
MONTREAL PROTOCOL

Report No: 13941 UR

URUGUAY

OZONE PROJECTS TRUST FUND GRANT

**REDUCTION OF THE CONSUMPTION OF
OZONE-DEPLETING SUBSTANCES
(ODS PHASEOUT I)**

PROJECT DOCUMENT

JUNE 1995

FILE COPY



THE WORLD BANK
GLOBAL ENVIRONMENT COORDINATION DIVISION
ENVIRONMENT DEPARTMENT

13942-UR

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CURRENCY EQUIVALENTS

Currency Unit = Uruguayan Pesos (Ur\$)
US\$1.00 = Ur\$5.88 (Exchange rate as of January 11, 1995)

UNITS AND MEASURES

metric ton (mt) = 1,000 kg

FISCAL YEAR

January 1 - December 31

ACRONYMS

BROU	:	Banco de la República Oriental del Uruguay (Bank of the Oriental Republic of Uruguay)
CFC	:	Chlorofluorocarbons
COGO	:	Comisión Técnica Gubernamental de Ozono (Governmental Ozone Technical Commission)
DINAMA	:	Dirección Nacional de Medio Ambiente (National Directorate for the Environment)
MFEC	:	Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol
MFMP	:	Multilateral Fund for the Montreal Protocol
MP	:	Montreal Protocol on Substances that Deplete the Ozone Layer
MVOTMA	:	Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente (Ministry for Housing, Land and Environment)
ODS	:	Ozone-Depleting Substances
OTF	:	Ozone Projects Trust Fund
SOE	:	Statement of Expenditure
TA	:	Technical Assistance
UNDP	:	United Nations Development Programme

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**REPUBLICA ORIENTAL DEL URUGUAY
REDUCTION OF CONSUMPTION OF
OZONE-DEPLETING SUBSTANCES PROJECT**

Grant Summary

Recipient:	República Oriental del Uruguay
Executing Agency:	Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente (MVOTMA)
Beneficiaries:	Local private enterprises phasing out ODS, as subprojects are reviewed and approved by the Multilateral Fund Executive Committee or the Bank; and MVOTMA as Executing Agency
Poverty:	Not applicable
Amount:	US\$5.0 million equivalent, including US\$500,000 of retroactive financing
Terms:	Grant from the Montreal Protocol Ozone Projects Trust Fund
Commitment Fee:	Not applicable
On-lending terms:	Not applicable
Financing Plan:	See Schedule A
Rate of Return:	Not applicable
Staff Appraisal Report:	Not applicable

**REPUBLICA ORIENTAL DEL URUGUAY
REDUCTION OF CONSUMPTION OF
OZONE-DEPLETING SUBSTANCES PROJECT**

Background

1. The República Oriental del Uruguay (the Recipient) ratified the Montreal Protocol (MP) on Substances that Deplete the Ozone Layer on January 8, 1991, and is committed to the control and gradual phaseout of ozone-depleting substances (ODS). The Recipient neither produces nor exports any of the ODS controlled by the MP, and hence its consumption corresponds to its imports. In 1992, the Recipient consumed approximately 317 metric tons (mt) of ODS, used mainly for refrigeration, air conditioning and foam products, and in minor quantities for other manufacturing applications, such as solvents and fire extinguishers. Most ODS used are CFC-12 and CFC-11, accounting respectively for 58.3 percent and 36.9 percent of the total consumption in 1992.

2. The Bank (the Trustee) is an implementing agency for the MP, jointly with the United Nations Development Program (UNDP), United Nations Environment Program (UNEP) and United Nations Industrial Development Organization (UNIDO). Funding for approved projects is channeled through the Bank under its Ozone Trust Fund (OTF) Agreement with the Montreal Protocol Multilateral Fund Executive Committee (MFEC). The Recipient is eligible for grants from the Multilateral Fund for the Montreal Protocol (MFMP) on the basis of its 0.11 kilogram (kg) of estimated ODS per capita consumption. The MFMP was established to provide support to developing countries in meeting their MP obligations. The Fund is managed by the MFEC, which reviews and approves grants at or above US\$500,000 (below this figure being approved by the Bank as Trustee) following established eligibility and cost-effectiveness criteria. The Recipient is a very active participant in MFEC discussions, through the Argentinean seat.

