



**Programa de las
Naciones Unidas
para el Medio Ambiente**

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COMITÉ EJECUTIVO DEL FONDO MULTILATERAL
PARA LA APLICACIÓN DEL
PROTOCOLO DE MONTREAL
Cuadragésima Cuarta Reunión
Praga, 29 de noviembre al 3 de diciembre de 2004

PROPUESTA DE PROYECTO: ARGENTINA

Este documento contiene los comentarios y las recomendaciones de la Secretaría del Fondo sobre la siguiente propuesta de proyecto:

Producción

- Estrategia para la eliminación gradual de producción CFC-11 y CFC-12: programa de trabajo anual de 2004 Banco Mundial

Antecedentes

1. El Comité Ejecutivo, en su 38ª Reunión de 2002, aprobó, en principio, un total de 8,3 millones \$EUA para la puesta en vigor del Acuerdo para el Sector de Producción de Argentina, y desembolsó la primera partida de 0,5 millones \$EUA para el proyecto. En la tabla siguiente se precisan los límites anuales de producción de CFC y las partidas de financiamiento.

Año	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Producción máxima admisible (toneladas métricas)	3 020	3 020	3 020	1 647	1 647	686	686	686	0 *	
Financiamiento del FML en millones \$	0,5	3,5	0	0,3	2	0	1	1		8,3
Honorarios del organismo en millones \$	0,02	0,11	0,09	0,12	0,10	0,12	0,12	0,047		0,727

(*) excepto cualquier producción de CFC que pueda ser acordada por las Partes para satisfacer los usos esenciales para Argentina

2. De acuerdo con los términos del Acuerdo, que solicita la verificación independiente del logro de los objetivos anuales de producción, el Banco Mundial sometió a la 43ª Reunión, en julio de 2004, la verificación de la producción de CFC en 2002 y 2003 de FIASA, la única planta de producción de CFC en Argentina. La verificación concluyó que FIASA había producido 3 015 toneladas PAO de CFC, en 2002, y 3 018 toneladas PAO de CFC, en 2003, ambas cifras por debajo del objetivo de 3 020 toneladas PAO, según lo establecido en el Acuerdo.

3. El Banco Mundial presenta el Programa de trabajo anual de 2004 y solicita que se liberen 3,5 millones \$EUA para las partidas de 2003 y 2004 y los gastos de apoyo asociados de 110 000 \$EUA, para 2003, y de 90 000 \$EUA, para 2004. El Banco Mundial también presentó una respuesta a los comentarios de la Secretaría sobre el informe de verificación de la producción de CFC de 2002 y 2003 en FIASA que fue presentado a 43ª Reunión. Se adjuntan al presente documento el programa de trabajo de 2004 y la respuesta del Banco Mundial.

Programa de trabajo de 2004

4. El Programa de trabajo de 2004 incluye el objetivo de producción de CFC de FIASA, la política que deberá poner en vigencia el Gobierno para la ejecución del plan de eliminación gradual de la producción de CFC y las actividades de asistencia técnica previstas para el año 2004. El objetivo de producción de CFC para 2004 es 3 020 toneladas PAO, que es coherente con el objetivo del plan sectorial. El Gobierno asegura el logro del objetivo mediante la implantación del límite de producción, legalmente apoyado por la Ley nacional N° 24.040/1991, que estableció controles en la producción y la venta de SAO. Además, el Gobierno introducirá a partir del 1° de enero de 2005 el sistema nacional de otorgamiento de licencias para la importación y exportación de SAO, que establecerá un registro de importadores y exportadores de SAO y asignará las cuotas anuales que la Secretaría del Medio Ambiente administrará y Aduanas hará cumplir.

5. El programa anual de 2004 planificó actividades de asistencia técnica para apoyar el plan sectorial e incluye la formación del personal gubernamental para administrar el plan nacional de eliminación gradual, explorando alternativas comerciales para FIASA y realizando campañas de sensibilización del público. Sin embargo, no se han realizado ninguna de estas actividades porque el Acuerdo subsidiario de donación entre el Gobierno y el Banco Mundial todavía no ha sido firmado.
6. Para supervisar la ejecución del plan sectorial, la Unidad de Ejecución de Proyectos de la Secretaría de Industria y Comercio (UEPRO) asignará a un profesional a tiempo parcial para que visite FIASA con el fin de verificar los registros de producción una vez al mes.
7. Del financiamiento total de 8,3 millones \$EUA, 7,8 millones \$EUA se pagarían a FIASA como indemnización y el saldo de 0,5 millones \$EUA sería utilizado para administrar el programa y realizar actividades de asistencia técnica. Tres millones y medio de dólares estadounidenses del programa de 2004 representarían la primera partida que se pagará a FIASA, y ésta se desembolsaría a la planta una vez firmado el Acuerdo subsidiario de donación. El Anexo I contiene 4 tablas con los detalles de los varios componentes del programa de 2004.

