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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-second Meeting
Montreal, 29 March - 2 April 2004

PROJECT PROPOSAL: CHILE

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

Halon

- Halon consumption phase-out: part (a): technical assistance programme, part (b): halon recycling and recovery equipment World Bank

**PROJECT EVALUATION SHEET
CHILE**

SECTOR: Halon ODS use in sector (2001): 0.9 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Title:

Halon consumption phase-out: part (a): technical assistance programme, part (b): halon recycling and recovery equipment

Project Data	Banking
Enterprise consumption (ODP tonnes)	n/a
Project impact (ODP tonnes)	n/a
Project duration (months)	30
Initial amount requested (US \$)	60,000
Final project cost (US \$):	
Incremental capital cost (a)	55,850
Contingency cost (b)	4,150
Incremental operating cost (c)	0
Total project cost (a+b+c)	60,000
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	60,000
Cost effectiveness (US \$/kg.)	n/a
Counterpart funding confirmed?	Yes
National coordinating agency	CONAMA
Implementing agency	World Bank

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

PROJECT DESCRIPTION

1. The World Bank is requesting US \$60,000 plus agency fees of US \$4,500 for a halon banking project in Chile. The project consists of two main components: a technical assistance programme and a halon management component. The activities under the technical assistance programme include the set up of a halon inventory database, technical assistance for regulatory and policy measures and elaboration of the overall halon management programme, training and education on alternative technologies and halon management. The halon management component includes the set up of recycling and recovery equipment. The project will establish a regulatory framework according to the Montreal Protocol's requirements, national legislation and experiences on similar projects.
2. This project aims at promoting the use of alternative fire protection technologies for new installations and developing national capacity to enhance the country's capacity to support essential uses of halon 1301 and halon 1211.
3. The Government of Chile agrees not to seek any further assistance from the Multilateral Fund for the halon and fire protection sector upon approval of this project.

Halon consumption background

4. The proposal indicated that the average consumption of halon 1211 and 1301 in the period of 1989-1996 was 17 and 7 metric tonnes respectively and that Chile depended on the imports from other countries. However, since 1997, there had not been imports of both halon 1211 and 1301. The proposal identified that all existing halon inventory in the country was used for fire extinguishing activities in the sectors of telecommunication, military and foreign ship servicing. Chile's baseline and latest halon consumption as reported pursuant to Article 7 was 8.5 ODP tonnes and 0.9 ODP tonnes (2001) respectively. The installed capacity of halons in the country, estimated in the project, was 298.4 ODP tonnes. Since 1992 some critical users have converted their fire extinguishing systems to the alternatives, mainly to FM200 and have a stock of 40 tonnes of halon 1301. The project would support the collection of this halon to prevent venting and to provide an initial stock to support future needs for the military and other critical uses.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

Secretariat's comments

5. The National Environmental Commission (CONAMA) will be the executing agency for the project in coordination with the major fire protection companies. There are 15 producers of portable fire extinguishers and/or install fixed fire extinguishers systems. Three have indicated interest in participating in the project. If more than one company indicates a desire to participate as an operator, CONAMA will evaluate its capability and resources to conduct the work in the country.

6. The project provides for a quality control process based on the participation of several companies in Chile that provide quality control services. After approval, CONAMA will select one of the enterprises to be in charge of certifying the quality of the recovered and recycled halon according to international standards.

7. The total costs are US \$41,550 to cover capital costs, plus US \$14,300 for technical assistance. There is a contingency fee of US \$4,150.

8. The latest reported consumption of Chile indicates 0.9 ODP tonnes consumption of halons in 2001 against a baseline of 8.5 ODP tonnes. Therefore, this project is not required to enable compliance with the freeze or 50 per cent reduction in 2005, and funding might be provided in the context of the window for accelerated phase-out/maintaining momentum pursuant to Decision 40/7, para. (b)(ii), "countries with low levels of consumption of methyl bromide, halon, CTC and TCA."

RECOMMENDATIONS

9. This project is recommended for approval pursuant to Decision 40/7 para. (b)(ii) pending the availability of funds amounting to US \$60,000 plus agency fees of US \$4,500 on the condition that, with the approval of this project, the Government of Chile agrees to ban the import of new halons six months after the installation of the halon equipment and that it will not seek any further assistance from the Multilateral Fund for halon and fire protection sector.
