



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/73/50
8 October 2014

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-third Meeting
Paris, 9-13 November 2014

PROJECT PROPOSAL: URUGUAY

This document consists of the comments and recommendation of the Secretariat on the following project proposal:

Phase-out

- HCFC phase-out management plan (stage I, fourth tranche) UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Uruguay

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNDP (lead)

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2013	15.47 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2013	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123			0.01						0.01
HCFC-124					0.16				0.16
HCFC-141b		0.14			0.56				0.70
HCFC-141b in imported pre-blended polyol		6.7							6.7
HCFC-142b					0.20				0.20
HCFC-22				0.88	13.52				14.40

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	23.4	Starting point for sustained aggregate reductions:	23.33
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	4.18	Remaining:	19.15

(V) BUSINESS PLAN		2014	2015	Total
UNDP	ODS phase-out (ODP tonnes)	0.2	0.5	0.7
	Funding (US \$)	21,500	48,379	69,879

(VI) PROJECT DATA			2011	2012	2013	2014	2015	Total
Montreal Protocol consumption limits*			n/a	n/a	23.33	23.33	21.0	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	23.33	23.33	21.0	n/a
Agreed funding (US \$)	UNDP	Project costs	100,000	100,000	115,000	20,000	45,004	380,004
		Support costs	7,500	7,500	8,625	1,500	3,375	28,500
Funds approved by ExCom (US \$)		Project costs	100,000	100,000	115,000	0	0	315,000
		Support costs	7,500	7,500	8,625	0	0	23,625
Total funds requested for approval at this meeting (US \$)		Project costs	0	0	0	20,000	0	20,000
		Support costs	0	0	0	1,500	0	1,500

*Difference of 0.07 ODP tonnes from the baseline is due to the rounding.

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Uruguay, UNDP as the designated implementing agency, has submitted to the 73rd meeting a request for funding for the fourth tranche of stage I of the HCFC phase-out management plan (HPMP)¹, at the amount of US \$20,000, plus agency support costs of US \$1,500. The submission includes a progress report on the implementation of the third tranche of the HPMP and the tranche implementation plan for 2015.

Progress report on the implementation of the third tranche of the HPMP

2. The following activities had been implemented during the third tranche of the HPMP: 35 customs officers trained on HCFC alternatives and ODS import/export control measures; development of a new electronic platform for monitoring the licensing system called the International Trade's Exclusive Window (Ventanilla Unica de Comercio Exterior - VUCE); evaluation of new alternatives for HCFC-141b used in flushing refrigeration circuits, training, and purchase of two sets of closed-cycle flushing equipment for training purposes; training of 265 servicing technicians on good refrigeration servicing practices and on new alternatives in four cities; and purchase of training equipment for the Technological Laboratory of Uruguay (LATU). Meetings were held with main stakeholders in cities with higher consumption to disseminate information about the country's approach to phasing out HCFCs and on alternative technologies available.

Verification report of national HCFC consumption targets

3. A verification report on HCFC consumption for the year 2013 was submitted along with the tranche request. The report confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs for 2013 was 15.47 ODP tonnes, lower than its established baseline.

Level of fund disbursement

4. As of September 2014, of the US \$115,000 approved for the third tranche, US \$54,607 had been disbursed. The balance of US \$60,393 will be disbursed in 2015. Table 1 shows the level of disbursement of stage I of the HPMP.

Table 1. Financial report of the first, second and third tranches of the HPMP for Uruguay

TRANCHES	First tranche		Second tranche		Third tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNDP	100,000	100,000	100,000	72,057	115,000	54,607	315,000	226,664
Disbursement rate (%)	100		72.1		47.5		72	

Implementation plan for the fourth tranche of the HPMP

5. The main activities to be implemented during the fourth tranche of the HPMP include:
- (a) Awareness campaign of HCFC control measures to maintain the HCFC consumption levels allowed under the Montreal Protocol; training of customs officers on HCFC control measures and meetings with stakeholders involved in HCFC import to introduce the new VUCE platform (US \$3,000);

¹ The HPMP for Uruguay was approved by the Executive Committee at 65th meeting to reduce HCFC consumption by 10 per cent of the baseline by 1 January 2015.

- (b) Continued assessment of alternatives to HCFC-141b used in flushing refrigeration circuits, purchase of additional closed-cycle flushing equipment and training of technicians in the use of this equipment (funds from previous tranche);
- (c) Practical and theoretical training on good refrigeration servicing practices (US \$10,000);
- (d) Awareness activities related to HCFC control measures and HCFC alternatives adoption (US \$4,000); and
- (e) Monitoring, evaluation, reporting and follow-up of project activities and preparation of project implementation reports (US \$3,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Operational licensing system

6. As reported to the 68th meeting, Uruguay has an enforceable system of licensing and quotas for HCFCs. The Government of Uruguay has already issued HCFC import quotas for 2014 in accordance with the Montreal Protocol control targets at 23.4 ODP tonnes. Import quotas for future years will be based on the limits allowed under the Montreal Protocol.

