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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-third Meeting
Montreal, 12-14 November 1997

CORRIGENDUM

PROJECT PROPOSALS: CHINA

1. Replace pages 15 and 28 with the attached pages.
2. Insert in the Secretariat's Comments after paragraph 9 on page 26, the following which was inadvertently omitted:

“(d) Elimination of CFCs in the manufacture of domestic refrigeration at Wanbao Electric Appliance Industry

1. The enterprise has four pre-mixers with associated equipment as baseline. Six new pre-mixers are requested in the proposal. Only four pre-mixing systems are eligible for funding at the cost level agreed for other conversion projects in China.
2. Allocations for conversion of four door foaming lines are requested at the funding level exceeding costs of similar conversions in other project proposals submitted to the 23rd Executive Committee Meeting.
3. The project for conversion of Factory 1 to HFC-152a refrigerant which has been approved at the 13th Meeting indicated that approximately 40% of Wanbao's production is exported (80% of all refrigerators exported from China). Most were sold in the USA with a significant number sold in France. However, UNDP informed the Secretariat that the level of export to non-Article 5 countries has dropped to 16.43%. Consequently, the total cost of the project was discounted by 6.43% to determine the grant amount in accordance with the Executive Committee decision on export to non-Article 5 countries.”

PROJECT EVALUATION SHEET

CHINA

SECTOR: REFRIGERATION ODS use in sector (1993):

8,490 ODP tonnes

Sub-sector cost-effectiveness thresholds: Domestic

13.76 US \$/kg

- (a) Elimination of CFCs-11 and 12 in the manufacture of domestic freezers at DeBao Refrigeration Equipment Co. Ltd.
 (b) Elimination of CFCs-11 and 12 in the manufacture of domestic freezers at Honxiang Group - Laizhou Freezer Plant
 (c) Elimination of CFCs-11 and 12 in the manufacture of domestic freezers at Jilin Jinouer Electric Appliances Group Co.
 (d) Elimination of CFCs in the manufacture of domestic refrigerators at Wanbao Electric Appliance Industries Co.
 (e) Phasing out ODS at the refrigerator plant of Bole Electric Appliances Group
 (f) Phasing out ODS at the Changshu Refrigerating Equipment Works (BAIXUE)
 (g) Phasing out ODS at the freezer plant of Xing Xing Electric Appliances Industrial Co
 (h) Phasing out ODS at the refrigerator plant of Zhejiang Rongsheng Electric Co. Ltd.
 (i) Conversion of refrigerator manufacture to HFC-134a refrigerant and cyclopentane foam blowing agent at Henan Xinfei Electric Co. Ltd.
 (j) Conversion of refrigerator manufacture to HFC-134a refrigerant and cyclopentane foam blowing agent at Shanghai Shangling Chang -An Co. Ltd.
 (k) Phasing out ODS at the Yuhuan Compressor Factory in Kanmen

