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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-seventh Meeting  
Montreal, 21-25 November 2005

**PROJECT PROPOSAL: INDIA**

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

Phase out

- National CFC consumption phase-out plan focussing on the refrigeration service sector: 2006 work programme
- UNDP, UNEP,  
UNIDO,  
Germany, and  
Switzerland

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

**PROJECT TITLE****BILATERAL/IMPLEMENTING AGENCY**

National CFC consumption phase-out plan focussing on the refrigeration service sector: 2006 work programme	UNDP, UNEP, UNIDO, Germany, and Switzerland
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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	Germany, Switzerland, UNDP, UNEP
(d) National phase-out plan in service sector, customs and policy – customs and policy component	UNEP

<b>NATIONAL CO-ORDINATING AGENCY:</b>	Ozone Cell, Ministry of Environment and Forests
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**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT****A: ARTICLE-7 DATA (ODP TONNES, 2004, as of 16 October 2005)**

CFC	2,241.6
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**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, as of October 2005)**

ODS	Foam	Ref.	Aerosol	Process Agent
CFC	406.00	1,828.00	0.00	0.00

<b>CFC consumption remaining eligible for funding (ODP tonnes)</b>	0
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**CURRENT YEAR BUSINESS PLAN: Total project funding: US\$ 1,495,090; Total phase-out: 496 ODP tonnes**

<b>PROJECT DATA</b>		2004	2005	2006	2007	2008	2009	2010	Total
<b>CFC (ODP tonnes)</b>	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
	Stockpiled CFC amount	0	452	600	500	100	100	0	1,752
	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
<b>TOTAL ODS CONSUMPTION TO BE PHASED OUT</b>		1,223	706	596	547	145	273	0	3,489
<b>Total ODS consumption to be phased-in (HCFCs)</b>		0	0	0	0	0	0	0	0
<b>Final Project costs (US \$):</b>		<b>2004</b>		<b>2005</b>					
		1 <sup>st</sup> tranche	2 <sup>nd</sup> tranche	3 <sup>rd</sup> tranche					
	Funding for lead agency: Germany	414,370	100,000	105,090	436,200	436,200	923,400	0	2,415,260
	Funding for Switzerland	353,020	256,650	256,650	367,140	367,140		0	1,600,600
	Funding for UNDP	277,200	2,027,050	1,332,377	167,860	152,340	199,460	0	4,156,287
	Funding for UNEP	256,300	256,300	85,000	85,000	85,000	32,400	0	800,000
	<b>Total project funding</b>	1,300,890	2,640,000	1,779,117	1,056,200	1,040,680	1,155,260	0	8,972,147
<b>Final Support costs (US \$)</b>									
	Support cost for lead agency Germany	53,868	13,000	13,662	56,706	56,706	120,042	0	313,984
	Support cost for Switzerland	45,893	33,365	33,365	47,728	47,728	0	0	208,079
	Support cost for UNDP	20,790	173,400	112,417	12,590	11,426	14,960	0	345,582
	Support cost for UNEP	33,319	33,319	11,050	11,050	11,050	4,212	0	104,000
	<b>Total support costs</b>	153,870	253,084	170,494	128,074	126,910	139,214	0	971,645
<b>TOTAL COST TO MULTILATERAL FUND (US \$)</b>		1,454,760	2,893,084	1,949,611	1,184,274	1,167,590	1,294,474	0	9,943,792
<b>Final Project cost effectiveness (US \$/kg)</b>		n/a							

**FUNDING REQUEST: Approval of funding for third tranche (2005) as indicated above; includes funding remaining from previous tranches for UNDP**

<b>SECRETARIAT'S RECOMMENDATION</b>	<b>Individual consideration</b>
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## **PROJECT DESCRIPTION**

1. The Government of Germany submitted on behalf of the Government of India the third phase implementation plan of the National CFC Consumption Phase-Out Plan (NCCoPP) covering the period April 2006 to March 2007 and is requesting the release of the third tranche of funding at the amount of US \$1,779,117 plus the corresponding support costs. The third phase implementation plan provides detailed information on activities, objectives and planned expenditures, and indicates the agencies associated with the implementation of those specific activities.

### 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 42<sup>nd</sup> 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.

3. The four previous projects or planned activities: service sector plan, customs and policy plan, refrigeration (manufacturing) sector plan, and foam sector plan, had originally different performance and reporting requirements, which were largely harmonized in the process of creating one unified national plan. The “Agreement between India and the Executive Committee of the Multilateral Fund for the National Phase-out Plan for CFC Consumption in India focussing on the Refrigeration Service Sector” (UNEP/OzL.Pro/ExCom/42/54, Annex XIII) specifies the reporting requirements from 2004 onwards, as well as the funding provided.