3. In March 1993 the Recipient, supported by UNDP, prepared a Country Program on ODS Phaseout, as a first step in the development of a comprehensive phaseout strategy. During a three-year period, a reduction of about 95 mt or 30 percent of actual consumption is expected. To fulfill the objectives and policy outlined in the Country Program and to facilitate and simplify project implementation in the future, the Recipient has established the Comisión Técnica Gubernamental de Ozono (COGO, Governmental Ozone Technical Commission) within the Dirección Nacional de Medio Ambiente (DINAMA, National Environment Directorate), created in 1990 within the Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente (MVOTMA, Ministry for Housing, Land and Environment). Besides this, the Country Program includes other actions such as the implementation of public information and technical retraining programs, and the establishment in the medium term of a financing program for technology conversion.

4. At the request of MVOTMA, the Bank assisted in the preparation of a pipeline of subprojects eligible for MFMP grants, in line with the ODS strategy outlined in the Country Program. Funding for this MP operation is approved by the MFEC (at or above US\$500,000) or the Bank (below US\$500,000) on the basis of individual subprojects. Four of these projects, focused on commercial and household refrigeration and insulation foams for water heaters, were considered and approved with cost modifications at the 15th meeting of the MFEC in December 1994. Other projects for the air conditioning sector, especially reconversion in large buildings, are presently being identified and prepared.

modifications at the 15th meeting of the MFEC in December 1994. Other projects for the air conditioning sector, especially reconversion in large buildings, are presently being identified and prepared.

Project Objectives

5. The objective of the proposed project is to support the Recipient's program to reduce ODS consumption by 30 percent to 40 percent with respect to 1992 levels, by providing technical assistance and technology conversion support to the consumers of ODS. The project will also contribute to the strengthening of the institutional framework for the identification, preparation, evaluation and management of subproject proposals, and transfer of funds to final beneficiaries.

Project Description

6. The project has two components:

- (a) the investment component, which provides subgrants to the private firms to assist them in switching from use of ODS to non-ozone-depleting materials and technology. This component consists of approximately ten subprojects, four of which have been already appraised by the Bank and approved by the MFEC; this component will finance production process conversions, mechanical equipment and installations, recovery and recycling equipment and retrofitting of existing facilities; and
- (b) a technical assistance (TA) component to strengthen COGO as the executing unit in supporting MVOTMA to provide assistance to the private beneficiaries in the identification, preparation, evaluation and administration of subprojects. This TA component will provide funds for specialized training, office equipment and consulting services.

The project's expected Completion and Closing Dates are December 31, 1997 and June 30, 1998, respectively.

Project Costs and Financing

7. The total project cost is estimated at US\$5.0 million equivalent, including 15 percent in contingencies (see Schedule A). The MVOTMA will be managing the implementation of the project, including fund transfers in lieu of a financial agency. The expenditures associated with this function are eligible for MFMP funding and are approved in conjunction with individual subprojects. Thus, the 3 percent fee approved by the MFEC would be paid to the COGO, executing unit within MVOTMA, to be used for training and technical assistance. The total investment amount is based on the costs of the four subprojects already approved by the MFEC and other projects planned in the pipeline. Retroactive financing (estimated at US\$500,000 equivalent) is proposed for expenditures incurred one year before the signing of the Grant Agreement, upon approval of procurement methods and final uses of the procured items.

8. The eligible incremental costs of approved subprojects (up to a maximum of US\$4.853 million) would be financed by an OTF grant to the Recipient, which will channel it as a grant to the private beneficiaries through MVOTMA. The eligibility criteria for subprojects are those established by MFEC. Subprojects would be consistent with Country Program priorities and objectives; have direct and

demonstrable results in reducing ODS consumption in the country; be cost-effective and based on environmentally sound technologies that replace or reduce consumption of ODS covered by the MP, taking into account the industrial policy of the country; and meet other criteria established by the MFEC. Grants are calculated to be equivalent to the "incremental costs" of eliminating or reducing ODS consumption at the enterprise/institution level. The MFEC Guidelines define incremental costs as comprising the net present value (discounted at 10 percent in real terms) of additional costs that an enterprise would incur in phasing out ODS. It is derived by calculating the difference between the cost of the phaseout activity and the baseline cost that would have been incurred to provide the same level of service or production using ODS.