Comentarios de la Secretaría

8. La propuesta fija un objetivo de producción de CFC que sea coherente con el objetivo del Acuerdo. La política existente para controlar la producción de SAO y el nuevo sistema de otorgamiento de licencias de importación/exportación que se implantará en 2005 proporcionan un buen apoyo a la aplicación del control de producción. La supervisión mensual ejercida por EUPRO debe asegurar que la empresa no sobrepasa el tope de producción y que se llevan registros de producción.
9. El proyecto tuvo algún retraso en conseguir que se firmara el Acuerdo subsidiario de donación, pero se informa que éste se firmaría antes de 44^a Reunión.

Recomendaciones

10. La Secretaría recomienda que el Comité Ejecutivo pueda querer:
 - a) Tomar nota de la respuesta del Banco Mundial a los comentarios sobre la verificación de producción de CFC de 2002 y 2003 en FIASA, Argentina.
 - b) Aprobar el Programa de trabajo anual de 2004 para el plan de eliminación gradual de producción de CFC en Argentina al nivel de 3,5 millones \$EUA y los costos de apoyo asociados de 200 000 \$EUA para el Banco Mundial para los años 2003 y 2004.

**STRATEGY FOR GRADUAL PHASEOUT OF
CFC-11 & CFC-12 PRODUCTION IN
ARGENTINA**

2004 ANNUAL PROGRAM

OPROZ / UEPRO
AND

THE WORLD BANK

September 2004

1. DATA

Country	Argentina		
Year of plan	2004		
No. of years completed	1		
No. of years remaining under the plan	6		
Total ODS to be phaseout through the Strategy for Gradual Phaseout of CFC -11 & CFC -12 Production in Argentina	CFC – 11 + CFC – 12: 3020		
	ODS 3:		
	ODS 4:		
ODS Production for the Previous year (MT)		Target	Actual
	CFC	3,020	3.018
	ODS 2		
	ODS 3		
	ODS 4		
CFC production independently verified	Yes		
Target ODS Consumption for the year of the plan (MT)	CFC : 3,020 MT		
	ODS 2		
	ODS 3		
	ODS 4		
Total MLF funding approved for the Plan	US\$ 8.3 Million		
Total funds released so far			
		Funding	Disbursed (*)
Total funding disbursed on annual plans	Year 1	500,000	0
	Year 2	3,500,000	0
	Year 3	0	0
	Total	4, 000,000	0
Level of funding requested for this AP	US\$ 3,500,000		
Lead implementing agency	The World Bank		
Co-operating agency (ies)	UEPRO		
	OPROZ (Secretariat of Environment and Sustainable Development)		

(*) No disbursements have taken place due to the delays in the Signature of the Sub Grant Agreement between the Government of Argentina (GOA) and FIASA.

A: INTRODUCTION

Provide a brief general overview on the status of the implementation of the NOPP/SOPP and recent progress, new initiative, achievements etc.

- 1 In compliance with the Montreal Protocol, the Government of Argentina (GOA) should fulfill the obligations on phasing-out CFC-11&12 production by 2010. The CFC Production Phase-out Plan for Argentina was approved at the 38th meeting of the Executive Committee (ExCom) of the Multilateral Fund for the implementation of the Montreal Protocol and involves a sole production facility at Frio Industrias Argentinas S.A. (FIASA). The table below summarizes the phase out schedule as per the Agreement between the ExCom and the GOA:

Table1: Phase-out schedule as per the Agreement with ExCom:

Year	CFC-11 and CFC-12		MLF funding (in Mill USD)	
	Target	Actual	Project funding	Support costs
2002	3,020	3,015	0.5	0.02
2003	3,020	3,018	3.5	0.11
2004	3,020		0	0.09
2005	1,647		0.3	0.09
2006	1,647		2.0	0.10
2007	686		0	0.09
2008	686		1.0	0.12
2009	686		1.0	0.017
2010	0		0	0
Total	3,020 (Total impact)	3,020 (Total impact)	8.30	0.637

(*) save for any CFC production that may be agreed by the Parties to meet essential uses for Argentina

- 2 The World Bank has submitted the reports of the independent external audits for the years 2002 and 2003, proving the accomplishment of the proposed maximum production targets for that period.
- 3 Argentina will maintain its maximum CFC production level as agreed for 2004 of 3,020 MT, and will reduce its production (1,647 MT) by 2005.
- 4 The Subgrant Agreement (SGA) between the GOA and FIASA is expected to be signed before the 44th ExCom meeting.

