

Annual Project Progress Report

National Coordination for China HCFC Phase-out Management Plan (Stage-I)
14 January, 2013



Basic Project Information

Project Title:	
UNDP Award ID	
UNDP Project ID	00080502
CRIS Contract Number	
Project Duration	2011-2015
Reporting Period	1 January, 2012- 31 December, 2012
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

The reporting period of 2012 is the first year after the start-up of the HPMPs of the HCFC consumption sectors. China faces the unprecedented challenge in phasing out large quantities of HCFCs in a 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 the implementing agencies coordination meeting in September, facilitated the final approval of the updated Agreement between the Government of China and the Executive Committee of the MLF for the reduction in consumption of HCFCs by the 67th Executive Committee, prepared the annual progress report and submitted to the 68th Executive Committee meeting and helped with the progress of the HCFC Phase-out Production Sector Management Plan (HPPMP) in compilation and negotiation. The project has achieved the outcomes as expected in this reporting period which contributes to the freeze target in 2013 and further reduction target in 2015. Based on the activities and outcomes, this report recommends management implications in three directions which include: effective and efficient coordination and management at the national level to ensure the seven sector plans be carried out smoothly in the freeze year of 2013; interventions such as effective policies and regulations, communication and awareness, etc. to be carried out to support the phase-out activities across sectors; the procedures of selecting experts to be accelerated and wider-range projects be carried out in the year of 2013.

1. Background

Development Context

China's overall HCFC phase-out management plan is an integral part to realize the 2013 and 2015 control targets for HCFC production and consumption. China need to implement seven sector plans including: HCFC production sector, PU foam sector, XPS foam sector, RAC sector, ICR sector, servicing sector and solvent sector. At the 64th meeting of the Executive Committee of the MLF, UNDP, as the leading implementing agency for stage I of the HPMP for China, submitted the seven sector plans, together with the national enabling programme and the national coordination plan for stage I of the HPMP.

The 64th meeting of the Executive Committee approved, in principle, stage I of the HPMP for China for the period 2011 to 2015 at the amount of US \$265 million, associated with the PU, XPS, ICR, RAC and refrigeration servicing sector plans, the national enabling programme and the national coordination plan. The solvent sector plan was approved by the 65th meeting at a level of funding of US \$5 million. Therefore, the overall funding for stage I of the HPMP for China amounted to US \$270 million.

The 64th Meeting of the Executive Committee approved the National Coordination for China HCFC Phase-out Management Plan (Stage-I) and UNDP the implementing agency. It comprises of national stakeholder coordination, review and coordination, monitoring and reporting of phase-out activities and targets to be implemented over five years from 2011 to 2015. The total approved funding was US \$ 360,000. On December 19-20 2011, a launch meeting for the implementation of HPMPs was held in Shanghai. UNDP and MEP/FECO signed the Project Document of the overarching HPMP at the plenary meeting for the implementation of the overarching HPMP from 2011 to 2015.

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 policy makers, designing initial regulations at national level for controlling HCFC use, establishing priorities at the national level for proper sequence of HCFC reduction in various sectors, formulating national-level review and inputs for selection of alternative technologies, compiling sector-level inputs and associated interagency coordination activities to enable formulation of an integrated HPMP overarching strategy document. In 2012, the major activities of the project include to hold the implementing agencies coordination meeting, to revise the agreement between the government of China and the Executive Committee of the MLF for the reduction in consumption of HCFCs, to coordinate and monitor the implementation of the HPMPs across sectors, and to facilitate the consultation and negotiation of the HCFC production sector plan.

2. Key Results

The progress of this project is on track as planned overall. The implementation of the sector plans involved technology conversions in various industries to ensure the control targets reached as

articulated in China's overall strategy. Other interventions such as effective policies and regulations, communication and awareness, etc. were also carried out in close coordination with related parties to support the sector-level phase-out activities. In the reporting period, this project carried out activities to start up effective and efficient coordination and management at national level to ensure smooth implementation of the seven sector plans. It also facilitates the monitoring and reporting obligations as part of China's agreements with the Executive Committee of the Multilateral Fund. It has achieved the outcomes expected in this reporting period which contributes to the freeze target in 2013 and further reduction target in 2015.

Project Outcomes

Not applicable in this reporting year.

