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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-seventh Meeting  
Montreal, 28 November - 2 December 2016

**PROJECT PROPOSAL: EL SALVADOR**

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, third tranche) UNDP and UNEP

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## El Salvador

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNDP (lead), UNEP	65 <sup>th</sup>	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2015	5.8 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2015	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123				0.0	0.0				0.0
HCFC-124				0.0	0.0				0.0
HCFC-141b				0.0	0.0				0.0
HCFC-142b				0.0	0.0				0.0
HCFC-22				0.0	5.8				5.8

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	11.7	Starting point for sustained aggregate reductions:	16.62
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	9.02	Remaining:	7.6

(V) BUSINESS PLAN		2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	1.4	0.0	0.0	0.0	0.2	1.6
	Funding (US \$)	175,680	0.0	0.0	0.0	19,520	195,200
UNDP	ODS phase-out (ODP tonnes)	0.8	0.0	0.0	0.0	0.1	0.9
	Funding (US \$)	101,050	0	0	0	17,200	118,250

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	n/a	11.7	11.7	10.5	10.5	10.5	10.5	10.5	7.6	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	11.7	11.7	10.5	10.5	10.5	10.5	10.5	7.6	
Agreed funding (US\$)	UNDP	Project costs	530,349	0	0	0	58,928	94,000	0.0	0.0	0.0	16,000	699,277
		Support costs	39,776	0	0	0	4,420	7,050	0.0	0.0	0.0	1,200	52,446
	UNEP	Project costs	166,500	0	0	0	18,500	171,000	0.0	0.0	0.0	19,000	375,000
		Support costs	5,850	0	0	0	650	4,680	0.0	0.0	0.0	520	11,700
Funds approved by ExCom (US\$)		Project costs	696,849	0	0	0	77,428	0.0	0.0	0.0	0.0	0.0	774,277
		Support costs	45,626	0	0	0	5,070	0.0	0.0	0.0	0.0	0.0	50,696
Total funds requested for approval at this meeting (US\$)		Project costs						265,000					0
		Support costs						11,730					0

Secretariat's recommendation:	Blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of El Salvador, UNDP as the lead implementing agency, has submitted to the 77<sup>th</sup> meeting a request for funding for the third tranche of stage I of the HCFC phase-out management plan (HPMP)<sup>1</sup>, at a total cost of US \$276,730, consisting of US \$94,000, plus agency support costs of US \$7,050 for UNDP, and US \$171,000, plus agency support costs of US \$4,680 for UNEP. The submission includes a progress report on the implementation of the second tranche and the tranche implementation plan for 2017 to 2020.

### Report on HCFC consumption

#### *HCFC consumption*

2. The Government of El Salvador reported a consumption of 5.82 ODP tonnes of HCFC in 2015 which is 45 per cent lower than the Montreal Protocol target for that year. The 2011-2015 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in El Salvador (2011-2015 Article 7 data)**

HCFC	2011	2012	2013	2014	2015	Baseline
<b>Metric tonnes</b>						
HCFC-22	132.08	123.28	101.81	117.15	105.34	148.13
HCFC-123	0.40	0.41	0.09	0.05	0.45	2.65
HCFC-124	1.77	1.09	0.58	0.72	0.71	4.89
HCFC-141b	20.35	22.68	22.21	18.89	0.00	30.39
HCFC-142b	0.0	0.11	0.33	0.04	0.00	0.47
<b>Total (mt)</b>	<b>154.60</b>	<b>147.57</b>	<b>125.02</b>	<b>136.90</b>	<b>106.50</b>	<b>186.51</b>
HCFC-141b in imported pre-blended polyols**						44.87***
<b>ODP tonnes</b>						
HCFC-22	7.27	6.78	5.60	6.44	5.79	8.15
HCFC-123	0.00	0.01	0.01	0.01	0.01	0.05
HCFC-124	0.04	0.02	0.01	0.02	0.02	0.11
HCFC-141b	2.24	2.50	2.44	2.07	0.00	3.34
HCFC-142b	0.00	0.01	0.02	0.00	0.00	0.03
<b>Total (ODP tonnes)</b>	<b>9.55</b>	<b>9.32</b>	<b>8.08</b>	<b>8.54</b>	<b>5.82</b>	<b>11.7</b>
HCFC-141b in imported pre-blended polyols**						4.94***

\*\*Consumption of HCFC-141b contained in imported pre-blended polyols has not been reported under Article 7, neither under the CP implementation report. It is estimated that the three foam enterprises in El Salvador used 8.31 ODP tonnes in 2013.

\*\*\*Average use between 2007 and 2009.

3. There has been a downward trend in the HCFC consumption in El Salvador due to the energy efficiency policy promoted by the Energy Board, restricting the purchase of HCFC-22-based equipment in public buildings; the application of the quota system which limits imports of HCFCs; and activities implemented for the servicing sector; and the ban on imports of HCFC-141b in bulk and contained in pre-blended polyols since 1 January 2015.

#### *Country programme (CP) implementation report*

4. The Government of El Salvador reported HCFC sector consumption data under the 2015 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

<sup>1</sup> As per the letter of 3 October 2016 from the Ministry of Environment and Natural Resources of El Salvador to UNDP.