Project Implementation

9. The MVOTMA has been designated by the Recipient as the Executing Agency for this operation, and will be responsible for promoting ODS phaseout activities and ensuring that private implementation of the subprojects are consistent with the Country Program. It will also be responsible for subproject processing, including subproject evaluation, submission of such subprojects to MFEC or the Bank for their approval, and management of procurement and disbursement arrangements governed by subgrant agreements to be entered into between the Recipient (through MVOTMA) and the private beneficiaries under terms and conditions satisfactory to the Bank. To meet its responsibilities under the project, the MVOTMA has designated COGO as the project unit, which will be strengthened under the project. COGO was created with support of the institutional strengthening resources from the MP through UNDP.

This unit is already functioning, has a highly trained staff, and has already developed the necessary technical knowledge required for project implementation.

Procurement

10. Procurement of goods and services will be in accordance with the Bank's Procurement Guidelines. Procurement procedures and ceilings for prior review are presented in Schedule B. Although procurement will be the responsibility of the private beneficiaries, the MVOTMA will ensure that the goods and services to be purchased and carried out for the investment subprojects are reasonably priced, and that the necessary canvassing of the main suppliers and contractors for works has taken place and is reflected in the most cost-effective purchase agreements. Consultants will be selected in accordance with the Bank's Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency.

Disbursement

11. For grant-financed goods and services contracts, the Bank will disburse against 100 percent of eligible foreign and local incremental costs as defined by the MFEC Guidelines (see paragraph 9), net of direct import, sales and value-added taxes. The grant may be used for local transport from the port of delivery to the conversion or installation sites. To facilitate disbursement, the Recipient will establish a Special Account at the Banco de la República Oriental del Uruguay (BROU, Bank of the Oriental Republic of Uruguay), with an initial deposit of US\$200,000 equivalent to about 4 months of estimated expenditure, and a minimum amount for replenishment of US\$50,000 equivalent. Withdrawals from the Special Account would be contingent upon final approval for each new subproject by the MFEC or the Bank and deposit of funds in the OTF at the Bank. Full documentation will be required for disbursement requests for all contracts receiving prior Bank review; for all other contracts, disbursements out of the Special Account will be made against Statements of Expenditure (SOE). The withdrawal procedures and

disbursement schedule are presented in Schedule B. It is expected that the new subprojects would be prepared and submitted to the Bank for appraisal by December 31, 1995, thus providing adequate time for seeking MFEC approval, implementation of the subprojects and completion of disbursements by June 30, 1998.

Reporting Requirements

12. MVOTMA will also undertake the following: (a) transmit to the Bank a semi-annual report on implementation progress; (b) hold a Mid-Term Review not later than 18 months after the grant effectiveness date; and (c) transmit to the Bank an annual audit report acceptable to the Bank for the project accounts, including those for the Special Account and SOE withdrawals, not later than four months after each fiscal year. The Mid-Term Review will assess the progress in achieving the objectives of the project and the country program, as well as the implementation of approved subprojects and preparation of new subprojects. One of the semi-annual reports will serve as the basis for the Mid-Term Review and will be prepared prior to the review mission. The Bank's supervision missions will include review of progress and audit reports, and approval of all subproject appraisal reports.

Project Sustainability

13. The Recipient is committed to phasing out ODS as required by its obligations under the MP. The funds for this project are being provided on a grant basis to introduce new non-ODS technologies, and will also be passed on to final beneficiaries on a grant basis. The investments made possible through these grants will contribute to the reduction or elimination of ODS consumption from production processes and industrial applications in the medium and long term. For this purpose, the project will establish an efficient mechanism for developing and implementing subprojects to complete the ODS phaseout program. Limited availability of ODS and ODS-dependent components, coupled with falling prices for substitutes, are expected to sustain the future use of ODS recycling equipment and non-ODS technology.

Lessons from Other MP Operations

14. Past MP operations in the region have relied heavily on the Bank's support for subproject appraisal and negotiation with MFEC for approval. This has led to inefficiencies and delays as the Bank needed to draw information from the companies at every step of the review process. In addition, the national ownership and its representation at the MFEC was lacking. This operation is designed to provide national agencies with means and tools to assume greater responsibility for subproject preparation and implementation. Past MP operations have faced inefficiencies during implementation because responsibilities have been split between the project executing agency and a financial intermediary. Since the overriding purpose of these grants is to provide incentives to expedite technological conversion, this operation centralizes decision-making and execution responsibility in a single entity, MVOTMA, while the BROU acts only as depository of the grant proceeds.

