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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-fifth Meeting
Montreal, 16-20 November 2015

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, fifth and final tranche) UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

URUGUAY

| (I) PROJECT TITLE | AGENCY | MEETING APPROVED | CONTROL MEASURE |
|-------------------------------|-------------|------------------|-----------------|
| HCFC phase out plan (Stage I) | UNDP (lead) | 65 th | 10% by 2015 |

| | | |
|---|------------|--------------------|
| (II) LATEST ARTICLE 7 DATA (Annex C Group I) | Year: 2014 | 17.80 (ODP tonnes) |
|---|------------|--------------------|

| (III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes) | | | | | | | | Year: 2014 | |
|---|---------|------|---------------|---------------|-----------|---------|---------------|------------|--------------------------|
| Chemical | Aerosol | Foam | Fire fighting | Refrigeration | | Solvent | Process agent | Lab use | Total sector consumption |
| | | | | Manufacturing | Servicing | | | | |
| HCFC-123 | | | 0.0 | | | | | | 0.0 |
| HCFC-124 | | | | | 0.1 | | | | 0.1 |
| HCFC-141b | | | | | 0.8 | | | | 0.8 |
| HCFC-141b in Imported Pre-blended Polyol | | 5.7 | | | | | | | 5.7 |
| HCFC-142b | | | | | 0.2 | | | | 0.2 |
| HCFC-22 | | | | 1.1 | 15.3 | | | | 16.4 |

| (IV) CONSUMPTION DATA (ODP tonnes) | | | |
|---|------|--|------|
| 2009 - 2010 baseline: | 23.4 | Starting point for sustained aggregate reductions: | 28.7 |
| CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes) | | | |
| Already approved: | 4.18 | Remaining: | 24.5 |

| (V) BUSINESS PLAN | | 2015 | Total |
|-------------------|----------------------------|--------|--------|
| UNDP | ODS phase-out (ODP tonnes) | 0.5 | 0.5 |
| | Funding (US \$) | 48,379 | 48,379 |

| (VI) PROJECT DATA | | | 2011 | 2012 | 2013 | 2014 | 2015 | Total |
|---|------|---------------|---------|---------|---------|--------|--------|---------|
| Montreal Protocol consumption limits | | | n/a | n/a | 23.3 | 23.3 | 21.0 | n/a |
| Maximum allowable consumption (ODP tonnes) | | | n/a | n/a | 23.3 | 23.3 | 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 | 20,000 | 0 | 335,000 |
| | | Support costs | 7,500 | 7,500 | 8,625 | 1,500 | 0 | 25,125 |
| Total funds requested for approval at this meeting (US\$) | | Project costs | 0 | 0 | 0 | 0 | 45,004 | 45,004 |
| | | Support costs | 0 | 0 | 0 | 0 | 3,375 | 3,375 |

| | |
|--------------------------------------|------------------|
| Secretariat's recommendation: | Blanket approval |
|--------------------------------------|------------------|

PROJECT DESCRIPTION

1. On behalf of the Government of Uruguay, UNDP as the designated implementing agency, has submitted to the 75th meeting a request for funding for the fifth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$45,004, plus agency support costs of US \$3,375. The submission includes a progress report on the implementation of the fourth tranche, the verification report on HCFC consumption and the tranche implementation plan for 2016.

Report on HCFC consumption

HCFC consumption

2. The Government of Uruguay reported a consumption of 17.80 ODP tonnes of HCFC in 2014. The 2010-2014 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Uruguay (2010-2014 Article 7 data)

