du programme de travail de 2005.

Rapport de vérification de la production de 2004

25. La vérification a été effectuée en janvier 2005 par Det Norske Veritas AS (DNV) India, une entreprise conseil en gestion des risques spécialisée en audits et en vérifications dans le domaine du changement climatique, et le meilleur organe accrédité qui soit pour la vérification et la validation des exigences en vertu du Protocole de Kyoto. Le rapport de vérification débute par un sommaire analytique sur les résultats généraux de la vérification, contenant de l'information sur les quotas de 2004, les stocks de CFC à l'ouverture, la production brute, les pertes, la production nette vendable, les stocks achetés, les ventes, les stocks à la fermeture et le pourcentage du quota produit par chacun des quatre producteurs, de même que les totaux nationaux. La production brute de CFC en Inde en 2004 a été vérifiée à 13 155 tonnes et la production nette vendable a été de 13 069 tonnes. La perte rapportée a été de 86 tonnes. La vérification conclut donc que l'Inde a respecté l'objectif de production de 13 174 tonnes pour l'année 2004, précisé dans l'accord.

26. Le rapport comprend une courte explication du contexte entourant l'accord sur la fermeture de la production de CFC entre l'Inde et le Comité exécutif, les technologies de production utilisées par les quatre producteurs et la capacité des quatre producteurs à passer à la production de HCFC-22. Il explique également la méthode de vérification, qui comprend des

visites des lieux et une vérification aléatoire des dossiers pertinents couvrant au moins 5 jours afin de confirmer la conséquence des résultats rapportés. Les rapports de production et les dossiers des laboratoires et analytiques ont été corroborés pour la période d'échantillonnage afin de déterminer si les dossiers sont maintenus selon les normes pour les produits fabriqués. Des échantillons des stocks existants ont été prélevés aux fins d'analyse des chromatographes en phase gazeuse. L'équipe de vérification s'est aussi entretenue avec les employés des usines.

27. Le rapport présente ensuite les observations et les résultats des visites à chaque usine. Il fournit, pour chaque usine, un aperçu de l'historique et de la technologie de l'usine; la méthode de vérification; les détails de la production de 2003 et de 2004 pour les quotas accordés; les dates de production de CFC et, dans certains cas, de HCFC-22, de production de CFC-11 et de CFC-12, de même que le pourcentage du quota réalisé; la consommation de matières premières et le taux d'intrants/sortants par rapport à la consommation de matières premières et la production de CFC; les pertes rapportées, et des conclusions sur l'état de la conformité par rapport aux quotas alloués.

28. Enfin, le rapport fournit les résultats de la vérification en se fondant sur le mode de vérification de l'élimination de la production de SAO, qui comprend la ventilation des données par mois selon le nombre de jours de production, la consommation de matières premières et les tonnes de CFC produits.

OBSERVATIONS ET RECOMMANDATIONS DU SECRÉTARIAT

OBSERVATIONS

Programme annuel de 2005

29. La proposition comprend un objectif de production de CFC précis conforme à l'objectif établi dans l'accord et des instruments d'orientation pour contribuer à sa réalisation. Les efforts se poursuivent pour contrôler les importations et les exportations de CFC par le biais de permis. Il faut prendre note que le programme de travail de 2005 tient compte d'une collaboration entre l'Inde, en tant que pays producteur de CFC, et les pays avoisinants, afin de contrôler le trafic illicite de CFC dans la région.

30. Le programme de travail annuel de 2005 est très important car ses résultats fourniront les assises pour déterminer la conformité de l'Inde à l'objectif de réduction de 50 pour cent de la production de CFC en 2005, en vertu du Protocole de Montréal. Nous avons constaté que le gouvernement de l'Inde gèrera et vérifiera également la production de CFC en 2005 à partir de la production brute, conformément à la décision 43/5 du comité exécutif.

Rapport de vérification de la production de 2004

31. La vérification de la production de 2004 par la Banque mondiale révèle des améliorations marquées au chapitre des détails fournis et donc, une plus grande transparence. C'est le cas, notamment, pour les données fournies dans trois des quatre entreprises, à savoir Gujarat, Navin et Chemplast. À titre d'exemple, la vérification a précisé non seulement le nombre de jours de

production de CFC et de HCFC par rapport au nombre total de jours de production dans le mois, mais aussi la durée, depuis la date du début de la production jusqu'à la date de la fin de la production, chaque mois.

32. Le Secrétariat, selon sa pratique habituelle de fournir de l'information au Comité exécutif sur la vérification de la production de SAO, n'a pas inclus la section sur les données du rapport de vérification. Cependant, ces données peuvent être mises à la disposition de tout membre du Comité exécutif qui en fait la demande.

RECOMMANDATIONS

33. Le Secrétariat a déterminé qu'à la lumière de la vérification satisfaisante, l'Inde a réalisé l'objectif de production de CFC pour 2004 établi dans l'accord. Par conséquent, le Comité exécutif pourrait souhaiter approuver le programme annuel de 2005 du programme de fermeture de la production de CFC en Inde au niveau de financement demandé de 5,85 millions \$US et les coûts d'appui connexes de 438 750 \$US pour la Banque mondiale, et conserver les 0,15 million \$US de la tranche de 2005 et les coûts d'appui connexes, aux fins de décaissement en 2006.

**INDIA - PHASE-OUT IN CONSUMPTION
AND PRODUCTION OF CTC**

**DRAFT
2005 ANNUAL IMPLEMENTATION PLAN**

**OZONE CELL
MINISTRY OF ENVIRONMENT AND FORESTS
STATE GOVERNMENT OF INDIA**

AND

THE WORLD BANK

27 January 2005

**India CTC Phase-out in Consumption and Production
2005 Annual Implementation Plan
Submitted to the 45th Executive Committee Meeting**

DATA SHEET

COUNTRY:	INDIA
PROJECT TITLE:	Phase-out in Consumption and Production of CTC
YEAR OF PLAN:	2005
NO. OF YEARS COMPLETED:	1 (2004)
NO. OF YEARS REMAINING UNDER THE PLAN:	5 (2005 – 2009)
TARGET CTC CONSUMPTION IN 2004:	N.A.
TARGET CTC PRODUCTION IN 2004:	N.A.
TARGET CTC CONSUMPTION IN 2005:	1,726 ODP tons
TARGET CTC PRODUCTION IN 2005:	1,726 ODP tons
TOTAL FUNDING APPROVED IN PRINCIPLE FOR THE CTC PHASEOUT PLAN	US\$ 52,000,000
TOTAL FUNDING RELEASED AS OF DEC.2004	US\$ 21,900,955
LEVEL OF FUNDING REQUESTED FOR 2005 ANNUAL PLAN;	US\$ 8,813,973 (US\$ 4,191,473 for World Bank; US\$ 1,085,000 for France; US\$ 757,500 for Germany; and US\$ 2,780,000 for Japan)
NATIONAL IMPLEMENTING AGENCY:	Ozone Cell Ministry of Environment and Forests
LEAD IMPLEMENTING AGENCY:	The World Bank
CO-IMPLEMENTING AGENCIES:	France, Germany and Japan

PROJECT SUMMARY

The CTC Sector Plan will completely phase out CTC consumption and production as defined by the Montreal Protocol, starting from the baseline levels of 11,505 and 11,553 ODP tons respectively, during the period 2004 – 2010. To achieve these targets, a series of investment, non-investment, technical assistance, and capacity building activities will be implemented by the World Bank and bilateral donors: France, Germany, and Japan.

IMPACT OF PROJECT ON COUNTRY'S MONTREAL PROTOCOL OBLIGATIONS The project will enable the Government of India to meet its Montreal Protocol obligations.

