

Annual Project Report (UNDP conclusion)

[Name of project] National Coordination for China HCFC Phase-out
Management Plan (Stage-I)

[Date of report] January 10, 2015

Project annual report rating

<i>Item rated</i>	<i>Rating provided</i>
Overall quality of the report	5
Does the project still fit with the Country office Strategic direction	4
Is the project still Relevant within the country setting	5
Sustainability	4
Efficiency: Financial performance (overall)	4
Efficiency: Financial performance (reporting period)	4
Effectiveness: Activity implementation (overall)	4
Effectiveness: Activity implementation (reporting period)	4
Partnership Effectiveness (if applicable)	4
Total	38

Partnership Effectiveness (only for joint inter-UN agency initiatives)

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Overall assessment

The project, generally, implemented well, the activities are expected under the agreement, and indicators are met.

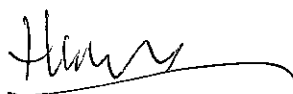
Sustainability (either separate or as part of the overall assessment)

The sustainability was well addressed in the report. Since this project is regarding coordination, no technologies of sustainability are considered.

Management steps to be taken

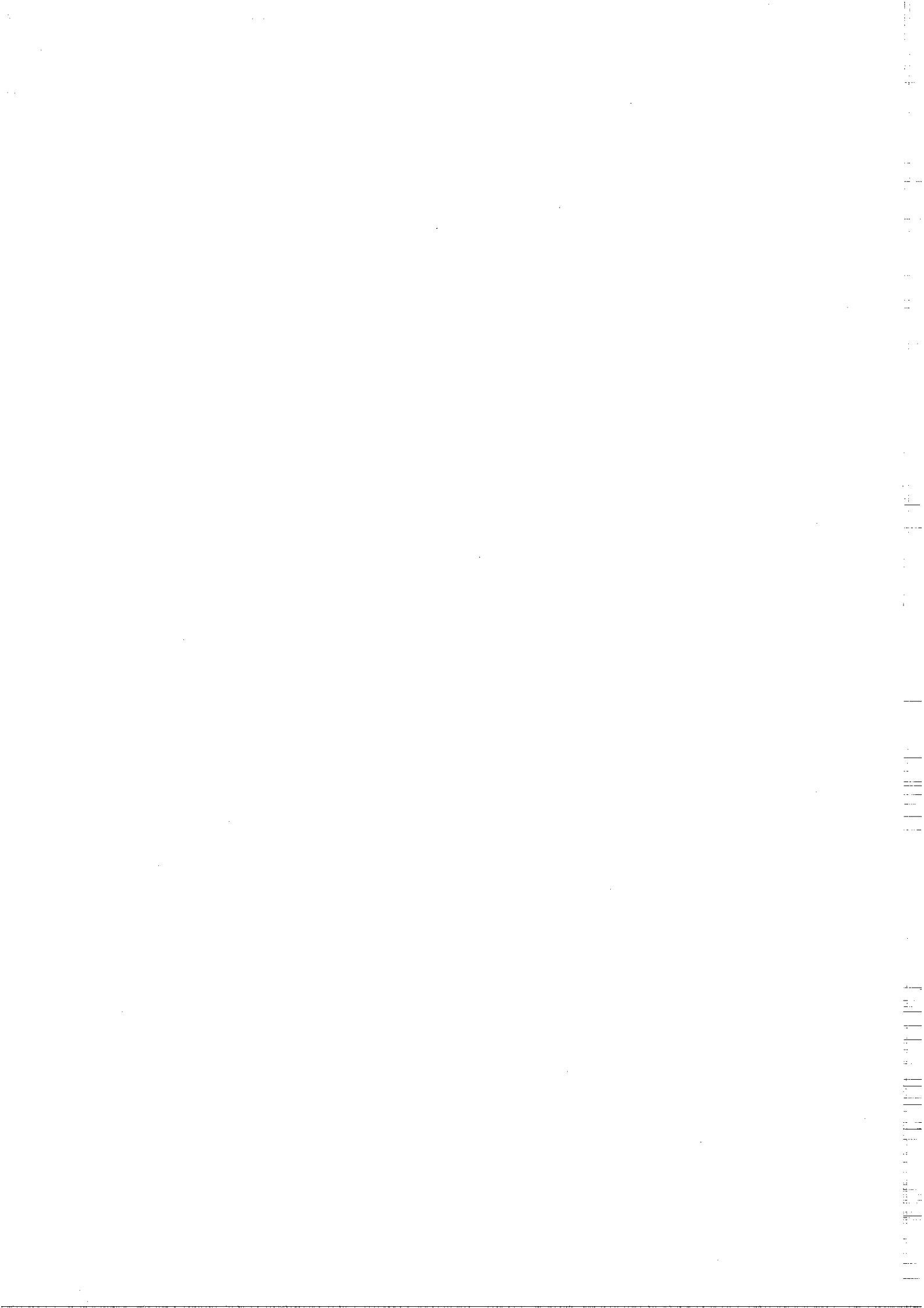
2014 is the last year for the project. Measures should be taken to finish all the activities of the project, especially the disbursement of the remaining fund. UNDP will remind FECO of the procedures of closure of the project.