4. At the 44<sup>th</sup> Meeting, the Government of Germany as the lead agency submitted reports regarding the 2003, pre-NCCoPP refrigeration (manufacturing) and foam sector plan activities, and requested funding for all components and formerly independent sector plans combined into the NCCoPP. In decision 44/38, the Executive Committee approved the second tranche of the National CFC consumption phase-out plan with the caveat that the funds related to the former foam and refrigeration-manufacturing sector plans, implemented by UNDP and UNDP with UNIDO, respectively, were not to be disbursed until sufficient verification of the 2003 sector consumption targets would be provided to the Secretariat. Subsequent to the 44<sup>th</sup> Meeting, the Secretariat received a verification report, reviewed it carefully and could conclude that sufficient verification had been provided. The Secretariat was therefore able to agree to the release of the funds as of 22 June 2005.

5. The Government of Germany submitted on behalf of the Government of India the progress report for the period April 2004 to March 2005 and the annual implementation plan for the period April 2006 to March 2007. The document is accompanied by a verification report concerning the year 2004. The Government of Germany is requesting the release at the 47<sup>th</sup> Meeting of the Executive Committee of the agreed third tranche of funding at the amount of US \$1,779,117 for all components plus the corresponding support costs.

6. With this third tranche, India would be able to continue to carry out enterprise-level and sectoral CFC phase-out activities, to conduct training activities, and to undertake policy-related public awareness, and other actions as judged necessary to sustain the reductions in CFC consumption already achieved, as well as achieved the performance targets specified in the “Agreement” related to the third tranche of funding.

Achievements in service sector, customs and policy

7. The service sector, customs and policy component of the NCCoPP was approved together with the said plan at the 42<sup>nd</sup> Meeting of the Executive Committee, at a funding level of US \$6,331,820, to be provided in six tranches, leading up to the complete phase-out of CFCs in India by 1 January 2010. The Plan is to be implemented by five agencies, the Government of Germany as the lead agency, Switzerland, UNDP, UNEP and UNIDO. As per the agreement between India and the Executive Committee, the service sector, customs and policy component was grouped with the previous foam sector and refrigeration (manufacturing) plans into the NCCoPP. The agreement stipulated that it “... *includes and supersedes the Agreements between the Executive Committee and India entered into at the 37<sup>th</sup> Meeting for phase-out of CFCs in the foam sector and the 38<sup>th</sup> Meeting for the phase-out of CFCs in the refrigeration (manufacturing) sector in India.*” This combination would result in unified and integrated reporting and verification.

8. A detailed and verified progress report on the implementation of activities under the service sector, customs and policy component for the period 2004-2005, a verification report and work plan for 2006 were provided by the Government of Germany as the lead agency for the NCCoPP. The 2006 work plan details activities relating to project management, training of existing and new refrigeration technicians, equipment support for technicians and institutions, preparatory retrofit activities, a number of general training support activities, as well as awareness raising activities such as press briefings, videos and seminars.

9. Important milestones reached were the establishment of most of the training infrastructure, preparation of the equipment support to vocational training schools, training of more than 1,640 technicians, supply of equipment to more than 140 technicians, and a significant number of awareness raising activities including the establishment of a website. Regarding the policy and customs training, an agreement has been signed with the National Academy for Customs, Excise and Narcotics. The Memorandum of Understanding between the Government of Germany and the Ministry of Environment and Forests relating to the implementation of the NCCoPP was not signed during the 2004 annual implementation plan – but was signed in 2005

Achievements in the refrigeration (manufacturing) sector

10. The Plan for phase-out of CFCs in the refrigeration-manufacturing sector in India was approved at the 38<sup>th</sup> Meeting of the Executive Committee, at a total funding level of US \$3,609,186, to be provided in five tranches, leading up to the complete phase-out of CFCs in the refrigeration-manufacturing sector in India by 1 January 2007. The Plan was to be implemented by UNDP and UNIDO. The portion of the Plan to be implemented by UNIDO, designated originally as co-implementing agency, covers phase-out in the transport refrigeration

sub-sector. The component of the plan to be implemented by UNDP, previously lead implementing agency for this sector plan, covers all other sub-sectors within the refrigeration-manufacturing sector excluding the transport refrigeration sub-sector. As per the agreement between India and the Executive Committee at the 42<sup>nd</sup> Meeting, the plan for phase-out of CFCs was integrated into the NCCoPP.

11. According to the progress and verification report, two projects implemented by the World Bank and one umbrella project implemented by UNIDO, which were approved before the refrigeration (manufacturing) sector plan, have been completed. In 2004, no activities initiated under the previous refrigeration (manufacturing) sector plan, now NCCoPP, were concluded.

12. The annual phase-out targets for the refrigeration (manufacturing) sector covering 368 ODP tonnes, were not achieved until March 2005 by the verified phase-out of 49.50 ODP tonnes in that year. However, taking into account the excess phase-out due to overachievement of targets in the earlier years, an accumulated reduction target of 818 ODP tonnes needed to be met, which was surpassed with the actual verified phase-out of 1,137.77 ODP tonnes. According to the auditor, the verification of the cumulative achievement for the years 2002 to 2003 was based on data available on completed projects in the database maintained by the Multilateral Fund Secretariat and data provided under the achievement of the sector plan from UNDP.