Part I

2004 Annual Program Accomplishments

A. Targets Met

There were no targets or limits for CTC consumption and production for 2003 and 2004. .

B. Industry Action

The CTC Phase-out Plan consists of investment and non-investment activities in both the consumption and production sectors. Activities in the consumption sector entail CTC phase-out in the process agents sector, and the solvent sector. The process agents sector consists of chlorinated rubber, chlorinated paraffin, pharmaceutical, and agro-industry sub-sectors. The solvent sector covers the textile and garment industry, metal cleaning industry, and chemical solvents sub-sectors.

In addition to the CTC phase-out in the production sector, activities under the process agents sector and chemical solvents will be implemented through the World Bank. Japan, through UNDP, is assigned to assist India to phase out CTC consumption at four enterprises in the metal cleaning sub-sector. France and Germany are assigned to assist India phasing out CTC consumption at small enterprises in the textile and metal cleaning sub-sectors.

The Project Agreement between India and the Bank and the Grant Agreement with the financial intermediary, Industrial Development Bank of India Limited (IDBI) were signed in New Delhi on December 10, 2004. The project launch mission was carried out from September 27 – October 1, 2004. For other co-implementing agencies, implementation arrangements are already in place as well.

A ‘quick-start’ project implementation strategy was adopted by the Ozone Cell during project preparation. The objective of this strategy is to enable actual project implementation to proceed immediately after the signing of the Grant Agreement. Based on this strategy, two consumption sector workshops were held in 2004. Enterprises were informed of the eligibility criteria, procedures, and other requirements for accessing grant resources provided by the Multilateral Fund. In addition, the enterprises were informed of activities being undertaken by other co-implementing agencies. Enterprises are allowed to participate in this project through different agencies.

Two separate missions were undertaken jointly by UNDP staff, solvent sector experts and a Japanese technical expert nominated by Japan’s Ministry of Economic, Trade and Industry (METI) in April and October 2004 to visit plant sites of the four large CTC-consuming enterprises (Steel Authority of India Limited, Western Engineering, Nissan Copper, and Hindustan Metal and Tube) in the metal cleaning sub-sector. Ten plants owned by these four enterprises were visited by the missions. These included six of the nine plants (Bhilai Steel Plant, Bokaro Steel Limited, Durgapur Steel Plant, Indian Iron & Steel Company, Rourkela Steel Plant, and Salem Steel Plant) of the Steel Authority of India Limited (SAIL), two plants (New Delhi and Srinagar) of Western Engineering Co., one plant each of Nissan Copper Pvt. Ltd, and Hindustan Metal and Tube. The remaining three plants (Alloy Steels Plant,

Maharashtra Elektros melt Limited, and Visvesvaraya Iron and Steel Limited) of SAIL had no longer consumed CTC as a solvent and were, therefore, not visited.

During the two missions, administrative, management and technical issues were discussed between mission members and the technical and managerial personnel of these plants on the implementation of replacement activities to eliminate the consumption of CTC in their cleaning applications with non-ODS solvents. Data on CTC consumption was verified, information on current production and cleaning applications was gathered and the requirements for cleanliness standards and equipment specifications were discussed. Draft equipment specifications were prepared, discussed and verified in October 2004. Based on comments and clarifications of the four enterprises, equipment specifications were revised for the bidding process.

International competitive bidding for 4 packages of different equipment, ancillary equipment, accessories and consumables required by the enterprises were sent out to short-listed bidders on 22 November 2004. Bid evaluation is currently underway for the vapor/spray degreasers and it is expected that the necessary internal procurement procedures will be completed by end of January 2005 to enable the issuance of purchase orders for the degreasers.

Due to the non-response to some bids for ancillary equipment, accessories and consumables, a re-bidding, with the addition of new potential bidders to be identified, will be re-issued in mid-January 2005 for the three packages.

As of the end of 2004, a total of \$34,216 was disbursed for technical assistance provided to the project. Since procurement of the cleaning equipment, which accounts for the bulk of project expenditures, will take place in 2005.

GTZ was assigned to undertake activities on behalf of Germany and France for CTC phase-out in small-scale enterprises in the textile and garment, and metal cleaning sub-sectors,. In 2004, awareness activities were conducted to inform the concerned industries of the availability of funds provided by the Multilateral Fund to support the introduction of CTC alternative in these sectors. The focus of GTZ's efforts in 2004 was in the textile and garment sub-sector. As part of the awareness activities, an awareness pamphlet to inform the concerned industries of the CTC Phase-out Plan and relevant information on CTC was produced in Tamil and English languages. These pamphlets were distributed through the Textiles Committee in 18 major textile industry locations throughout India.

For the production sector, two meetings with the three active CTC producers were held in 2004. The three producers informed that they had informally reached an agreement regarding the production quota and the sharing of the grant funds from the Multilateral Fund. This agreement could be formalized as soon as the funding level to be allocated to the CTC production sector is determined by the Government of India.

The Ozone Cell informed the CTC producers of the need to stockpile some CTC in 2004 in order to meet the residual demand in 2005 and 2006 before conversion processes in the manufacturing sectors are completed. In addition, the Ozone Cell officially informed the CTC producers and CTC feedstock users of the Government's plan to undertake verification of end of year inventories.

C. Technical Assistance

Project Management Unit (PMU)

Terms of reference for the PMU and its organization and management framework have been finalized. However, due to the delay in the signing of the Grant Agreement and the replacement of the Director of the Ozone Cell, establishment and appointment of PMU staff was not completed in 2004 as planned.

To facilitate implementation of the quick-start strategy and other preparation work, the Director of the Ozone Cell with the assistance of the PMU Coordinator of the CFC Production Phase-out Project, undertook the role of the CTC PMU Coordinator on an interim basis. A number of workshops and policy related activities were carried out in 2004. The draft project implementation manual describing detailed operation procedures for the CTC Phase-out Plan was prepared. The procedures related to activities in the consumption sector have been completed. The procedures related to the production sector will be completed in 2005 when the verification system is finalized.

The appointment of a consulting firm to assist the PMU to verify CTC consumption of beneficiaries in the consumption sector was completed in 2004. This consulting firm will undertake technical verification of sub-project proposals submitted by participating enterprises in early 2005.

In addition, a new project manager responsible for the implementation of the German bilateral ozone protection activities in India was appointed. He will take up his responsibility in January 2005. A PMU Coordinator for the GTZ-Proklima implemented project components was also selected in 2004. The PMU Coordinator will take up his assignment in January 2005. The PMU Coordinator will report directly to the GTZ Project Manager.

Development and Implementation of a Public Outreach Program

A CTC Users Registration Drive was conducted in 2004. The period of registration of ODS users as required by the Ozone Rules (2000) was reopened in 2004. This registration drive ended on 31 December 2004. The objectives of this public outreach activity were to identify CTC users in India, to inform CTC users of the phase-out requirements as per the Montreal Protocol and as per the phase-out targets stipulated in the agreement of this project, to inform CTC users and producers of the availability of grant funds from the Multilateral Fund to support CTC phase-out activities.

As part of this campaign, a series of announcements were made in the local newspapers throughout India from October until 20 December 2004. The local government offices were responsible for issuing registration certificates to CTC users during this period. While the Ozone Rules require all CTC users to register their consumption with the Government, this registration drive, however, aimed at larger users.

For smaller CTC users, the outreach program was done through awareness pamphlets prepared by GTZ. The awareness pamphlets were prepared in Tamil and English languages and were distributed through the Textiles Committee in 18 major textile industry locations throughout India as mentioned previously.

