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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-first Meeting
Montreal, 17-19 December 2003

PROJECT PROPOSALS: INDIA

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

Foam

- Sectoral phase-out for elimination of CFCs in the foam sector (second tranche) UNDP

Phase-out

- CTC phase-out plan for the consumption and production sectors: 2004 annual programme World Bank

Refrigeration

- Plan for phase-out of CFCs in the refrigeration manufacturing sector (second tranche) UNDP/UNIDO

**PROJECT EVALUATION SHEET
INDIA**

SECTOR: Foam ODS use in sector (2002): 1,536.05 ODP tonnes

Sub-sector cost-effectiveness thresholds: Integral Skin US \$16.86/kg
Rigid US \$7.83/kg

Project Titles:

(a) Sectoral phase-out plan for elimination of CFCs in the foam sector (second tranche)

Project Data	Multiple
	Sector plan
Enterprise consumption (ODP tonnes)	1,655.0
Project impact (ODP tonnes)	210.0
Project duration (months)	12
Initial amount requested (US \$)	
Final project cost (US \$):	1,750,000
Incremental capital cost (a)	
Contingency cost (b)	
Incremental operating cost (c)	
Total project cost (a+b+c)	1,750,000
Local ownership (%)	
Export component (%)	
Amount requested for second tranche (US \$)	1,750,000
Cost effectiveness (US \$/kg.)	
Counterpart funding confirmed?	
National coordinating agency	Ozone Cell, Ministry of Environment and Forests
Implementing agency	UNDP

Secretariat's Recommendations	
Amount recommended (US \$)	1,750,000
Project impact (ODP tonnes)	210.0
Cost effectiveness (US \$/kg)	8.33
Implementing agency support cost (US \$)	153,500
Total cost to Multilateral Fund (US \$)	1,903,500

PROJECT DESCRIPTION

1. UNDP has submitted to the 41st Meeting on behalf of the Government of India a request for the release of the amount of US \$1,750,000 and US \$153,500 support cost in funding for the 2003 – 2004 annual implementation programme (second tranche) of the sectoral phase-out plan for elimination of CFCs in the foam sector (in India). The document consists of:

- Report on the implementation of 2002-2003 annual programmes; and
- Annual implementation programme for CY 2004 (Tranche 2).

Background Information

2. The Sectoral Phase-out Plan for the Elimination of CFCs in the Foam Sector in India was approved at the 37th 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 is to be implemented in five phases (tranches) from 2002 – 2006. The first tranche of US \$1.5 million with agency support cost of US \$131,000 was approved at the 37th Meeting in July 2002 with expected CFC phase-out of 221 ODP tonnes.

3. The agreed CFC consumption limits and reduction targets as well as disbursement schedule under the agreement are shown in the table below.

Table 1: Disbursement Schedule and Control Targets for CFC Consumption/Phase-out in the Foam Sector in India

Parameter	2002	2003	2004	2005	2006	2007	Total
Annual CFC consumption limit in Foam Sector (ODP MT)	1,655	1,434	1,037	529	128	0	N/A
Annual CFC phase-out target in the Foam Sector (ODP MT)	221	397	508	401	128	0	1,655
Total Annual Funding Instalment (US\$)*	1,500,000	1,750,000	1,500,000	450,000	224,577	0	5,424,577
Agency Support Costs (US\$)	131,000	153,500	131,000	40,500	20,212	0	476,212
Total cost to the Multilateral Fund (US\$)	1,631,000	1,903,500	1,631,000	490,500	244,789	0	5,900,789

*Includes policy and management support cost of US \$100,000 for each of the years 2002 - 2004.

4. Release of funds for the implementation programmes of the plan is subject to the following:

- (a) Confirmation that the consumption limit for the previous year specified in Table 1 and associated phase-out targets have been achieved;
- (b) The verification that the activities planned for the previous year were undertaken

in accordance with the annual implementation programme.

5. The Government of India also agreed *inter alia* to allow independent verification audits as provided for in this agreement, a mid-term examination to be administered as part of the annual work programme of monitoring and evaluation of the Multilateral Fund, and in addition, external evaluation as may be directed by the Executive Committee, to verify that annual CFC consumption levels correspond to those agreed and that the implementation of the Foam Sector Phase-out Plan proceeds as scheduled and agreed in annual implementation programmes.

