



**United Nations
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Programme**



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

Twentieth Meeting
Montreal, 16-18 October 1996

PROJECT PROPOSAL: PERU

This document includes the Comments and Recommendations from the Fund Secretariat on the following project:

Solvent

- Elimination of 1,1,1 TCA at Faber Castell, Papeles Industriales and Carbolan

UNIDO

**PROJECT EVALUATION SHEET
PERU**

SECTOR: **SOLVENT** ODS use in sector (1993): 19.42 ODP tonnes

Sub-sector cost-effectiveness thresholds: 1,1,1-trichloroethane 38.5 US \$/kg

Project Title:

Elimination of 1,1,1-trichloroethane at FABER CASTELL, PAPELES INDUSTRIALES & CARBOLAN

(3 enterprises)

Project Data	1,1,1-trichloroethane		
	Faber Castell	Papeles Industriales	Carbolan
ODS phase-out (ODP tonnes)	0.480	0.544	0.423
Proposed project duration (Yrs)	1	1	1
Incremental capital cost (US \$)	16,610	53,390	28,890
Contingency (%)	10	10	10
Incremental operational cost (US \$)	(201)	(5,437)	6,092
Total project cost (US \$)	16,409	47,953	31,457
Local ownership (%)	33	100	85
Export component (%)	-	-	-
Amount requested (US \$)	21,039	52,563	36,067
{Original}			
{Revised}	16,409	47,953	31,457
Cost effectiveness (US \$/kg)	34.19	88.15	74.37
National Coordinating Agency	OTO	OTO	OTO
Implementing Agency	UNIDO	UNIDO	UNIDO
Technical review completed?	Yes	Yes	Yes

Secretariat's Recommendations:

Amount recommended (US \$)	95,819
Project impact (ODP tonnes)	1.45
Cost effectiveness (US \$/kg)	66.08
Implementing Agency support cost (US \$)	12,456
Total cost to Multilateral Fund (US \$)	108,275

PROJECT DESCRIPTION

1. This project is aimed at phasing out 1,1,1-trichloroethane consumption at the three companies which are the major users of this chemical in Peru. The first company, Faber Castell, will substitute a chlorinated solvent for 1,1,1-trichloroethane currently used for metal cleaning in the production of ball point pens. The second company, Papeles Industriales, will substitute an alcohol-based ink deposition method for the production of carbonless copy paper. The third company, Carbolan, has substituted an alcohol based formula for 1,1,1-trichloroethane in the manufacture of correcting fluid with no related capital cost. The company is seeking retroactive operating costs. The company will also substitute a chlorinated solvent for metal cleaning in the manufacture of ball point pens and is seeking non-retroactive capital and operating costs for this part of its phase-out.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

1. The projects are very small and the funding requests are straightforward. After review and consultation, the implementing agency made some minor reduction to costs for external consultants, which were initially around 30% of project costs.

2. It should be noted that this is, in fact, an umbrella project, although not one operating under the guidelines of Decision 19/32. The overall cost-effectiveness is 66.08, with the three enterprises having individual cost-effectiveness figures of 34.19 (because of 67% foreign ownership), 88.26 and 73.96 (with 15% foreign ownership) respectively. The threshold for the subsector is 38.5. Such cost-effectiveness values are eligible under the arrangements for low consuming countries concluded at the 16th Meeting. Peru has a consumption of 297 tonnes: the LVC threshold is 360 tonnes.

RECOMMENDATION

1. The Fund Secretariat recommends blanket approval of the project with associated support costs at the funding level shown in the table below:

<u>Project Title</u>	<u>Project Cost</u> <u>US \$</u>	<u>Support</u> <u>Cost US \$</u>	<u>Implementin</u> <u>g Agency</u>
Elimination of 1,1,1-trichloroethane at FABER CASTELL, PAPELES INDUSTRIALES & CARBOLAN (3 enterprises)	95,819	12,456	UNIDO