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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-first Meeting  
Montreal, 2-6 December 2013

**PROJECT PROPOSAL: CHILE**

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

Phase-out

HCFC phase-out management plan (HPMP (stage I, second tranche)

UNDP/UNEP

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Chile

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase out plan (Stage I)	UNDP (lead), UNEP

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2012	105.6 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2012</b>	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC-123					0.1				0.1
HCFC-124					0.0				0.0
HCFC-141b		53.2			3.4				56.6
HCFC-141b in Imported Pre-blended Polyol		10.9							10.9
HCFC-142b					1.0				1.0
HCFC-22		1.4			46.1				47.5
HCFC-225					0.4				0.4

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	87.5	Starting point for sustained aggregate reductions:	100.3
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	25.0	Remaining:	75.30

<b>(V) BUSINESS PLAN</b>		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
UNEP	ODS phase-out (ODP tonnes)	0.8	0.3	0.5	1.7
	Funding (US \$)	75,879	30,535	46,444	152,858
UNDP	ODS phase-out (ODP tonnes)	10.3	1.4	1.1	12.7
	Funding (US \$)	895,584	120,980	93,266	1,109,830

<b>(VI) PROJECT DATA</b>			<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Total</b>
Montreal Protocol consumption limits			n/a	n/a	87.5	87.5	78.7	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	87.5	87.5	78.7	n/a
Agreed Funding (US\$)	UNDP	Project costs	465,566	537,357	295,744	112,540	86,759	1,497,966
		Support costs	34,917	40,302	22,181	8,440	6,507	112,347
	UNEP	Project costs	153,217	40,127	27,022	27,022	41,101	288,489
		Support costs	19,918	5,217	3,513	3,513	5,343	37,504
Funds approved by ExCom (US\$)			Project Costs	618,783	0	0	0	618,783
			Support Costs	54,835	0	0	0	0
Total funds requested for approval at this meeting (US\$)			Project Costs	0	0	577,484	0	577,484
			Support Costs	0	0	45,519	0	0

<b>Secretariat's recommendation:</b>	Blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of Chile UNDP, as the lead implementing agency, has submitted to the 71<sup>st</sup> meeting a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP)<sup>1</sup> at a total cost of US \$623,003, consisting of US \$537,357, plus agency support costs of US \$40,302 for UNDP, and US \$40,127, plus agency support costs of US \$5,217 for UNEP. The submission includes a progress report on the implementation of the first year of the HPMP and an annual implementation plan for 2014.

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

2. The following activities have been implemented in the refrigeration and air-conditioning servicing sector: the registration and certification of all importers and distributors of HCFCs and HCFC-based equipment; the establishment and enforcement of HCFC import quotas; the establishment of an import quota for used refrigeration equipment; consultation on regulatory harmonization and the drafting of guidelines on the safe use of hydrocarbon refrigerants. Three refrigeration technicians received training and will train technicians in Chile; the quick-reference manual was updated to include information on hydrocarbon technology; and basic equipment and tools were purchased, and will be used during implementation of the second tranche. Public awareness and information dissemination activities have been initiated in collaboration with the Energy Commission (under the energy efficiency programme funded through the Global Environment Facility (GEF)).

3. As of September 2013, of the US \$618,783 in funds approved for the first tranche, US \$355,902 had been disbursed or committed. The balance of US \$262,881 will be disbursed in early 2014.

### Annual plan for the second tranche of the HPMP

4. The main activities to be implemented during the second tranche of the HPMP include:
- (a) Implementation of a regulatory framework for HCFCs which includes harmonization of the HCFC control system with the national customs service and other institutions (UNEP, US \$21,755);
  - (b) Technical assistance programme for the refrigeration servicing sector including training of technicians, technician certification, and recovery and recycling programme (UNDP, US \$509,857);
  - (c) Awareness raising programme (UNEP, US \$18,372); and
  - (d) Project monitoring unit (UNDP, US \$27,500).

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<sup>1</sup> The HPMP for Chile was approved by the Executive Committee at its 63<sup>rd</sup> meeting to reduce HCFC consumption by 10 per cent of the baseline by 1 January 2015.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### Operational licensing system

5. In line with decision 63/17, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and exports is in place and that the system is capable of ensuring compliance with the Montreal Protocol HCFC phase-out schedule. The Government of Chile had established an import quota of 84.5 ODP tonnes for 2013; quotas for future years are established using the maximum amounts allowable under the Montreal Protocol.