Report on the 2002 - 2003 Implementation Programme

6. The following is a summary of the achievements of the 2002 - 2003 Implementation Programme reported by UNDP:

- (a) Preparatory activities started with the receipt of the first tranche of US \$1,500,000 in August 2002, followed by an agreement between UNDP and the Ministry of Environment and Forests to adopt a direct execution modality for implementation of the foam sector phase-out project, and finally the signing of the project document on 3 June 2003 by all parties.
- (b) Twenty-eight enterprises were selected based on the type of foam produced. Three groups of enterprises emerged: general rigid foam (5 enterprises); thermoware rigid foam (12 enterprises); and flexible molded/integral skin foam (11 enterprises).
- (c) Concerning the procurement of equipment, UNDP and the Ministry of Environment and Forests followed the standard procedures and expect to issue purchase orders for the supply of the equipment in November 2003.
- (d) The programme manager of the Sector Phase-out Plan Unit was appointed by UNDP with the collaboration of the Ministry of Environment and Forests on 10 June 2003. Two additional supporting staff will be recruited in November 2003.
- (e) UNDP and the Ministry of Environment and Forests undertook initial baseline verification visits to the 28 selected enterprises in August 2003. Future baseline verification visits are planned.
- (f) During 2002 and 2003, the Ministry of Environment and Forests relentlessly enforced the ozone regulations and disseminated information to the public concerning the Government of India's commitments and obligations under the agreement with the Executive Committee to phase out CFCs.
- (g) India exceeded the CFC phase-out targets set for 2002 and 2003 respectively, with phase-out of 260.15 ODP tonnes (target 221.00 ODP tonnes) and 446.86 ODP tonnes (target 397.00 ODP tonnes) in 2002 and 2003 respectively.

Verification of CFC phase-out and CFC consumption

7. UNDP did not provide a verification through audit of the amounts of CFC phased out in 2002 or India's consumption of CFC in the foam sector in 2002. However, the report on the 2002-2003 implementation programme provides lists of companies and amount of CFCs they phased out in 2002 and 2003.

2004 Annual Implementation Programme

8. A total amount of US \$1,750,000 and US \$153,500 support cost to UNDP are requested to be released for the implementation of the second tranche.

9. The plan targets to phase out in 2004, 279 ODP tonnes of CFCs in 28 enterprises from the first tranche, representing 55% of the annual CFC phase out target of 508 ODP tonnes for the Foam Sector.

10. Coordination and monitoring of on-going projects will continue, whilst enterprise level baseline verification visits and one technical workshop for recipient enterprises will be implemented.

11. Phase-out activities for 33 enterprises will also be initiated and their duration set in such a way as to ensure that their completion will contribute to the 50% CFC reduction in 2005.

12. The 2004 Annual Implementation programme and the report on the 2003 Annual Programme are attached to this document.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS**COMMENTS**

13. India reported 2002 CFC consumption of 3,917.7 ODP tonnes of which 1,536.06 ODP tonnes was consumed in the foam sector. The reported 2002 CFC consumption in the foam sector is about 119 tonnes lower than the 2002 CFC consumption limit agreed under the India foam sector phase-out plan.

14. The report on the 2002-2003 programme indicated that 260.15 ODP tonnes of CFC were phased out from on-going projects in 2002, exceeding the agreed target of 221.0 ODP tonnes. The report also showed that as of October 2003, eight projects had been completed in the 2003 plan and phased out 446.86 ODP tonnes exceeding the 297.0 ODP tonnes phase-out target by about 50%. The Government expected a total of 481.0 ODP tonnes to be phased out in 2003 by the end November when all the projects in the 2003 plan would be expected to be completed.

15. The quantities of CFC phased out from projects and CFC consumption reported to the Ozone Secretariat have not been verified through independent audit.

16. Although the 2004 implementation programme includes as one of the proposed government actions an enterprise level verification of baseline and CFC phase-out, there is no provision for independent verification by audit in the programme.

17. Paragraph 3 of the Agreement on the India foam sector phase-out plan states that the “Executive Committee will strive to ensure that funds are provided at the second meeting of the Executive Committee in the preceding year”, denoting a mid-year to mid-year funding and reporting cycle. However, the Government of India is requesting funding at the end of the year (with a six-month delay). Clarification of this situation was sought from UNDP.

