



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/86/48
19 October 2020

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-sixth Meeting
Montreal, 2-6 November 2020
Postponed to 8-12 March 2021¹

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, fourth tranche) UNDP and UNEP

¹ Due to coronavirus disease (COVID-19)

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

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 th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2019	3.44 (ODP tonnes)
--	------------	-------------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2019	
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	3.44				3.44

(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		2020	Total
UNDP	ODS phase-out (ODP tonnes)	0.13	0.13
	Funding (US \$)	17,200	17,200
UNEP	ODS phase-out (ODP tonnes)	0.16	0.16
	Funding (US \$)	19,520	19,520

(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	n/a
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	n/a
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	265,000	0.0	0.0	0.0	0.0	1,039,277
		Support costs	45,626	0	0	0	5,070	11,730	0.0	0.0	0.0	0.0	62,426
Total funds requested for approval at this meeting (US\$)		Project costs										35,000	35,000
		Support costs										1,720	1,720

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 request for funding for the fourth (and final) tranche of stage I of the HCFC phase-out management plan (HPMP), at a total cost of US \$36,720, consisting of US \$16,000, plus agency support costs of US \$1,200 for UNDP, and US \$19,000, plus agency support costs of US \$520 for UNEP.² The submission includes a progress report on the implementation of the third tranche, and the verification report on HCFC consumption for 2016-2019 and the tranche implementation plan for 2020 to 2021.

Report on HCFC consumption

2. The Government of El Salvador reported a consumption of 3.44 ODP tonnes of HCFC in 2019, which is 71 per cent below the HCFC baseline for compliance. The 2015-2019 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in El Salvador (2015-2019 Article 7 data)

HCFC	2015	2016	2017	2018	2019	Baseline
Metric tonnes						
HCFC-22	105.34	116.33	116.63	77.84	62.59	148.13
HCFC-123	0.45	0.64	0.41	0.64	0.00	2.65
HCFC-124	0.71	0.00	0.00	0.00	0.00	4.89
HCFC-141b	0.00	0.00	0.00	0.00	0.00	30.39
HCFC-142b	0.00	0.00	0.00	0.00	0.00	0.47
Total (mt)	106.50	116.97	117.04	78.48	62.59	186.51
HCFC-141b in imported pre-blended polyols*	0.00	0.00	0.00	0.00	0.00	44.87**
ODP tonnes						
HCFC-22	5.79	6.40	6.41	4.28	3.44	8.15
HCFC-123	0.01	0.01	0.01	0.01	0.00	0.05
HCFC-124	0.02	0.00	0.00	0.00	0.00	0.11
HCFC-141b	0.00	0.00	0.00	0.00	0.00	3.34
HCFC-142b	0.00	0.00	0.00	0.00	0.00	0.03
Total (ODP tonnes)	5.82	6.41	6.42	4.29	3.44	11.7
HCFC-141b in imported pre-blended polyols*	0.00	0.00	0.00	0.00	0.00	4.94**

* Consumption of HCFC-141b contained in imported pre-blended polyols has not been reported under Article 7, or under the Country programme (CP) implementation report since 2011.

**Average use between 2007 and 2009.

3. Consumption of HCFCs has shown a decreasing trend with slight increases in 2015 and 2016. The decrease in the consumption is attributed to the activities of the HPMP, in particular the training of refrigeration and air-condition (RAC) technicians which has reduced leakage of refrigerants from equipment, and the provision of recovery equipment which has increased the recovery and reuse of HCFC-22. This was also supported by the introduction of R-410A-based air-conditioning (AC) equipment because of its low price and energy efficiency, projects in public buildings being encouraged to use non-HCFC-based equipment, and restrictions on the purchase of equipment with HCFC-22.

² As per the letter of 17 august 2020 from the Ministry of Environment and Natural Resources of El Salvador to UNDP.

Country programme (CP) implementation report

4. The Government of El Salvador reported HCFC sector consumption data under the 2019 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. 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 reported under Article 7 of the Montreal Protocol for 2016 to 2019 was correct (as shown in Table 1 above). While the reported consumption was below the compliance obligations under the Montreal Protocol and the Agreement with the Executive Committee, the verification report indicated that there were differences between the data in the National Ozone Unit (NOU) records (importer records) and the Customs records in each of the years verified,³ not only in the quantity imported but in some cases the number of records on file. The verifier noted that this was due to inefficient communication and data recording between the importers, the NOU, and the Custom Authorities, and due to an importer who has consistently brought in small quantities of HCFC-123 without this being reported. The verifier recommended the following actions for immediate implementation: establishment of a system to inform Customs on quotas and licenses issued, including a reporting mechanism to verify each shipment; adding penalty clauses under the import/export licensing system for importing without a quota or a license; continued training on controlling and monitoring ODS for customs and enforcement officers; continued unscheduled visits to importers and distributors to monitor and control the import and use of refrigerants; and continued information outreach and sensitisation on ODS controls to different stakeholders.

