



**Government of the People's Republic of China**

**United Nations Development Programme**

**Project Document**

**Institutional Strengthening for the Phase-out of Ozone Depleting Substances under the Montreal Protocol, Phase XII**

The main objective of the project is to further enhance the overall programme management capability of the Programme Management Office (PMO) for ozone layer protection matters in the Ministry of Environmental Protection (MEP), especially to enforce ODS policy development and supervision and management of projects. The extension of Phase XII will provide the necessary inputs to assist China to maintain its momentum in phasing out the production and consumption level of ODS, to improve its HCFCs management system, and to sustain the capacity of the PMO to effectively implement China's national Montreal Protocol Programme for ODS phase out, in order to reach the targets of at least 35 per cent reduction in HCFC production and consumption of by 2020 and make efforts to sustain the achievement of ODS phase-out.

<b>UNDAF (2016-2020) Outcomes/Indicators</b>	Government institutions and other stakeholders ensure environmental sustainability, address climate and promote a green, low carbon economy.
<b>UNDP CPD Outputs/Indicators</b>	Low carbon and other environmentally sustainable strategies and technologies are adapted widely to meet China's commitments and compliance with Multilateral Environmental Agreements
<b>Project Outcome</b>	To strengthen overall programme management capacity of the Programme Management Office of the Foreign Economic Cooperation Office, Ministry of Environmental Protection; to effectively manage ozone layer protection actions and administrative system established around the country; to promote international communication to get policy update and learn from international best practice; to maintain momentum in phasing out production and consumption of ODS, steady progress in the accelerate of implementation of HCFC Phase-out Management Plan to comply with Montreal Protocol phase-out schedules, and make efforts to sustain the achievement of ODS phase-out.
<b>Government Coordinating Agency and Implementing Partner</b>	Ministry of Environmental Protection (MEP)
<b>Government and National Cooperating Agency</b>	Foreign Economic Cooperation Office (FECO), Ministry of Environmental Protection

**Country Programme Period: 2016-2020**

**Project Full Title:** Institutional Strengthening for the Phase-out of Ozone Depleting Substances under the Montreal Protocol, Phase XII

**Project Short Title:** MP IS XII

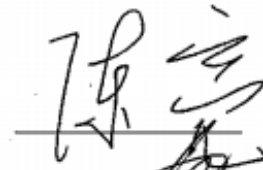

**Award ID: 00096208**

**Project ID:00100189**

- Total Budget: US\$ 499,200**

Allocated Resources:

MLF of MP: US\$ 499,200

Agreed by:	Signature	Date	Name and Title
<b>Implementing Partner/ Executing Agency:</b>		<hr/>	<hr/>
<b>United Nations Development Programme</b>		<hr/>	<hr/>

## Acronyms

APR	Annual Programme/Project Report
AWP	Annual Work Plan
CFC	Chlorofluorocarbon
CPD	Country Programme Document
ExCom	Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol
FECO	Foreign Economic Cooperation Office
GOC	Government of China
MAC	Mobile Air-Conditioning
MDGs	Millennium Development Goals
MEP	Ministry of Environmental Protection
MLF	Multilateral Fund for the Implementation of the Montreal Protocol
MPU	Montreal Protocol Unit
MYFF	Multi Year Funding Framework
NEX	Nationally Execution
NGO	Non-governmental Organization
NPDC	National Project Development Coordinator
ODS	Ozone Depleting Substances
PMO	Programme Management Office
QOR	Quarterly Operational Report
SAPR	Semi Annual Programme/Project Report
SBAA	Standard Basic Assistance Agreement
SWG	Special Working Group
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization

## Table of Contents

	<b>Page</b>
<b><u>SECTION I. BACKGROUND AND DESCRIPTION</u></b>	<b><u>6</u></b>
<b>Part Two. National Strategy</b>	<b>6</b>
<b>Part Three. Project Strategy</b>	<b>8</b>
3.1 Objectives	8
3.2 Project Activities	9
3.3 Target Beneficiaries	11
<b>Part Four. Management Arrangements</b>	<b>12</b>
<b>Part Five. Monitoring and Evaluation</b>	<b>12</b>
<b>Part Six. Legal Context</b>	<b>14</b>
<b>Part Seven. Special Considerations</b>	<b>15</b>
<b><u>SECTION II. RESULTS AND RESOURCES FRAMEWORK</u></b>	<b><u>16</u></b>
<b>Part Eight. Strategic Results and Resources Framework</b>	<b>16</b>
<b>Part Nine. Annual Work Plan Budget Sheet</b>	<b>18</b>
<b><u>SECTION III. ANNEXES</u></b>	<b><u>21</u></b>

## **SECTION I. BACKGROUND AND DESCRIPTION**

### **Part One. Situation Analysis**

Realizing the dangers of ozone layer depletion, Governments the international community adopted the Vienna Convention for the Protection of the Ozone Layer (1985) (hereafter referred to as the Vienna Convention) and the Montreal Protocol on Substances that Deplete the Ozone Layer (1987) (hereafter referred to as the Montreal Protocol), as well as amendments to the Montreal Protocol in London (1990), Copenhagen (1992), Montreal (1997) and Beijing (1999). The Montreal Protocol and its amendments set out a schedule to reduce consumption and production of Ozone Depleting Substances (ODS) and have up to now been ratified by 197 countries.

To assist developing countries in their effort to phase-out ODS and meet the control measures specified under the Montreal Protocol, the Multilateral Fund (MLF) was established in 1990. The MLF is managed by an Executive Committee (ExCom) responsible for the allocation of funds among participating countries, including preparation and implementation of the corresponding policies, standards and procedures in the utilization of the MLF. The MLF Secretariat manages the day-to-day business of the ExCom. Project activities under the MLF are carried out by four implementing agencies: UNDP, UNEP, UNIDO and the World Bank.