#### HCFC consumption

6. The HCFC baseline for compliance has been established at 87.5 ODP tonnes, based on the actual consumption reported under Article 7 of the Montreal Protocol as shown in Table 1. At the 63<sup>rd</sup> meeting, the Government of Chile agreed to establish as its starting point for aggregate reduction in HCFC consumption the estimated baseline of 100.3 ODP tonnes, which is 12.8 ODP tonnes higher than the established baseline.

Table.1 HCFC consumption in Chile (2006-2011 Article 7)

HCFC	2006	2007	2008	2009	2010	2011	2012	Baseline
<b>Metric tonnes</b>								
HCFC-22	924.4	643.4	829.5	920.7	797.7	1,045.30	864.99	859.2
HCFC-123	3.0	2.0	0.0	0.4	2.5	2.53	6.05	1.4
HCFC-124	1.2	1.2	(0.0)	0.4	0.7	0.41	0.31	0.5
HCFC-141b	258.0	390.6	413.7	219.7	494.6	459.71	514.73	357.1
HCFC-142b	3.4	4.1	4.6	6.0	13.3	8.85	15.72	9.7
HCFC-225	0.6	1.2	3.9		8.4	4.50	6.3	4.2
Total (metric tonnes)	1,190.6	1,042.6	1,251.7	1,147.1	1,317.1	1,521.29	1,408.10	1,232.1
<b>ODP tonnes</b>								
HCFC-22	50.8	35.4	45.6	50.6	43.9	57.49	47.57	47.3
HCFC-123	0.1	0.0	0.0	0.0	0.0	0.05	0.12	0.0
HCFC-124	0.0	0.0	(0.0)	0.0	0.0	0.01	0.01	0.0
HCFC-141b	28.4	43.0	45.5	24.2	54.4	50.57	56.62	39.3
HCFC-142b	0.2	0.3	0.3	0.4	0.9	0.58	1.02	0.6
HCFC-225	0.0	0.1	0.3	-	0.6	0.32	0.18	0.3
Total (ODP tonnes)	79.6	78.8	91.7	75.2	99.8	109.01	105.53	87.5

7. There was a high increase in consumption between 2009 and 2011, which had subsequently decreased in 2012. As explained by UNDP, consumption of HCFC-141b increased by more than double over this period, due to the evolution of the market. UNDP further reiterated that as the Government is committed to enforcing the quota for 2013, there is no further expectation of an increase in the consumption, and is positive that the country will comply with the Montreal Protocol's obligations.

#### Revision to the HPMP Agreement

8. The HPMP for Chile was approved prior to the establishment of the HCFC baseline for compliance. Accordingly, in approving the HPMP the Executive Committee requested the Secretariat to, *inter alia*, update Appendix 2-A ("The targets, and funding") to the Agreement with the figures for the maximum allowable consumption, and to notify the Committee of the resulting levels accordingly (decision 63/53(g)). Based on the data reported by the Government of Chile under Article 7 and its

revised phase-out schedule, the relevant paragraphs of the Agreement have been updated, and a new paragraph has been added to indicate that the updated Agreement supersedes that reached at the 63<sup>rd</sup> meeting, as shown in Annex I to the present document. The full revised Agreement will be appended to the final report of the 71<sup>st</sup> meeting.

### Conclusion

9. The Secretariat notes that Chile's import licensing and quota system is operational and will enable consumption reductions in line with the Montreal Protocol's phase-out schedule. A key component of the HPMP is to ensure that a solid regulatory and legislative foundation supports the implementation of the HPMP; therefore, a number of activities to strengthen and review legislations were completed during the first tranche. The activities in the servicing sector have been developed with the participation of key stakeholders and are progressing. As further reported by UNDP, strengthening the collaboration with the main refrigeration training school and introducing an ozone module on identification and control of ODS in the curricula of the main customs training school will ensure the long-term sustainability of the activities proposed in stage I of the HPMP.

### **RECOMMENDATION**

10. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan (HPMP) in Chile;
- (b) Notes that the Fund Secretariat had updated paragraphs 1 and 2, Appendices 1-A and 2-A. of the Agreement between the Government of Chile and the Executive Committee, based on the established HCFC baseline for compliance, and that a new paragraph 16 had been added to indicate that the updated Agreement superseded the Agreement reached at the 63<sup>rd</sup> meeting, as shown in Annex I to the present document; and
- (c) Notes that the revised starting point for sustained aggregate reduction in HCFC consumption is 87.5 ODP tonnes, calculated using actual consumption of 75.2 ODP tonnes and 99.8 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

11. The Fund Secretariat further recommends blanket approval of the second tranche of stage I of the HPMP for Chile, and the corresponding 2014 annual implementation plan, with associated support costs at the funding level 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, second tranche)	537,357	40,302	UNDP
(b)	HCFC phase-out management plan (stage I, second tranche)	40,127	5,217	UNEP

**Annex I**

**TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF CHILE AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS**

(Relevant changes are in bold font for ease of reference)

1. This Agreement represents the understanding of the Government of Chile (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of **78.75** ODP tonnes prior to 1 January 2015 in compliance with Montreal Protocol schedules.