18. UNDP stated that the Government of India did not request submission of the progress report for the 40th Meeting in July 2003 but did so for the 41st Meeting in December 2003. Therefore it is UNDP’s understanding that while all phase-out schedules of any given year will be met in accordance with the plan, the progress reports and requests for the next funding tranche will always be submitted for the last Executive Committee meeting of the year. In the case of India, one of the advantages of submitting the sector plan reports at the end of the year is that it enables full reconciliation of data from the sector plan with the official data reports submitted to the Ozone Secretariat and the Fund Secretariat.

19. The amount of US \$1,750,000 and associated agency support cost of US \$153,500 requested for the implementation of the 2003 - 2004 annual implementation programme of the India foam sector phase-out plan is consistent with the Agreement.

RECOMMENDATIONS

20. The Executive Committee may wish:

- (a) To consider the request of India for payment of the amounts indicated in paragraph 19 above in light of the Secretariat’s comments;
- (b) To note the changes in the funding request cycle described in the Secretariat’s comments in paragraphs 17 and 18 above;
- (c) To request UNDP to make provision in the 2003 - 2004 annual implementation programme for development of methodology for an independent audit to be used to verify consumption limits for 2003 and subsequent years as required under the agreement on the foam sector CFC phase-out plan.

CTC PHASE-OUT PLAN FOR THE CONSUMPTION AND PRODUCTION SECTORS: 2004 ANNUAL PROGRAMME

Project Description

Background

21. At its 40th Meeting in July 2003, the Executive Committee decided to approve in principle a total of US \$52 million to assist India in complying with the Montreal Protocol control schedule for the production and consumption of carbon tetrachloride (CTC) and disbursed the first tranche of US \$5 million at the meeting to start implementation of the project. At the same time the Committee requested “the Government of India, together with the bilateral donors Japan, Germany, and France, the World Bank as the lead implementing agency, and in consultation with the Secretariat as well as cooperating agencies, namely UNIDO and UNEP to prepare a detailed agreement for the implementation of the CTC phase out plan and a 2004 work programme for consideration at the 41st Meeting of the Executive Committee”. In addition, the Committee requested “India and the World Bank to provide a report addressing the discrepancy related to the level of CTC imports to the 41st Meeting”.

22. Accordingly the World Bank is submitting the draft Agreement, the 2004 work programme and the report on 2001 CTC imports, which are attached.

The Draft Agreement

23. The draft Agreement uses the standard format in the guidelines approved by Decision 38/65. It includes the maximum allowable targets for CTC production and consumption for controlled uses between 2005 and 2010, annual funds to be received from the Executive Committee and the likely penalties in the event that targets are not met. It includes the commitment of India of not seeking additional funds to phase out the production or consumption of CTC, including any use which may be reclassified by the Parties from the current feedstock to controlled use. It discusses the role and responsibility of the World Bank as the lead agency, and the bilateral partners Japan, Germany and France. It discusses the independent verifications to be conducted by the implementing agencies as prerequisites for the release of the annual tranches of funding.

The 2004 Work Programme

24. The 2004 work programme includes a brief report on the 2003 work programme and the activities proposed to be carried out in 2004.

25. The progress report on the 2003 work programme includes an estimated target for CTC consumption but no target for CTC production. Without any details about the names and numbers of enterprises, it says that there is a plan to use some of the funds approved in 2003 to support conversion of CTC consuming enterprises in the process agent sector. The progress report discusses the process by which India is concluding agreements with the World Bank and other bilateral agencies for implementing the sector plan. The Government held two workshops with stakeholders to inform them of the CTC sector plan and the phase out schedule and

encourage interested parties to plan their phase out and benefit from the grant. The budget of 2003 is allocated among 5 items of activities, phase-out in chlorinated rubber, chlorinated paraffin, pharmaceuticals, the solvent sector and establishment of the project management unit. The World Bank is requesting approval of US \$3,520,843 for the 2003 annual programme at the 41st Meeting in addition to the US \$5 million disbursed at the 40th Meeting. The support cost associated with the second disbursement is US \$264,063.

26. The 2004 work programme does not include any targets either for CTC consumption or production. In the process agent sector, industries will be invited to apply for grant assistance for conversion to phase out 1,243 ODP tonnes by end of 2005. For the use of CTC as solvents in chemical and metal cleaning, it is indicated that India will work with the World Bank and Japan to phase out about 1,100 ODP tonnes of CTC by end of 2005. No further details are provided.

