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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-seventh Meeting
Montreal, 17-19 July 2002

PROJECT PROPOSALS: DEMOCRATIC REPUBLIC OF CONGO

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

Foam

- Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Bek SPRL by conversion to methylene chloride UNDP
- Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Ekanawe SPRL by conversion to methylene chloride UNDP
- Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Sokamo SPRL by conversion to methylene chloride UNDP

**PROJECT EVALUATION SHEET
CONGO DR**

SECTOR: Foam ODS use in sector (2001): 260 ODP tonnes
 Sub-sector cost-effectiveness thresholds: Flexible US \$6.23/kg

Project Titles:

- (a) Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Bek SPRL by conversion to methylene chloride
- (b) Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Ekanawe SPRL by conversion to methylene chloride
- (c) Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Sokamo SPRL by conversion to methylene chloride

Project Data	Flexible slabstock		
	Bek	Ekanawe	Sokamo
Enterprise consumption (ODP tonnes)	28.00	24.00	21.00
Project impact (ODP tonnes)	28.00	24.00	21.00
Project duration (months)	36	36	36
Initial amount requested (US \$)	174,440	147,210	130,830
Final project cost (US \$):			
Incremental capital cost (a)	262,000	136,000	136,000
Contingency cost (b)	26,200	13,600	13,600
Incremental operating cost (c)	18,830	-2,390	-8,170
Total project cost (a+b+c)	307,030	147,210	141,430
Local ownership (%)	100%	100%	100%
Export component (%)	0%	0%	0%
Amount requested (US \$)	174,440	147,210	130,830
Cost effectiveness (US \$/kg.)	6.23	6.13	6.23
Counterpart funding confirmed?		Yes	
National coordinating agency	Ministry of Land Affairs, Environment and Tourism		
Implementing agency	UNDP		

<i>Secretariat's Recommendations</i>			
Amount recommended (US \$)			
Project impact (ODP tonnes)			
Cost effectiveness (US \$/kg)			
Implementing agency support cost (US \$)			
Total cost to Multilateral Fund (US \$)			

PROJECT DESCRIPTION

Sector background*

- Latest available total ODS consumption (2001)	1053.4 ODP tonnes
- Baseline consumption of Annex A Group I substances (CFCs)	665.7 ODP tonnes
- Consumption of Annex A Group I substances for the year 2001	639.4 ODP tonnes
- Baseline consumption of CFCs in foam sector	40.00 ODP tonnes
- Consumption of CFCs in foam sector in 2001	260.00 ODP tonnes
- Funds approved for investment projects in foam sector as of end of June 2002	US \$340,260.00
- Quantity of CFC approved to be phased out in investment projects in foam sector as of end of June 2002	64.00 ODP tonnes
- Quantity of CFC phased out from approved investment projects in the foam sector as of end of June 2002 (including CFC phased out in projects not yet reported as completed)	0
- Quantity of CFCs in approved ongoing investment projects in the foam sector as of end of June 2002	0
- Quantity of CFCs remaining to be phased out in the foam sector as of end of June 2002	260.00 ODP tonnes
- Quantity of CFCs to be phased out in investment projects being submitted to the 37 th ExCom (July 2002).	73.00 ODP tonnes
- Quantity of CFCs remaining to be phased out in the foam sector by as of June 2002	123.00 ODP tonnes

* 2001 data based on data received by the Secretariat on 14 June 2002. Although Democratic Republic of Congo revised its 2000 foam sector CFC consumption data reported to the Fund Secretariat from 17 ODP tonnes to 260 ODP tonnes, information obtained from Ozone Secretariat on Congo's reported consumption data for 2000 indicated that this had not been reflected in the country's CFC consumption. UNDP assured the Secretariat that the Government was taking measures to rectify the data anomaly.

Flexible Slabstock Foam

1. Three projects in the flexible slabstock foam sector have been submitted by UNDP on behalf of the Government of the Democratic Republic of Congo. The companies for which the projects have been prepared are Bek, Ekanawe and Sokamo. Bek and Ekanawe were established in 1987 while Sokamo was established in 1994. All three companies are located in Kinshasa. They produce flexible boxfoam for furnishing and bedding. Bek operates two Schmuziger boxfoam machines commissioned in 1994 while Ekanawe and Sokamo operate Sunkist boxfoam machines commissioned in 1998 and 1994 respectively.

2. The companies are reported to be using both CFC-11 and methylene chloride, the use of one or the other blowing agent depending on the availability and technical difficulties met. Although it appears from the project documents that methylene chloride use is only 13 per cent to 20 per cent of total blowing agent use, there was evidence that this could be much higher,

probably as high as 50%. The table below shows the CFC-11 consumption at the three companies.

Company	CFC-11 Consumption ODP Tonnes
Bek	28
Ekanawe	24
Sokamo	21
Total	73

3. The three companies will convert the use of CFC-11 to methylene chloride. For each company, it is proposed to replace the existing boxfoam machine with an automatic boxfoam machine at the cost of US \$70,000 together with methylene chloride storage tank at US \$12,000 and methylene chloride metering system at US \$13,000. Other costs include machine enclosure at US \$20,000, trials (US \$3,000) and technical assistance (US \$10,000). The total claimed incremental capital cost is US \$136,000 per boxfoam machine. Incremental operating savings of US \$2,390 and US \$8,170 are realized in the Ekanawe and Sokamo projects respectively, while incremental operating cost of US \$18,830 is incurred in the Bek project.

4. Bek intends to replace its boxfoams with a Maxfoam continuous foaming machine and requests that the funds approved be applied to this new development.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

5. In view of the interchangeable use of CFC-11 and methylene chloride at the companies, the Secretariat had difficulty establishing the levels of CFC use relative to those of methylene chloride in view of inconsistencies in information provided. The Secretariat advised UNDP that the replacement of the existing boxfoam machines with automatic boxfoam machines constituted intentional technology upgrade and therefore not eligible for funding. UNDP has consequently made new proposals for funding the three projects. These proposals are being reviewed and are a subject of discussion between the Secretariat and UNDP. The conclusions from these discussions will be communicated to the Sub-Committee on Project Review.

RECOMMENDATIONS

6. Pending.