With common efforts of the international community, implementation of the Montreal Protocol has achieved great success. Measures taken by the Montreal Protocol have led to a 98 per cent decrease in the production and use of ozone-damaging chemicals, helping the ozone layer to start recovering ahead of schedule, saving an estimated two million people each year by 2030 from skin cancer and slowing down climate change.

In September 2007, the Parties to the Montreal Protocol reached an agreement to accelerate the phase-out of HCFCs. According to the adjusted phase-out schedule, the Article 5 countries (known as the developing countries) agreed to establish a baseline at the average level of production and consumption of 2009 and 2010. It was determined that consumption and production would be frozen at this baseline level by 2013, reduced by 10% by 2015, 35% by 2020, and 67.5% by 2025. Meanwhile, 2.5% of the baseline would be allowed annually for servicing needs between 2030 and 2040. A5 countries will continue to focus on HCFC phase-out activities in the coming years.

### **Part Two. National Strategy**

The Chinese Government signed the Vienna Convention in 11 September 1989, the Montreal Protocol and its London Amendment in 14 June 1991. Subsequently, the Chinese Government ratified the Copenhagen Amendment in 22 April 2003 and the Montreal Amendment and the Beijing Amendment in 19 May 2010.

In 1991, the State Council approved establishment of the National Leading Group for the Protection of the Ozone Layer with 18 ministries and commissions as members to ensure compliance to the Vienna Convention and the Montreal Protocol. The Leading Group is responsible for organizing and coordinating implementation of the Vienna Convention and the Montreal Protocol, as well as China's Country Program for ODS phase-out (hereafter referred to as the Country Program). The Leading Group is also responsible for supervising the implementation plans and making decisions on ODS phase-out. MEP is at the ministry level responsible for the overall management of ODS phase-out activities in China. To ensure effective management and implementation of the ODS phase-out projects and sector plans approved by the MLF, MEP set up a Program Management Office (PMO) in FEEO.

The Country Program was approved by the State Council in 1993 and by ExCom in the same year. As the guiding principal for the phase-out actions by various related sectors in China, the Country Program sets out the framework for China's actions to meet the requirements of the Montreal Protocol. Based on experiences gained from earlier years of project implementation, the Country Program was updated in 1999 to reformulate the country's strategy to more effectively meet the ODS phase-out targets. With the progressing of ODS phase-out in China, it is important for the government to update the Country Program in an appropriate manner.

China is currently both the largest ODS consumer and ODS producer in the world. To achieve the proposed ODS phase-out targets efficiently and effectively, China has set up an important policy framework in production management, import and export management, consumption management, as well as monitoring and supervision. The Government of China issued and implemented more than 100 policies and regulations relating to the protection of the ozone layer over the past twenty years. Two articles related to ODS phase-out were included in the Law on Prevention and Control of Atmospheric Pollution which was approved by the Ninth National People's Congress Standing Committee in 2000 and revised in 2015 to place higher priority on ODS phase-out. In 2010, the State Council approved and enforced Regulation on Ozone Depleting Substances management to standardize and specify objective, obligation and responsibilities for ODS Phase-out.

According to the Country Program, with the support of Multilateral Fund (MLF) and international institutions, China has implemented 25 sector plans and as well as more than 400 individual projects to phase-out ODS production and consumption. China had completed the phase-out of the production and consumption of CFCs and Halons on July 1<sup>st</sup> 2007, two and a half year earlier than the phase-out schedule of the Montreal Protocol. Until January 1st 2010, except for essential use, the Chinese Government had completely phased out the production and consumption of CFC, Halon, CTC and TCA (5 year ahead of schedule) to meet the requirement of the Montreal Protocol, which is an outstanding contribution to ozone layer protection.

By the end of 2015, China successful met its targets committed to the Montreal Protocol, i.e. the actual HCFCs production and consumption is lower than maximum allowance production and maximum consumption. At the 76<sup>th</sup> and 77<sup>th</sup> ExCom meetings, China submitted proposals of stage II phase out plan for 6 HCFCs consuming sector. After hectic discussion and negotiation, the Chinese government and the Ozone secretariat reached the agreement for the sector plan, and

all 6 consuming sector plans were approved by the 77<sup>th</sup> ExCom through the Decision 77/49. Now China will enter into the implementation of 6 sector plans of HPMP stage II which are of ambitious targets. Besides the targets of at least 35 per cent reduction in HCFC production and consumption of by 2020, China put forward the plan to completely phase out HCFCs in the Extruded polystyrene (XPS) foam sector, Polyurethane (PU) rigid foam sector and Solvent sector plan by the year 2026. That is one of the reasons that the above-mentioned three sector stage II will be extended to 2026.

The Institutional Strengthening project plays a very important role in China's ODS phase-out activities. With the support of the Multilateral Fund under the Institutional Strengthening project, the project management, policy formulation and enforcement capacity of the PMO have been significantly strengthened through the different phases of the Institutional Strengthening project. PMO now constitutes a qualified and experienced team to monitor and manage effectively the day-to-day implementation of ODS phase-out activities through well designed action plans to achieve accelerated phase-out of HCFCs. Actions are also undertaken to ensure sustainability of the phase-out achievements.

### **Part Three. Project Strategy**

#### **• 3.1 Objectives**

The main objective of the project is to further enhance the overall program management capability of the Program Management Office (PMO) for ozone layer protection matters in the Ministry of Environmental Protection (MEP), especially to enforce ODS policy development and supervision and management of projects.