Signed by



Date

30 Jan. 2015



Annual Project Progress Report

National Coordination for China HCFC Phase-out Management Plan (Stage-I)
12 January, 2015



Basic Project Information

Project Title: National Coordination for China HCFC Phase-out Management Plan (Stage-I)	
UNDP Award ID	00063099
UNDP Project ID	00080502
CRIS Contract Number	
Project Duration	2011-2015
Reporting Period	1 January, 2014- 31 December, 2014
Total Approved Project Budget	USD 360,000
Participating UN agencies	UNDP
Implementing Partners/ National collaborating agencies	FECO/MEP
International collaborating agencies	
Cost-sharing third parties	
UNDP Contact officer	
Project website	

Executive Summary

China faces the unprecedented challenge in phasing out large quantities of HCFCs in a relatively very short period of time. It requires effective and efficient coordination and management at the national level, as well as the monitoring and reporting obligations as part of China's agreements with the Executive Committee of the Multilateral Fund. Aiming at the objectives, this project held coordination meetings in 11-12 September 2014, coordinated and monitored the implementation of the HPMPs across sectors, submitted progress report of the production and the consumption sectors and requested for the next tranche, conducted financial audit on the disbursement of HPMP stage I, submitted the preparation project of HPMP stage II and get approved 2 million US dollars. With the joint efforts from all aspects, China has successfully achieved the 2013 freeze target and is progressing for the 10% reduction target in 2015. Based on the activities and outcomes, this report recommends management implications in the following directions which include: effective and efficient coordination and management at the national level to ensure the seven sector plans being carried out smoothly in the year of 2015; interventions such as effective policies and regulations, communication and awareness, etc. to be carried out to support the phase-out activities across sectors.

1. Background

Development Context

In July 2011, the Executive Committee approved, in principle, stage I of the HCFC phase-out management plan for China for the period 2011 to 2015 at the amount of US\$265 million (UNEP/OzL.Pro/ExCom/64/49). Later in November 2011, the Sector Plan for HCFC Phase-out in Solvent Sector in China (Stage-I) was approved at the 65th Meeting of the Executive Committee with funding of US\$ 5 million. The overall funding of the first stage HPMPs for consumption sectors in China's HCFCs consumption sectors totalled US\$ 270 million. The agreement between China and the ExCom for the reduction of HCFC in the consumption sectors was approved at the 64th meeting and updated at the 67th meeting. In 2013, the 69th Executive Committee meeting approved the HCFC Phase-out Production Sector Management Plan (HPPMP) with a total of US\$95 million for the HPPMP in China (stage I) to meet the freeze and 10 per cent reduction of China's Montreal Protocol HCFC baseline (UNEP/OzL.Pro/ExCom/69/40), and the agreement of the HPPMP was approved at the 71st meeting of the ExCom.

Project Objectives and Strategy

The objective of the National Coordination project is to assist the Government of China to achieve the HCFC control targets in 2013 and the reduction targets in 2015 at national level through implementing the National Coordination for China HCFC Phase-out Management Plan (Stage-I).