An in-depth industry survey was also conducted in 2004. This survey focused on the textile industry in the Southern India. Activities covered under this survey included:

1. Exploration of textile and garment industry in selected sectors and understanding of industry needs as regards CTC usage.
2. Dissemination of information on awareness of the problems resulting from the use of CTC.
3. Dissemination of information on implications of CTC-related regulations
4. Industry survey to gather information on CTC usage in the garment industry
5. Identification of suitable alternatives to CTC already used by industry or available on the market
6. Laboratory testing of potential alternatives to CTC as stain removers
7. Conducting industry seminars to assist the industry in managing the change-over
8. Capacity building through training and process improvements on de-staining processes using CTC alternatives
9. Development of more cost effective de-staining stations
10. Promoting good industrial practices.

To accomplish these tasks at the level of the small and medium industries (SMIs), GTZ has entered into collaboration with the Textiles Committee of the Ministry of Textiles – an autonomous body working closely with the textile industry for both quality compliance certification and up-gradation. This collaboration has enabled the project to establish technical and logistic support to achieve the tasks listed as 1, 2 and 4.

In close collaboration with the Textiles Committee tasks 5, 6 and 7 are in progress. The first series of testing of about 30 alternatives has been completed. The first seminar to announce the results and gather additional information took place on 28 December 2004. At least two more seminars will be held in that segment. The experience shall then be adapted and replicated for other sub-sectors of textile industry across the country. Preliminary information gathered through the cluster development agents of Textiles Committee shall be use to define further steps.

Objectives 8, 9 and 10 are in the planning phase. The experience gathered till the end of 2004 will pave the way for its formalization.

Development of a Management Information System

Given the importance of monitoring and verification in the context of the performance-based nature of the project, the development and deployment of a management information system (MIS) based on both periodic and event-triggered data input from project beneficiaries, as well as from the Ozone Cell/PMU, IDBI, the Bank and other relevant parties, is critical to the successful implementation of the project. The MIS would support regular implementation progress reporting and ad-hoc analysis, as and when required. A more detailed Technical Note on data management aspects of the project was developed in 2004.

Discussions with CTC consumers, producers and Ozone Cell/PMU held in 2004, covered a wide range of issues pertaining to project implementation, including issues specific to the design and implementation of the MIS. Project participants that met in Mumbai at a meeting

arranged by the Indian Chemical Manufacturers Association (ICMA) expressed a strong desire for a web-enabled MIS, both to facilitate data entry and forms submission, and to facilitate timely feedback from the center, on the status of their subproject, specifically with respect to approvals, allocations, and the status of disbursement requests. Accordingly, it is proposed to design the MIS and its supporting database for web-based data entry and reporting, supplemented as necessary with paper forms.

The initial analysis suggests that the database can be implemented using a conventional relational database management system (RDBMS). Such an approach requires a more specialist skill set for design and implementation, but has the advantage of easier maintenance, and is by design better oriented toward the making of ad-hoc relational queries, and to sorting the data in interesting ways. RDBMS solutions are also well oriented to web-based implementation and access. Therefore, as the fundamental system design decision, it is proposed to use an RDBMS.

Regarding the hardware/software platform, initial analysis suggests that, for a small database such as is contemplated, MySQL, a free open source RDBMS, appears to be the one of choice. For web-based access, there is a range of choices for the middle-ware software scripting languages for generating the web forms and web reports, but the emerging software of choice for this purpose appears to be PHP, a general-purpose scripting language suitable for web development that allows for server-side access to a database such as MySQL. To use the current term of art, the solution proposed is LAMP, for Linux operating system, Apache web server, MySQL database, and PHP web scripting middle-ware.

The draft version of this database system will be ready in the first quarter of 2004. The final version of this database system will be launched by the Ozone Cell/PMU by April 30, 2005. A dry run verification of CTC consumption and production for 2004 will be carried out by third quarter of 2005.

In parallel, GTZ also developed an MIS system focusing on the small scale users of CTC. The effort is being made to ensure that the MIS being developed by the Ozone Cell/PMU, with the assistance from the Bank, would be able to link to the system developed by GTZ.

Status of technical assistance activities initiated and carried out by GTZ in 2004 is summarized below.

Summary of Technical Assistance Activities Carried Out in CY04

No.	Accomplished Activity	Objective	Target Group	Impact	Status
1	Preliminary survey in Tirupur / Coimbatore				
2	Identification of industry / association partner	Direct access and action at grass root level and support testing of alternatives Awareness creation Facilitate information exchange with concerned industry	Garment and Textile industries and finishing houses across the country if possible All textiles industry in the south and across the country All textile industries	Direct access to the industries Preliminary sensitization to problems with CTC Accessibility to information	The Textiles Committee was identified as the most suitable partner having the needed technical expertise and enjoying the trust and confidence of the textile industry as a reliable partner.
3	Information dissemination				5000 handouts in Tamil and 5000 handouts in English disseminated through the offices of Textiles Committee in Tamil Nadu and across the country, respectively.
4	Setting up of information centre through communication link and website				Telephone, e-mail and website address disseminated through the awareness handout.
5	Setting up of web-site	For information dissemination on current status and the progress	All interested parties	Easy access to information	The web site was established and is being updated periodically

6	Survey on use of alternatives				
7	Testing of alternatives	Identifying most suitable alternatives Consolidate survey data	All industries surveyed	Identification of suitable CTC alternative for industry Awareness of availability of CTC alternatives	<p>29 alternatives have been tested in collaboration with the Textiles Committee. Two types of tests have been carried out :</p> <ol style="list-style-type: none"> 1. Assessment of chemical contents to ensure that the solvent is free of any ODS, 2. Assessment of stain removing efficacy and determination of cost effectiveness. <p>The concluding results were presented to the industry during the first consultative seminar and published on the web-site.</p>
8	Development of MIS				<p>MIS was set up and an initial survey of more than 50 industries is being consolidated. Additional data collection expected during the forthcoming seminars will also be included.</p> <p>MIS was also designed to consolidate results of the CTC alternatives efficacy testing.</p>
9	Gathering preliminary information on textile segments across the country				
10	Consultative workshop	Share information about test results and gather further data on usage of CTC or alternatives.	All textiles industries	Awareness of availability of CTC alternatives	<p>First workshop was held on 28 December 2004. Presentation of test results for CTC alternatives along with demonstration of the use of selected alternatives by the industry were part of the agenda. Additional data were collected from the participants.</p> <p>At least two additional workshops are planned for the beginning of 2005.</p>

11	Preparation of seminar package				
12	Preparation of training package to conduct de-staining without CTC through good industrial practices	Disseminate know-how on the use of CTC alternatives Increase cost effectiveness of de-staining process Objective	All concerned industries All concerned industries Target Group	Phase out of CTC through adoption of suitable alternatives Phase out of CTC through adoption of suitable technologies Impact	Currently at planning stage: Determination of suitable routes to disseminate information and know-how to concerned industries, e.g. through training programs, various media, etc.
13	Further development and adaptation of currently used de-staining equipment				Currently at planning stage: simple equipments have been identified and will be further developed that enable industries to conduct their de-staining activities in a more rational and economical way.
No.	Accomplished Activity				Status
3	Information dissemination				5000 handouts in Tamil and 5000 handouts in English disseminated through the offices of Textiles Committee in Tamil Nadu and across the country, respectively.
4	Setting up of information centre through communication link and website				
5	Setting up of web-site	For information dissemination on current status and the progress	All interested parties	Easy access to information	The web site was established and is being updated periodically

D. Summary of Government Actions Taken in 2004

Agreements between the Government of India and Bilateral Agencies – Arrangements between the Government of India and bilateral agencies were finalized in 2004. The final draft tripartite agreement for the Government of India, AFD and GTZ is awaiting for the signature of the Government of India. Implementation by bilateral agencies (in case of Japan implementation is carried out by UNDP) started in 2004.