The extension of Phase XII will provide the necessary inputs to assist China to maintain its momentum in phasing out the production and consumption level of ODS, to improve its HCFCs management system, and to sustain the capacity of the PMO to effectively implement and supervise China's national Montreal Protocol Program for ODS phase out, in order to reach the target of at least 35% reduction of HCFC production and consumption by 2020 and make efforts to sustain the achievement of ODS phase-out.

The project intends to achieve the following outcomes:

- 1) To improve policy formulation and enforcement;
- 2) To strengthen international communication;
- 3) To strengthen coordination with related agencies;
- 4) To improve project management of PMO;
- 5) To promote public awareness;



Project achievements would be sustainable by (a) to highly improve the capacity of PMO, including policy development and enforcement, information collection and exchange, project management, training promotion activity, and human resource management, for Montreal Protocol implementation, as well as the implementation of other MEAs with all-round functions, responsibilities and institutional structure, (b) to establish policies and standards supporting the regulations on Management of Ozone Depleting Substances, and promote contributing technology and management experience to the accelerated phase-out of HCFCs, (c) to improve project management and staff capacity building, (d) to increase public awareness, and (e) to keep in contact with international community so as to work in line with global effort in protecting ozone layer.

- **3.2 Project Activities**

**Outcome One: Improve policy formulation and enforcement**

In order to effectively manage and monitor ODS project implementation, and to sustain the achievement of ODS phase-out, China needs to timely formulate appropriate policies and legislative measures, and takes effective enforcement actions. Project activities will include:

- 1) To improve established ODS management policies and regulation and its enforcement, especially update of the Country Programme;
- 2) To formulate and enforce ODS management policies and regulations according to the progress of HCFC phase-out activities;
- 3) To strengthen enforcement of management policies and regulations on ODS import and export based on requirement of achievement of compliance targets;

## **Outcome Two: Strengthen international communication**

China's implementation needs to combine domestic ongoing projects with international policy update. Strengthening cooperation and contact will be conducive in this regard. China needs to further carry out international communication, so as to present China's latest achievement and learn from other countries. Best available technology and best environment practice can be exchanged and promoted during such international events. Project activities will include:

- 1) To take part in international negotiations;
- 2) To understand international trends on ODS phase-out;
- 3) To obtain support for projects and sector plans;
- 4) To report ODS data including A7 and the country program data;

## **Outcome Three: Strengthen coordination with related agencies**

Implementation of ODS phase-out activities involve stakeholders including international agencies, relevant government departments, industrial associations, research institutes, enterprises etc. The programme will enhance coordination with these stakeholders to ensure smooth implementation of ODS phase-out activities and achievement of compliance targets. Project activities will include:

- 1) To strengthen coordination with relevant government departments;
- 2) To hold the coordination meetings with agencies, associations and relevant stakeholders internationally or domestically;
- 3) To enhance cooperation with local EPBs;

## **Outcome Four: Improve project management of PMO**

Building on experience gained and lessons learnt, the program management capacity of PMO will be further strengthened to undertake effective coordination with international implementing agencies, domestic implementing entities, related line ministries, authorities, industrial associations and enterprises, and to achieve more efficient management of the

implementation of the many sector phase-out plans approved. Project activities will include:

- 1) To enhance the project management capabilities and strengthen project management and monitoring;
- 2) To submit stage II of the HPPMP to the ExCom and promote implementation of HPMP sector plans for stage I and stage II

### **Outcome Five: Promote public awareness**

To promote the awareness of governmental officials and decision-makers as well as industries and general public on ozone actions and activities in the country, the following project activities will be undertaken:

- 1) To reach out to the public through media;
- 2) To conduct training for public awareness;

### **• 3.3 Target Beneficiaries**

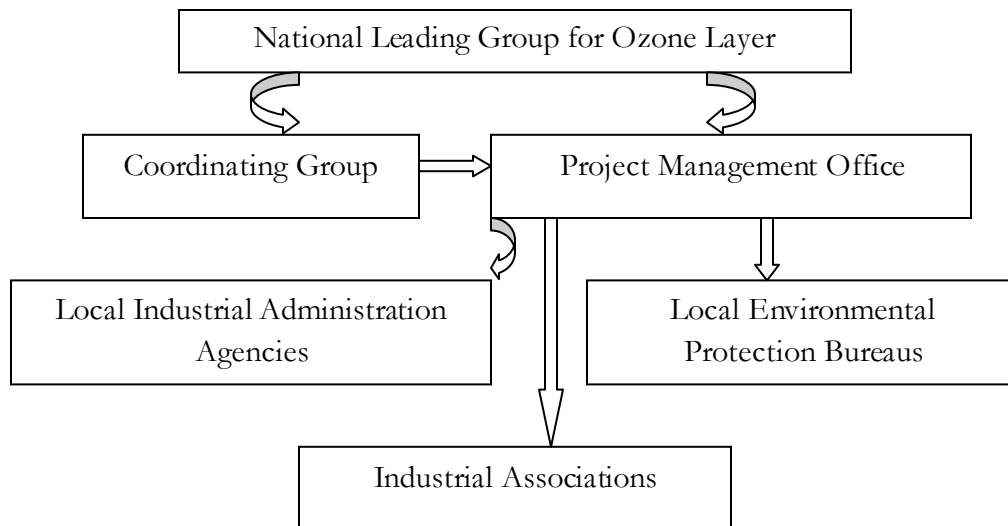
The direct beneficiaries of the project will be the Programme Management Office of FECO/MEP, responsible for the management of the implementation of project activities to phase-out ozone depleting substances. Related government departments, local Environmental Protection Bureaus and local authorities, as well as national experts, national technical centres and industrial associations will also benefit directly from training and increased exposure to improved project management, and application of non-ODS technologies.