B: 2004 ANNUAL PROGRAM

1. STATUS OF IMPLEMENTATION 2004 ANNUAL PROGRAM

In accordance with the phase out schedule agreed with ExCom, the GOA has complied with the maximum production caps for the years 2002 and 2003. OPROZ though UEPRO has implemented a monitoring system to support its surveillance activities over FIASA's production. During the first semester of 2004, no activities linked to the TA component were undertaken due to fact that the SGA with the enterprise has not yet been signed.

The phase-out plan includes the following activities:

- (a) Phasing out CFC production by 2010;
- (b) Dismantling FIASA's CFC production facilities;
- (c) Monitoring achievement of each year's production under the maximum cap agreed with ExCom
- (d) Implementation of policy measures and technical assistance activities to support the plan in a sustainable permanent manner

1.1 Policies, regulations etc. and governmental actions and initiatives

- (e) Import / Export licensing System: In January, 1, 2005, the Government of Argentina will have a National ODS licensing system in place. The system is based on a national registry of ODS importers and exporters and will be located, administrated by the Secretariat of Environment and enforced by the Customs, Quotas will be allocated based on historic import/export volumes, following ODS consumption restrictions established by the Montreal Protocol.

- (f) Annual Production caps in Argentina have been in compliance with the Montreal Protocol phased-out schedules in 2002 and 2003, and has been enforced by the Secretariat of Environment. Legally, the controls are supported by the National Law No. 24.040 /1991 which establishes controls to the production and commercialization of ODS.

1.2 Technical assistance activities

The technical assistance component (\$500,000) will be implemented throughout the project implementation (up to 2010). The following activities will be implemented during 2004:

- *Supporting the GOA to strengthen technical capacity of local staff:* This will include training of GOA staff, plus workshops for various participants in the phase-out program, including training in reclamation and re-cycling;
- *Research for Market Prospects:* This will finance the pre-feasibility evaluation of alternative products/business for FIASA;
- *Public Awareness campaign:* This activity will support the ozone protection communication strategy prepared by OPROZ, and is linked to other activities currently being implemented by OPROZ;

The terms of reference and work schedule will be agreed with World Bank prior to initiating work.

1.3 Project Management Unit

The existing project coordination unit established at UEPRO will continue its activities. However, UEPRO will allocate on a part-time basis one professional staff position from INTI (Instituto Nacional de Tecnología Industrial) for maintaining technical, financial and statistical records to manage this phase-out program. The consultant will visit the plant on a regular basis, at least once every four weeks, to verify production logs.

UEPRO will be provided with computing equipment and technical assistance to keep track of the information collected.

1.4. Compensation to FIASA

The requested US\$3.5 Million is the first tranche of the plan approved for FIASA. Resources will be disbursed once the enterprise and the Government sign the SGA. The total amount of the Sub Grant Agreement is \$7.8 Million and will be disbursed in tranches according to the Agreement between the Executive Committee for the Implementation of the Montreal Protocol and the Government of Argentina. Additional \$500,000 approved by the Executive Committee for the Implementation of the Montreal Protocol are being used in Technical Assistance for the Government as detailed above.

ANNEX 1

PROPOSED ACTIVITIES IN THE 2004 ANNUAL PROGRAM

TABLE 1A: POLICIES AND REGULATIONS

Proposed policy/regulation	Estimate costs	Ministry/Agency to be in charge	Planned date of effectiveness
Import / Export licensing system		Secretariat of Environment and Sustainable Development	12/31/2004
Production caps		OPROZ / UEPRO	12/1/2004

TABLE 1B TECHNICAL ASSISTANCE ACTIVITIES AND TRAINING ACTIVITIES

Name of TA/Training activity	Estimated costs	Duration
Supporting the GOA to strength technical capacity of local staff;	15,000	1 Year
Research for Market Prospects	35,000	2 months
Public Awareness	10,000	1 Year
Facilitating monitoring capabilities and compliance with the agreement between Argentina and the Executive Committee of the MLF.	30,000	1 Year

TABLE 1C: PROJECT MANAGEMENT UNIT

Name of activity	Estimated costs	Duration
One professional staff part-time;	7,000	1 Year
Equipment	8,000	One time basis

TABLE 1D: COMPENSATION TO FIASA

Name of activity	Estimated costs	Duration
Signature of SGA with FIASA	3,500,000	2004

(*) The total amount of the Sub Grant Agreement is \$7.8 Million and will be disbursed in tranches according to the Agreement between the ExCom and the GOA.