Grant Agreement between the Government of India and the World Bank – The Project Agreement for the CTC Phase-out Plan was signed on December 10, 2004. The grant agreement was signed between Industrial Development Bank of India (IDBI) and the World Bank on the same day. In addition, an associated project agreement between Ministry of Environment and Forests and the Bank was also signed on the same date.

Verification Framework – The framework prepared by India and the World Bank was submitted for the consideration of the Executive Committee in 2004. The Executive Committee took note of the verification framework as submitted by India and the World Bank and requested that the final verification framework be submitted to the Executive Committee when it is completed.

Registration of CTC Producers, Importers, and Exporters – Registration of ODS users was reopened until December 31, 2004. Only registered users and producers of CTC will be eligible for assistance under the project and for issuance of production and/or consumption quotas. This registration drive aimed at large and medium scale enterprises consuming or producing CTC. The registration drive completed in 2004. The Ozone Cell/PMU is in the process of compiling registration information coming from local government authorities.

Import Quota System for CTC – In 2004, the current import control system for CTC was reviewed. While import of CTC for feedstock applications will continue, any imports for applications controlled by the Montreal Protocol will be prohibited. As an import control system has direct linkage to the monitoring and verification system, the measures for restricting imports of CTC for non-feedstock applications would have to fit in with the monitoring and verification system, which is under development. This activity will be completed in 2005.

CTC Production Quota System – The Ozone Cell/PMU worked with CTC producers and the Association of Chloromethane Manufacturers (ACM) in 2004 to develop a production quota system for CTC production for non-feedstock applications. The production quotas for 2005 will be given to CTC producers during the first quarter of 2005. In 2004, the Ozone Cell/PMU also worked closely with CTC producers in order to build up a stockpile of CTC for non-feedstock applications in 2005 and 2006. The Ozone Cell/PMU informed CTC producers and enterprises consuming CTC in feedstock applications of the Government's plan to verify end of year inventories of CTC. Instructions were provided to relevant parties to prepare for the proposed verification.

Key activities for the Government actions in 2004 are summarized in table below.

NO.	POLICY/ACTIVITY PLANNED	SCHEDULE OF IMPLEMENTATION	STATUS
1.	Agreements between the Government of India and bilateral agencies	August 2003 – March 2004	Pending signature from the Government of India.
2.	Grant Agreement between India and the World Bank	August 2003 – March 2004	Completed in December 2004
3.	Registration of CTC producers, Importers, and Exporters	January – December 2004	Registration closed on 31 December 2004. Compilation of registration information is underway.
4.	Promotion of non-ODS alternatives	January – December 2004	Over 30 alternatives are currently in use, many of detergent types were identified. Testing was done on 29 alternatives. Results were presented at the industry workshop on 28 December 2004. At least two additional workshops are planned for 2005.
5.	Import Quota System for CTC	January – December 2004	Investigations were initiated in 2004. While imports of CTC will continue for feedstock applications, a system to restrict imports of CTC for non-feedstock applications is being considered. The system is being designed in close coordination with development of monitoring and verification system. This activity will be completed in 2005.
6.	CTC Production Quota System	June – December 2004	It was decided that the quota will be imposed on CTC produced and sold for non-feedstock applications. Production quota as described will be allocated to CTC producers in first quarter of 2005.
7.	Announcement of the CTC Consumption Phase-out Requirement in the Chlorinated Rubber and Chlorinated Paraffin Sub-Sectors	January-June 2004	Prohibition of the use of CTC in these applications will be administered to CTC user registration certificates. No renewal of registration certificates will be approved after 2006.

E. 2004 Budget and Financial Performance

	Description	Funding Approved by ExCom (\$US)			Funding Disbursed (\$US)			Obligated Expenditure in CY 2004(\$US)
		Cumulative Funding Approved as of December 2003	Funding Approved in CY 2004	Total Funding Approved as of December 2004	Cumulative Actual Expenditure Disbursed as of December 2003	Actual Expenditure Disbursed in CY 2004	Total Actual Expenditure Disbursed as of December 2004	
1	CTC Phase-out in the Chlorinated Rubber Industry	4,330,000		4,330,000	0	0	0	0
2	CTC Phase-out in the Chlorinated Paraffin Industry	1,140,843		1,140,843	0	0	0	0
3	CTC Phase-out in the Process Agents Applications in the Pharmaceutical Sub-sector	2,000,000	2,763,002	4,763,002	0	0	0	0
4	CTC Phase-out in the Agro-Chemical Industry		393,082	393,082	0	0	0	0
5	CTC Phase-out in the Chemical Solvent	1,000,000	2,158,215	3,158,215	0	0	0	0
6	CTC Phase-out in the metal cleaning		4,778,000	4,778,000	0	34,216	34,216	0
7	CTC Phase-out in the Textile Industry		609,063	609,063	0	92,000	92,000	34,000
8	CTC Phase-out in the Production Sector		2,000,000	2,000,000	0	0	0	2,000,000
9	PMU	50,000	678,750	728,750	0	0	0	0
	TOTAL	8,520,843	13,380,112	21,900,955	0	126,216	126,216	2,034,000

Remark: Funding allocation for each category is subject to change when the final agreement on the sharing of the grant funds between the consumption and production sectors is reached by the Government of India and the industry.

Part II
2005 Annual Program

F. Target consumption in 2005

Indicators		Preceding Year (2004)	Year of Plan (2005) ⁽¹⁾	Reduction ⁽²⁾
Supply of CTC	Import	N.A.	-	
	Production	N.A.	1,726	9,827
	Total	N.A.	1,726	9,827
Demand of CTC	Process Agents	N.A.	860	
	Solvent	N.A.	866	
	Total	N.A.	1,726	9,779

(1) Targets for both production and consumption are in ODP tons. The targets for production and consumption are based on the definitions of production and consumption as defined by the Montreal Protocol (excluding production for feedstock and excluding consumption of CTC produced in the previous years).

(2) Reduction for both consumption and production is the difference between the baseline levels and the targets for 2005. These figures are in ODP tons.

G. Industry Action

The Ozone Cell/PMU will continue its outreach program to create awareness of the available financial assistance for eligible enterprises, and more importantly, the Government's policy to restrict the production and supply of CTC for non-feedstock applications. PMU will increase its effort to ensure that remaining enterprises, if any, will come forward in 2005 to participate in the CTC Phase-out Plan in the consumption sector in particular.

Technical audit of the sub-project proposals already submitted to the Ozone Cell/PMU in 2004 will be undertaken by the independent consulting firm that has already been appointed by the Ozone Cell/PMU.

Conversions of metal cleaning processes at four major CTC users (SAIL, Western Engineering, Nissan Copper, and Hindustan Metal and Tube) will be completed in 2005. This will result in a permanent phase-out of 533 ODP tons.

GTZ, on behalf of Germany and France, will intensify its outreach program among small scale users of CTC in the textile and metal cleaning industry, to create awareness of available CTC alternatives that have already been tested successfully in 2004. More importantly, GTZ will provide direct assistance to the industry to replace the use of CTC to non-CTC alternatives.