Indirect beneficiaries include enterprises undertaking phase-out projects, receiving equipment and knowledge to change their manufacturing and production processes. Every individual in China and the rest of the world will also be indirect beneficiary as the threat of increased harmful UV radiation will be reduced, contributing to global benefits. Chinese Government will benefit indirectly from the project, as it will facilitate more efficient and effective achievement of the phase-out targets through improved project management skills, better policy formulation, implementation and enforcement mechanism that will assist China to meet its commitments and obligations under the Montreal Protocol.

#### Part Four. Management Arrangements

The Institutional Strengthening Phase XII project will be executed by the Foreign Economic Cooperation Office (FECO) of the Ministry of Environmental Protection (MEP). The Project Management Office (PMO) in FECO/MEP is responsible for daily management of the project under the direction and guidance of a Deputy Director General. MEP, as the lead national agency, will fully consult and collaborate with all the stakeholders to guarantee their full involvement and participation. The supervising and administrative structure for the implementation of the Montreal Protocol is reflected in the diagram below. UNDP will be the Implementing Agency, responsible for monitoring and evaluating project objectives, activities, output and emerging issues. UNDP will manage the MLF fund based on the UNDP's established procedures on MLF-funded projects. The supervising and administrative structure is as follows:

##### Supervising and Administrative Structure



PMO has ODS production and consumption groups. In each group, there are special working groups for every ODS sector. In these special working groups, there are staffs coming from related sectors and ministries. They act as coordinators between PMO and their respective ministry/sector and exchange information on trends and priorities in a timely manner. This greatly helps the action plan for the IS project being integrated in the national authority's planning process.

#### Part Five. Monitoring and Evaluation

The standard M&E procedures required for this UNDP/MP Institutional Strengthen project application include:

#### Annual Project Report (APR)

1) The National Project Development Coordinator (NPDC) is responsible for preparing the APR. UNDP-China is responsible for submitting the report to UNDP/MPU. It should be noted that UNDP/MPU is responsible for submitting the APR for MLF purposes and therefore must agree with the content.

2) In addition FECO/MEP is also required to prepare an APR with the format provided by UNDP China Office. The report should conclude project progress of the preceding year and be submit to and accepted by UNDP China Office at the beginning of the next year.

#### Quarterly Progress Report (QPR)

Each quarter, the NPDC is required to prepare a summary of the project's substantive and technical progress towards achieving its objectives, according to the format provided by UNDP China Office. The summaries are reviewed and cleared by UNDP-China before sent to the UNDP/MPU.

#### Budget Revisions

Project budgets revisions are signed by UNDP China Office and FECO/MEP). An annual revision is mandatory to reflect the final expenditures for the preceding year and to enable the preparation of a realistic plan for the provision of inputs for the current year. Other budget revisions may be undertaken as necessary during the course of the project. It is expected that significant revisions will be cleared with the UNDP/MPU for consistency with the MLF principle of incrementally and MLF eligibility criteria before being approved.

#### Audit

As per UNDP requirements, an annual audit is necessary for all MLF Projects when expenditure for the calendar year exceeds US\$450,000, or the project will be audited at least one time during its lifecycle. According to the UNDP Programming Manual, the legally recognized auditor of the government normally conducts the audit. The audit will be an integral part of the monitoring and evaluation process and its contents shall be taken into account in the annual progress review and evaluation of the project.

#### Terminal Report and Plan of Action for Extension of Institutional Strengthening Project

As per MLF requirements, a Terminal Report and a Plan of Action are necessary for Institutional Strengthening project renewal every two-years. These reports should be reviewed and cleared by UNDP China before submitting to UNDP/MPU.

### **Part Six. Legal Context**

This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement (SBAA) between the Government of the People's Republic of China and the United Nations Development Programme, signed by the parties on 29 June 1979. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.

The Country Director of UNDP China office is authorized to effect in writing the following types of revision to this Project Document, provided that he/she has verified the agreement thereto by the UNDP/MPU and is assured that the other signatories to the Project Document have no objection to the proposed changes:

- a) Revision of, or addition to, any of the annexes to the Project Document;
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
- c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and

- d) Inclusion of additional annexes and attachments only as set out here in this Project Document.

## **Part Seven. Special Considerations**

The Executive Committee of the Multilateral Fund Decision 33/12 *decided* that Governments commit to ensure that:

- i. The National Ozone Unit is given a clear mandate and responsibility to carry out the day-to-day work in order to prepare, coordinate and, where relevant, implement the government's activities to meet its commitments under the Montreal Protocol; this also requires access to decision-makers and enforcement agencies;
- ii. The National Ozone Unit's position, capacities, and continuity of officers, resources and lines of command within the authority in charge of ozone issues are such that the National Ozone Unit can carry out its task satisfactorily;
- iii. A specified high-level officer or a post within the authority is given overall responsibility for supervising the work of the National Ozone Unit and ensuring that action taken is adequate to meet commitments under the Protocol;
- iv. Necessary support structures, such as steering committees or advisory groups are established, involving other appropriate authorities, the private sector and non-governmental organizations, etc;
- v. Personnel and financial resources and equipment provided by the Multilateral Fund are fully allocated to the task of eliminating ODS consumption and production and are made available to the National Ozone Unit;
- vi. Annual work plans for the National Ozone Unit are prepared and integrated in the authorities' internal planning processes;
- vii. A reliable system to collect and monitor data on ozone depleting substances imports, exports and production is established; and
- viii. Measures taken and problems encountered are reported to the Secretariat and/or the implementing agency in charge of the institutional strengthening project when required by the Executive Committee.

