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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: INDIA

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

Phase-out

- National CFC consumption phase-out plan focussing on the refrigeration service sector: 2007 work programme

Germany, Switzerland
UNDP, UNEP, and
UNIDO

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
INDIA**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

National CFC consumption phase-out plan focussing on the refrigeration service sector: 2007 work programme	Germany, Switzerland, UNDP, UNEP, and UNIDO
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SUB-PROJECT TITLES

(a) Sectoral phase-out plan for elimination of CFCs in the foam sector	UNDP
(b) Plan for phase-out plan of CFCs in the refrigeration (manufacturing) sector	UNDP, UNIDO
(c) National phase-out plan in service sector, customs and policy – service sector component	UNDP, UNEP, Switzerland and Germany
(d) National phase-out plan in service sector, customs and policy – customs and policy component	UNEP

NATIONAL CO-ORDINATING AGENCY:

Ozone Cell, Ministry of Environment and Forests

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

CFC	1,957.83		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF SEPTEMBER 2006)

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC-11	MDI: 164.00	123.00		50.00			
CFC-12	MDI: 353.00		102.00	848.00			

CFC consumption remaining eligible for funding (ODP tonnes)**CURRENT YEAR BUSINESS PLAN:** Total funding US \$1,088 million: total phase-out 131.80 ODP tonnes.

PROJECT DATA		2004	2005	2006	2007	2008	2009	2010	Total
CFC (ODP tonnes)	Montreal Protocol limits	6,681	3,340	3,340	1,005	1,005	1,005	0	n/a
	Annual consumption limit	3,489	2,266	1,560	964	417	273	0	n/a
	Annual phase-out from ongoing projects	926	115	0	0	0	0	0	1,041
	Annual phase-out newly addressed	749	739	496	147	145	173	0	2,449
	Annual unfunded phase-out	0	0	0	0	0	0	0	0
TOTAL ODS CONSUMPTION TO BE PHASED OUT		1,223	706	596	547	145	273	0	3,489
Project cost as originally submitted (US \$)									
Final project costs (US \$):		2004	2005	2006					
		1 st and 2 nd tranche	3 rd tranche	4 th tranche	5 th tranche	6 th tranche			
Funding for Lead IA (Germany)		514,370	105,090	436,200	436,200	923,400	0	0	2,415,260
Funding for Cooperating IA (Switzerland)		609,670	256,650	367,140	367,140	0	0	0	1,600,600
Funding for Cooperating IA (UNDP)		2,304,250	1,332,377	167,860	152,340	199,460	0	0	4,156,287
Funding for Cooperating IA (UNEP)		512,600	85,000	85,000	85,000	32,400	0	0	800,000
Total project funding		3,940,890	1,779,117	1,056,200	1,040,680	1,155,260	0	0	8,972,147
Final support costs (US \$):									
Support cost for Lead IA (Germany)		53,868	13,662	56,706	56,706	120,042	0	0	313,984
Support cost for Cooperating IA (Switzerland)		45,893	33,365	47,728	47,728	0	0	0	208,079
Support cost for Cooperating IA (UNDP)		20,790	112,417	12,590	11,426	14,960	0	0	345,583
Support cost for Cooperating IA (UNEP)		33,319	11,050	11,050	11,050	4,212	0	0	104,000
Total support costs		153,870	170,494	128,074	126,910	139,214	0	0	971,646
TOTAL COST TO MULTILATERAL FUND (US \$)		1,454,760	1,949,611	1,184,274	1,167,590	1,294,474	0	0	9,943,792
Final project cost effectiveness (US \$/kg)									n.a.

FUNDING REQUEST: Approval of funding for fourth tranche (2007) as indicated above.**SECRETARIAT'S RECOMMENDATIONS**

Blanket approval

PROJECT DESCRIPTION

1. The Government of Germany, as the lead implementing agency, submitted on behalf of the Government of India the implementation report on the third phase of the National CFC Consumption Phase-Out Plan (NCCoPP) covering the period from April 2005 to March 2006, and is requesting the release of the fourth tranche of funding at the amount of US \$1,056,200 plus support costs of US \$128,074 for the implementation of the 2007 work programme. The fourth phase of the implementation plan provides detailed information on activities, objectives and planned expenditures, and indicates the agencies associated with the implementation of those specific activities. The submission includes the annual implementation plan for the period April 2007 to March 2008, and is accompanied by a verification report concerning the year 2005. The project is being implemented jointly with Switzerland (as bilateral), UNDP, UNEP and UNIDO.

Background

2. The “National Phase-out Plan for CFC Consumption in India focussing on the Refrigeration Service Sector” (NCCoPP) was approved by the Executive Committee of the Multilateral Fund at its 42nd Meeting in April 2004. Under the Plan, India will phase out the consumption of all CFCs by 1 January 2010. The project combines several previously approved sector plans and new activities into one national plan. To achieve the targeted reductions in CFC consumption, the Plan includes investment, non-investment, technical assistance, and capacity building activities. The four previous projects or planned activities: namely, service sector plan, customs and policy plan, refrigeration (manufacturing) sector plan, and foam sector plan originally had different performance and reporting requirements, which were largely harmonized in the process of creating one unified national plan.