#### Achievements in the foam sector

13. The sectoral phase-out plan for the elimination of CFCs in the foam sector in India was approved at the 37<sup>th</sup> Meeting of the Executive Committee in July 2002 with a total value of US \$5,900,789 including agency support cost of US \$476,212 approved in principle to phase out 1,655.0 ODP tonnes. The Plan was to be implemented in five tranches from 2002 – 2006 by UNDP as the only implementing agency. As per the agreement between India and the Executive Committee at the 42<sup>nd</sup> Meeting, it was integrated into the NCCoPP.

14. According to the progress and verification report, 14 projects approved before the Foam Sector Plan had been completed. In addition, activities under the previous foam sector plan, now NCCoPP, have been concluded at 12 enterprises. Three of the enterprises in the latter group have been visited by the auditors of the verification team. Handover protocols for the respective projects were issued and signed by all parties in 2004.

15. The annual phase-out target for the foam sector for 2004 of 508 ODP tonnes was not achieved by the verified phase-out of 394.53 ODP tonnes of phase-out in that year. However, taking into account the excess phase-out due to overachievement of targets in the earlier years, an accumulated reduction target of 1,126 ODP tonnes needed to be achieved, which was surpassed with the actual verified phase-out of 1,135.79 ODP tonnes. According to the auditor, the verification of the cumulative achievement for the years 2002 to 2003 was based on data available on completed projects in the database maintained by the Multilateral Fund Secretariat and data provided under the achievement of the sector plan from UNDP.

2006 annual implementation plan

16. Activities planned include training workshops for 1,320 technicians (standard service), 96 MAC technicians and 48 institutional users, equipment support to 315 technicians/enterprises, 20 sets of equipment for vocational training centres, and the establishment of five recovery and recycling centres. 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. The refrigeration (manufacturing) component will equip 40-50 enterprises engaged in commercial refrigeration with the technology needed for the conversion of their production and elimination of CFCs. In the foam component it is planned to convert all remaining enterprises engaged in production of foam in India.

**SECRETARIAT'S COMMENTS AND RECOMMENDATION**

**COMMENTS**

17. The implementation of NCCoPP for India has progressed largely according to plan. The delayed signature of the Memorandum of Understanding between India and the Government of Germany as lead agency had no impact on the implementation. The achievements are, for a first year of a new plan, impressive. The different, originally clearly separated, components have been largely integrated and are operating under a unified management structure with clearly defined responsibilities.

18. A detailed verification has been performed and has shown satisfactory results. It was noted, however, that the foam sector phase out at 0.89% above the target value had only marginally been met. 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.

19. A comparison between the funding approved in the first and second tranches, the original request for the third tranche and the agreement of the NCCoPP has revealed that UNDP has been seeking approvals for tranches for their foam and refrigeration (manufacturing) sector components one meeting in arrears. Consequently UNDP has, so far, not received funding for the 2005 work plan for the foam and refrigeration sector components that were approved at the 44<sup>th</sup> Meeting in 2004. The Secretariat proposed therefore to the Government of Germany as lead agency and to UNDP to include the outstanding amount in the request for the third tranche, to achieve consistency between the funding schedules of the agreement and the tranche requests. Based on this, the Government of Germany also seeks approval for outstanding amounts from previous tranches as part of the funding request for the third tranche. The resulting US \$600,000 requested in excess of the sum specified in the agreement for the third tranche, and the associated support costs, are based on the difference between the total amount which should have been paid through the first three tranches of the agreement and the amounts actually paid.

**RECOMMENDATION**

20. The Executive Committee may wish to consider:

- (a) noting that the Secretariat has received verification that the 2003 consumption in the former foam and refrigeration (manufacturing) sectors has remained below the targets for these sectors, and that the Secretariat therefore advised UNDP on 22 June 2005 that the funding related to those sectors for the 2005 tranche, as approved at the 44<sup>th</sup> Meeting, can be disbursed;
- (b) taking note, with appreciation, of the report of the achievements in the implementation of the 2004 annual implementation plan and of the thorough 2004 verification report; and
- (c) approving the 2006 annual implementation plan and the third tranche of the phase-out plan, including funding remaining from previous tranches for UNDP, with associated support costs at the funding levels shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	National CFC consumption phase-out plan focussing on the refrigeration service sector: 2006 work programme	1,332,377	112,417	UNDP
(b)	National CFC consumption phase-out plan focussing on the refrigeration service sector: 2006 work programme	85,000	11,050	UNEP
(c)	National CFC consumption phase-out plan focussing on the refrigeration service sector: 2006 work programme	0	0	UNIDO
(d)	National CFC consumption phase-out plan focussing on the refrigeration service sector: 2006 work programme	105,090	13,662	Germany
(e)	National CFC consumption phase-out plan focussing on the refrigeration service sector: 2006 work programme	256,650	33,365	Switzerland

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