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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
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PROJECT PROPOSAL: ARGENTINA

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

Foam

- Group project – conversion from CFC-11 to LIA technology in the manufacture of flexible polyurethane boxfoam at four enterprises

UNDP

**PROJECT EVALUATION SHEET
ARGENTINA**

SECTOR: Foam ODS use in sector (1998): 1,370 ODP tonnes

Sub-sector cost-effectiveness thresholds: Flexible US \$6.23/kg

Project Title:

- (a) Group project - conversion from CFC-11 to LIA technology in the manufacture of flexible polyurethane boxfoam at four enterprises

Project Data	Flexible slabstock	
	Group project	
Enterprise consumption (ODP tonnes)		48.70
Project impact (ODP tonnes)		48.70
Project duration (months)		36
Initial amount requested (US \$)		303,400
Final project cost (US \$):		
Incremental capital cost (a)		265,000
Contingency cost (b)		26,500
Incremental operating cost (c)		154,380
Total project cost (a+b+c)		445,880
Local ownership (%)		100%
Export component (%)		0%
Amount requested (US \$)		295,300
Cost effectiveness (US \$/kg.)		6.06
Counterpart funding confirmed?		Yes
National coordinating agency	OPROZ	
Implementing agency	UNDP	

Secretariat's Recommendations	
Amount recommended (US \$)	295,300
Project impact (ODP tonnes)	48.70
Cost effectiveness (US \$/kg)	6.06
Implementing agency support cost (US \$)	38,389
Total cost to Multilateral Fund (US \$)	333,689

PROJECT DESCRIPTION

Sector Background

- Latest available total ODS consumption (1998)	4,308.60 ODP tonnes
- Baseline consumption of Annex A Group I substances (CFCs)	5,061.70 ODP tonnes
- Consumption of Annex A Group I substances for the year 1998	3,481.90 ODP tonnes
- Baseline consumption of CFCs in foam sector	2,100.00 ODP tonnes
- Consumption of CFCs in foam sector in 1998	1,370.00 ODP tonnes
- Funds approved for investment projects in foam sector as of end of 1999	US \$9,462,666.00
- Quantity of CFC to be phased out in investment projects in foam sector as of end of 1999	1,631.90 ODP tonnes
- Quantity of CFC phased out in investment projects in foam sector as of end of 1999	779.00 ODP tonnes
- Quantity of CFC to be phased out in investment projects in foam sector approved in 1999	202.35 ODP tonnes
- Funds approved for investment projects in the foam sector in 1999	US \$1,102,475.00

Flexible Slabstock Foam

1. Four enterprises used 48.7 tonnes of CFC-11 in production of flexible polyurethane boxfoam (average 1996-98) mainly for mattresses and pillows. Under this project, the production is to be converted to LIA (low index/additive) technology, a non-ODS solution. The project includes addition of metering units for softening agent on each of the five dispensers used by the enterprises at US \$15,000 each (US \$75,000) and improved ventilation on each machine (US \$150,000). Other costs include trials (US \$20,000), technology transfer and training (US \$20,000) and incremental operating costs (US \$154,380).

The table below gives a profile of the four companies.

Enterprise	Founded	CFC-11 Consumption (Average 1996-1998) tonnes ODP	Baseline Equipment
Cosmos	1984	3.3	Boxfoam dispenser Scarone
La Cardeuse	1873	4.7	Boxfoam dispenser (2) ZZ
Jovis	1982	21.7	Boxfoam dispenser ZZ
Micropore	1990	19	Boxfoam dispenser ZZ

Impact of the project

2. 48.7 tonnes of CFC-11 to be phased out in the four enterprises constitutes 1.4% of Argentina's 1998 consumption of Annex A Group I controlled substances.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS**COMMENTS**

1. The project was discussed between the Fund Secretariat and UNDP and agreed.

RECOMMENDATIONS

1. The Fund Secretariat recommends blanket approval of the Group project with the funding level and associated support cost indicated below.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Group project - conversion from CFC-11 to LIA technology in the manufacture of flexible polyurethane boxfoam at four enterprises	295,300	38,389	UNDP