Verification

3. The Government of Germany as the lead agency provided a verification report. This verification report was the first such report to be delivered under this agreement which included consumption verification. The report was very detailed in its description of the verification of ongoing activities and of sector consumption. There was less focus on determining India’s total consumption of CFCs. Direct contact with customs or the exporters had not been established. The verification was undertaken based on customs summary data and customs-stamped export certificates. It was limited to CFC-11 and CFC-12, although India produces and exports also minor amounts of CFC-113. The verification established a consumption of 1,946 ODP tonnes of CFC-11 and CFC-12. The lead agency advised that CFC-113 consumption was reported by India under Article 7 as 11.46 ODP tonnes. Taking those into account, the partially verified data is consistent with the data reported under Article 7, with a total of 1,957.83 ODP tonnes. The limit for 2005, as set in the agreement, was 2,266 ODP tonnes.

Achievements

4. The Memorandum of Understanding between the Ozone Cell and GTZ was signed in August 2005. The project management is carried out directly by the Government of Germany with support from a project advisor and a project consultant.

5. Technicians are supported through a number of activities targeting different sub-sectors through different access road. The institutional user pilot retrofit demonstration programme completed eight workshops with more than 100 participants. Five MAC training providers have been identified and partly trained, and nine MAC pilot training programs with 199 participants in 5 states have been completed.

6. Refrigeration technician training in the domestic and small commercial sub-sectors has resulted in 131 programs with 1,711 participants in 2005. Ten of those programs were monitored for quality assurance. Three instructor training courses trained 66 instructors for vocational training institutes, and 120 units of equipment have been distributed to these training institutions. Three issues of a newsletter for refrigeration technicians with in total 15,000 copies in three languages have been disseminated. An awareness video/information kit has been developed and distributed, as well as a user information poster.

7. In order to support the equipment supply scheme for the technicians, four dealer network workshops with 225 participants and nine outreach/awareness workshops for technicians in several states have been organized. The technicians are supplied with two different sets of equipment and have to cover a share of the associated costs. So far, 509 sets of equipment have been procured and 207 of them delivered.

8. Phase-out activities in 36 sub-projects in the refrigeration manufacturing sector have been undertaken consisting of commissioning new equipment, trials with the new technology, destruction of replaced baseline equipment and commencement of CFC-free production. A phase-out of 245.64 ODP tonnes was achieved in 2005. Further phase-out will be achieved through completion of sub-projects at all the remaining 118 participating enterprises. One regional workshop for the refrigeration manufacturing sector had been held.

9. Phase-out activities at 74 subprojects in the foam sector have been carried out comprising of installation and commissioning of new equipment, trials with the new technology, destruction of replaced baseline equipment and commencement of CFC-free production. A phase-out of 417.80 MT had been achieved. During 2006, all activities at the remaining 32 sub-projects in the Foam Sector Plan are targeted for completion. Two regional workshops for the foam sector have been held.

10. Fourteen workshops for customs have been held, with a total of 470 officers trained on monitoring and control of ODS. An on-line training system for customs officers has been developed. A website has been established for the plan and is being used to disseminate further information to technicians, companies and other stakeholders.

2006 annual implementation plan

11. Activities planned include: training workshops for 1,810 technicians (standard service), retrofit courses for 352 MAC technicians, retrofit demonstration training for 110 technicians, equipment support for 360 technicians/enterprises and for 265 enterprises recovery/recovery and recycling equipment. The awareness programme will continue to disseminate information about the strategy and various planned activities. No activities are foreseen for 2006 under the customs and policy training component.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

12. While the verification has not been provided to the extent specified in the agreement, it has already covered almost all relevant consumption. The verification effort typically includes at least sample checks of customs and/or exporters data, and feedback from customs regarding the actual processing of CFC import and export licenses. The verification report for India did not include such information.

13. The target consumption has been defined in the agreement to include CFC-11, CFC-12, CFC-113, CFC-114 and CFC-115, while the verified consumption related only to CFC-11 and CFC-12. In order to achieve an understanding for the potential consumption, the Secretariat took into account a separate verification report for the production sector, specifying CFC-113 production as 17.96 metric tonnes. There is no production of CFC-114 or CFC-115 in the country, and no import of these CFCs. Consequently, based on several different verification reports available in the Secretariat, and taking into account the ODP of CFC-113, the Secretariat believes the consumption of India is equal to or lower than 1,960.37 ODP tonnes. This amount is significantly lower than the agreed target of 2,266 ODP tonnes.

14. The implementation of NCCoPP for India has progressed according to plan. The delayed signature of the MOU between India and the Government of Germany as lead agency has taken place, albeit with some delay. The plan has achieved or, in several cases, significantly surpassed its targets.

15. The annual implementation plan for April 2006 until March 2007 shows demanding but realistic targets and is in line with the phase-out objectives and implementation plan until 2010.

RECOMMENDATIONS

16. The Fund Secretariat recommends:

- (a) Blanket approval of the 2007 annual implementation plan (fourth tranche) of the phase-out plan for India, with associated support costs at the funding levels shown in the table below; and
- (b) That in future verification reports, the Government of Germany takes into consideration all substances covered in the Agreement and ensures that information obtained through direct contact with exporters and customs forms part of the verification report.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National CFC consumption phase-out plan focussing on the refrigeration service sector (fourth tranche)	436,200	56,706	Germany
(b)	National CFC consumption phase-out plan focussing on the refrigeration service sector (fourth tranche)	367,140	47,728	Switzerland
(c)	National CFC consumption phase-out plan focussing on the refrigeration service sector (fourth tranche)	167,860	12,590	UNDP
(d)	National CFC consumption phase-out plan focussing on the refrigeration service sector (fourth tranche)	85,000	11,050	UNEP
(e)	National CFC consumption phase-out plan focussing on the refrigeration service sector (fourth tranche)	0	0	UNIDO