Sector	Consumption in 2001 (1)	Consumption Year of Plan (2)	Reduction within Year of Plan (1)-(2)	Number of Projects Completed	Number of Servicing Related Activities	ODS Phase-out (ODP tons)
Process Agents	1,916	860	1,056			1,056 ⁽⁴⁾
Solvent	4,745	866	3,879	4 ⁽³⁾		3,879
Total	6,661	1,726	4,935	4 ⁽³⁾		4,935

- (1) Consumption in 2001 as reported in the project document.
- (2) Targeted consumption in 2005 is defined in accordance with the definition of consumption as defined by the Montreal Protocol (excluding the use of CTC in the inventories at the end of 2004).
- (3) The number of projects completed in 2005 does not include phase-out in small CTC users.
- (4) Actual reduction of CTC consumption in the process agent sub-sector is expected from partial phase-out from a number of enterprises that have already started or will start in 2005 their conversion processes, and by using CTC from the existing inventories at the end of 2004.

H. Technical Assistance

Project Management Unit (PMU)

A Project Management Unit will be fully staffed in the first quarter of 2005. The PMU will oversee the technical verification to be carried out by the independent consulting firm that has been appointed at the end of 2004. Technical verification will be conducted at those enterprises that have already expressed interest in 2004. The objective of this verification is to verify eligibility of the enterprises, the level of CTC consumption, and viability of the proposed alternate technologies. In addition, the consulting team will evaluate the proposals of the enterprises to determine whether necessary measures to preempt adverse impact on environment and workers' safety are incorporated in the design of the conversion process.

A series of small project preparation workshops will be organized in 2005 to inform the industry of the CTC phase-out plan of the Government, and to assist interested parties to prepare and submit their proposal for funding consideration of MoEF. The focus will be on enterprises in the process agent and chemical solvent sectors. For small scale users of CTC in the textile and metal cleaning sectors, GTZ have already held similar workshops to assist this target group in 2004. An information brochure highlighting availability of funds for phase-out of CTC including key steps to access funds from this project will be prepared and distributed to potential beneficiaries in 2005.

PMU will assist the Ozone Cell to strengthen the licensing system to cover CTC solvent and process agent users, feedstock users, and CTC producers. In this regard, PMU will work in close cooperation with the PMU of the CFC Production Phase-out Project and GTZ to identify CTC users and have them register their consumption with the Government.

Technical Assistance for CTC Consuming Enterprises

In addition to PMU's assistance to prepare project proposals that meets minimum information requirements by the project as mentioned above, technical assistance to assist CTC

consuming enterprises to identify non-CTC alternative technology will be rendered by national experts to be contracted by PMU whenever needs arise.

For small scale CTC users in the textile and metal cleaning industry, technical assistance will be provided to enterprises by GTZ. The first consultative workshop was organized on 28 December 2004 in Tirupur. The workshop was attended by representatives from the Government of India and concerned industries. The workshop included demonstrations of CTC alternatives currently used by some industries as well as good industrial practices for de-staining technology. Two more consultative workshops will be organized in 2005 to complete the process of collecting direct feedback concerning acceptability of CTC alternatives to the textile and garment industries.

To enable the textile and garment industries to implement good industrial practices including the use of fume hoods for worker safety, the project will provide eligible enterprises with basic tools for stain removing. Specifications of the required equipment items are being developed. Procurement of materials, equipment, and training materials, will be done in 2005.

No.	Planned Activity	Objective	Target Group	Impact
1	Awareness activities including publication of articles in local languages	Create an understanding for the imminent change in CTC and alternatives availability	CTC users in all sectors; and state government officials	Increasing participation of CTC users in the CTC Sector Plan
2	Information dissemination, e.g. via printed media, videos, etc.	Inform industry about available alternatives and how to access the know-how and financial support	PMU will be responsible for large and medium scale enterprises while GTZ will take the lead in the textile industry	Reduction of CTC consumption
3	Project preparation workshops	Assist enterprises to formulate project proposals that contain relevant information regarding eligibility and level of consumption and meet the requirements of the project	All CTC users in the country	Pipeline of eligible projects to be financed by the Plan
4	Technical services to be provided by national experts	Assist enterprises to determine alternatives that are safe and	Process agents and chemical solvent sectors	Increasing participation from the industry and

No.	Planned Activity	Objective	Target Group	Impact
		environmentally sound		timely phase-out of CTC in these sectors.
5	Continue search for available alternatives for the textile industry	Identification of potential alternatives	Selected enterprises	Conversion processes that are safe and environmentally friendly and sustainable phase-out of CTC
6	Testing of new alternatives for the textile industry	Identifying most suitable alternatives		Identification of additional CTC alternatives
7	Conduct 2 more consultative workshops	Share information about test results and gather feedback on acceptability of CTC alternatives	Selected textile industries	Ensure availability of suitable CTC alternatives
8	Conduct technology transfer seminars including distribution of samples of CTC alternatives to participants	Assure spread of technology to industries	All textiles industries	Spread of CTC alternatives and reduction of CTC use
9	Conduct on-location training on de-staining without CTC through good industrial practices, including improvements to the work place	Disseminate know-how on the use of CTC alternatives	All concerned industries	Phase out of CTC through adoption of suitable alternatives
10	Further development and adaptation of currently used de-staining equipment	Increased cost effectiveness of de-staining process	All concerned industries	Availability of an economic incentive to phase out CTC
11	Establish and operate PMUs	Coordination between project and State Governments, other agencies, etc.	Federal States of India, cooperation partners	Effective enforcement of Ozone Rules to ensure sustainable phase-out of CTC

I. Planned Government Actions in 2005

Inter-agency Coordination Meeting

To ensure effective coordination of CTC phase-out activities being undertaken by the lead and co-implementing agencies, PMU will assist the Ozone Cell to organize an inter-agency coordination meeting. It is proposed that this meeting be organized as part of the ODS summit to be held in the first quarter of 2005. This ODS summit will be organized by the Ozone Cell to ensure full coordination of activities carried out under various sector plans in India.

Development of a Management Information System

The development of a management information system (MIS) was initiated in 2004. This MIS will be designed and used as a major tool for PMU to monitor CTC phase-out activities undertaken by various enterprises including CTC producers, CTC feedstock users, and beneficiaries of this project. This MIS will also be used as a tracking tool for monitoring the production and sales of CTC to feedstock and non-feedstock users. The structure of the MIS will be designed to meet the needs for CTC production and consumption verification protocols being developed jointly by PMU and the World Bank. Substantial progress was made in 2004 in determining the scope and the structure of the database system. The MIS is expected to be completed and launched by PMU by April 30, 2005.

CTC Consumption and Production Verification

PMU will facilitate the development of the MIS system for this activity. In addition, PMU will facilitate the dry run verification of 2004 CTC consumption and production including end of year inventories, which is being proposed to be done by the third quarter of 2005. Based on feedback from this dry run verification exercise, PMU will provide recommendations to the Ozone Cell to strengthen its monitoring system.

PMU will take the lead in the preparation of the 2006 Annual Implementation Plan and facilitate the first official verification of 2005 CTC consumption and production in early 2006.

Key activities for the Government actions to be executed in 2005 are summarized in table below.

NO.	POLICY/ACTIVITY PLANNED	EXPECTED SCHEDULE OF IMPLEMENTATION	Key Actions
1.	Production and Sales Quota Licenses	January 2005	Quota for CTC production for non-feedstock applications in 2005 will be issued by the Ozone Cell with assistance from PMU
2.	Administrative Orders to restrict the use of CTC; resale and or transfer of CTC; and, to impose reporting requirements on CTC users.	January – March 2005	Review the Ozone Rules and other relevant regulations on environment and health

3.	Registration of CTC Users	January – December 2005	Follow up on the registration drive undertaken in 2004 through cooperation from state governments.
4.	Standard Protocol for Verification of CTC Production and Consumption	July – September 2005	Dry run verification of CTC production and consumption in 2004 and end of year inventories of CTC will be carried out.
5.	Restriction of CTC Imports for Non-Feedstock Applications	January-December 2005	Cooperation between MoEF and Customs Office will be formalized. The objective is to strengthen the control of CTC imports.