Being a strategic guide for the HCFC phase-out activities, the overarching HPMP included activities of consulting and coordinating with stakeholders at the national level, formulating initial regulations at the national level for controlling HCFC production and use, holding national-level coordination meetings, monitoring and reporting the progress of implementation of sector plans etc. In 2014, the major activities of the project include to hold national-level coordination meeting, to coordinate and monitor the implementation of the HPMPs across sectors, to submit progress report of the production and the consumption sectors and request for the next tranche, to conduct financial audit on the disbursement of HPMP stage I, to submit the preparation project of HPMP stage II and get approved 2 million US dollars.

2. Key Results

Project Outcomes

Outcome 1:

With the implementation of HCFC Phase-out Management Plan (Stage I), China successfully achieved the freezing target in 2013 according to the A7 data reported by the government of China.

Outcome 2:

The First Coordination Meeting on Preparation of Stage II HPMP was successfully held in September 11-12 2014 in Beijing. Coordination activities have been carried out among international agencies, industrial associations, universities, research institutes and other stakeholders.

Outcome 3:

Annual progress reports were submitted to the 72nd and 73rd meeting of the ExCom, including the 2013 progress report of the HCFC production sector and the servicing sector as well as the 2014 progress report of 5 consumption sectors. A total of 55.37 million US\$ of annual tranches were approved at the 72nd and 73rd meeting.

Outcome 4:

Daxin Certified Public Accountants Beijing Branch completed audit on the disbursement for stage I of HCFC phase-out management plan of 2013 for 6 consumption sectors and the audit report was submitted to the 73rd ExCom meeting.

Outcome 5:

Project preparation fund requests for stage II of HPMP in China were prepared and submitted to the 73rd Executive Committee meeting through international agencies with UNDP as the leading agency. The 73rd meeting approved 2 million US dollars for preparation of 6 consumption sectors and an overarching strategy.

Activities and Outputs**Activity 1 2013 HCFC production and consumption data reporting**

According to the HPPMP agreement and the agreement for the consumption sector between the ExCom and the government of China, meeting of the compliance targets as set out in the agreements should be independently verified and the World Bank is responsible for selecting and mandating an independent entity to carry out the verification. Since June 2014, the World Bank started the 2013 HCFC production verification, completed and submitted the verification report to the 73rd ExCom meeting, which also provided a basis for A7 data reporting for China.

As required by the Montreal Protocol and the Multilateral Fund, China reported A7 data to the Ozone Secretariat and country program to the MLF Secretariat in September 2014. The reported A7 data, which is based on the verification report prepared by the World Bank, shows that HCFC production and consumption in 2013 is lower than the freezing target for production and consumption sector. It means that China has successfully achieved the freezing target as required by the Montreal Protocol.

Activity 2 National coordination meeting held from 11 to 12 September 2014

The First Coordination Meeting on Preparation of Stage II HPMP was successfully held in September 11-12 2014 in Beijing with over 70 participants from international agencies including UNDP, UNEP, UNIDO, World Bank and GIZ, International Cooperation Department of MEP, industrial associations, universities, research institutes, enterprises and other stakeholders. Ms. Tina Birmpili, executive secretary of the Ozone Secretariat, was also invited to attend the coordination meeting. Mr. Chen Liang, Director General of FECO/MEP made an opening speech at the meeting.

The meeting presented the progress of stage I HPMP and preparation of stage II HPMP for HCFC production, PU foam, XPS foam, RAC, ICR, solvent, servicing sectors and overarching project, analyzed the challenges of HCFC phase-out at stage II faced by China and discussed preparation for stage II HPMP for the next step. In the afternoon of 12 September, all international agencies and the Ozone Secretariat were invited to participate in the Ozone Cup table tennis friendship match which is one of the series activities to celebrate the International Ozone Day of 2014.

Activity 3 Submission of the progress reports to the Executive Committee meeting

On behalf of FECO, UNEP resubmitted the 2013 progress report and 2014 implementation plan to the 72nd Executive Committee meeting in March 2014, and the progress of the refrigeration servicing sector and the national enabling program up to March 2014 has been reflected in the report. Meanwhile, the World Bank submitted the 2013 progress report and 2014 implementation plan of the HCFC production sector to the 72nd ExCom meeting in Feb 2014. After review and discussion of the progress reports, the 72nd Executive Committee meeting approved the funding request of the two sectors.