Rationale for Montreal Protocol Financing

15. The project is consistent with MFEC's and the Bank's implementation guidelines and criteria for the use of OTF funds. The project provides incentives for enterprises to accelerate their process of switching from ODS to non-ODS technologies, which has been favored by technological changes in export markets in which government regulations support the ODS phaseout trend. The changes arising

from this trend will be hastened by the availability of these grant resources, especially in those cases where the absence of subsidy would make the changes financially unattractive.

Project Benefits

16. The project will serve as the vehicle for demonstrating the Recipient's commitment to its ODS phaseout program, leading to a 30 percent to 40 percent reduction in ODS consumption during a 3-year period (approximately 110 mt). The quantity meets the timetable of consumption reduction included in the Country Program, and represents a contribution to protecting the earth's ozone layer with its associated global environmental benefits.

Project Risks and Risk Mitigation

17. Technical and commercial risks which may be perceived by the enterprises, as well as institutional weaknesses in MVOTMA at the early implementation stages, could slow down project execution. These risks are being addressed through the provision of technical assistance for strengthening COGO's management, administration and advisory services. In addition, key COGO staff have participated in Bank-sponsored procurement seminars. Other such training, such as in disbursement procedures, would be provided.

Environmental Aspects

18. The project is designed to protect the environment by reducing ODS emissions. However, substitution of ODS with other chemicals or technology may involve other environmental concerns and hazards, such as (i) flammability, which project beneficiaries have to address with sound engineering, training and industrial safety procedures; and (ii) possible contribution to global warming as they are classified as greenhouse gases. However, the latter may be minor because the volume of these substances is very small on a national and global scale, and their effect may be off-set by the energy efficiency gained in their application as refrigerants. The MVOTMA will review all the subprojects to identify all their environmental and safety consequences. The costs of corrective measures are eligible expenses under the MFMP, and would be included in the project. For these reasons, the project is classified as "B" for environmental assessment purposes.

Actions Agreed

19. During negotiations, it was agreed that MVOTMA would prepare prior to effectiveness: (i) a work program (including a timetable) to be followed by COGO in carrying out the technical assistance component of the project; and (ii) a concise implementation manual for potential applicant firms describing subproject eligibility criteria (including the environmental review process for the subprojects), technical guidelines, review procedures, as well as administrative procedures for grant application, terms and conditions of subgrant agreements with MVOTMA and procurement and disbursement procedures. During negotiations, drafts of the COGO work program and the implementation manual were reviewed and found satisfactory.

Attachments

Schedule A

Estimated Project Cost and Allocation of Grant Proceeds

Components	Subproject Incremental Costs
	US\$ thousand equivalent
Investment	
(1) Approved Subprojects	1,192
(2) Future Subprojects (estimated)	3,661
Technical Assistance	147
Grant Total	5,000

Financing Plan

(in US\$ million)

Source	Total	Percentage
Montreal Protocol Ozone Projects Trust Fund	5.0	80
Private Beneficiaries	1.0	20
TOTAL	6.0	100

Schedule B**Procurement and Disbursement Methods****A. Procurement Arrangements**

The project will finance a wide range of production process conversions, mechanical equipment and installations, recovery and recycling equipment, retrofitting of existing facilities and specialized training for the private beneficiaries. As the project's Executing Agency and the sole public sector beneficiary, MVOTMA will also be strengthened through technical assistance, specialized training and office equipment, not exceeding US\$147,000 equivalent. Total private procurement will amount to about US\$4.85 million, comprising four subprojects already appraised and approved by MFEC and about six more subprojects to be identified and prepared. Procurement will be the direct responsibility of the private enterprises. The MVOTMA Project Unit (COGO) will be responsible for ensuring that participating private firms follow the Implementation Manual's procurement guidelines, which would be carried out in accordance with the Bank's Guidelines on Procurement under IBRD Loans and IDA Credits (January 1995), as follows:

Private Procurement of Goods and Works

- (a) Procurement by private beneficiaries will usually involve a limited number of suppliers for the specialized equipment. In many cases specialized equipment will need to match the technical specifications of original suppliers in the modification of existing facilities. Therefore, contracts for goods and works to be procured by the private beneficiaries will be awarded in accordance with established commercial practices of the private users, which normally require comparison of price quotations solicited from at least three qualified suppliers. These practices have been reviewed and found acceptable by the Bank; and
- (b) direct contracting will be used for proprietary packages.