J. 2005 Budget and Planned Disbursement

	Description	Funding Approved by ExCom (US\$)*			Funding Disbursed/Obligated (US\$)	
		Cumulative Funding Approved as of December 2004	Funding Approved in CY 2005	Total Funding Approved (including CY 2005)	Cumulative Actual Expenditure Disbursed as of December 2004	Planned Expenditure in CY 2005
1	CTC Phase-out in the Chlorinated Rubber Industry	4,330,000		4,330,000		866,000
2	CTC Phase-out in the Chlorinated Paraffin	1,140,843		1,140,843		228,169
3	CTC Phase-out in the Process Agent Applications in the Pharmaceutical Industry	4,763,002		4,763,002		952,600
4	CTC Phase-out in the Agro-Chemical Industry	393,082		393,082		78,616
5	CTC Phase-out in the Chemical Solvent	3,158,215		3,158,215		631,643
6	CTC Phase-out in the Metal Cleaning Applications	4,778,000	4,000,000	8,778,000	34,216	4,965,784
7	CTC Phase-out in the Textile Industry	609,063	609,063	1,218,126	92,000	734,000
8	CTC Phase-out in the Production Sector	2,000,000	3,066,223	5,066,223		5,066,223
9	PMU	728,750	423,750	1,152,500		400,000
	TOTAL	21,900,955	8,099,036	29,999,991	126,216	13,923,035

*Remark: Funding allocation for each category is subject to change when the final agreement on sharing of the grant funds between the consumption and production sectors is reached by the Government of India and the industry.

K. Sources of Funds

	Total	Funds Approved as of December 2004	Funds To Be Approved in 2005
Lead Implementing Agency			
World Bank			
Project Cost	42,000,000	18,551,798	3,899,046
Support Cost	3,150,000	1,327,571	292,427
Sub-Total	45,150,000	19,879,369	4,191,473
Co-Implementing Agencies			
France			
Project Cost	3,000,000	1,000,000	1,000,000
Support Cost	340,000	85,000	85,000
Sub-Total	3,340,000	1,085,000	1,085,000
Germany			
Project Cost	2,000,000	700,000	700,000
Support Cost	230,000	57,500	57,500
Sub-Total	2,230,000	757,500	757,500
Japan			
Project Cost	5,000,000	2,500,000	2,500,000
Support Cost	560,000	280,000	280,000
Sub-Total	5,560,000	2,780,000	2,780,000
TOTAL			
Project Cost	52,000,000	22,751,798	8,099,046
Support Cost	4,280,000	1,750,071	714,927

INDIA

CFC Production Sector Gradual Phase-out Project
(ODS III)

2005 Annual Work Program

January 31, 2005

New Delhi Office
South Asia Environment and Social Unit
World Bank

INDIA
CFC PRODUCTION SECTOR
GRADUAL PHASEOUT PROJECT (ODS III)

CY2005 ANNUAL PROGRAM

Table of Contents

A.	INTRODUCTION	1
B.	CY2004 ANNUAL PROGRAM ACHIEVEMENTS	
B.1	ODS Phase-out and Disbursement	2
B.2	Enterprise-Level CFC Production Phaseout targets (MT)	2
B.3	Policy Measures	3
B.4	Technical Assistance Activities	4
B.5	Monitoring and Reporting Activities	7
C.	CY2005 ANNUAL PROGRAM: OBJECTIVES AND ACTIVITIES	
C.1	ODS Phase-out Objectives and Disbursement Allocation	8
C.2	Enterprise-Level CFC Production Phaseout targets (MT)	8
C.3	Policy Measures	9
C.4	Technical Assistance Activities	9
C.5	Monitoring and Reporting Activities	10
	ANNEX I - Annual Production Phaseout Targets and Annual Grant Tranches	11
	ANNEX II - Quota Achievements over the period 2000 – 2004	12

INDIA

CFC PRODUCTION SECTOR GRADUAL PHASEOUT PROJECT (ODS III)

CY2005 ANNUAL PROGRAM

A. INTRODUCTION

In accordance with Decision 29/65, Annex VI of the Executive Committee of the Multilateral Fund, the World Bank, as the implementing agency, is submitting an Annual Program for the *CFC Production Sector Gradual Phaseout Project* for India, for the period “1 January - 31 December 2005”, for consideration at the April 2005 meeting of the Executive Committee. This Annual Program has been prepared in cooperation with the Ministry of Environment and Forests (MoEF) and the Project Management Unit (PMU) of the Ozone Cell, Government of India (GOI) and the United Nations Environment Programme (UNEP).

This document verifies the successful implementation of the CY2004 Annual Program by India and details the planned program and activities for 2005. It is being submitted for approval and release of the seventh tranche of funds, amounting to US\$ 5.85 million for the implementation of the CY2005 Annual Program.

Through the implementation of the CY2004 Annual Program, India has met its CFC production quota level of 13,176 metric tons (MT), for 2004, in accordance with the schedule approved in the above mentioned Decision. Details of implementation performance and disbursement are provided in Section B of this document.

Year	Agreed Schedule		Actual		Annual Funding Level (US\$ million)
	CFC Production not exceeding (MT)	Phaseout Amount (MT)	Verified CFC Production (MT)	Phaseout Amount (MT)	
1999	22,588	-	22,411	-	12.0
2000	20,706	1,882	20,407	2,181	11.0
2001	18,824	1,882	18,693	2,013	11.0
2002	16,941	1,883	16,890	1,934	6.0
2003	15,058	1,883	15,014	1,927	6.0
2004	13,176	1,882	13,155	1,903	6.0
2005	11,294	1,882			6.0
2006	7,342	3,952			6.0
2007	3,389	3,953			6.0
2008	2,259	1,130			6.0
2009	1,130	1,129			6.0
2010	0	1,130			0.0
Total Funding					82.0

B. CY2004 ANNUAL PROGRAM ACHIEVEMENTS

B.1 ODS Phase-out and Disbursement

2004:

The verified CFC production in 2004 amounted to **13,155 MT** against the quota of 13,176 MT, i.e at a level of 99.8% of the allowable production level for the year. Production of CFCs has reduced by 1,859 MT (12.4%) from the previous year.

Disbursements to CFC producers in 2004 amounted to **US\$ 5.265 million**, reflecting 90% of the CY2004 allocation of US\$ 5.85 million, allocated for enterprise compensation. Additionally **US\$ 0.27 million** was disbursed to UNEP in 2004, for the implementation of the TA component.

Production Phase-out		Grant Tranches (US\$ m)	
Target (MT)	Achieved	Allocation (US\$ million)	Status of Disbursements
13,176	<p>Independent Audit Teams appointed by MoEF and WB separately verified CFC production in 2004.</p> <p>Total production of CFCs was ascertained by both teams as 13,155 MT.</p>	5.85	<ul style="list-style-type: none"> ▪ 10% of CY2003 allocation (US\$ 0.59 million) disbursed in February 2004 ▪ 60 % of CY2004 allocation disbursed in June 2004 (US\$ 3.5 million) ▪ 30 % disbursed in September 2004 (US\$ 1.75 million) ▪ <i>The last 10% (US\$ 0.59 million) is to be disbursed after final verification of CY2004 production is completed.</i>

2000 – 2004:

Since the start of project implementation in 2000, CFC production volumes have reduced by about 41% over a 5year period.