27. Five activities will be implemented in 2004 under technical assistance, including setting up the project management unit, developing a public outreach programme, designing a capacity building strategy to assist the development of CTC-alternatives, setting up an information management system and seeking technology transfer opportunity for CTC producers. Under government actions, the work programme anticipates implementation of 7 activities, including using fiscal incentives to promote non-ODS alternatives, exploring import quotas for CTC, preparing the introduction of CTC production quota for non-feedstock use in 2005, and announcing prohibition of CTC consumption in the chlorinated rubber and chlorinated paraffin applications in 2004.

28. For the 2004 work programme, the World Bank requests US\$13,380,112, which breaks down into US \$8,880,112 (support cost US \$666,008) for the World Bank, US \$1,000,000 (support cost US \$85,000) for France, US \$1,000,000 (support cost US \$85,000), and US \$2,500,000 (support cost US \$280,000) for Japan. The 2004 budget is allocated among industrial conversions, support for the project management unit, and technical assistance.

Report on the 2001 CTC Imports

29. There is a significant difference between the World Bank's CTC sector plan and the technical audit report on India's CTC imports data for 2001. As a result the Executive Committee requested India and the World Bank to provide a report addressing the discrepancy related to the level of CTC imports to its 41st Meeting. In that regard, if it is found that the actual import of CTC in 2001 is over 10 per cent lower than the 24,661 MT figure as reported in the sector plan, the US \$52 million will be reduced by a sum equivalent to the difference of tonnes between the 24,661 MT figure and the actual import figure on the basis of US \$2,000 per tonne.

30. According to the report, the Indian Government collected from CTC producers, CTC users and importers bills of lading and bills of entry. Where neither of these bills were available, the records from the Kandla port were collected because most of the CTC shipments went through there. In response to queries regarding the official status of these bills of lading and bills of entry, the World Bank advised that the bills of lading were submitted to the Customs Department as supporting documents as part of the import clearance process and the bills of entry are documents issued and endorsed by Customs. On that basis the report concluded that the verified CTC imports were 23,006.94 MT in 2001, which is less than 10% lower than the 24,661

MT as reported in the sector plan. The World Bank considers that as a result the US \$52 million funding level should remain.

Comments of the Secretariat

31. The Secretariat provided extensive comments on the World Bank submission. The comments below take into consideration the replies of the World Bank.

Draft Agreement

32. In paragraph 2 of the draft Agreement, it states “The annual phase-out targets will, at a minimum, correspond to the reduction schedules mandated by the Montreal Protocol, *except to the extent that the performance targets conform to the response by the Meeting of the Parties to Decision 37/20 (a) of the Executive Committee*”. The Secretariat understands the exception clause to mean that in the event that India cannot meet the Montreal Protocol control measures, and that the Meeting of the Parties, through its Implementation Committee decides on an action plan which is different from the performance targets of the Agreement, the schedule in the action plan will automatically become the performance targets of the Agreement, without deliberation and decision by the Executive Committee.

33. If the Secretariat understanding is the intended meaning of the exception clause, this clause is not consistent with the decisions of the XV Meeting of the Parties in dealing with cases of non-compliance. Specifically, in both the cases of non-compliance with the Montreal Protocol by Uganda and Guatemala, the Parties have noted the plan of action proposed by each Party “without prejudice to the operation of the financial mechanism of the Montreal Protocol”. That leaves the Executive Committee to decide on any action to be taken on the agreement between the Committee and the Party concerned. On the basis of this precedent, the Secretariat considers that the exception clause should be removed from the draft Agreement.

34. CTC production in India plus imports is used as feedstock to produce CFCs and the intermediate chemical product DV acid chloride (over 90 percent of the total production) and in non-feedstock uses for solvents and process agents (less than 10 per cent of the total). Feedstock use for CFC production is decreasing with the advancement of phase-out of CFC productions. As a result, there will be an increasing release of CTC production capacity currently dedicated to CFC feedstock production. It will be a challenge for all parties including the Government of India to make sure that that spare capacity is not diverted to non-feedstock use. Therefore, although CTC production and consumption for feedstock is not a controlled use under the Protocol, in order to monitor CTC production and consumption for controlled uses, it is essential to monitor both the total CTC production (plus imports), and the breakdown of consumption between feedstock and non-feedstock uses. This will enable total CTC production to be reconciled between the various categories of use. The World Bank said that it intended to monitor the CTC production for feedstock and non-feedstock uses in the monitoring and reporting framework, but did not wish to include control levels in the Agreement. The Secretariat believes however that these figures are critical to permit adequate monitoring of the implementation of the Agreement and should be clearly specified in it.