ANNEX 2

Contact Agency/Organization and person in charge of managing the national import/export licensing system.

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ARGENTINA: CFC-11&12 PRODUCTION PHASE OUT PROJECT

Follow up of the 43rd EXCOM Meeting – July 2004

In response to document UNEP/OzL.Pro/ExCom/43/26/add.1 prepared by the Multilateral Fund Secretariat for the 43rd meeting, the World Bank has the following comments:

CFC-11 and CFC-12 Production

CFC-13 co-production: Co-production of CFC-13 at FIASA is very low; based on typical co-production percentages for determined CFC-11/CFC-12 output ratios, it has been estimated somewhere between 1.0 - 1.6% of total CFC-11+12 production. As per the maximum production cap allowed under the agreement with ExCom (3020 MT), the maximum output of CFC-13 would fall in the range of 30.2 – 48.3 MT per year, whereas this maximum volume would significantly drop to 15.1 – 19.1 MT in 2005 (cap for CFC-11+12 = 1647 MT), and 6.9 – 11 MT in 2007 (cap for CFC-11 + CFC-12 = 686 MT).

Monitoring and recovering CFC-13: CFC-13 has a very low boiling point and it would take a fairly complex condensing system to recover it from the other non-condensable gases that are vented from the refining distillation column. To determine how much CFC-13 is actually co-produced, a careful analysis of the crude product stream would be required. Another possibility would also be to measure the hourly vent rate of non-condensable gases from refining and carry out an analysis on this stream to determine the % of CFC-13; this would give a fairly accurate vent rate for the material.

CFC-13 disposal: Once the CFC-13 output is estimated, alternatives for disposal would have to be developed. Disposal of the captured CFC-13 would pose another problem in case it does not reach the standard to be sold as refrigerant grade CFC-13 (traces of CFC-12 and HFC-14 may be found). The installation of a refining vent tail gas incinerator to destroy all traces of fluorocarbons would consequently be a possible alternative; however, the destruction products would be HCl and HF with some serious corrosion problems that can be handled, but likely quite expensive. It is possible that a commercially available molecular sieve could be installed on the vent stream to capture the residual fluorocarbons, but again subject to a high cost.

FIASA's capacity to deal with CFC-13: As informed by FIASA and explained by the Bank, the company does not have the capacity to trace, recover or manage the co-production of CFC-13 (an Annex B, group II substance).

Based on information from CFC plants in the United States and China, none of the plants in those countries have CFC-13 recovery facilities; in the case of India, there isn't evidence of recovery or disposal activities. In the United States, China and Russia, CFC-13 was produced in special facilities dedicated to its production rather than attempt to recover it from CFC 11/12 plants. Comparing the highest CFC-13 output in FIASA to the

lowest overall volumes co-produced in any of the alluded countries, the formers potential emissions turn insignificant. Moreover, it does not affect Argentina's compliance with the phaseout agreements for CFC production.

The main concerns about investing in monitoring and recovery activities would be the high costs involved in dealing with such a low concentration by-product in a plant with a very limited remaining lifetime.

Disposing of CFC-13 at FIASA would require additional funding to cover incremental costs, which were not included in the approved closure project in 2002. However, the Bank could estimate the associated incremental costs to be incurred and report back to ExCom for its consideration.

The 2004 Annual Program

A work program has been produced in coordination with the Government of Argentina (Attached).

CTC Stocks

The consultant that carried out the audit report has informed to the Bank that FIASA does not have the capacity to trace specific components within the reactor. The data provided on the verification report was based on estimates from the percentage of production of CFC-11 and CFC-12 for 2002 and 2003; and it was done to fill out the agreed format for verification audits.

Daily CFC Production Records

Daily CFC production records are being stored and filed at the plant since February 18, 2004.

Qualification of the Verification Team

The Bank will ensure that the verification team for the CFC Production Verification in 2004 includes a member with financial and accounting background.