As of December 2004, \$52 million has been disbursed from the Multilateral Fund to the World Bank under this project, of which US\$ 51.05 million (98.2%) has been disbursed to the beneficiaries. This comprises \$50.125 million disbursed as enterprise compensation to the four CFC producing enterprises and \$0.92 million disbursed to UNEP, of which about US\$ 0.8 million has been disbursed to the PMU for implementation of TA activities.

B.2 Enterprise-Level CFC Production Phaseout targets (MT)

2004:

In 2004, the MoEF cleared the first request for quota trading between two CFC producer enterprises. The table below reflects the original and adjusted quota orders for 2004 and the verified production figures achieved, at the individual enterprises level:

Name of company	(Metric Tons)		
	Initial Quota	Revised Quota	Achieved (%)
SRF Limited (SRF)	3875	3875	3872 (99.9%)
Gujarat Fluorochemicals Ltd (GFL)	4705	4705	4623 (98.25%)
Navin Fluorine International Ltd (NFIL)	3472	4270	4250 (99.5%)
Chemplast Sanmar Ltd (CSL)	1124	324	324 (100%)
TOTAL	13,176	13174	13,069

2000 – 2004:

Between 2000 and 2004, the quota achievements by the four beneficiary enterprises have ranged around an average of 99.3%, as is detailed in the table in Annex II.

B.3 Policy Measures

A number of policy measures which were identified in the CY2004 Annual Program were implemented during the course of the year as summarized below:

Activity	Key Actions	Target Dates	Status
Production Quota license	Applications for a CY2004 Production Quota license received from all four CFC producers will be examined by MoEF for issuance of licenses.	To be issued by January 31, 2004.	Completed
Renewal of registration of producers	Applications for renewal of registration of each CFC producer, as required by the Ozone Rules, will be examined by MoEF and processed.	As and when required	Completed
Implementation of other provisions of ODS Rules.	Applications for registrations from sellers, stockists, dealers and buyers of CFC will be examined and submitted to Ozone Cell, MOEF. Applications for import and export of CFCs will be examined by PMU after which the Ozone Cell will submit recommendations for issuance of bulk licenses for export by CFC producers and licenses for import to DGFT.	July 2004 Throughout the year for import and export license, as and when received	Completed Export licenses issued to all 4 producers. No import licenses issued.

B.4 Technical Assistance Activities

Some of the activities identified in the CY2004 Annual Program were not undertaken over the course of the year. This was primarily due to staffing problems, as the PMU did not have a full-time Coordinator until May 2004. However, since the outgoing Coordinator continued to oversee ODS III implementation on an interim basis, some of the operational activities continued. A new Coordinator was recruited by the MoEF on a contractual basis in June, but he resigned after two months, in August 2004. In November 2004, the management at the Ozone Cell also changed, with a new Director of the Ozone Cell and a new PMU Coordinator. The new team is now on board and has had initial training by UNEP and World Bank on Montreal Protocol related issues and obligations.

Given the staffing situation and the loss of momentum due to the changes in the PMU coordinator, the Annual Program was updated in July 2004 to reflect a more realistic work program for the remainder of the year given the low level of implementation during the first half of the year. The table below reflects these changes and the status of activities as undertaken by the Ozone Cell/PMU during the course of the year.

Activity	Key Actions	Target Dates	Status
Awareness of ODS phaseout	Targeted awareness programs at clusters of CTC and CFC consumption on phaseout activities and use of alternatives.	Jan-Dec.2004	Support for Ozone Day celebrations, VATIS publication and publication and dissemination of the State of the Art Report
	Awareness programs on CTC phaseout and implementation modalities for CTC phaseout projects.	Feb – Oct 2004	Included into UNEP's legal agreement with the national partner for implementing awareness activities under NCCoPP ¹ .
Assessment of illegal trade	Further to regional workshop organized by UNEP, undertake activities to assess quantum of illegal trade and measures to promote its control	April – May 2004	i) Close cooperation with REGMA ² to enhance effectiveness of Policy and customs training project being implemented with UNEP. ii) Discussions with REGMA on illegal trade issues at national and regional levels. iii) Discussions with NOUs of Nepal and Bangladesh for joint training of customs officers at some border check posts. iv) Data on authorized importers quantity of exports provided

¹ NCCoPP = National CFC Consumption Phase-out Project

² Refrigeration and Gas Manufacturers Association

Activity	Key Actions	Target Dates	Status
	National Action plan will be prepared to monitor and control illegal trade.		by regional NOUs to REGMA, as part of UNEP's regional illegal trade project. Under preparation. REGMA taking the lead.
Training/ Capacity building	Capacity building and training for information dissemination on ODS phaseout and MP implementation in high CFC and CTC consumption pockets. Regional training sessions for officials of State Government, Pollution Control Board, local authorities, SISIs and other stakeholders for implementation and enforcement of ODS Rules. DCSSI ³ to organize a national interactive session for all 28 SISIs ⁴ and SMEs ⁵ on ODS phaseout. This session will include issues such as registration of small units under ODS Rules and implementation and monitoring of ODS phase out projects	Feb – June 2004 April – November 2004 May 2004	Ongoing Not completed due to delay in approval of Policy and Customs strategy as part of NCCoPP. An interface with SISIs was held in December 2004. There has been slow response from DCSSI.
Finalize a concept note on establishment of national networking system at zonal level	Review of draft concept note on zonal network. Finalization of the concept note in consultation with UNEP and the World Bank. Development of an implementation plan based	June 2004 July 2004 August 2004	A draft concept note prepared in cooperation with UNEP and CEE and discussions were held in December 2004. The design is to be revised and review whether other supporting activities or incentives required to ensure successful

³ Development Commissioner of Small Scale Industries

⁴ Small Scale Industries Institutes

⁵ Small and medium enterprises

Activity	Key Actions	Target Dates	Status
	on concept note		implementation.
Operations of PMU	Half-yearly technical audits of CFC producing enterprises.	July 2004 January 2005	Completed
	An internal assessment of effectiveness of the half yearly technical audit will be carried out.	August 2004	Completed. Decision to continue with half-yearly audits
	Performance Audit of PMU	January – April 2004	Not completed due to incomplete implementation of CY2004 Annual Program and PMU staffing situation. To be undertaken in 2006
	Meetings with CFC producers to discuss findings from annual audit and other issues.	April 2004	Completed on 7 June 2004.
	Monitoring of CFC production phaseout project and other ODS phase out projects in RAC and solvent sectors.	Feb – Oct 2004	Completed
	Support in implementation of CTC phaseout plan.	Jan – Dec 2004	Supported preparation of Environmental and Social Report and national media plan for registration of CTC users
MIS Operation	Development of MIS vision and roadmap - to support all ODS phaseout activities.	Feb 2004	Updated inventory of software, hardware and network infrastructure completed. MIS vision document prepared.
	MIS review and upgradation to take care of all ODS phaseout projects.	Feb – May 2004	MIS modules to be developed to support individual phaseout projects, after finalization of MIS vision
	Development of e-based outreach technology pilot	November 2004	Under preparation

Activity	Key Actions	Target Dates	Status
	<p>program for information dissemination on illegal trade and ODS phaseout activities.</p> <p>In-house development of database of import-export data on ODS, based on license, exemption certificates etc.</p> <p>Development of technology roadmap for communication infrastructure, processes and organization</p> <p>Completion of State-of-Art report from 1999-2002 on ODS phase out program</p>	<p>Feb 2004</p> <p>November 2004</p> <p>June 2004</p>	<p>Under preparation</p> <p>Completed. Document finalized and released on Ozone day. A dissemination strategy is being planned.</p>
Studies	<p>Initiation and Completion of existing studies under progress.</p> <p>Based on ODS supply-demand study undertaken in 2003, define roadmap for managing material balances of ODS for CFCs and CTC</p> <p>Assessment of information awareness activities and their impact</p>	<p>Feb – August 2004</p> <p>April 2004</p> <p>October 2004</p>	<p>Not Completed</p> <p>Not Completed</p> <p>Not Completed</p>

