



**United Nations
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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-second Meeting
Montreal, 29 March - 2 April 2004

PROJECT PROPOSAL: PAKISTAN

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

Refrigeration

- Phaseout of the use of CFC-11 and CFC-12 in the manufacture of refrigeration equipment at Dawlance, United Refrigeration, Ice Age and at 29 small enterprises

World Bank

**PROJECT EVALUATION SHEET
PAKISTAN**

SECTOR: Refrigeration ODS use in sector (2002): 702.7 ODP tonnes

Sub-sector cost-effectiveness thresholds: Commercial US \$15.21/kg
Domestic US \$13.76/kg

Project Titles:

- (a) Phaseout of the use of CFC-11 and CFC-12 in the manufacture of refrigeration equipment at Dawlance, United Refrigeration, Ice Age and at 29 small enterprises

Project Data	Commercial/Domestic
	Dawlance, United, Ice Age and 29 small
Enterprise consumption (ODP tonnes)	369.40
Project impact (ODP tonnes)	181.25
Project duration (months)	36
Initial amount requested (US \$)	1,798,680
Final project cost (US \$):	
Incremental capital cost (a)	2,184,850
Contingency cost (b)	89,935
Incremental operating cost (c)	
Total project cost (a+b+c)	2,274,785
Local ownership (%)	100
Export component (%)	0
Amount requested (US \$)	1,126,855
Cost effectiveness (US \$/kg.)	6.21
Counterpart funding confirmed?	
National coordinating agency	Ministry of Environment (MoE)
Implementing agency	World Bank

Secretariat's Recommendations	
Amount recommended (US \$)	
Project impact (ODP tonnes)	
Cost effectiveness (US \$/kg)	
Implementing agency support cost (US \$)	
Total cost to Multilateral Fund (US \$)	

PROJECT DESCRIPTION

1. The objective of this project is to phase-out the remaining CFCs in the refrigeration and air-conditioner manufacturing sub-sector in Pakistan, thus contributing to the achievement of compliance with CFC reduction targets in 2005 and 2007. The proposal consists of management activities (non-investment component) as well as individual and group ODS phase-out projects (investment component). A full description of the refrigeration sector in Pakistan and of the enterprises included in this project was presented to the 41st Meeting of the Executive Committee in document UNEP/OzL.Pro/ExCom/41/51.
2. All enterprises except one selected HCFC-141b technology for their foam operations on safety grounds. The Ice Age enterprise selected cyclopentane-based technology. HFC-134a technology has been selected by all enterprises for their refrigeration operations.
3. The World Bank indicated that the choice of HCFC-141b as an interim technology was made by the enterprises following a discussion with them concerning available alternatives and the relevant decisions of the Executive Committee regarding the use of HCFC-141b as an interim substitute foam blowing agent. The justification for the use of a transitional technology is included in the proposal. A letter of transmittal from the Government of Pakistan endorsing the use of HCFC-141b is attached as an annex to this document.
4. The total requested grant is US \$1,126,855. The overall cost-effectiveness is US \$6.21/kg ODP.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

5. At the 41st Executive Committee Meeting, three proposals in refrigeration manufacturing, refrigeration servicing (an RMP) and the foam sector were submitted for Pakistan addressing the remaining CFC consumption in the country. Along with the proposals a full account of the remaining CFC consumption and the phase-out strategy of the Government were presented in document UNEP/OzL.Pro/ExCom/41/51. The RMP and the foam sector project were approved by the Executive Committee. The review of the remaining refrigeration sector project could not be concluded in time and consideration of the project was deferred to the 42nd Meeting of the Executive Committee by Decision 41/70.
6. The final proposed incremental cost of the project of US \$1,126,855 was discussed between the World Bank and the Secretariat in detail and agreed prior to the 41st Meeting. The Secretariat has received information from the World Bank that endorsement of the proposed cost has been sought from the Government of Pakistan, but had not been received by the World Bank at the time of writing of this document.

7. The Executive Committee will be advised on the outcome of the prior to the 42nd Meeting in accordance with the arrangement for consideration of project proposals adopted by the Executive Committee in Decision 41/80.

RECOMMENDATIONS

8. Pending.

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Ministry of Environment
(Ozone Cell)-
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G-5/2, Near State Bank, Islamabad



Islamabad, 4th December 2003

Subject: **Projects for 41st ExCom Meeting**

Dear Mr. Hetherington,


Please refer to our letter No. 1(6)/Ozone/2003 dated 20th November 2003 on the above subject wherein we had indicated the priority to phase out CFC in the manufacturing sector while simultaneously initiate activities to phase out CFC in the servicing sector. We understand that the Multilateral Fund requires the countries to further confirm that they have no further requirements for sectoral funding. Once the overall plans for a sector phase out is considered and approved. Accordingly we wish to state as follows:-

2. In accordance with existing Executive Committee policy on remaining CFC consumption eligible for MLF funding, we understand that the three projects (foam, refrigeration and refrigeration servicing) will use up the remaining eligible CFC consumption and agree to seek no further MLF funding for Annex A, Group I chemicals, with the understanding that Pakistan has the flexibility to utilize the resources made available through foam and refrigeration projects to ensure that Pakistan meets all of its Annex A, Group I Montreal Protocol obligations.

3. We have reviewed the proposed use of HCFC-141b in the MLF projects in the foam and refrigeration manufacturing sectors that are being submitted to the 41st Executive Committee and, in line with Executive Committee Dec. 27/13, has determined that the use of HCFC technology at a select number of candidate enterprises under the projects is the most appropriate solution at the present time. We understand that HCFC is an interim technology and, under the present policies and guidelines of the MLF, no funding would be available to convert these particular enterprises to non-HCFC technology in the future.

With best regards,

Sincerely yours,


(Khalid Masood Ahmed)
Joint Secretary / NPID

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C.C

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