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

Legal framework and institutional strengthening

6. The Government of El Salvador established a quota system for import of HCFCs in April 2013 and has banned the import and use of HCFC-141b, in bulk and contained in imported pre-blended polyols, since 1 January 2015. During implementation of the third tranche, requirements for the import/export licensing and quota system to adopt the common Central American custom codes were identified, and a proposal was drafted. The certification system for RAC technicians was designed, and a standard for evaluating labour competencies in good refrigeration practices was developed in conjunction with the National Institute of Vocational Training (INSAFORP). Ten inspections were made to importers and distributors to verify the control of refrigerants.

7. A training session was held for 20 customs officers on risk management of illegal trade of ODS and two training sessions were held for 39 enforcement officers on authorization, control and inspection of ODS imports; 14 customs officers were trained in a national workshop on control of ODS imports led by an international expert; and one customs representative from El Salvador participated in a Central American Customs workshop in Honduras.

³ In 2016, data from the NOU/importers showed 116.34 mt while Customs showed 101.55 mt; 2017-NOU/importer data was 116.63 mt while customs was 113.18; 2018- NOU data was 77.84 mt while Customs was 89.97 mt; and in 2019, NOU/importer data was 62.59 mt while Customs showed 63.39 mt.

Polyurethane (PU) foam sector

8. Under earlier tranches of stage I of the HPMP, the three PU foam manufacturing enterprises included in stage I of the HPMP 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.⁴

Refrigeration servicing sector

9. Training on good refrigeration practices and the safe use of flammable refrigerants (i.e., R-600a and R-290) was carried out for 659 RAC technicians, including 19 women; 600 sets of tools (e.g., torches for welding, gauges, leak detectors, goggles and gloves) to prevent refrigerant leaks were purchased, of which 400 were distributed among technicians, the remaining 200 sets will be distributed during the implementation of the fourth tranche; and equipment including 30 refrigerant recovery machines and 100 cylinders were distributed to 17 RAC workshops with the aim of promoting the recovery and reuse HCFCs.

Project implementation and monitoring

10. The NOU was responsible for project monitoring and implementation. The US \$16,000 disbursed was used for four meetings with the Government and stakeholders, and for one staff/consultants to monitor programme implementation, data collection and reporting.

Level of fund disbursement

11. As of August 2020, of the US \$1,039,277 approved so far, US \$1,025,036 had been disbursed (US \$683,157 for UNDP and US \$341,879 for UNEP) as shown in Table 2. The balance of US \$14,241 will be disbursed in 2020.

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

Tranche		UNDP	UNEP	Total	Disbursement rate (%)
First	Approved	530,349	166,500	696,849	99.98
	Disbursed	530,229	166,500	696,729	
Second	Approved	58,928	18,500	77,428	100
	Disbursed	58,928	18,500	77,428	
Third	Approved	94,000	171,000	265,000	94.7
	Disbursed	94,000	156,879	250,879	
Total	Approved	683,277	356,000	1,039,277	98.6
	Disbursed	683,157	341,879	1,025,036	

Implementation plan for the fourth and final tranche of the HPMP

12. The following activities will be implemented between December 2020 and December 2021:

- (a) Evaluating the needs for the adoption of a common Central American custom codes (which include specific sub-headings for HCFCs); implementing all the recommendations of the verification report including the establishment of a penalty system for imports without permits; one training session for 20 customs officers on the ODS requirements and the prevention of illegal trade (UNEP) (US \$4,200 from the previous tranche);

⁴ At the 74th 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.