| HCFC | 2010 | 2011 | 2012 | 2013 | 2014 | Baseline |
|--|-------|--------|--------|--------|--------|----------|
| Metric tonnes | | | | | | |
| HCFC-22 | 397.0 | 294.26 | 453.58 | 261.89 | 298.26 | 383.4 |
| HCFC-123 | 2.1 | 0.57 | 2.13 | 0.74 | 1.54 | 1.9 |
| HCFC-124 | 5.8 | 4.03 | 5.95 | 7.14 | 6.22 | 4.2 |
| HCFC-141b | 20.1 | 8.38 | 23.97 | 6.38 | 9.64 | 13.6 |
| HCFC-142b | 7.5 | 6.36 | 4.45 | 3.02 | 2.65 | 9.7 |
| Sub-total (mt) | 432.5 | 313.60 | 490.08 | 279.17 | 318.31 | 412.7 |
| HCFC-141b in imported pre-blended polyols* | 52.7 | 41.91 | 0 | 60.91 | 51.64* | 48.4** |
| Total (mt) | 485.2 | 355.51 | 490.08 | 340.08 | 369.95 | 412.7 |
| ODP tonnes | | | | | | |
| HCFC-22 | 21.8 | 16.18 | 24.95 | 14.40 | 16.40 | 21.1 |
| HCFC-123 | 0.0 | 0.01 | 0.04 | 0.01 | 0.03 | 0.0 |
| HCFC-124 | 0.1 | 0.09 | 0.13 | 0.16 | 0.14 | 0.1 |
| HCFC-141b | 2.2 | 0.92 | 2.63 | 0.70 | 1.06 | 1.5 |
| HCFC-142b | 0.5 | 0.41 | 0.29 | 0.20 | 0.17 | 0.6 |
| Sub-total (ODP tonnes) | 24.7 | 17.62 | 28.05 | 15.47 | 17.80 | 23.4 |
| HCFC-141b in imported pre-blended polyols* | 5.8 | 4.61 | 0 | 6.70 | 5.68 | 5.3** |
| Total (ODP tonnes) | 30.5 | 22.2 | 28.05 | 22.2 | 23.48 | 23.4 |

*Country programme data submitted on 11 May 2015 no Article 7 data yet reported.

**Average consumption between 2007 and 2009

3. The 2014 consumption (17.8 ODP tonnes) is below the HCFC baseline consumption (23.40 ODP tonnes). The increase in consumption between 2013 and 2014 was due to stockpiling of some importers which was allowed as it was within the quota set for 2014 by the Government.

Verification report

4. The verification 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 2014 (318.3 mt /17.8 ODP tonnes) was below the targets set in the Agreement between the Government and the Executive Committee. The verification concluded that Uruguay is committed to meeting compliance with the control targets under the Montreal Protocol.

Country programme (CP) implementation report

5. The Government reported HCFC sector consumption data under the 2014 CP implementation report which is consistent with the data reported under Article 7.

Progress report on the implementation of the fourth tranche of the HPMP*Legal framework*

6. The Government continued to operate its established regulatory framework to control ODS, particularly imports and exports of HCFCs. The resolution promulgated in 2012 that established the quota system is being strictly followed, with annual import quotas issued in 2013, 2014 and 2015. Since 2013, the electronic platform for the licensing system (Ventanilla Unica de Comercio Exterior, VUCE) is fully operational and has allowed the customs department and related environmental authorities to be informed of matters related to imports and exports of HCFCs in real time.

7. In total, 61 stakeholders (including customs and other enforcement officers) were trained on the new HCFC control measures; six meetings were held with the various stakeholders to introduce the VUCE platform; and three virtual meetings were held with customs officers, the national ozone unit (NOU) and those responsible for the VUCE to address issues in implementation of the system.

Refrigeration servicing sector

8. The NOU continued meetings with technician associations and other stakeholders, to update the training material for the service technicians training, noting that one training is scheduled for the last quarter of 2015, resulting in 100 technicians trained during the stage I of the HPMP.

9. Assessment of alternatives to HCFC-141b used in flushing refrigeration circuits continued; a train-the-trainer workshop on flushing procedures and alternatives was held for 5 trainers, and two closed-cycle flushing equipment was purchased and used for training. Currently the use of nitrogen, and employing filters and other solvents is being demonstrated in the training courses. However, the use of other solvents appears to be limited as they are not readily available in the country.

Project implementation and monitoring unit (PMU)

10. The Climate Change division of the Ministry of Environmental Protection (MVOTMA) where the NOU is located, continues to monitor implementation of the activities of the HPMP; identifies training needs and implement training programmes; and monitors imports and exports of ODS.

11. Awareness raising activities promoting measures to maintain the HCFC consumption levels under the Montreal Protocol and facilitating the adoption of HCFC alternatives, were held. Technical information sheets and awareness and outreach materials were also developed and distributed.

Level of fund disbursement

12. As of September 2015, of the US \$335,000 so far approved, US \$290,565 had been disbursed by UNDP. The balance of US \$44,435 will be disbursed in 2016 (Table 2).