**SECTION II. RESULTS AND RESOURCES FRAMEWORK**

**Part Eight. Strategic Results and Resources Framework**

<p><b>Intended Outcome as stated in the UNDP Country Programme Results and Resource Framework:</b></p> <p>Outcome 4 Low carbon and other environmentally sustainable strategies and technologies are adapted widely to meet China’s commitments and compliance with Multilateral Environmental Agreements</p>			
<p><b>Outcome Indicator/output as stated in the Country Programme Results and Resources Framework:</b></p> <p>Indicator/output 4.1 Policy and capacity barriers for the sustained and widespread adoption of low carbon and other environmentally sustainable strategies and technologies removed</p>			
<p><b>Applicable MYFF Service Line:</b></p>			
<p><b>Project Title and ID: Institutional Strengthening, Phase XII, Award No.: 96208</b></p>			
<b>Intended Outputs</b>	<b>Output Targets</b>	<b>Indicative Activities</b>	<b>Inputs US\$</b>
<p>Outcome 1: <b>Improve policy formulation and enforcement</b></p>		<p>1) To improve established ODS management policies and regulation and its enforcement;</p> <p>2) To formulate and enforce ODS management policies and regulations according to the progress of HCFC phase-out activities;</p> <p>3) To strengthen enforcement of management policies and regulations on ODS import and export</p>	<p>23,000</p>



Outcome 2: <b>Strengthen international communication</b>		<ol style="list-style-type: none"> <li>1) To take part in international negotiations;</li> <li>2) To understand international trends on ODS phase-out;</li> <li>3) To obtain support for projects and sector plans;</li> <li>4) To report ODS data.</li> </ol>	107,000
Outcome 3: <b>Strengthen coordination with related agencies</b>		<ol style="list-style-type: none"> <li>1) To strengthen coordination with relevant government departments;</li> <li>2) To hold coordination meetings internationally or domestically;</li> <li>3) To enhance cooperation with local EPBs;</li> </ol>	28,000
Outcome 4: <b>Improve project management of PMO</b>			333,200
Outcome 5: <b>Promote public awareness</b>		<ol style="list-style-type: none"> <li>1) To reach out to the public through media;</li> <li>2) To conduct training for public awareness;</li> </ol>	8,000

**Part Nine. Annual Work Plan Budget Sheet**

**Year 2017-2018**

EXPECTED CP OUTPUTS and indicators including annual targets	PLANNED ACTIVITIES <i>List all activities including M&amp;E to be undertaken during the year towards stated CP outputs</i>	TIME-FRAME		RESPONSIBLE PARTY	PLANNED BUDGET					
		2017	2018		Source of Funds	Atlas Budgetary Account Code	Atlas Budget Description	Amount (USD) Year 1 (2017)	Amount (USD) Year 2 (2018)	Total (USD)
<b>Outcome 1: Improve policy formulation and enforcement</b>	1) To improve established ODS management policies and regulation and its enforcement;			FECO	MLF	71800	PMO Staff Salary	12,000	10,000	22,000
	2) To formulate and enforce ODS management policies and regulations according to the progress of HCFC phase-out activities;									
	3) To strengthen enforcement of management policies and regulations on ODS import and export;			FECO	MLF	74500	miscellaneous Expenses	500	500	1,000
<b>Outcome 2: Strengthen international communication</b>	1) To take part in international negotiations;			FECO	MLF	71300	National Consultant	2,000	2,000	4,000
	2) To understand international trends on ODS phase-out;			FECO	MLF	71600	Travel	37,000	65,000	102,000

	3) To obtain support for projects and sector plans;			FECO	MLF	74500	Miscellaneous	500	500	1,000
	4) To report ODS data.									
<b>Outcome 3: Strengthen coordination with related agencies</b>	1) To strengthen coordination with relevant government departments;			FECO	MLF	71800	PMO Staff Salary	4,000	3,000	7,000
	2) To hold coordination meetings internationally or domestically;			FECO	MLF	75700	Meetings	500	500	1,000
	3) To enhance cooperation with local EPBs;			UNDP	MLF	75700	Meetings	10,000	10,000	20,000
<b>Outcome 4: Improve project management of PMO</b>	1) To enhance the project management capabilities and strengthen project management and monitoring; 2) To submit stage II of HPPMP and promote implementation of sector plans for stage I and stage II			FECO	MLF	71800	PMO Staff Salary	166,200	120,000	286,200
				FECO	MLF	71300	National Consultant	1,000	1,000	2,000
				FECO	MLF	71600	Travel	15,500	12,500	28,000
				FECO	MLF	74500	Miscellaneous	500	500	1,000
				UNDP	MLF	71600	Travel	8,000	8,000	16,000
<b>Outcome 5: Promote public awareness</b>	1) To reach out to the public through media;			FECO	MLF	71800	PMO Staff Salary	4,000	3,000	7,000
	2) To conduct training for public awareness;			FECO	MLF	74500	Miscellaneous	500	500	1,000

<b>TOTAL</b>								<b>262,200</b>	<b>237,000</b>	<b>499,200</b>
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## ANNEXES

### Part Ten.

#### TERMINAL REPORT AND REQUEST FOR EXTENSION OF INSTITUTIONAL STRENGTHENING FUNDING (decision 74/51)

**January 2017 to December 2018**

Sections 1 to 12 and 15 to be completed by the country concerned prior to transmission to the implementing agency for comments in 14.