2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances which exceeds the level defined in row 1.2 of Appendix 2-A (“maximum allowable total consumption of Annex C, Group I Substances”; the Target) as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances which exceeds the level defined in rows 4.1.3, 4.2.3, 4.3.3, **4.4.3**, **4.5.3** and **4.6.3** (remaining eligible consumption).

**16. This updated Agreement supersedes the Agreement reached between the Government of Chile and the Executive Committee at the 63<sup>rd</sup> meeting of the Executive Committee.**

**APPENDIX 1-A: THE SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	<b>47.3</b>
HCFC-141b	C	I	<b>39.3</b>
HCFC-142b	C	I	<b>0.6</b>
HCFC-123	C	I	<b>0.0</b>
HCFC-124	C	I	<b>0.0</b>
HCFC-225	C	I	<b>0.3</b>
Total			<b>87.5</b>

**APPENDIX 2-A: THE TARGETS, AND FUNDING**

Row	Particulars	2011	2012	2013	2014	2015	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	<b>87.50</b>	<b>87.50</b>	<b>78.75</b>	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	<b>87.50</b>	<b>87.50</b>	<b>78.75</b>	n/a
2.1	Lead IA UNDP agreed funding(US \$)	465,566	537,357	295,744	112,540	86,759	1,497,966
2.2	Support costs for Lead IA(US \$)	34,917	40,302	22,181	8,440	6,507	112,347
2.3	Cooperating IA UNEP agreed funding (US \$)	153,217	40,127	27,022	27,022	41,101	288,489
2.4	Support costs for Cooperating IA	19,918	5,217	3,513	3,513	5,343	37,504

Row	Particulars	2011	2012	2013	2014	2015	Total
	(US \$)						
3.1	Total agreed funding (US \$)	618,783	577,484	322,766	139,562	127,860	1,786,455
3.2	Total support cost (US \$)	54,835	45,519	25,694	11,953	11,850	149,851
3.3	Total agreed costs (US \$)	673,618	623,003	348,460	151,515	139,710	1,936,306
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this agreement (ODP tonnes)						18.98
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)						0.00
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)						<b>28.32</b>
4.2.1	Total phase-out of HCFC-123 agreed to be achieved under this agreement (ODP tonnes)						<b>0.00</b>
4.2.2	Phase-out of HCFC-123 to be achieved in previously approved projects (ODP tonnes)						0.00
4.2.3	Remaining eligible consumption of HCFC-123 (ODP tonnes)						0.00
4.3.1	Total phase-out of HCFC-124 agreed to be achieved under this agreement (ODP tonnes)						<b>0.00</b>
4.3.2	Phase-out of HCFC-124 to be achieved in previously approved projects (ODP tonnes)						0.00
4.3.3	Remaining eligible consumption of HCFC-124 (ODP tonnes)						0.00
<b>4.4.1</b>	<b>Total phase-out of HCFC-141b agreed to be achieved under this agreement (ODP tonnes)</b>						3.02
<b>4.4.2</b>	<b>Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)</b>						0.00
<b>4.4.3</b>	<b>Remaining eligible consumption for HCFC-141b (ODP tonnes)</b>						<b>36.28</b>
<b>4.5.1</b>	<b>Total phase-out of HCFC-142b agreed to be achieved under this agreement (ODP tonnes)</b>						<b>0.00</b>
<b>4.5.2</b>	<b>Phase-out of HCFC-142b to be achieved in previously approved projects (ODP tonnes)</b>						0.00
<b>4.5.3</b>	<b>Remaining eligible consumption of HCFC-142b (ODP tonnes)</b>						0.60
<b>4.6.1</b>	<b>Total phase-out of HCFC-225 agreed to be achieved under this agreement (ODP tonnes)</b>						0.00
<b>4.6.2</b>	<b>Phase-out of HCFC-225 to be achieved in previously approved projects (ODP tonnes)</b>						0.00
<b>4.6.3</b>	<b>Remaining eligible consumption of HCFC-225 (ODP tonnes)</b>						0.30

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