35. In order to monitor and ensure that the phase-out target in 2005 is actually achieved, it is also important to monitor the actual CTC production and consumption in 2003 and 2004. There must be actual production and consumption targets established for these years. It is not adequate to use the baseline as the only target. In addition, in the two years in 2003 and 2004, a total of almost \$24 million will be disbursed from the Multilateral Fund, which must be accompanied by measurable reduction targets and production limits.

36. Therefore, the Targets, and Funding table in Appendix 2- A of the Agreement should be revised to add maximum allowable CTC production and imports, and consumption breakdown between CTC feedstock uses and non feedstock uses for solvents and process agents, and information for the years 2003 and 2004, in order to facilitate monitoring and comparison. This is done in the China CTC agreement and has been found to be essential for monitoring purposes. It should be followed in this Agreement. Accordingly Appendix 2-A of the Agreement should be revised as follows:

		Baseline'	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.	Max allowable sum of production and imports of CTC										
2.	CTC feedstock use (CFC and DV acid chloride)										
3.	Max allowable CTC consumption in process agent										
4.	Max allowable CTC consumption in solvents										

37. No description of the system to be introduced to monitor the implementation of the Agreement is provided, although it is mentioned under the Role of the Lead Agency in Appendix 6-A that standards will be developed for verification. Since the World Bank has been requested to develop a monitoring system for the China CTC sector plan, the World Bank should coordinate the two plans and develop similar standards for verification of the performance under the two plans.

38. It is proposed in the sector plan that US \$2.17 million of the US \$3.34 million total contribution from bilateral cooperation with Germany would be approved during 2004-2005. However Germany did not include this allocation in its 2003-2005 business plan. Additionally, Germany has fully committed its available resources for the current triennium. The draft Agreement proposes that Germany borrows from the German bilateral allocation of 2006-08 to cover its share in the sector plan for the 2004-05 expenditure. This raises a series of questions. First, it appears not to be consistent with the financial rule of the Multilateral Fund which stipulates “ No commitments shall be made in advance of the receipt of contributions” (Terms of Reference of the Multilateral Fund UNEP/OzL.Pro.4/15 Annex IX). Secondly if the proposed US \$2.17 million is added to Germany’s 2003-05 expenditure without adjusting Germany’s current 2003-05 business plans, Germany will exceed 20 percent of its contributions for the triennium. Thirdly it is not possible to calculate the resource level of German bilateral programme for 2006-08 without knowing the replenishment level of the next triennium. Because

of the foregoing, the Agreement should reconsider the proposed US\$2.17 million German contribution for the 2004-05 annual budgets so that there will be provision to make up any shortfall should the proposed German bilateral contribution not proceed.

39. As the lead agency, it is important for the World Bank to ensure that uniform criteria and standards be developed and followed in verifying the performance by all implementing agencies involved in the sector plan. Therefore sub-paragraph (j) in Appendix 6-A should be further clarified to read “Developing uniform criteria and standards to be used by all implementing agencies involved in the sector plan in verifying performance in achieving the targets”.

40. It is relevant to point out that the total support cost for the sector plan has increased from US \$3.9 million (at 7.5 per cent) for the World Bank implementation to US\$4,315,000 (at 8 per cent) for joint implementation by the World Bank and bilateral agencies. The bilateral agencies apply 11 per cent on support cost.

2004 Annual Work Programme

41. The tables for Data, Targets and Industrial action in pages 2 and 3 should be completed in accordance with the requested revision of the table in Appendix 2-A in the Agreement. Specifically, production reduction targets should be added, with a breakdown for feedstock and non-feedstock uses in 2003 and 2004. For the consumption targets, separate targets for the World Bank and each of the bilateral agencies for process agents and solvents should be included for 2003 and 2004.