1. Country: **China**
2. National implementing agency / ozone unit: **Ministry of Environmental Protection**
3. Implementing agency: **UNDP**
4. Institutional strengthening (IS) project phases (approved):

Phase	Duration (dd/mm/yy)	MLF Funding (Approved)	MLF Funding (Disbursed)
Phase I	Sep/1994 to Oct/1996	US\$450,000	US\$450,000
Phase II	Nov/1996 to Dec/1998	US\$300,000	US\$300,000
Phase III	Jan/1999 to Dec/2000	US\$300,000	US\$300,000
Phase IV	Jan/2001 to Dec/2002	US\$300,000	US\$300,000
Phase V	Jan/2003 to Dec/2004	US\$390,000	US\$390,000
Phase VI	Jan/2005 to Dec/2006	US\$390,000	US\$390,000
Phase VII	Jan/2007 to Dec/2008	US\$390,000	US\$390,000
Phase VIII	Jan/2009 to Dec/2010	US\$390,000	US\$390,000
Phase IX	Jan/2011 to Dec/2012	US\$390,000	US\$390,000
Phase X	Jan/2013 to Dec/2014	US\$390,000	US\$390,000
Phase XI	Jan/2015 to Dec/2016	US\$390,000	US\$*367,514

\* Expenditure up to 31 August 2016. The balance of US\$ 22,486 is obligated to be disbursed by December 2016.

5. a) Reporting period (mm/yy to mm/yy): **January 2015 to December 2016**
- b) Requested (phase funding (US \$), and period): **US\$499,200, January 2017 to December 2018**
6. Data reporting:

Reporting requirement	Reported		Year reported	Year submitted
	yes	No		

Article 7	X		2014, 2015	2015, 2016
Country programme implementation	X		2014, 2015	2015, 2016

7. Describe the role and position of the National Ozone Unit (NOU) within the national administration, the way its work is supervised and its access to senior decision-makers (this may include cooperation with steering committees, advisory groups or inter-ministerial bodies).

**The Ministry of Environmental Protection (MEP) is the leader of the National Ozone Leading Group (Leading Group), consisting of 17 ministries and Government agencies. The Leading Group is responsible for organizing and coordinating implementation of the Vienna Convention and the Montreal Protocol, as well as the China Country Programme. The Leading Group is also responsible for supervising the implementation plans and making decisions on ODS phase out. MEP is at the ministry level responsible for the overall management of ODS phase-out activities in China. The Vice-Minister of MEP is the leader of the Leading Group. The NOU (Programme Management Office - PMO) consists of staff members from the Pollution Control Department and the International Cooperation Department and the Foreign Economic Cooperation Office of in MEP. The PMO reports to the Vice-minister of MEP.**

8. Indicate the total number staff in the NOU:

- How many are paid under the IS?   8   Full time\_\_\_\_\_ Half time\_\_\_\_\_
- How many are paid by the Government?  12  Full time\_\_\_\_\_ Half time\_\_\_\_\_

9. Is the unit fully staffed?

YES  NO

If no, explain\_\_\_\_\_

\_\_\_\_\_

10. Please provide details on the status of the implementation of the activities approved from the previous IS phase and planned activities for the requested phase. Please add specific performance indicators.

Objectives (please add as necessary)	Activities in current phase	Achievement in current phase (specify phase/mm/yy)	Planned activities in next phase (specify phase/mm/yy)	Expected result for next phase
<b>Objective 1: Improve policy formulation and enforcement</b>				
Introduction of ODS management regulation	Promote ODS quota permit for the production, sale and consumption of HCFC.	<p>ODS quota renewed every year based on the progress of ODS phase out programme in China.</p> <p>ODS quota permit was well promoted and managed to ensure the fulfilment of compliance targets in 2015.</p> <p>ODS quota permit for the year 2016 was issued in December 2015. For 2017, ODS quota permit is to be issued in December 2016.</p>	<p>- provide assistance to environmental protection bureaus at provincial level in the formulation and enforcement of local policies and regulations managing HCFC related activities.</p> <p><b>- In December 2017 and 2018, the quota permit for the following years will be issued for the production, sale and consumption of HCFC. (Performance Indicator)</b></p> <p>- Provide assistance to Environmental Protection Bureaus (EPBs) on issuance of the recommended catalogue on HCFC alternatives which is planned to be issued in early 2017.</p>	- ensure the fulfilment of compliance targets in 2017.
Promote HCFC management	<p>- implementation of HCFC phase-out Plan to ensure the 10% reduction of the baseline level by 2015;</p> <p>- Submit the 2<sup>nd</sup> stage HCFC phase-out management plan</p>	<p>- Most of the conversion contracts of all 7 sectors such as ICR, RAC, Solvent and XPS were signed and some of them completed conversion of production and manufacturing lines which were verified by the accounting firm and the experts in 2015 and 2016.</p> <p>- 2<sup>nd</sup> Stage HCFC Phase-out Management Plan was</p>	implementation of the 2 <sup>nd</sup> stage HCFC phase-out Plan;	Achieve and sustain HCFC Phase-out and HCFC Production Phase-out targets as agreed under the Montreal Protocol by the year 2020.