- (b) Verifying the requirements and finalizing the proposal for a RAC technician certification programme; formulating and validating the labour competence standard on good refrigeration practices; and two awareness workshops to support the new certification system (UNEP) (US \$19,000);
- (c) Ten courses to train 200 technicians on good refrigeration practices for HCFC alternative technologies, including proper handling of flammable refrigerants (UNDP) (US \$4,000);
- (d) Strengthening of the national network for recovery and reuse of refrigerants through the distribution of the 200 sets of tools procured from the third funding tranche and follow up on the use of the equipment previously distributed (UNDP) (funds from the previous tranche);
- (e) Institutional strengthening activities including data gathering and reporting for Article 7 and the CP data report, consultations with stakeholders on overall regulatory matters, and awareness raising activities including Ozone Day celebrations (UNEP) (US \$9,921 from the previous tranche); and
- (f) Project monitoring and implementation (UNDP) (US \$12,000): US \$10,000 for staff/consultants and US \$2,000 for workshops and meetings.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

13. The Government of El Salvador has already issued HCFC import quotas for 2020 at 5.42 ODP tonnes, which is lower than the Montreal Protocol control targets.

Refrigeration servicing sector

14. With regard to the technician certification programme, UNDP clarified that communication channels have been established with the Salvadoran Institute of Professional Training (INSAFORP) to develop training models by competence. It is expected that the certification system will be enforced in 2022-2023 during the implementation of stage II of the HPMP which is expected to be submitted to the 87th meeting. The activities under the fourth tranche will focus on the formulation and validation of the labour competence standard.

15. UNDP also explained that, during the third tranche through the operation of the recovery and recycling scheme, 366 kg of refrigerants were reported to be recovered and reused; additional amounts were recovered and reused but not registered as reporting is not mandatory. As part of stage II, the Government plans to initiate a mandatory system for reporting and registration so that these recovered substances can be tracked.

Impact of the COVID-19 pandemic on HPMP implementation

16. The Government of El Salvador has faced challenges during the COVID-19 pandemic due to the lock-down policy and travel restrictions. Although the implementation of the HPMP has been impacted, the Government has been able to implement virtual meetings and rely on remote work and meetings. UNDP also undertook the procurement process online, and made progress in the purchase of equipment; and

technical assistance activities were developed online with stakeholders, which allowed it to be finalized during the period affected by the pandemic.

Completion of stage

17. UNDP has confirmed that stage I of the HPMP for El Salvador will be completed by 31 December 2021 as established in paragraph 14 of the Agreement.

Gender policy implementation

18. In line with decision 84/92(d),⁵ the Government of El Salvador has an active approach to gender mainstreaming in its HPMP activities including encouraging women to participate in the good refrigeration practices training, which has resulted in some women who are in charge of the business administration in RAC workshops taking part in the training. In the final tranche implementation, the NOU will collect data to produce gender-disaggregated indicators; establish a baseline of women technicians in RAC sector; include gender indicators in reporting; introduce gender-sensitive language in communications; and encourage female applicants in recruitment through including gender-related elements in job descriptions and include gender aspects in training sessions.

Sustainability of the HCFC phase-out

19. To achieve the long-term sustainability of the HCFC phase-out, the Government is working towards the establishment and enforcement of the technician certification system to support the activities in the servicing sector. As a priority the Government will complete the labour competence standard on good refrigeration practices which will be the basis for this certification system. The Government also considers the certification of technicians as an important policy decision to support the management of refrigerants and the transition to non-HCFC/HFC refrigerants and technologies. In addition, the import and export licensing and quota system will continue to be strengthened as well as the capacity of customs officers. HCFC and HFC modules will also be added into the customs training manual in stage II of the HPMP.

Conclusion

20. The Government of El Salvador has an enforceable licensing and quota system for the control of HCFC imports and exports. The consumption verification for 2016-2019 confirmed that the country was in compliance with the control targets set out in its Agreement with the Executive Committee. The Government will implement the actions recommended by the verification report to strengthen the licensing and quota system during the fourth tranche and stage II of the HPMP, noting that the action related to the establishment of a penalty system has already been incorporated into the work plan of the fourth tranche. The HPMP is progressing. Training has been provided to customs officers and servicing technicians, as well as equipment for the recovery and recycling network. The disbursement of funding for the first tranche has reached 98.6 per cent.

RECOMMENDATION

21. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan (HPMP) for El Salvador; and
- (b) Requests UNDP to include, as part of the submission for stage II of the HPMP for El

⁵ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

Salvador, an update on progress towards implementing the recommendations in the verification report submitted to the 86th meeting.

22. The Fund Secretariat further recommends blanket approval of the fourth and final tranche of stage I of the HPMP for El Salvador, and the corresponding 2020-2021 tranche implementation plan, at the funding levels 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)	16,000	1,200	UNDP
(b)	HCFC phase-out management plan (stage I, fourth tranche)	19,000	520	UNEP