Public Procurement of Goods and Consulting Services

- (a) for MVOTMA, contracts for goods are expected to be small (i.e. total aggregated cost less than US\$50,000 equivalent), and would therefore be awarded through shopping procedures acceptable to the Bank on the basis of comparison of price proposals from at least three eligible suppliers; and
- (b) consultants would be hired following the procedures in "Guidelines for the Use of Consultants by World Bank Borrowers and the World Bank as Executing Agency" dated August 1981.

Procurement Methods(in US\$ million) ^{a)}

	ICB	LCB	OTHER	TOTAL
Subgrants for goods, works, services and local freight under the Subprojects			5.853 (4.853)	5.853 (4.853)
Equipment and materials			0.047 (0.047)	0.047 (0.047)
Consulting Services			0.100 (0.100)	0.100 (0.100)
TOTAL			6.000 (5.000)	6.000 (5.000)

^{a)} Figures in parentheses are the respective amounts financed by the Ozone Projects Trust Fund grant.

Prior Review

Prior review by the Bank would be required on the following bid packages and contracts:

- (a) consultants' contracts estimated to cost US\$100,000 equivalent or more for firms and US\$50,000 equivalent or more for individuals; single-source selection; assignments of a critical nature; any amendments raising the value of consultants' contracts greater than the foregoing thresholds (below these thresholds, the Bank will review the terms of reference); and
- (b) proprietary technology and equipment.

Prior Review by MVOTMA

All procurement contracts regardless of value will be reviewed and approved by the MVOTMA Project Unit prior to disbursement. When applicable, the Bank's Standard Contract for complex consulting assignments with firms will be used. Documentation for all contracts not subject to prior review by the Bank, including all contracts for cases of retroactive financing, will be retained by MVOTMA and made available for ex-post review by the Bank during supervision missions.

B. Disbursements**Withdrawal of the Proceeds of the OTF Grant**

The table below sets forth the Categories of items to be financed out of the proceeds of the OTF Grant, the allocation of the amounts of the OTF Grant to each Category, and the percentage of expenditures for items to be financed in each Category:

Category	Amount of the OTF Grant Allocated (Expressed in Dollar Equivalent)	percent of Expenditures to be Financed
(1) Subgrants to finance goods, works, services and local freight under the Subprojects	4,853,000	100 percent of amounts disbursed
	147,000	80 percent
(2) Goods, consultants' services and training for MVOTMA	5,000,000	
TOTAL		

Prior to disbursement of each subgrant, MVOTMA will sign a subgrant agreement with each private enterprise beneficiary under terms and conditions satisfactory to the Bank. The Bank will disburse against 100 percent of foreign and local costs eligible under the MFEC guidelines and criteria, net of direct import, sales and value added taxes, for grant-financed goods, works and services contracts, where applicable. Eligible costs also include local transport from the port of delivery to the conversion or installation sites. Disbursement would follow procedures outlined in the Disbursement Handbook published by the Bank, and in the Disbursement Letter which will be issued after the Grant is signed. During supervision missions Bank staff will review arrangements to ensure that (i) disbursements did not occur prior to the Bank's "no objection" for each subgrant and (ii) the amount of the subgrant is not exceeded.

Disbursement Schedule

CALENDAR YEAR	1995	1996	1997	1998
	----- US\$ million -----			
Annual	0.5	3.0	1.2	0.3
Cumulative	0.5	3.5	4.7	5.0
Cumulative (percent of total)	10 percent	70 percent	94 percent	100 percent

Once the Grant Agreement has been declared effective, and after receipt of a withdrawal application, a deposit of US\$200,000 (the authorized allocation) will be made into the Special Account opened by MVOTMA in BROU. The authorized allocation is based on project expenditures expected to be paid through the Grant in the first four months. The minimum amount for replenishment of the Special Account would be US\$50,000 equivalent. Interest earned on the Special Account balances, if any, would be reported separately. To expedite project execution, there will be no limit on the share of the total grant amount disbursed through the Special Account.

Full documentation will be required for disbursement requests for all proprietary goods (direct contracting) and consulting services which receive prior Bank review. For all other contracts, disbursements out of the Special Account will be made against Statements of Expenditure (SOE), i.e., for goods and works, including goods under the technical assistance component for MVOTMA; for consulting firms, contracts less than US\$100,000 equivalent; and for individual consultants, contracts less than US\$50,000 equivalent. MVOTMA will allocate the subgrants to subproject beneficiaries for approved expenditures (with due regard to prior review requirements) as stipulated in subgrant agreements between MVOTMA and the subproject beneficiaries.