Objectives (please add as necessary)	Activities in current phase	Achievement in current phase (specify phase/mm/yy)	Planned activities in next phase (specify phase/mm/yy)	Expected result for next phase
	in early 2016.	submitted to the 76 <sup>th</sup> ExCom in May 2016.		
Import and export management	Review and issue the import and export permit to the legal request	Legality of import and export ensured, as China is the world's largest ODS consumer and producer. There are about 4,000 to 5,000 requests of permit for ODS import and export annually in 2015 and 2016. The approval number is about 3800. Compared with previous year, the request is decreasing due to the phase out work done by the other countries, and economic slowdown.	To review and issue the permit	Legality of import and export ensured.
<b>Objective 2: To strengthen international communication</b>				
Take part in international negotiations	Participate in international negotiations, and report the Protocol implementation progress in China.	<p>- The PMO attended the 74<sup>th</sup>-76<sup>th</sup> ExCom in May 2015 and May 2016 respectively. The PMO joined the International Cooperation Division of MEP in the negotiation of OEWG 35<sup>th</sup> -38<sup>th</sup> and MOP 27.</p> <p>- The PMO will participate in 77<sup>th</sup> ExCom in Nov 2016 and MOP28 in Oct 2016.</p> <p>- The Asia and the Pacific Regional Workshop on Environmentally Friendly Refrigerants in Room Air Conditioners (RAC) and field trip to RAC and Compressor Manufacturing Plant was jointly organized by UNEP and MEP/FECO with support of Shenzhen Human Settlements and Environment Commission (SHEC) from 29 Feb to 3 Mar 2016 in Shenzhen, China. The event was attended by 100 delegates</p>	<p>To prepare and participate in the international negotiations including Meeting of Parties, meetings of Executive Committee, Open Ended Working Group meeting. In 2017 and 2018, PMO will attend the 78<sup>th</sup> -81<sup>st</sup> ExCom, And join the International Cooperation Division of MEP in the negotiation of OEWG 39<sup>th</sup> -42<sup>nd</sup> and participate in 28<sup>th</sup> and 29<sup>th</sup> MOP.</p> <p><b>- Participate in the South Asia network meetings in 2017 and 2018. (Performance Indicator)</b></p>	Participation in international negotiations, report the Protocol implementation progress in China.



Objectives (please add as necessary)	Activities in current phase	Achievement in current phase (specify phase/mm/yy)	Planned activities in next phase (specify phase/mm/yy)	Expected result for next phase
		<p>representing national ozone units, industry and media from 27 countries in Asia and the Pacific.</p> <p>- Participated in the South Asia network meetings in Korea in Mar 2015 and in Fiji in June 2016</p>		
Understand international trends on ODS phase-out	Participate in relevant meetings on the latest development of ODS phase-out, especially alternative technologies; and to study the latest ODS policies and international trend on ODS phase-out.	<p>The PMO has conducted research on the prospect of complying with the Montreal Protocol and the impact of HCFC phase out on China for the next Five-Year Plan. (ongoing)</p> <p>Any names and dates of the meetings participated in 2015 and 2016?</p>	To participate in relevant meetings on the latest development of ODS phase-out, especially alternative technologies; and to study the latest ODS policies and international trend on ODS phase-out.	improvement of the understanding of the international trends on ODS phase-out and compliance capacity.
Obtain support for projects and sector plans	Obtain support (from where, industries?) for projects and (HPMP?) sector plans with the support and organization of PMO.	<p>Timely implementation of China's (HPMP?) sectoral plan and other (MP?) projects.</p> <p>Any meetings organized, (if so when?) to obtain support from (where, industries?)</p>	To continue to obtain support for projects and sector plans with the support and organization of PMO.	Timely implementation of China's sectoral plan and other projects continued.
Data report	Report ODS data for the year 2014 and 2015 as required by Article 7 of the MP and CP data	<p>A7 and CP Data from all relevant sectors in 2014 collected and reported on time in (date) September 2015.</p> <p>A7 and CP Data in 2015 to be collected and reported in (date) September 2016.</p>	<b>To organize the collection and report the data of ODS production, consumption and trade of mainland China, Hong Kong, Macau and Taiwan for the year 2016 and 2017 on time. (Performance indicator)</b>	ODS production, consumption and trade data in accordance with the Montreal Protocol reported.
<b>Objective 3: To strengthen coordination with related agencies</b>				
Coordination with	Through enhanced	2015 International Ozone Day Celebration was held in	Continue strengthening coordination with	Coordination with related agencies

Objectives (please add as necessary)	Activities in current phase	Achievement in current phase (specify phase/mm/yy)	Planned activities in next phase (specify phase/mm/yy)	Expected result for next phase
government departments	coordination with related agencies, all sector plans and projects to be smoothly implemented, and China to realize phase-out targets set by the Montreal Protocol.	Beijing on 16 Sep 2015 attended by representatives from international agencies, members of the National Ozone Leading Group, including Minister of MEP, Mr. Chen Jining, and some HCFC production and consumption enterprises. In 2015 and 2016, PMO has continued its a strong coordination with government departments like Customs, Ministry of Agriculture, Ministry of Commerce, etc.	members of the National Ozone Leading Group and review the progress and challenges in ODS phase-out presented at relevant meetings.	enhanced as an effort to achieve the phase-out targets set by the Montreal Protocol.
Coordination with local Environment Protection Bureaus (EPBs)	Through enhanced coordination with related agencies, all sector plans and projects to be smoothly implemented, and China to realize phase-out targets set by the Montreal Protocol.	Local EPBs established their own team in ozone protection and ODS phase-out and organized meetings among local EPBs Local EPBs organized 40 workshops in 29 provinces to enhance public awareness with 4,000 participants in total in 2015 and 2016.	To enhance cooperation with local EPBs at relevant meetings. 2-3 meetings will be held in 2017 and 2018.	Meetings among local EPBs or tele/on line communication realized.

