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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Seventeenth Meeting
Montreal, 26-28 July 1995

Corrigendum

PROJECT PROPOSALS: CHINA

Group of China foam projects for phasing out CFC-11 in flexible polyurethane foam, and CFC-12 in the manufacture of extruded polystyrene and polyethylene foam products (9 companies)

Replace pages 2 and 3 of the Secretariat's Comments and Recommendations with the attached.

3. In the case of Daimei, the project proposals also include the conversion for production of hot cured moldings, cold cured moldings, and integral skin moldings. The conversion of the integral skin molding production will be through the use of n-pentane as blowing agent. Capital cost thus involves provision of pentane foam dispenser and other ancillary equipment, as well as safety measures. The cost-effectiveness of US \$8.0/kg./yr. is within the threshold for general foam (US \$9.3/kg./yr.)

4. For the extruded polystyrene foam production (Buotou, Ganzhou, Handan, Tianjin Gangda), butane of 60-80% purity will be used as substitute blowing agent for CFC-12. The capital costs of conversion relate to retrofitting of the extruders for use with hydrocarbon and provision of fire prevention and safety systems. The projects are within the threshold value of US \$8.2/kg./yr.

5. During the review of the projects, a number of cost items that affect both the capital cost and operational cost (savings) were identified. These issues included the cost of chemicals, incremental energy and maintenance costs, provision of standby generators, clothing, emergency doors, emergency spotlights and technology transfer costs. On the basis of discussions with the implementing agencies' sector experts, total project costs for the various projects indicated in paragraph 6 below were recommended for approval.

6. Additionally, UNDP is informing the Executive Committee that the consolidation of the Tianjin Polyurethane Plastic Plant (Table 2) has resulted in savings to the Fund amounting to US \$206,315.

SECRETARIAT'S RECOMMENDATIONS

7. The Fund Secretariat recommends approval of the nine projects with corresponding levels of funding as indicated below:

Daimei	US \$362,600 and \$47,138 support costs to UNDP
Liangzhu	US \$167,800*
Penglai	US \$330,200*
Yifeng	US \$214,600*
Zhenjiang	US \$276,800*
BUOTOU	US \$604,450 and US \$78,578 support costs to UNDP
Gangzhou	US \$450,800 and US \$58,604 support costs to UNDP
Handan No. 7	US \$400,950 and US \$52,123 support costs to UNDP
Tianjin Gangda	US \$404,250 and US \$52,552 support costs to UNDP

* Including 3% Financial Agent's fee.

8. The Secretariat further recommends that the Executive Committee take note of the consolidation of the implementation of the Tianjin project and to request the World Bank to return US \$206,315 to the Multilateral Fund.

LIST OF CHINA FOAM PROJECTS

Project Title	Total Budget ³	Incremental Capital Cost US\$	Incremental Operational Cost/Savings US\$	ODP Phase out Tonnes ODP	Cost-Effect. \$/kg./yr.	Amount Recommended ⁽³⁾	Revised Cost-Effect	Support Cost	Impl. Agency
DAIMEI- Conversion to CFC-free technology in the manufacture of flexible PUF products	370,000 60% local ownership	490,000	126,000	77	5.57	362,600 60% local ownership	7.85	47,138	UNDP
Conversion to CFC-free technology in the manufacture of flexible (slabstock) polyurethane foam at Liangzhu	170,300	187,000	(21,700)	120	1.38	167,800 ¹	1.40		W.B.
Conversion to CFC-free technology in the manufacture of flexible polyurethane foam at Penglai Polyurethane Plastic Factory (slabstock)	350,400	320,600	19,600	70	4.86	330,200	4.72		W.B.
Yifeng conversion to CFC-free technology in the manufacture of flexible polyurethane foam (Slabstock)	237,100 67% local ownership	298,650	45,000	90	3.84	214,600 67% local ownership	3.46		W.B.
Conversion to CFC-free technology in the manufacture of flexible (slabstock) polyurethane foam at Zhenjiang	279,200	275,100	(3,900)	150	1.81	276,800	1.85		W.B.
Joint Industrial Plastic Products Corp., BUOTOU - Elimination of CFC-12 in the manufacture of XPE foam netting	705,000	705,000	0	90	7.08	604,450	6.72	78,578	UNDP
Gangzhou Foreign Trade Packaging Co.- Elimination of CFC-12 in the manufacture of EPS foam sheets	556,000	556,000	0	75	7.04	450,800	6.01	58,604	UNDP
Handan No. 7 - Elimination of CFC-12 in the manufacture of EPS foam sheet	485,000	485,000	0	60	8.1	400,950	6.25	52,123	UNDP
Tianjin Gangda Plastics Co.-Elimination of CFC-12 in the manufacture of EPS foam sheet	443,000	443,000	0	55	8.0	404,250	7.20	52,552	UNDP

³ Including a 10 per cent contingency fee and Financial Agent Fee (where applicable)