Retroactive Financing

To avoid delay, since some of the beneficiaries are preparing to execute contracts prior to Grant signature, retroactive financing would be allowed as a share of the total Grant amount already approved by the MFEC (i.e., US\$500,000 or 42 percent of the US\$1,192,000 approved), for expenditures incurred up to a maximum of one year before the Grant signing date. All cases of retroactive financing regardless of size will require Bank review of supporting documentation prior to disbursement.

Timetable of Key Processing Events

Time Taken to Prepare	9 months
Prepared by	MVOTMA and the Bank
First Bank Mission	March 1994
Departure of Bank Appraisal Mission	November 1994
Date of Negotiations	May 1995
Planned Date of Effectiveness	June 1995

Country Program Summary

Uruguay ratified the Montreal Protocol on Substances that Deplete the Ozone Layer on January 8, 1991 and is committed to the control and gradual phaseout of these substances. To develop a comprehensive phaseout strategy, Uruguay with the support of the United Nations Development Programme prepared a Country Program on Ozone Depleting Substances (ODS) Phaseout in March 1993.

In 1992 Uruguay's ODS consumption was approximately 317 metric tons (mt), of which 36.9 percent was CFC-11, 58.3 percent CFC-12, 1 percent CFC-113, 0.3 percent halons and 3.3 percent others. All these substances are imported because Uruguay does not produce any of the ODS controlled by the MP. ODS are mainly used in Uruguay for refrigeration, air conditioning and foam products, and to a minor extent for solvents and fire extinguishers. Without the implementation of the MP and with an estimated annual increment rate of 1.9 percent, the estimated ODS consumption in 2010 would increase to 445 mt.

An important strategic element of the Country Program is to rely on market mechanisms to reduce ODS demand. Consequently, the Government of Uruguay will support private sector initiatives oriented to MP implementation, instead of having a strong official intervention in management and control. Under this approach, the public sector entities will only play a catalytic and advisory role. Environmental management in Uruguay is carried out by the Dirección Nacional de Medio Ambiente (DINAMA, National Environment Directorate) created in October 1990 within the Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente (Ministry of Housing, Land and Environment). To help fulfill the objectives outlined in the Country Program, the Comisión Técnica Gubernamental de Ozono (Governmental Ozone Technical Commission) was established within DINAMA as executing unit to identify and facilitate project implementation in the future.

In a three-year, first-stage period the planned actions are: (i) institutional strengthening, with the establishment of an Advisory Committee with representatives from the private sector, the Para-statal Quality Standards Control Organization, the University of the Republic and the Ministries of Economy and Health; (ii) establishing and updating the legal and regulatory framework, by revising the present norms, discussing the proposed changes and preparing new laws; (iii) implementing an Ozone Certificate stamp for public information about the final products whose use does not deplete the ozone layer; (iv) implementing technical sectoral training and retraining activities, and public consciousness-raising programs; and (v) supporting investment projects in technological conversion for private enterprises to achieve a 30 percent reduction in ODS consumption, equivalent to approximately 95 mt. The two main sectors to be addressed in this first stage are the commercial and domestic refrigeration sector, and the foam sector. Four projects have already been approved for funding by the Executive Committee of the Multilateral Fund for the Implementation of the MP, to eliminate the use of: (i) CFC-12 as circuit refrigerant in the production of refrigerators, cold storage chambers and glass display cases; and (ii) CFC-11 as blowing agent in the manufacture of rigid polyurethane foams as insulation for thermal tanks.

In the medium term, new projects would involve the conversion of the air conditioning sector. Due to its climatological conditions, Uruguay has produced and imported air conditioning equipment for domestic, commercial, industrial, and services (hotels and hospitals) uses; repair and maintenance activities also account for significant ODS consumption. Transport air conditioning is less significant. The Uruguayan industry related to ODS consumption is generally very interested in complying with all the country's environmental commitments, aware as it is of the importance of being competitive with the

Argentinean and Brazilian industry. Uruguay's future technological conversion would need to take into account the situation in neighboring countries, and thus, the development of joint projects could be considered in the long term.