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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Twenty-second Meeting
Nairobi, 28-30 May 1997

Corrigendum

PROJECT PROPOSALS: ARGENTINA

This corrigendum replaces pages 2, 5 and 6 of the document.

**PROJECT EVALUATION SHEET
ARGENTINA**

SECTOR: Foams ODS use in sector (1992): 1,585 ODP tonnes

Sub-sector cost-effectiveness thresholds: Rigid 7.83 US \$/kg
Flexible 6.23 US \$/kg

Project Titles:

- (a) Elimination of the use of CFCs in the manufacture of sandwich polyurethane panels and spray foams at Calofrig Aislaciones Jacobi S.A.I.C.
- (b) Elimination of the use of CFCs in the manufacture of water heaters at Rheem S.A.
- (c) Conversion to non-CFC technology in the manufacture of flexible foam (slabstocks) at FPV S.A.

Project Data	Rigid		Flexible
	Calofrig	Rheem	FPV
ODS phase-out (ODP tonnes)	72	12	19
Proposed project duration (Yrs)	2	2	2
Incremental capital cost (US \$)	759,000	71,500	70,000
Contingency (%)	10	10	10
Incremental operational cost (US \$)	Not requested	38,000	70,000
Total project cost (US \$)	759,000	109,500	140,000
Local ownership (%)	100	70	100
Export component (%)			
Amount requested (US \$) {Original}	563,750	84,350	118,000
{Revised}		76,650	
Cost effectiveness (US \$/kg)	7.83	6.39	6.21
National Coordinating Agency	OPROZ	OPROZ	OPROZ
Implementing Agency	UNDP	UNDP	UNDP
Technical review completed?	Yes	Yes	Yes

Secretariat's Recommendations:			
Amount recommended (US \$)	563,750	76,650	118,000
Project impact (ODP tonnes)	72	12	19
Cost effectiveness (US \$/kg)	7.83	6.39	6.21
Implementing Agency support cost (US \$)	73,288	9,965	15,340
Total cost to Multilateral Fund (US \$)	637,038	86,615	133,340

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

The projects were discussed between the Fund Secretariat and UNDP and agreed.

Calofrig

1. High pressure foaming unit of 120 kg/min capacity at US \$180,000, premix unit at US \$80,000 and ventilation cost at US \$30,000 were agreed for the block production plant, while the cost of local works was agreed at US \$20,000 for each plant. The revised capital cost was therefore US \$753,500 instead of US \$814,000.

Rheem

2. The capital cost was revised to US \$71,500 due to revision in cost of storage tank, adaptation of the storage tank, temperature control from US \$15,000 to US \$5,000. It was agreed that the cost of extra temperature control was not eligible.

3. The total project cost amounted to US \$109,500, which includes US \$38,000 in incremental operational costs. The eligible grant to the company was therefore $0.7 \times \text{US } \$109,500 = \text{US } \$76,650$.

FPV

4. The project represents a change in the company's strategy to phase out the use of CFC-11 in its manufacturing operations. The project was discussed between the Secretariat and UNDP. UNDP affirmed that the technology to be adopted was mature and feasible. The costs were agreed.

Impact of the Projects on 1999 Freeze

5. The project documents indicates "As was mentioned in Argentina's Country Programme, in order to comply with the 1999 freeze required by the Montreal Protocol, the Government will have to phase out the use of CFC's in new equipment in the refrigeration and foam sectors by 1 January 2000. Most of the projects that were already approved for Argentina will be completed by the beginning of 1999. The present series of projects being submitted by Argentina in 1997 will be completed by the year 2000, and would therefore enable the country to further decrease its ODS consumption after 1999, enabling it to comply with the Montreal Protocol requirements. The ODS consumption remaining after that date would then mainly be for the servicing of existing refrigeration equipment, which constitutes 75% of the refrigeration sector."

RECOMMENDATION

1. The Fund Secretariat recommends blanket approval of the projects with the funding levels and associated support costs as indicated below.

<u>Project Title</u>	<u>Project Cost</u> <u>US \$</u>	<u>Support</u> <u>Cost US \$</u>	<u>Implementing</u> <u>Agency</u>
(a) Elimination of the use of CFCs in the manufacture of sandwich polyurethane panels and spray foams at Calofrig Aislaciones Jacobi S.A.I.C.	563,750	73,288	UNDP
(b) Elimination of the use of CFCs in the manufacture of water heaters at Rheem S.A.	76,650	9,965	UNDP
(c) Conversion to non-CFC technology in the manufacture of flexible foam (slabstocks) at FPV S.A.	118,000	15,340	UNDP