In August 2014, the annual progress reports of PU foam, XPS foam, RAC, ICR and servicing sectors were prepared and submitted through implementing agencies to the 73rd Executive Committee meeting and requested the fourth tranches of the five sector plans. In addition, the overall progress report was prepared by FECO and submitted to UNDP. Pursuant to decision 70/20, an audit report on the disbursement for stage I of HPMP for 6 consumption sectors including PU foam, XPS foam, solvent, RAC, ICR and refrigeration servicing and enabling program were submitted along with the progress report to the 73rd meeting of the Executive Committee. The 73rd meeting approved the progress reports and funding request for PU foam, XPS foam, RAC and the ICR sector plans, and the progress report of the servicing sector plans would be resubmitted to the ExCom next meeting due to the low disbursement rate from UNEP to FECO. A total of 55.37 million US\$ of annual tranches were approved at the 72nd and 73rd ExCom meeting.

Activity 4 Audit on disbursement for stage I HPMP of 2013

According to the decision 70/20 of the Executive Committee, implementing agencies should submit to the Treasurer an annual audited financial statement to be provided by MEP/FECO eight weeks prior to an Executive Committee meeting or earlier. In May, FECO signed contract with Daxin Certificated public Accountants Beijing Branch and the audit firm completed the 2013 audit on the disbursement for stage I of HPMP for 6 consumption sectors including PU foam, XPS foam, solvent, RAC, ICR, refrigeration servicing and enabling program. The final audit report including interest accrued from HPMP funding of each sector in 2013 has been delivered to international implementing agencies and was submitted to the 73rd meeting of the Executive Committee in August 2014.

Activity 5 Submission of project preparation fund for stage II HPMP in China

The 71st meeting of the Executive Committee approved guidelines for funding the preparation of stage II HPMP. With consultation among implementing agencies, FECO developed project preparation documents of stage II HPMP for HCFC production, PU foam, XPS foam, RAC, ICR, solvent and servicing sectors (including enabling program). After the coordination meeting held in September 2014, FECO and implementing agencies finalized the project documents and submitted them to the 73rd meeting of the Executive Committee. The 73rd meeting approved the funding request for preparation of PU foam, XPS foam, ICR, RAC, solvent, servicing and the overarching HPMP of stage II with a total amount of 2 million US\$. The preparation for the production sector will be discussed at the Sub-group meeting on the production sector of the next ExCom meeting.

Sustainability

The implementation of this project displayed a well trend of sustainability in 2014. The revision version of Circular on the Management of the Import and Export of ODS was jointly issued by Ministry of Environmental Protection, Ministry of Commerce and General Administration of Customs on 21st January, 2014, which came into force on 1st March, 2014. The revised version will further strengthen the management on ODS trade, improve law-based administration and supplement relevant articles on punishment for illegal behaviours. The coordination meeting held under this project plays as a very good platform for FECO, the implementing agencies and domestic supporting agencies to communicate on the progress and to identify possible barriers timely. The project has also been consistent in providing supports together with the implementing agencies in getting the production sector plan approved. In the meantime, this project seeks to coordinate between the consumption and production sectors. Impacts on the national society, economy and environment have also been considered. The strategy of this project integrates the first stage target with long term control targets, contributing to achieve sustainable reductions and phase-out of HCFCs. In addition, with common efforts from implementing agencies and FECO, the preparation project for HPMP stage II has started, which will assist China to achieve the compliance target of the next stage.

Partnership Effectiveness

The project partners, including the international agencies, local and national agencies and individual experts, played active roles in the coordination activities of the projects. FECO/MEP assumed overall responsibility for management and implementation of all activities of HPMPs, including policies and regulations, import and export control, monitoring and evaluation and so on. International agencies, with the leadership of UNDP, fulfilled its responsibilities of planning, implementation, verification and reporting of all activities of HPMPs. Industrial associations provided great assistance in project implementation, technical support and public awareness etc. The project is consistent with the principles of the development effectiveness. The concerted efforts of all partners resulted in successful implementation of the HPMPs across consumption sectors. It also contributes directly to the negotiation of the production sector plan.