B.5 Monitoring and Reporting Activities

The reporting mechanism is detailed below:

Report	Submitted by	Target Date	Comments
Progress report	UNEP	July 2004 January 2005	Reports received from PMU/UNEP and reviewed during supervision missions in July 2004 and January 2005
Financial Audit	UNEP	June 2005	UNEP unable to provide audited statements for

Report	Submitted by	Target Date	Comments
			CY2002 until the biennium 2002-2003 is audited. Audited financial report for CY2003 submitted in January 2005.
Disbursement Report	IDBI	July 2004 January 2005	Satisfactory reports received
Financial Audit	IDBI	September 2004	Satisfactory reports received
Performance Audit	Auditor/ MoEF		Not undertaken in 2003. Next performance audit to be initiated in 2006
Technical Audit	Auditor/ MoEF	July 2004 January 2005	Satisfactory reports received in August 2004 and January 2005
Technical Audit	Auditor/ WB	January 2005	Satisfactory report received in January 2005
Supervision report	WB	January 2004 August 2004 January 2005	Supervision undertaken in June 2004. Satisfactory reports prepared and disseminated. Next supervision undertaken in January 2005

C. CY2005 ANNUAL PROGRAM: OBJECTIVES AND ACTIVITIES

C.1 ODS Phase-out Objectives and Disbursement Allocation

- The primary objective of the CY2005 Annual Program is to ensure that CFC production does not exceed **11,294 MT**.
- The Bank, on behalf of the Government of India, is requesting the release of **US\$ 5.85 million** to be disbursed to the four beneficiary CFC producing enterprises for reducing production levels in accordance with the annual production quota established for 2005.
- No funds are being requested under the TA component. There are sufficient funds remaining with the World Bank from previous years' allocations which are to be disbursed to UNEP for PMU's TA activities.

C.2 Enterprise-Level CFC production phase-out targets (MT)

In accordance with the Production Quota Order, the four CFC producers have submitted applications for the 2005 quota. Quotas have been issued to each enterprise by January 5, 2005, as follows:

Name of company	Quota (MT) for CY2005
SRF Limited	3321.56
Gujarat Fluorochemicals	4033.08
Navin Fluorine International Ltd	2975.96
Chemplast Sanmar Limited	963.37
Total	11293.97

In accordance with Decision 43/5 of the Executive Committee, the Government of India needs to verify allowable CFC production as gross production for 2005. The MoEF will advise and guide the four CFC producing enterprises accordingly.

C.3 Policy Measures

Activity	Key Actions	Target Dates
Production Quota license	Applications for a CY2005 Production Quota license received from all four CFC producers will be examined by MoEF for issuance of licenses.	To be issued by January 31, 2005.
Renewal of registration of producers	Applications for renewal of registration and Quota trading by CFC producers, as required by the Ozone Rules, will be examined by MoEF and processed.	Completed
Implementation of other provisions of ODS Rules.	Applications for registrations from sellers, stockists, dealers and buyers of CFC will be examined and submitted to Ozone Cell, MOEF. Applications for import and export of CFCs will be examined by PMU after which the Ozone Cell will submit recommendations for issuance of bulk licenses for export by CFC producers and licenses for import to DGFT. Ozone Cell will take into account information received by importing countries on registered importers (agreed at Ozone-Customs Officers coordination workshop, Agra).	July 2005 Throughout the year for import and export license, as and when received

C.4 Technical Assistance Activities

The MoEF in collaboration with the World Bank and UNEP, has reassessed the TA program and redefined some activities, keeping in mind the overall priorities of the project with regard to CFC production phase out. The activities are to be further refined and elaborated, once the draft 3 year Technical Assistance Strategy is finalized. Proposed generic activities to be undertaken during 2005 are summarized in the following table.

Activity	Key Actions	Purpose	Target Dates	Budget (US\$ '000)
Awareness	CFC production phase-out message to be disseminated at dealer workshops of NCCoPP and other related events.	To highlight urgency of declining CFC supply to consumers	Jan-Dec 2005	23
	Development of regional networking strategy, including possible regional nodal Agencies	To create regional awareness about impending decline in CFC supply.		
Training/ Capacity building	Development of training program synchronized with GOP's Policy and custom	As part of overall program for prevention of illegal	Dec 2005	20

Activity	Key Actions	Purpose	Target Dates	Budget (US\$ '000)
	<p>training program.</p> <p>Development of e-based outreach technology pilot program for information dissemination on illegal trade and ODS phaseout activities.</p>	trade.	Feb-Dec. 2005	
Operations of PMU	<p>Technical audits of CFC producing enterprises.</p> <p>Discussions with stakeholders (REGMA, UNEP etc) on addressing CFC production issues, impending phase-out scenarios and ExCom and MP related issues, such as reporting on gross CFC production</p>	Monitoring of CFC production phase-out	<p>Jan and July 2005</p> <p>Ongoing</p>	185
Information Exchange	<p>Meeting of stakeholders to finalize MIS vision and roadmap</p> <p>Widening the scope of web-enabled MIS for cohesive data compilation on CFC production and consumption</p>	To support GOP's overall ODS phase-out activities.	<p>Mar 2005</p> <p>Dec. 2005</p>	10
Data Collection	<p>A desk study on assessment of stock piling requirement of CFC.</p> <p>Completion of existing study on demand – supply assessment of ODS undertaken in 2003.</p> <p>Assessment of quantum of illegal trade</p>	<p>To support GOP's ODS phase-out activities and define strategies</p> <p>To support GOP's program targeted at illegal trade</p>	<p>Nov.2005</p> <p>Sept 2005</p>	25
Policy	Preparation of National Action Plan for prevention of illegal trade.	To support GOP's program for prevention of illegal trade and facilitate development of effective policies.	April 2005	0
TOTAL				263

C.5 Monitoring and Reporting Activities

The monitoring and reporting schedule for CY2005 will be undertaken in accordance with the reporting mechanism specified in Section B.5 above.

ANNEX I

Annual production phaseout targets and annual grant tranches

CY	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Production ceiling (ODP MT)	22,588	20,706	18,824	16,941	15,058	13,176	11,294	7,342	3,389	2,259	1,130	0
Grant Tranche (US\$ million)	12.0	11.0	11.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	0
Of which: TA	0.29	0.27	0.27	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.12	0

ANNEX III:**Quota Achievements over the period 2000 - 2004**

Name of company	2000 (Metric Tons)			2001 (Metric Tons)		2002 (Metric Tons)		2003 (Metric Tons)		2004 (Metric Tons)	
	Quota	Quota adjusted for trades	Achieved	Quota	Achieved	Quota	Achieved	Quota	Achieved		
SRF Ltd	6,090	6,146	6,053	5,536	5,518	4,982	4,973	4429	4422	3875	3872
Gujarat Fluorochemicals Ltd	7,395	7,482	7,352	6,722	6,615	6,050	6,037	5377	5370	4705	4623
Navin Fluorine International Ltd	5,455	5,249	5,179	4,960	4,959	4,464	4,440	3968	3943	4270	4250
Chemplast Sanmar Ltd	1,766	1,829	1,823	1,606	1,601	1,445	1,440	1284	1279	324	324
TOTAL	20,706	20,706	20,407	18,824	18,693	16,941	16,890	15,058	15,014	13174	13,069
			(98.5%)		(99%)		(99.7%)		(99.71%)		(99.2%)