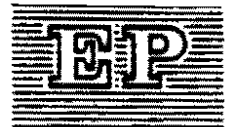




United Nations Environment Programme



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

Eighth Meeting
Montreal, 19-21 October 1992

Addendum

PROJECT PROPOSAL: CHINA

PROJECT EVALUATION SHEET

COUNTRY OR REGION: The People's Republic of China

PROJECT TITLE: Nanjing Conversion to HCFC-22 Compressors

BUDGET: US \$3,939,000
(US \$1,996,800 from the Fund
US \$1,942,200 from other sources)

INCREMENTAL COSTS: US \$1,996,800
(Needs a More Accurate Analysis)

COST EFFECTIVENESS¹: US \$ Not Determined per Kg. ODP Saved Annually

PROJECT DURATION: 3 years

IMPLEMENTING AGENCY: World Bank

NATIONAL COORDINATING AGENCY : Ministry of Machinery and Electronics Industry

TECHNICAL REVIEW COMPLETED: YES ☐ NO ☒

SECRETARIAT'S COMMENTS

Nanjing conversion to HCFC-22 compressors is a high priority project for the Government of China and was recommended in the report of a UNDP mission to China between October 29 and December 22, 1991. It was also one of the candidate investment projects which was submitted by the World Bank to the Executive Committee at its Sixth Meeting.

The project proposes the production of 12,000 sets of small semi-hermetic compressors using HCFC-22 by converting CFC-12 compressor production line and will result in the phase out 300 tonnes of CFC-12 every year. In addition, being a demonstration project the new technologies developed will be shared with other compressor producers in China.

HCFC-22 (ODP = 0.05) compressor technology is widely used in industrialized countries and the Nanjing factory is also producing a type of HCFC-22 compressor. The Nanjing factory will seek technology sources abroad and will work with a local research institute to redesign its small semi-hermetic compressors to substitute for CFC-12 with HCFC-22.

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Determined as the ratio of incremental costs to the estimated annual saving of ODP (\$/ODP_{kg}).

The Government of China has provided complete financial analysis for this project. The total cost of the project is estimated as US \$3,939,000 of which US \$1,996,800 is requested from the Fund as the incremental cost component. However, no incremental cost analysis was provided.

The Government of China has requested the World Bank to be the implementing agency of this project. The World Bank agreed to this request and will appraise the project upon approval by the Executive Committee. The World Bank is, therefore, requesting US \$300,000 for project preparation.

SECRETARIAT'S RECOMMENDATION

While information about incremental cost analysis and technology acquisition arrangements is not clearly defined, the Fund Secretariat recognizes the importance of this project. Therefore, the Fund Secretariat recommends in-principle approval for this project with a funding level of US \$300,000 as requested by the World Bank for project preparation. The World Bank will present the project appraisal report, which will include a more accurate incremental cost analysis and more concrete technology acquisition arrangements to the Executive Committee at the next meeting for final approval.