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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fiftieth Meeting
New Delhi, 6-10 November 2006

PROJECT PROPOSAL: ARGENTINA

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

Phase-out

- National CFC phase-out plan: 2007 work programme

UNIDO and
World Bank

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PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS ARGENTINA

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

National CFC phase-out plan: 2007 work programme	UNIDO and World Bank
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NATIONAL CO-ORDINATING AGENCY:

OPROZ

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF SEPTEMBER 2006)**

Annex A, Group I, CFCs	1,675.50		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2006)

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC-11	48	200	30	90			
CFC-12	110		20	1,850			
CFC-113					4		
CFC-114	2.15						
CFC-115				7.42			

CFC consumption remaining eligible for funding (ODP tonnes)

n.a

CURRENT YEAR BUSINESS PLAN: Total funding US \$1,186,000: total phase-out 290.8 ODP tonnes.

PROJECT DATA		2004	2005	2006	2007	2008	2009	2010	Total
CFC (ODP tonnes)	Montreal Protocol limits	4,697.20	2,348.60	2,348.60	704.6	704.6	704.6	0	n.a.
	Annual consumption limit	3,220.00	2,047.00	1,997.00	686	636	586	0	n.a.
	Total demand (reference)	2,429.50	2,189.70	1,668.00	1,268.00	868	518	158.5	9,099.70
	Annual phase-out from ongoing projects	149.1	139.8	317.7	0	0	0	0	606.60
	Annual phase-out newly addressed	0	100	200	400	400	350	359.5	1809.50
	Annual unfunded phase-out	-	-	-	-	-	-	-	-
TOTAL ODS CONSUMPTION TO BE PHASED OUT		149.1	239.8	517.7	400	400	350	359.5	n.a.
Final project costs (US \$):									n.a.
	Funding for UNIDO	2,740,000	1,850,000	1,103,500	1,167,350				6,860,850
	Funding for World Bank	0	500,000	0	0				500,000
	Total project funding	2,740,000	2,350,000	1,103,500	1,167,350				7,360,850
Final support costs (US \$):									
	Support cost for UNIDO	205,500	138,750	82,763	87,551				514,564
	Support cost for World Bank	0	37,500	0	0				37,5000
	Total support costs	205,500	176,250	82,763	87,551				552,064
TOTAL COST TO MULTILATERAL FUND (US\$)		2,945,500	2,526,250	1,186,263	1,254,901				7,912,914
Final project cost effectiveness (US \$/kg)									3.79

FUNDING REQUEST: Approval of funding for the third tranche (2006) as indicated above.

SECRETARIAT'S RECOMMENDATION:

Blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Argentina, UNIDO as lead agency has submitted to the 50th Meeting of the Executive Committee a request for consideration of the third tranche of the national CFC phase-out plan for Argentina. Level of funding requested amounts to US \$1,103,500 plus agency support costs of US \$ 82,763. The request was accompanied by a two-part document, with the sub-titles "Part 1: Achievement of the previous annual programme" and "Part 2: Annual Implementation Programme; Second Tranche", relating to 2007, as well as by a verification report.

Background

2. The agreement for the National CFC phase-out plan for Argentina was originally approved at the 42nd Meeting of the Executive Committee in 2004, with an associated level of funding of US \$7,360,850. With the support of this plan, the Government of Argentina intends to achieve a complete phase out of its CFC consumption by 2010, starting at a consumption level of 2,430 ODP tonnes in 2004. At the 47th Meeting, the Executive Committee agreed to accept the country's request for the World Bank to act as a co-operating implementing agency.

Annual programmes

3. UNIDO has reported on the implementation of the 2005 annual implementation programme. The comparison between the planned activities in the last annual implementation programme approved in 2005 and the actual activities carried out during 2005 shows that only 40% of the refrigeration technicians targeted for that year have been trained. Since the overall level of trained technicians has risen to an average of one trained technician for every 8,300 inhabitants which is already higher than in comparable cases, this is therefore unlikely to affect Argentina significantly.

4. The report indicated a high level of integration of activities under the plan with implementation of previously approved projects and provided a comprehensive picture of status and progress in 2005. The activities implemented so far, under both the 2004 and 2005 annual implementation programmes, had associated expenditures of US \$5,090,000, of which US \$1,945,000 (38%) were actually obligated or spent by August 2006. Without the World Bank chiller component established last year, which has reported no expenditures to beneficiaries, the numbers for the remaining activities show that 42% of the approved funds are obligated or spent. In comparison, at the time of the request for the approval of the second tranche (September 2005), 38% of the first tranche had been obligated or spent.

5. The 2006 annual implementation programme follows the format provided in the agreement between Argentina and the Executive Committee. Of the US \$1,103,500 foreseen for the 2006 programme, US \$80,000 (7.3%) are planned for a national project for training of service technicians, US \$ 623,500 (56.5%) for a national refrigerant recovery and recycling project, US \$50,000 (4.5 %) for a refrigeration manufacturing sector program, and US \$250,000 (22.7%) for an incentive program for retrofit and replacement. The remaining funds are associated with project management and information transfer activities.

6. The consumption of Argentina in 2005 has been verified. Since 2005 Argentina's licensing system has been fully operational. The verification showed 1,675.5 ODP tonnes of

consumption, consistent with the data reported under Article 7. The actual consumption as per the verification was significantly lower than the maximum consumption allowed under the agreement of 2,047 ODP tonnes.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. A number of issues were raised and clarified by UNIDO and the Government of Argentina, among them the financial reporting on the chiller component. Notable achievements were the establishment of an apparently well functioning licensing system with a well formulated license distribution policy, and successful training activities which should have a significant effect on the serving sector. According to information received by UNIDO, Argentina is stockpiling some of its consumption, which will help the country to minimize CFC shortages caused by subsequent reduction steps, in particular in 2007. The still low rate of disbursements of funds is related to some delays in the purchase of equipment and is seen as a sign of a careful decision making process. The Secretariat can recommend for approval the annual plan and the tranche request.

RECOMMENDATION

8. The Fund Secretariat recommends blanket approval of the 2007 annual plan and the associated third tranche of the phase-out plan with associated support costs at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National CFC phase-out plan (third tranche)	1,103,500	82,763	UNIDO
(b)	National CFC phase-out plan (third tranche)	0	0	World Bank