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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-first Meeting
Geneva, 5-7 July 2000

PROJECT PROPOSAL: TANZANIA

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

Foam

- Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Plyfoam Limited by conversion to methylene chloride UNDP

**PROJECT EVALUATION SHEET
TANZANIA**

SECTOR: Foam ODS use in sector (1999): 64 ODP tonnes

Sub-sector cost-effectiveness thresholds: Flexible slabstock US \$6.23/kg

Project Titles:

- (a) Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Plyfoam Limited by conversion to methylene chloride

Project Data	Flexible slabstock
	Plyfoam
Enterprise consumption (ODP tonnes)	39.50
Project impact (ODP tonnes)	39.50
Project duration (months)	36
Initial amount requested (US \$)	175,134
Final project cost (US \$):	
Incremental capital cost (a)	163,000
Contingency cost (b)	16,300
Incremental operating cost (c)	-4,166
Total project cost (a+b+c)	175,134
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	175,134
Cost effectiveness (US \$/kg.)	4.43
Counterpart funding confirmed?	
National coordinating agency	National Ozone Office
Implementing agency	UNDP

Secretariat's Recommendations	
Amount recommended (US \$)	175,134
Project impact (ODP tonnes)	39.50
Cost effectiveness (US \$/kg)	4.43
Implementing agency support cost (US \$)	22,767
Total cost to Multilateral Fund (US \$)	197,901

PROJECT DESCRIPTION

Sector Background

- Latest available total ODS consumption (1999)*	102.70 ODP tonnes
- Baseline consumption of Annex A Group I substances (CFCs)	253.90 ODP tonnes
- Consumption of Annex A Group I substances for the year 1999	88.94 ODP tonnes
- Baseline consumption of CFCs in foam sector	38.30 ODP tonnes
- Consumption of CFCs in foam sector in 1999	64.00 ODP tonnes
- Funds approved for investment projects in foam sector as of end of 1999	US \$347,500.00
- Quantity of CFC to be phased out in investment projects in foam sector as of end of 1999	67.00 ODP tonnes
- Quantity of CFC phased out in investment projects in foam sector as of end of 1999	0 ODP tonnes
- Quantity of CFC to be phased out in investment projects in foam sector approved in 1999	0.00 ODP tonnes
- Funds approved for investment projects in the foam sector in 1999	US \$0.00

*Based on data reported to the Fund Secretariat in May 2000.

Flexible Slabstock

Plyfoam

1. Plyfoam was established in 1991. It produces flexible slabstock foam for furniture, mattresses and pillows. It used 39.5 ODP tonnes of CFC-11 (1997) in its production of flexible slabstock foam per year. The production is to be converted to methylene chloride technology. The project costs include installation of MC storage and metering system (US \$31,000), a storage and metering system for a stabilizer additive (US \$10,000), machine enclosure and upgrade of ventilation in the production and cure areas (US \$80,300), safety equipment and detectors (US \$10,000), trials (US \$18,700) and technology transfer and training (US \$15,000). There will be incremental operational savings of US \$4,166 calculated over four years.

Impact of the project

2. When the project is implemented the actual amount of CFC-11 to be phased out will be 45.5 tonnes, which will eliminate 51.2% of Tanzania's 1999 consumption of Annex A Group I substances, and 71% of its 1999 foam sector consumption.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

1. This project was a subject of a decision by the Executive Committee (Decision 26/14), taken at its 26th Meeting.

2. The decision was taken against the following background:

- Plyfoam's desire to convert its flexible slabstock operations to LCD technologies, with full funding in view of Tanzania's status as low volume ODS consuming country, although its consumption of 39.5 tonnes did not make it eligible for such funding.
- Plyfoam's intention to hold back the conversion of its production to non-CFC technology until it reached CFC consumption exceeding 50 tonnes so as to be eligible for funding for the LCD technology.

The Committee decided inter alia:

- (b) To note that the enterprise concerned was entitled to full compensation for conversion to methylene chloride technology;
- (c) To decide that the full history of the project proposal, including the trend in ODS consumption in the enterprise, should be taken into account if and when it was resubmitted to the Committee;
- (d) To encourage UNDP, on the basis of the discussion in the Sub-Committee, to explore the possibility of resubmitting the project before the consumption level of the enterprise exceeded the 50-tonne eligibility threshold and to seek the agreement of the enterprise on the provision of partial funding should it wish to acquire the liquid carbon dioxide technology.

3. UNDP has resubmitted the project within the context of the said Decision 26/14. The Fund Secretariat has examined the CFC consumption data of the company against the country's consumption for the period 1997-1999 and found them to be internally consistent. UNDP reported that the company's 1998 CFC-11 consumption was 45.5 tonnes. However, it has been agreed to base the project on the 1997 consumption of 39.5 tonnes which was the consumption of the company when the project was originally developed together with those of three other Tanzanian companies which were approved at the 26th Meeting.

4. The project is consistent with the guidelines for methylene chloride conversion projects and the costs have been agreed between the Fund Secretariat and UNDP.

RECOMMENDATIONS

1. The Fund Secretariat recommends blanket approval of the Plyfoam project with the level of funding and associated support costs indicated below.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Phasing out of CFC-11 in the manufacture of flexible slabstock foam at Plyfoam Limited by conversion to methylene chloride	175,134	22,767	UNDP