Project Data	Domestic ¹										Compres.
	DeBao	Honxiang/ Laizhou	Jilin Jinouer	Wanbao	Bole	Baixue	Xing Xing	Zhejiang Rongsheng	Henan Xinfei	Shanghai Shangling	Yuhuan
ODS (CFC-11) phase out (ODP tonnes)	314.7	301.53	223.94	574.2	132	425.7	348	177.8	375	66.6	145.3
Proposed project duration (months)	24	24	24	24	24	24	24	24	24	30	24
Incremental capital cost (US\$)	745,360	885,775	2,197,250	4,059,330	1,395,735	3,099,108	3,348,070	841,940	2,429,600	1,129,647	2,026,945
- including contingency (%)	10	10	10	10	10	10	10	10	10	10	10
Incremental operational cost (US\$)	462,816	453,428	351,110	821,492	361,268	1,104,012	1,087,068	432,700	694,303	108,016	none
Total project cost (US\$)	1,208,176	1,339,203	2,548,360	4,566,985	1,757,003	4,203,120	4,435,138	1,643,887	3,315,543	1,720,000	
Local ownership (%)	100	100	100	100	100	100	100	100		100	
Export component (%)				16.43							
Amount requested (US\$) {Original}	1,656,576	2,117,859	3,235,460	6,141,530	2,149,909	4,952,007	5,138,380	1,643,887	3,315,543	1,720,000	2,026,945
Amount requested (US\$) {Revised}	1,208,176	1,339,203	2,548,360	4,566,985	1,757,003	4,203,120	4,435,138	1,274,640		1,237,663	1,465,155
Cost effectiveness (US\$/kg)	2.50	2.94	7.40	5.16	13.31	9.87	12.74	7.17	8.91	13.76	n/a
National Coordinating Agency	National Environmental Protection Agency (NEPA)										
Implementing Agency	UNDP				UNIDO				World Bank		UNIDO
Technical review completed/	Yes										
Secretariat's Recommendations											
Amount recommended (US \$)	1,208,176	1,339,203	2,548,360	4,566,985	1,469,029	3,548,775	3,346,941	1,274,640	Pending	1,237,663	1,465,155
Project Impact (ODP tonnes)	314.7	301.53	223.94	574.2	132	425.7	348	177.8		66.6	145.3
Cost effectiveness (US \$/kg)	2.50	2.88	7.40	5.17	7.23	5.41	6.25	7.17		12.18	n/a
Implementing Agency support cost (US\$)	157,062	174,096	331,286	593,708	190,974	461,340	435,102	165,703		160,896	190,470
Total cost to Multilateral Fund	1,365,238	1,513,299	2,879,696	5,160,693	1,660,003	4,010,115	3,782,043	1,440,343		1,398,559	1,655,625

¹ Incremental operating costs for compressors have not been sought pending information from the Government of China as required by Decision 22/26. The cost-effectiveness of each project will change if, in the future, additional incremental operating costs for compressors are approved.

(k) Phasing out ODS at the Yuhuan Compressor Factory in Kanmen

1. The Secretariat has discussed with UNIDO eligibility and the level of funding of modification of tools, fixtures and gauges, cleaning machine, modification at core inlay machine and vacuum dehydration equipment. The budget was adjusted to reflect incremental costs approved in other similar conversion projects.

RECOMMENDATION

1. The Fund Secretariat concluded its discussions with UNDP on all the issues outlined in the Secretariat's comments, and recommends blanket approval of the projects with associated support costs at the funding level indicated in the table below:

Project Title	Project Cost US \$	Support Cost US \$	Implementing Agency
(a) Elimination of CFCs-11 and 12 in the manufacture of domestic freezers at DeBao Refrigeration Equipment Co. Ltd.	1,365,238	157,062	UNDP
(b) Elimination of CFCs-11 and 12 in the manufacture of domestic freezers at Honxiang Group - Laizhou Freezer Plant	1,513,299	174,096	UNDP
(c) Elimination of CFCs-11 and 12 in the manufacture of domestic freezers at Jilin Jinouer Electric Appliances Group Co.	2,879,646	331,286	UNDP
(d) Elimination of CFCs in the manufacture of domestic refrigerators at Wanbao Electric Appliance Industries Co.	4,566,985	593,708	UNDP
(e) Phasing out ODS at the refrigerator plant of Bole Electric Appliances Group	1,469,029	190,974	UNIDO
(f) Phasing out ODS at the Changshu Refrigerating Equipment Works (BAIXUE)	3,548,775	461,340	UNIDO
(g) Phasing out ODS at the freezer plant of Xing Xing Electric Appliances Industrial Co.	3,346,941	435,102	UNIDO
(h) Phasing out ODS at the refrigerator plant of Zhejiang Rongsheng Electric Co. Ltd.	1,274,640	165,703	UNIDO
(i) Conversion of refrigerator manufacture to HFC-134a refrigerant and cyclopentane foam blowing agent at Henan Xinfai Electric Co. Ltd.	Pending ²		World Bank
(j) Conversion of refrigerator manufacture to HFC-134a refrigerant and cyclopentane foam blowing agent at Shanghai Shangling Chang -An Co. Ltd.	1,237,663	160,896	World Bank
(k) Phasing out ODS at the Yuhuan Compressor Factory in Kanmen	1,465,155	190,470	UNIDO

² This project is included in Annex I (UNEP/OzL.Pro/ExCom/23/17/Rev.1 for the individual consideration of the Sub-Committee on Project Review.