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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-seventh Meeting
Montreal, 30 March-3 April 2009

PROJECT PROPOSAL: EL SALVADOR

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

Phase-out

- Terminal phase-out management plan for Annex A Group I substances (second and third tranches)

UNDP/UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
El Salvador

| | |
|--------------------------|---------------|
| (I) PROJECT TITLE | AGENCY |
| CFC phase out plan | UNDP, UNEP |

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|--|--------|-----------|-------|--------|-------------------|
| (II) LATEST ARTICLE 7 DATA (ODP Tonnes) | | | | | Year: 2007 |
| CFC: 34.7 | CTC: 0 | Halons: 0 | MB: 0 | TCA: 0 | |

| (III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes) | | | | | | | | | | Year: 2007 | | | |
|--|---------|------|-------|---------------|-----------|---------|---------------|-----|---------|-------------------|---------|------------------|--------------------------|
| Substances | Aerosol | Foam | Halon | Refrigeration | | Solvent | Process Agent | MDI | Lab Use | Methyl Bromide | | Tobacco fluffing | Total Sector Consumption |
| | | | | Manufacturing | Servicing | | | | | QPS | Non QPS | | |
| CFC | | | | | 34.7 | | | | | | | | 34.7 |
| CTC | | | | | | | | | 0. | | | | 0 |
| Halons | | | | | | | | | | | | | 0 |
| Methyl Bromide | | | | | | | | | | 36. | | | 36 |
| Others | | | | | | | | | | | | | 0 |
| TCA | | | | | | | | | 0. | | | | 0 |

| | | | | | | | |
|--|------|---------------|-------------|-------------|-------------|-------------|--------------|
| (IV) PROJECT DATA | | | 2007 | 2008 | 2009 | 2010 | Total |
| Montreal Protocol Consumption Limits | | CFC | 46. | 46. | 46. | 0. | |
| Maximum Allowable Consumption (ODP Tonnes) | | CFC | 46. | 46. | 46. | 0. | |
| Project Costs (US\$) | UNDP | Project Costs | 230,000. | 230,000. | 55,000. | | 515,000. |
| | | Support Costs | 17,250. | 17,250. | 4,125. | | 38,625. |
| | UNEP | Project Costs | 20,000. | 20,000. | 10,000. | | 50,000. |
| | | Support Costs | 2,600. | 2,600. | 1,300. | | 6,500. |
| Total Funds Approved in Principle (US\$) | | Project Costs | 250,000. | 250,000. | 65,000. | | 565,000. |
| | | Support Costs | 19,850. | 19,850. | 5,425. | | 45,125. |
| Total Funds Released by the ExCom (US\$) | | Project Costs | 250,000. | 0. | 0. | | 250,000. |
| | | Support Costs | 19,850. | 0. | 0. | | 19,850. |
| Total Funds Requested for Current Year (US\$) | | Project Costs | | | 315,000. | | 315,000. |
| | | Support Costs | | | 25,275. | | 25,275. |

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| (V) SECRETARIAT'S RECOMMENDATION: | Blanket approval |
|--|-------------------------|

PROJECT DESCRIPTION

1. On behalf of the Government of El Salvador UNDP, as the lead implementing agency, has submitted a progress report on the implementation of the first work programme of the El Salvador terminal phase-out management plan for Annex A Group I substances (TPMP) to the 57th Meeting of the Executive Committee. UNDP has also submitted a request for funding for the second and third tranches of the TPMP at a total cost of US \$30,000 plus agency support costs of US \$3,900 for UNEP, and US \$285,000 plus agency support costs of US \$21,375 for UNDP.

Background

2. The TPMP for El Salvador was approved by the Executive Committee at its 53rd Meeting, to completely phase out CFC consumption in the country by 2009. Total funding of US \$565,000 plus agency support costs of US \$45,125 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$20,000 plus agency support costs of US \$2,600 for UNEP, and US \$230,000 plus agency support costs of US \$17,250 for UNDP, for the implementation of the first tranche of the TPMP.

Progress report on the implementation of the first tranche of the TPMP

3. Following the approval of the TPMP by the Executive Committee, the ODS import licensing system was revised to introduce corrective measures, and 60 customs officers have been trained; the train-the-trainers workshop for service technicians has been completed and several training workshops were conducted, resulting in a total of 200 technicians trained or in the process of being trained; 100 servicing tools have been purchased and are expected to be delivered by the end of March 2009. Refrigeration equipment for 10 end-users is being converted to alternative refrigerants; several awareness activities have been conducted, and information brochures and technical cards have been published and distributed. Regular monitoring exercises are being carried out on a quarterly basis, and the results are being discussed and acted upon during the corresponding management meeting.

