



**United Nations
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Programme**



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

Seventeenth Meeting
Montreal, 26-28 July 1995

PROJECT PROPOSAL: PERU

This document includes the Comments and Recommendations from the Fund Secretariat.

PROJECT EVALUATION SHEET

COUNTRY OR REGION: Peru

PROJECT TITLE: Elimination of CFC-12 in the production of Polystyrene Foam at PROMOLA (Productos Moldeados America SR Ltda)

BUDGET: US \$319,162

INCREMENTAL COSTS: Capital Costs: US \$584,500¹
Operating Savings: US \$264,938

ODS PHASE-OUT: 40 MT

COST EFFECTIVENESS²: US \$7.98 per kg. ODP saved

PROJECT DURATION: One year

IMPLEMENTING AGENCY: UNDP

NATIONAL COORDINATING AGENCY: Grupo de Trabajo para la Implementacion del Programa Pais (GTIPP)

TECHNICAL REVIEW COMPLETED: YES X NO

SECRETARIAT'S COMMENTS

1. This project will phase out 40 tonnes of CFC-12 in one extruded polystyrene foam sheet manufacturer (PROMOLA). This company is the only producer of extruded polystyrene foam in Peru and its phase out will complete the phase out of CFCs in this sub-sector.

2. The company will phase out the use of CFC-12 by substituting with isobutane as blowing agent. The capital cost of conversion therefore involves the retrofit of its existing co-rotating twin screw extruder to make it suitable for use with inflammable gases and extensive safety and fire prevention measures.

3. The project is associated with substantial operating savings resulting from the use of cheaper blowing agent.

¹ Including contingency (15 per cent) and Financial Agent Fee (3 per cent).

² Determined as the ratio of incremental costs to the estimated annual saving of ODP (\$/ODPkg).
For CFC-11, ODS=ODP.

4. Following discussions with UNDP, some of the costs of the capital items were adjusted in line with prevailing market conditions. The cost-effectiveness of the project is within the threshold for the sub-sector.

SECRETARIAT'S RECOMMENDATION

5. The Secretariat recommends approval of the project to be supported at the cost of US \$294,960 and US \$38,345 in support costs.