Progress report on the implementation of the second tranche of the HPMP*Legal framework and institutional strengthening*

5. The Government of El Salvador issued HCFC quotas to registered importers in 2015 and 2016; eight meetings were conducted with stakeholders on ODS management through control of imports; a technical induction seminar on hydrocarbon (HC) refrigerants was held, equipment and tools for correct tariff classification was provided for 10 importers; and 20 customs officers were trained on detection of illegal ODS imports.

*Polyurethane (PU) foam sector*

6. The three polyurethane (PU) foam manufacturing enterprises included in stage I of the HPMP have successfully completed their conversions to methyl formate resulting in the phase-out of 8.31 ODP tonnes of HCFC-141b contained in imported pre-blended polyols<sup>2</sup>.

*Refrigeration servicing sector*

7. Twenty trainers were trained on handling and use of HC refrigerants and have in turn trained 160 refrigeration technicians; 160 cylinders for recovery and re-use of refrigerants for use in training and 1,400 sets of tools for servicing refrigeration and air-conditioning (RAC) systems were purchased (about 800 sets will be distributed during the implementation of the third tranche).

*Project implementation and monitoring unit (PMU)*

8. The PMU is supporting the National Ozone Unit (NOU) in implementing HPMP activities. Meetings with authorities from the Ministry of Environment and Natural Resources (MARN) are held regularly to establish annual work plans and to monitor the management of the programme; and implementation reports are prepared.

Level of fund disbursement

9. As of September 2016, of the US \$774,277 so far approved, US \$613,372 had been disbursed (US \$554,490 for UNDP and US\$58,882 for UNEP). The balance of US \$160,905 will be disbursed by mid-2017 (Table 2).

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

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNDP	530,349	530,229	58,928	24,261	589,277	554,490
UNEP	166,500	56,867	18,500	2,015	185,000	58,882
<b>Total</b>	<b>696,849</b>	<b>587,096</b>	<b>77,428</b>	<b>26,276</b>	<b>774,277</b>	<b>613,372</b>
<b>Disbursement rate (%)</b>	84.3		33.9		79.2	

Implementation plan for the third tranche of the HPMP

10. The following activities will be implemented:

<sup>2</sup> At the 74<sup>th</sup> meeting, the Government of El Salvador submitted the request for the second tranche of the HPMP. The progress report indicated that the foam enterprise Profil was temporarily using HFC-245ca as a foam blowing agent, as methyl formate systems were not available. Since then, methyl formate systems have been supported by a systems house in Mexico.

- (a) *Legal framework and institutional strengthening (IS)<sup>3</sup> (UNEP) (US \$171,000)*: Evaluation of a potential adoption of common Central American customs code to include HCFCs; verification of prerequisites for a Technician Certification Programme; training of 40 Customs officers and brokers on prevention of illegal ODS trade; monitoring of the ODS import quota and licensing system including data reporting under the country programme and Article 7 of the Montreal Protocol;
- (b) *Training and technical assistance (UNDP) (US \$38,000)*: Training of 400 technicians on good servicing practices in RAC and purchase of 600 basic tool kits (e.g., torches for welding, gauges, leak detectors);
- (c) *Recovery and recycling (R&R) including strengthening R&R centres (UNDP) (US \$40,000)*: Purchase and distribution of 80 cylinders for R&R of refrigerants, and 20 recovery and reuse of refrigerant units to strengthen the network for recovery and reuse of refrigerants; and
- (d) *PMU (UNDP) (US \$16,000)*: Programme management and monitoring to support implementation of HPMP activities.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### Progress report on the implementation of the second tranche of the HPMP

##### *Legal framework and institutional strengthening*

11. The Government of El Salvador has already issued HCFC import quotas for 2017 at 9.54 based on the Montreal Protocol reduction schedule.

##### *Manufacturing sector*

12. In line with decision 75/20, UNDP confirmed that the final trials and testing of methyl formate as a foam blowing agent has been completed and that such systems are currently supplied into the country from a systems house based in Mexico. On this basis, the phase-out of HCFC-141b contained in imported pre-blended polyols has been completed.

##### *Refrigeration servicing sector*

13. One of the barriers identified during implementation was that a large number of technicians were unable to attend the training sessions as these were scheduled during the working hours. This issue will be resolved by scheduling trainings and designing these around weekends to ensure maximum participation of technicians.

#### Conclusion

14. The HCFC consumption in El Salvador in 2015 (5.82 ODP tonnes) is 44 per cent lower than the target consumption in its Agreement with the Executive Committee. The Secretariat noted that the implementation of the HPMP of El Salvador is progressing. All foam manufacturing enterprises have completed their conversion to methyl formate-based systems, and there is confirmation that such systems will be available in the country. Activities in the refrigeration servicing sector are progressing with

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<sup>3</sup> The IS was integrated into stage I of the HPMP for El Salvador.

training of technicians and distribution of service tools to RAC technicians and R&R centres. The level of funds disbursed is over 68 per cent of the total funding so far approved.

### RECOMMENDATION

15. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan of (HPMP) for El Salvador; and further recommends blanket approval of the third tranche of stage I of the HPMP for El Salvador, and the corresponding 2017-2020 tranche implementation plan, with the associated support costs at the funding levels shown in the table below:

	<b>Project title</b>	<b>Project funding (US \$)</b>	<b>Support cost (US \$)</b>	<b>Implementing agency</b>
(a)	HCFC phase-out management plan (stage I, third tranche)	94,000	7,050	UNDP
(b)	HCFC phase-out management plan (stage I, third tranche)	171,000	4,680	UNEP