4. As of December 2008, of the US \$250,000 approved for the first tranche, US \$151,500 had been disbursed. An additional US \$98,500 will be disbursed by March 2009.

Plan of action for the second and third tranches of the TPMP

5. The Government of El Salvador commits to implementing the following activities under the second work programme of the TPMP: further training programmes for customs officers; enhanced cooperation with the Ozone Offices in neighbouring countries to improve the control of ODS imports near the borders; and implementation of the redesigned ODS quota system. Training will be given to an additional 600 refrigeration service technicians; an additional 200 service tools and basic equipment for technicians will be provided; 30 end-user refrigeration systems will be converted to alternative refrigerants; and monitoring and verification activities will take place.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

6. The 2007 CFC consumption reported by the Government of El Salvador under Article 7 of the Montreal Protocol of 34.7 ODP tonnes was already 11.3 ODP tonnes below that of 46.0 ODP tonnes allowed for that year. CFC consumption in 2008 has been estimated at 30.0 ODP tonnes (preliminary estimate reported in the progress report).

7. Upon a request for information from the Secretariat, UNDP pointed out that the Ministry of Environment and Natural Resources' internal project steering committee approved a revised ODS import licensing system in January 2009. The licensing system now includes a requirement for importers to report their actual ODS imports, with a copy of complete documentation in order to get approval for new shipments. Subsequently, a meeting with all registered importers and customs authorities was organized on 5 February 2009 to inform them of this decision.

8. The Secretariat discussed technical and cost issues with UNDP related to the 10 refrigeration systems that have been converted to alternative refrigerants, and the current availability of alternative refrigerants in the country. UNDP indicated that this project component had been carried out as a pilot project for 10 regional hospitals, where the equipment converted included 8 refrigerators (used to store medicine and vaccines) and 2 cold rooms. The refrigerators were converted to three alternative refrigerants (R-409, R-413a, and R-401a). The cold rooms were converted to R-404a and R-507 refrigerants.

9. The Secretariat also sought a clarification from the implementing agencies on whether the Government of El Salvador will be able to achieve the complete phase-out of CFCs by the end of 2009 and sustain that level of consumption through the activities proposed in the final tranche of the TPMP. UNDP reported that, since its inception in 1997, the country's ODS phase out strategy has been based on policies and initiatives that include providing training to refrigeration service technicians, technical assistance to key stakeholders in cost-effective and sustainable conversion of equipment to alternative refrigerants, controlling of illegal CFC imports and continuous ODS monitoring and awareness.

10. UNDP is requesting the approval of the second and third tranches at this Meeting, which will include procurement of additional equipment and servicing tools. Although implementation of the TPMP was initially delayed due to an internal approval procedure in the Ministry of Environment, the project is being implemented efficiently. UNDP expects that all the funding approved from the first tranche will be fully committed or disbursed by the end of March 2009. Approval of the two tranches will result in a speedier and more cost-effective procurement process, and will allow for the distribution of equipment among beneficiaries in 2009, and so have a direct impact on the reduction of CFC consumption. The Government of El Salvador and the implementing agencies are committed to implementing both tranches in the most efficient way, and the results will be reported to the Executive Committee in 2010.

11. Noting that funding for the preparation of the HPMP was approved by the Executive Committee at its 55th Meeting the Secretariat also suggested that, during the implementation of the final tranche of the TPMP, UNEP consider advising the Government on undertaking some preliminary actions to facilitate the phase-out of HCFCs in due time.

RECOMMENDATION

12. Noting the funding level approved in the first tranche of the project has been fully disbursed, the limited time available prior to the CFC compliance date of 1 January 2010, and the activities associated with the second and third tranches which includes procurement of equipment and tools, the Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of the terminal phase-out management plan in El Salvador; and
- (b) Approves the 2009-2010 annual implementation programme associated with the second and third tranches.

13. The Secretariat further recommends blanket approval of the 2009-2010 plan associated with the second and third tranches of the TPMP for El Salvador, with associated support costs at the funding level shown in the table below:

| | Project Title | Project Funding (US\$) | Support Cost (US\$) | Implementing Agency |
|-----|---|-------------------------------|----------------------------|----------------------------|
| (a) | Terminal phase-out management plan for Annex A Group I substances (second and third tranches) | 30,000 | 3,900 | UNEP |
| (b) | Terminal phase-out management plan for Annex A Group I substances (second and third tranches) | 285,000 | 21,375 | UNDP |