Activities and Outputs

Output 1 National stakeholder coordination

Activity 1.1 Holding the implementing agencies coordination meeting

After the launch meeting for the Implementation of HPMP of China was held in Shanghai on 19-20 Dec 2011, FECO, cooperating with relevant implementing agencies, started carrying out the HPMPs of six HCFC consumption sectors. The activities are wide-ranging which include, inter alia, policy preparation, agreements signing, enterprises recruitment and evaluation, site verification and alternative technologies assessment. In order to communicate the progress and share the potential difficulties each sector has met during the implementation, the Coordination Meeting for the Implementation of HCFCs Phase-out Management Plan was held by FECO in Beijing on 17-18 Sept 2012.

Representatives of five major international implementing agencies as UNEP, UNDP, UNIDO, the World Bank and GIZ joined the meeting. Relevant industrial associations and research institutes participated the meeting. The Executive Secretary of the Ozone Secretariat, Mr Marco Gonzalez, was present. The coordination meeting communicated the information on progress across six sectors, as well as the status of the phase-out plan of the production sector. The IAs actively discussed the implementing experiences across sectors and the cooperation between agencies, which contributed to realize both the freeze target in 2013 and reduction target in 2015.

Output 2 Review, coordination, monitoring and reporting of the HPMP sector plan projects at national level

Activity 2.1 Revising the Agreement for the Reduction in Consumption of HCFCs

At the 64th meeting of the Executive Committee, the HCFC phase-out management plan (HPMP) for China, as well as the associated "Agreement between the Government of China and the Executive Committee of the Multilateral Fund for the reduction in consumption of HCFCs", was approved through decision 64/49. At the following meeting, the Agreement was amended by the provisions of a sector plan for the solvent sector, and a new version was approved. In 2012, the 66th meeting of the Executive Committee approved Appendix 5-A containing the monitoring roles and institutions which had not been previously established. The 67th meeting approved the updated agreement, agreed with the changes regarding transferring the role of a sector lead agency for the XPS foam sector from the Government of Germany to UNIDO and updated the HCFC consumption baseline according to the Article 7 data reported by the Government of China. This project has played its role in coordinating the events and communicating with relevant implementing agencies,

the secretariat as well as the members of the Executive Committee of the MLF.

Activity 2.2 Submitting the progress report to the 68th Executive Committee meeting

The year of 2012 is the first year for China to implement the approved HPMPs in consumption sectors. An important task of the National Coordination project was to facilitate the preparation of the annual progress reports and submit to the 68th Executive Committee meeting in December 2012. The implementing agencies and the FECO developed and submitted the annual progress reports and the application for the second tranche to the Executive Committee. The 68th ExCom approved the second tranche for the HPMP of China at the total level of funding US \$22,298,000 plus support costs of US \$1,590,721 to implementing agencies.

Activity 2.3 Facilitating the HCFC Phase-out Production Sector Management Plan (HPPMP)

After the approval of the HPMPs of consumption sectors, the compilation and negotiation of the HCFC Phase-out Production Sector Management Plan (HPPMP) became a focus of work in 2012. FECO provided assistance to the international technical auditors mandated by the Secretariat of the MLF. It also organized several seminars and workshops of experts and HCFC enterprises during the compilation of the HPPMP. On behalf of FECO, the World Bank submitted the HPPMP to the ExCom on 9th April 2012. The project also helped to organize the representatives from HCFC producers to attend the 67th ExCom meeting with the aim of strengthening the communication between the enterprises and other stakeholders. The production sector plan has not been reached an agreement at the 68th ExCom meeting, however, those involved in the consultations had shown good spirit and understanding and had laid the groundwork for further discussions in the Sub-group when it met in the margins of the 69th meeting of the Executive Committee.

Sustainability

The implementation of this project displayed a well trend of sustainability in 2012. The annual implementing agencies coordination meeting is a 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 facilitating the preparation of the production sector plan therefore implementing activities would be able to start up immediately once it is approved by the Executive Committee. In the meantime, this project seeks to coordinate the freeze in 2013 and reduction by 2015 between the consumption and production sectors. Minimal 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.

MDG Targets

Not applicable

Partnership Effectiveness

The project is consistent with the principles of the development effectiveness. The activities taken in 2012 are closely related to the successful implementation of the HPMPs across consumption sectors. It also contributes directly to the negotiation of the production sector plan. The project partners,

including the international agencies, local and national agencies and individual experts, play active roles in the coordination events.