Objectives (please add as necessary)	Activities in current phase	Achievement in current phase (specify phase/mm/yy)	Planned activities in next phase (specify phase/mm/yy)	Expected result for next phase
<b>Objective 4: To improve project management of PMO</b>				
Strengthen project management capabilities	Enhance internal system on Project management	Coordination among ODS production, consumption and import & export in the project management process strengthened. In July 2015, July 2016 and September 2016, 3 training workshops for new staffs was held in Beijing accordingly. After the workshops, new staffs are now familiar with the operation of PMO and relevant management process.	To strengthen coordination among ODS production, consumption and import & export in project management.	Coordination among ODS production, consumption and import & export in the project management process strengthened.
<b>Objective 5: To promote public awareness</b>				
Reach out to the public through media	Via the newsletter and website, more necessary information, the latest ODS phase-out activities and policies will be proclaimed.	Some necessary information and the latest ODS phase-out activities and policies now updated on the website of China Ozone Action <a href="http://www.ozone.org.cn/">http://www.ozone.org.cn/</a> . The International Ozone Day Celebration- Commemorating the 30th Anniversary of the Vienna Convention was held in Beijing in September 2015. A special event commemorating the Montreal Protocol will be held in September 2016 for the International Ozone Day.	To involve media to release news to the public on HCFC phase-out on significant occasions.  On the International Ozone Day 2017 and 2018, a series of celebrations will be held. (Performance indicator)	More information, the latest ODS phase-out activities and policies shared through media.
Training for public awareness	More ODS related training and public awareness	The PMO have established and maintained good relationship with multiple media outlets like cheaa.com, chinaio1.com and china environment news. (any examples?)	To disseminate materials to the public to raise awareness on ozone layer protection	Increase awareness of the protection of the ozone layer.

11. Financial report:

Item of expenditure	Budget for current phase (US \$)	Disbursement (for current phase) (US \$) (As of 31 August 2016)		Estimated budget (for requested phase) (US \$)	Government funding (in kind contribution) (US \$)	
		Actual	Obligated		Current phase	Requested phase
Staff (including consultants)	290,000	226,808	63,192	390,000**	320,000	320,000
Equipment	0	0	0	0		
Operational cost (i.e. meetings, consultations, etc.)	100,000	140,706	(40,706)	109,200	470,000	470,000
Public awareness*	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b>390,000</b>	<b>367,514</b>	<b>22,486</b>	<b>499,200</b>	<b>790,000</b>	<b>790,000</b>

\*: Public awareness are funded by government, sectoral plan and enabling components.

\*\* : Although the compliance targets of the first-stage HCFC phase-out have been achieved, the project still needs to be carefully managed and implemented thus a certain degree of human resource input is inevitably required. In addition, the target of second-stage phase-out is increased as compared to the Stage-I and the Stage-II HPMP will be launched in late 2016 and 2017. Consequently, the workload is expected to increase and more investment on human resource is a required.

12. Please evaluate the IS performance in meeting the following indicators:

Indicator	Evaluation			Comments
	Very good	Satisfactory	Poor	
1. Effectiveness of import control measures	X			Import of ODS effectively registered and managed, through efficient cooperation with Customs and relevant government agencies
2. Integration of ozone protection issues into national plans	X			Ozone protection considered and addressed in the planning of all related sectors (Could you add some example, "such as the national environment action plan for 2015-2018," etc.?).
3. Completion of phase-out projects	X			Major ODS phase-out targets as well as 2015 HCFC 10% reduction target achieved and sustained timely and effectively
4. Efficient data reporting	X			A7 data and Country Programme data reported on time annually.

13. Government endorsement:

Action plan authorized by ( <i>name</i> ):	Xiao Xuezhi
Signature of authorising authority:	
Title:	Deputy Director General
Supervising Organization/Agency/Ministry:	Ministry of Environmental Protection
Date:	

14. Submission of action plan:

Name of implementing agency:	UNDP
Name of Project Officer:	Yun Hong, UNDP Beijing, China
Signature of Project Officer:	
Date:	2016/8/24
Comments of the implementing agency:	The Institutional Strengthening projects are instrumental to China compliance with the Montreal Protocol requirements. During the IS Phase-XI, China conducted a number of activities attributing to the ODS phase out programme, such as ODS project management, coordination with the line ministries, agencies, experts for ODS control and monitoring, strengthening the international cooperation, technical exchanges at some thematic workshops, timely data reporting of A7 and Country Programme. UNDP will continue support the capacity building for effective ODS management in China.

15. Executive summary: please provide summaries for the information required below in no more than one paragraph each. These paragraphs will be used in documents for the Executive Committee Meeting.

**a) Terminal Report**

In Phase XI, with the financial support of US\$390,000, 24 members of the PMO worked to achieve these objectives. Additionally, the project received support on HPMP from international implementing agencies like UNDP, UNEP, WB, UNIDO, GIZ, etc. The data reporting to the Ozone Secretariat and the Secretariat of the Multilateral Fund was done efficiently and timely. The government and the Implementing Agency conducted audits on the PMO every year, which yielded satisfying outcomes. The major achievement in the Phase XI is the compliance with the 2015 HCFC phase-out target i.e the reduction of 10% of the baseline, owing to effective ODS control measures put in place in the country, the timely and successful reconversion of HCFC to the alternatives in the industrial sectors under HPMP Stage-I. It is learned that cooperation, coordination, participation of local governments, promotion of public awareness, and support from policy makers are key to the success of the project.

**b) Plan of action**

In the next 2 years, China will continue working on HCFC phase-out. The main objective of the project is to further enhance the overall programme management capability of the Programme Management Office (PMO) for ozone layer protection matters in the Ministry of Environmental Protection (MEP), especially focus on the policy formulation and enforcement. The objectives defined as the main content of the project, namely (1) improving policy formulation and enforcement, (2) strengthening international communication, (3) strengthening coordination with related agencies and stakeholders, (4) improving data collection and reporting, and (5) improving project management capacity of PMO, will continue to be pursued in the next phase. With the support of US\$499,200 from the MLF, the PMO will continue to practice efficient programme management, awareness raising and data reports, and expand its capabilities to ensure successful phase-out of ODS.