Cross-cutting Issues

The implementation of this project, along with other 6 consumption sectors and the production sector, will phase out a large amount of HCFCs to protect the ozone layer, which will achieve remarkable climate benefit in the meantime as HCFCs are significant greenhouse gases. It will contribute to the sustainable improvement of environment. Low-GWP and climate friendly alternative technologies are encouraged in selecting alternatives. China will make efforts to issue policies to encourage research and development, dissemination and application of low-GWP and climate friendly technologies.

3. Project Management and Oversight

Implementation Status

All the activities of this project have been completed and significant outcomes have been achieved by 31 Dec 2014. The project has been implemented as planned.

Monitoring and Evaluation

According to the Agreement between the Executive Committee of the Multilateral Fund and the Government of China, FECO/MEP conducted accurate monitoring of its activities under the Agreement.

Pursuant to the decision 69/24(c), FECO selected an auditing company to provide auditing service on the information requested on the disbursement for Stage I of HPMPs implemented by FECO, Daxin Accounting Co. Ltd. The audit firm completed the audit report in May 2014. The information required was submitted to the 73rd Executive Committee Meeting via the related implementing agencies.

Human Resource Management

Risk Management

No significant risks were identified during the reporting period.

Delay in completion of project deliverables such as national stakeholder coordination meetings, implementation plan and progress reports to MLF etc.

Delay in monitoring and coordination in seven sector plans

Inter-Agency Coordination and Delivering as One

The phase-out strategy at the first stage requires national coordination among different sectors as well as coordination among agencies to ensure the achievement of the compliance targets. In this reporting period, one implementing agencies coordination event was held as planned. Several seminars and workshops were organized on a necessary basis. Regular communications via emails, phone calls and visits between agencies also contributed to an effective coordination relationship.

Communication and Advocacy

China participated in the two meetings of the Executive Committee in 2014 and keeps smooth communication with the MLF Secretariat, the ExCom, implementing agencies and other countries. China also participated in regional officer network meeting to communicate and exchange ODS phase-out experience with other developing countries.

ODS phase-out has been carried out in China for many years and a mature mechanism of communication has been well established. A series of activities were held during the International Ozone Day under the enabling component. Annual coordination meetings are very effective and efficient in communicating with stakeholders. Regular communications and consultation with stakeholders also work efficiently and contribute a lot to the ODS phase-out in China.

4. Financial Management

Reaching its objectives as expected, the project provides good value for the fund. In this reporting period, the disbursement rate is about 82% of the budget for the year. It should be noted that the international travel cost of the China delegation to attend the 69th ExCom meeting was adjusted to the account of the project in Dec 2014, and the total cost for international travel in 2014 is US\$ 30,029.02.

Within the budget listed in the two-year work plan, major activities of this project have been completed and significant outcomes have been achieved by 31 Dec 2014. The expenditure is calculated at the UNDP exchange rate of US\$ 1 to CNY 6.133209, effective from 1st December 2014.

	Source of Fund	Budget	Expenditure
Expenditure Vs. Approved project budget by source of funding	UNDP	95,000	77,599.44
	Government Cost Sharing		
	Third Party Cost-sharing		
	Other (please specify)		
	Total	95,000	77,599.44

Output	Activities	Source of funding	Budget Description	Annual Budget (USD)	Annual Expenditure (USD)	Not Expenditure
Output 1	1.1 Annual coordination meetings	UNDP	Workshops, consultants, travels etc.	30,000	21,460.11	
Output 2	2.1 Monitoring and coordinating the implementation of sector plans at national level (including industry interaction and policy management etc.)	UNDP	Workshops Hiring staff/consultants/auditors	20,000	4,783.8 9,913.24	
	2.2 The Chinese delegation to attend Executive Committee meetings	UNDP	Travels, consultants, seminars, etc.	30,000	30029.02	
	2.3 Audit on disbursement of stage-I HPMP	UNDP	Subcontracts, consultants, workshops, travels, etc.	15,000	11413.27	
			Total	95,000	77,599.44	

5. Management Recommendations

To make the freeze level of HCFCs sustainable in 2014, it requires effective and efficient coordination and management at national level to ensure seven sector plans being carried out smoothly.

Interventions such as effective policies and regulations, communication and awareness, etc. need to be carried out to support the phase-out activities across sectors.

7. Annexe/s

None.