Cross-cutting Issues

The implementation of this project, along with other 6 consumption sectors, 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

Major activities of this project have been completed and significant outcomes have been achieved as of 31 Dec 2012. The project has been implemented as planned. There is a portion of fund which has not been disbursed, which will be specified in Section 4.

Monitoring and Evaluation

Not applicable

Human Resource Management

Not applicable

Risk Management

No significant risks were identified during the reporting period.

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 meeting 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

Not applicable.

4. Financial Management

Reaching its objectives as expected, the project provides good value for the fund. In this reporting period, the project underspent its budget. It was mainly because that it takes time to identify and evaluate the supporting experts, to design the research/monitoring/assessment projects in the first implementation year. Necessary procedures also take time go through. Due to the time limitation, major activities such as progress reporting in 2012 which was within the budget fund, were done by FECO working staff therefore the cost was not covered by the fund. Within the budget, major activities of this project have been completed and significant outcomes have been achieved as of 31 Dec 2012.

	Source of Fund	Budget	Expenditure
Expenditure Vs. Approved project budget by source of funding	UNDP	360,000	120,000*/31,695.54**
	Government Cost Sharing		
	Third Party Cost-sharing		
	Other (please specify)		
	Total	360,000	120,000/31,695.54

Note: * refers to the cumulative expenditure from UNDP to FECO/MEP; ** refers to the cumulative expenditure by FECO/MEP until the reporting year.

Output	Activities	Source of Funding	Budget Description	Annual Budget (USD)	Annual Expenditure (USD)	Note
Output 1 National Stakeholder Coordination	1.1 Annual coordination meetings	MLF	Workshops, consultant, travels etc.	30,000	27,535.00	
Output 2 Review, coordination, monitoring and reporting of the HPMP sector plan projects	2.1 Coordination activities, industry interaction and policy management	MLF	Workshops, subcontracts, travels etc.	30,000	336.80	
	2.2 Review, compilation and submission of overall periodic implementation plans and reports to MLF	MLF	Consultant, subcontract, workshops etc.	45,000	3,823.74	
	2.3 Monitoring the implementation of sector plans at national level	MLF	Consultant, subcontract, etc.	15,000		
Total				120,000	31,695.54	

Note1: The annual expenditure from UNDP to FECO/MEP is 120,000 in the reporting year. 2: the expenditure is calculated at the UNDP exchange rate of 1 UDS= 6.235 CNY at 31st Dec 2012.

5. Management Recommendations

5.1 Recommendation 1

The freeze target of HCFC in 2013 requires effective and efficient coordination and management at national level to ensure seven sector plans be carried out smoothly. The annual coordination meeting is recommended to be held in the 2nd quarter of 2013 to ensure timely coordination among sectors and the implementing agencies.

5.2 Recommendation 2

Interventions such as effective policies and regulations, communication and awareness, etc. need to be carried out to support the phase-out activities across sectors. Training projects are also recommended in terms of increasing the awareness of new ODS phase-out regulations when necessary.

5.3 Recommendation 3

The procedures of selecting experts need to be accelerated and wider-ranging projects be carried out in the year of 2013. A survey and assessment project conducted by experts is recommended, which focuses on the assessment of the implementation of the HCFC consumption sector plans at qualitative and quantitative levels in the freeze year.

6. Conclusion

In the reporting year of 2012, major activities of the project have been completed and outcomes have been achieved as planned which contribute to the freeze target in 2013 and further reduction target in 2015.

The implementing agencies coordination meeting was successfully held. This project has facilitated the revision of the Agreement for the Reduction in Consumption of HCFCs and the submission of the annual progress reports of HPMP. Based on the activities and outcomes it achieved, this report recommends management implications in three directions: effective and efficient coordination and management at the national level to ensure that seven sector plans be carried out smoothly in the freeze year of 2013; interventions such as effective policies and regulations, communication and awareness, etc. need to be carried out to support the phase-out activities across sectors; the procedures of selecting experts to be accelerated and wider-range projects be carried out in the year of 2013.

The project was implemented on the track of reaching its objectives as planned and played an active role in stakeholder coordination at national level, review and reporting, technical monitoring and coordination of phase-out activities across sectors.

7. Annexe/s

Annex I. HCFC Phase-out Management Plan(Stage-I)