Table 2. Financial report of stage I of the HPMP for Uruguay (US \$)

| Agency | First tranche | | Second tranche | | Third tranche | | Fourth tranche | | Total approved | |
|------------------------------|---------------|-----------|----------------|-----------|---------------|-----------|----------------|-----------|----------------|-----------|
| | Approved | Disbursed | Approved | Disbursed | Approved | Disbursed | Approved | Disbursed | Approved | Disbursed |
| UNDP | 100,000 | 100,000 | 100,000 | 100,000 | 115,000 | 82,329 | 20,000 | 8,236 | 335,000 | 290,565 |
| Disbursement rate (%) | 100 | | 100 | | 72 | | 41 | | 87 | |

Implementation plan for the fifth and final tranche of the HPMP

13. The main activities to be implemented during this tranche of the HPMP include:
- (a) Continue improving the statistical module of the VUCE platform for HCFC import and export; holding a minimum of six bi-monthly meetings with customs officials and VUCE administrators (US \$5,000);
 - (b) Finalizing assessment of alternatives to HCFC-141b used in flushing refrigeration circuits; piloting the use of the selected alternative and training technicians in its use (US \$6,000);
 - (c) Conducting two additional training workshops for 150 technicians on good refrigeration servicing practices and alternative refrigerants, and especially HFOs (US \$24,000);
 - (d) Awareness raising activities related to HCFC control measures and HCFC alternatives adoption (US \$5,000); and
 - (e) Monitoring, evaluation, reporting and follow-up of project activities and preparation of project implementation reports (US \$5,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**Progress report on the implementation of the fourth tranche of the HPMP*Legal framework*

14. The Government has already issued HCFC import quotas for 2015 (17 ODP tonnes) lower than the Montreal Protocol control targets. UNDP stated that the quota system in the country is robust and that the amounts allocated and the actual imports are monitored very closely. The strict implementation of the quota system, complemented by the awareness activities carried out under the HPMP, provided a better understanding on how to manage demand of HCFCs, thus imports were better controlled.

Refrigeration servicing sector

15. Addressing issues related to the training programmes as these continue to gain acceptance among technicians, students of refrigeration servicing, and importers of refrigeration equipment, UNDP mentioned that its partnership with other institutions and universities ensure the long-term sustainability of these training programmes.

16. With regard to the project to phase-out HCFC-22 in the refrigeration manufacturing assembly of cold rooms, UNDP stated that discussions with UNIDO regarding the best alternatives for the project are still underway; therefore the project will be submitted as part of stage II of the HPMP.

Project implementation and monitoring unit (PMU)

17. The Secretariat noted that some expenditure related to the PMU for the tranche appeared to be higher than what had been programmed. UNDP explained the PMU costs needed adjustment to be responsive to the needs of the country, but UNDP was cognizant that this would not go above the overall PMU budget approved at the 65th meeting. The overall PMU cost as approved was US \$82,000, while the

actual expenditure amounts to US \$64,136. The remaining amount would be used for the PMU for the fifth and final tranche.

Conclusion

18. The Secretariat noted the reported 2014 HCFC consumption is already below the 10 per cent reduction target under the Montreal Protocol and 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 Montreal Protocol’s phase-out schedule; and the use of the electronic data system (VUCE) will provide import/export data in real time. 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

19. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the fourth tranche of stage I of the HCFC phase-out management plan of (HPMP) for Uruguay;
- (b) Notes that in line with decision 65/47(d), the project to phase-out HCFC-22 in the refrigeration manufacturing assembly of cold rooms will be submitted as part of the stage II of the HPMP;
- (c) Requests the Government of Uruguay and UNDP to submit:
 - (i) The project completion report of stage I of the HPMP to the second meeting of the Executive Committee in 2017; and
 - (ii) A verification report of the country’s HCFC consumption in 2015, when submitting stage II of the HPMP for consideration of the Executive Committee.

20. The Fund Secretariat further recommends blanket approval of the fifth and final tranche of stage I of the HPMP for Uruguay, and the corresponding 2016 tranche implementation plan at the funding level shown in the table below:

| Project title | Project funding (US \$) | Support cost (US \$) | Implementing agency |
|---|------------------------------------|---------------------------------|--------------------------------|
| HCFC phase-out management plan (stage I, fifth tranche) | 45,004 | 3,375 | UNDP |