HCFC consumption

7. The HCFC consumption levels for Uruguay is shown in Table 2. It is noted that the 2013 consumption reported (15.47 ODP tonnes) is below the baseline of the Uruguay (23.4 ODP tonnes). UNDP reported that this was due to two factors: the first being that in 2012, there was uncertainty among importers about the coming HCFC import control measures and therefore imports were higher and were stockpiled; the second being that in 2013, because of the strict implementation of the quota system and the awareness activities carried out under the HPMP, there was a better understanding on how to manage demand of HCFCs, thus imports were better controlled, also taking into account that there were stocks from 2012.

Table 2. HCFC consumption in Uruguay (2009-2013 Article 7 data)

HCFC	2009	2010	2011	2012	2013	Baseline
Metric tonnes						
HCFC-22	369.67	397.09	294.26	453.58	261.89	383.40
HCFC-141b	7.04	20.12	8.38	23.97	6.38	13.60
HCFC-142b	11.88	7.47	6.31	4.45	3.02	9.7
HCFC-123	1.59	2.12	0.50	2.13	0.74	1.9
HCFC-124	2.46	5.82	4.03	5.95	7.14	4.14
(Sub-total) (mt)	392.64	432.62	313.48	490.08	279.17	412.7
HCFC-141b in imported pre-blended polyols	48.55	52.36	41.95	61.91	60.88	n/a
Total (mt)	441.19	484.98	355.43	551.99	340.05	n/a
ODP tonnes						
HCFC-22	20.33	21.84	16.18	24.95	14.40	21.1
HCFC-141b	0.75	2.21	0.92	2.64	0.70	1.5
HCFC-142b	0.77	0.49	0.41	0.29	0.20	0.63
HCFC-123	0.03	0.04	0.01	0.05	0.01	0.03
HCFC-124	0.05	0.13	0.09	0.13	0.16	0.09
(Sub-total) (ODP tonnes)	21.93	24.71	17.61	28.06	15.47	23.4
HCFC-141b in imported pre-blended polyols	5.34	5.76	4.61	6.81	6.70	n/a
Total (ODP tonnes)	27.27	30.47	22.22	34.87	22.17	n/a

Technical issues

8. In response to queries from the Secretariat on the progress relating to the planned activity under the HPMP to introduce energy efficient HCFC-free refrigeration and air-conditioning equipment but not included in the progress report, UNDP reported that meetings have been held with the National Directorate of Energy to include considerations for energy efficiency and HCFC-free equipment (e.g., air-conditioning units, chillers, refrigeration) for Government purchases in public buildings. In addition, trials using hydrocarbon-based equipment (analyzing energy efficiency and thermodynamic properties) undertaken by LATU have also yielded positive results and are to be finalised during this coming tranche.

9. UNDP has also conveyed that the workshops for service technicians are gaining acceptance among technicians, students of refrigeration servicing, and importers of refrigeration equipment; and have been useful in improving their technical knowledge of good refrigeration servicing practices. One of the problems encountered is the limited availability of low-global warming potential (GWP), non-ODP alternatives for the refrigeration sector particularly in the region.

Verification report of national HCFC consumption targets for 2013

10. UNDP submitted an independent verification of the 2013 HCFC consumption which is lower than their baseline of 23.4 ODP tonnes. The verification concluded that Uruguay is committed to HCFC phase-out. The country's ODS regulations and licensing quota system have improved. With the introduction of the VUCE, the licensing system will allow for monitoring of ODS imports.

11. The Secretariat and UNDP agreed that the licensing and quota system is fully operational and has ensured compliance for 2013, and that strict monitoring should continue to sustain compliance with the targets of the Montreal Protocol.

Conclusion

12. The Secretariat noted that activities in the servicing sector are progressing in close co-ordination with stakeholders. Uruguay's import/export licensing and quota system is operational and will enable consumption reductions in line with the Protocol's phase-out schedule, noting that its reported 2013 HCFC consumption is already below the 10 per cent reduction target under the Montreal Protocol. As reported by UNDP, strengthening the training centres by providing equipment, tools and training material as well as training of refrigeration technicians will ensure the long-term sustainability of the activities proposed in stage I of the HPMP.

RECOMMENDATION

13. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the third tranche of stage I of the HCFC phase out management plan of (HPMP) in Uruguay, and further recommends blanket approval of the fourth tranche of stage I of the HPMP for Uruguay, and the corresponding 2015 tranche implementation plan, with associated support costs at the funding level shown in the table below:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, fourth tranche)	20,000	1,500	UNDP