42. The section on investment activities in 2004 presents a summary of how the investment programme is to be organized, but there is no detail on any specific activities that are to be undertaken or milestones to be used to monitor the progress, other than that the process agent industries will be required to register interest and substantiate consumption. The work programme of 2004 is of crucial importance in implementing the Montreal Protocol control schedule for CTC in 2005. It should therefore provide information in the implementation plan for process agents, solvents small users, on the investment related activities that are to take place in 2004 in a form that can be used to establish satisfactory progress and facilitate release of the next tranche of funding. Examples would be the percentage of agreements to be signed with eligible enterprises in each sub-sector and details concerning the enterprises where conversion projects will start during the year.

43. The World Bank replied that it has been working to conclude a new grant agreement for the sector plan since its approval in July 2003 and could not provide a meaningful estimate of the level of activities to be carried out at the enterprise level in 2004. However, when the 2004 annual programme is due for submission at the 43rd Meeting of the Executive Committee as per the schedule of the Agreement, there should be adequate time and planning for this level of activities to be included.

Report on CTC Imports of India in 2001

44. The Secretariat finds significant difference in the data provided in the World Bank submission and the official statistics published by other government sources. For instance the

official statistics from the Government of the United States of America report exports of CTC to India in 2001 as 3,190 MT whereas the submission from the World Bank states that CTC imports from the United States in 2001 were 7,703 MT. The difference is 4,513 MT and more than 10 per cent of the reported figure of 24,661 MT in the sector plan. There should be official data from the Government of India to provide the verification of data from the importers and producers.

Recommendations

45. The Executive Committee may wish to:
- (a) Approve the additional US \$3,520,843 for the 2003 annual work programme and the associated support cost of US \$264,063 for the World Bank.
 - (b) Request the World Bank to revise the draft Agreement and submit it to the 42nd Meeting. In so doing the World Bank should:
 - (i) Remove the words “*except to the extent that the performance targets conform to the response by the Meeting of the Parties to Decision 37/20 (a) of the Executive Committee*” from paragraph 2 of the draft Agreement.
 - (ii) Revise the Targets, and Funding table in Appendix 2-A of the Agreement to add maximum allowable CTC production and imports, and consumption breakdown between CTC feedstock uses and non-feedstock uses for solvents and process agents, and the targets or estimates as appropriate for 2003 and 2004 in order to facilitate monitoring and comparison;
 - (iii) Submit a monitoring system for the India CTC sector plan and ensure that it is coordinated with the monitoring system of the China CTC sector plan incorporating similar standards for verification of the performance under the two plans;
 - (iv) Reconsider the US \$2.17 million German contribution for the 2004 and 2005 annual budgets and make provision for any shortfall from the German contributions; and
 - (v) Revise sub-paragraph (j) in Appendix 6-A to read “Developing uniform criteria and standards to be used by all implementing agencies involved in the sector plan in verifying performance in achieving the targets”.
 - (c) Request the World Bank to revise the 2004 work programme and resubmit it to the 43rd Meeting as scheduled in the draft Agreement and provide:
 - (i) The relevant data in the Data, Targets and Industrial action in pages 2 and

3 in accordance with the requested revision in Appendix 2-A in the Agreement. Specifically, production reduction targets should be added, with a breakdown for feedstock and non-feedstock uses in 2003 and 2004. For the consumption targets, separate targets for the World Bank and each of the bilateral agencies for process agents and solvents should be included for 2003 and 2004; and

- (ii) Information in the implementation plan for process agents, solvents small users, on the investment related activities that are to take place in 2004 in a form that can be used to establish satisfactory progress and facilitate release of the next tranche of funding. Examples would be the percentage of agreements to be signed with eligible enterprises in each sub-sector and details concerning the enterprises where conversion projects will start during the year.
- (d) Finally to request the World Bank to submit to the 42nd Meeting the CTC import data in 2001 published by the Government of India to validate the data collected from CTC producers and importers.

**PROJECT EVALUATION SHEET
INDIA**

SECTOR: Refrigeration ODS use in sector (2002): 1,173.0 ODP tonnes

Sub-sector cost-effectiveness thresholds: N/A

Project Titles:

(a) Plan for phase-out of CFCs in the refrigeration manufacturing sector (second tranche)

Project Data	Multiple Manufacturing	Multiple Manufacturing
Enterprise consumption (ODP tonnes)	1,173	
Project impact (ODP tonnes)	141	40
Project duration (months)	12	12
Initial amount requested (US \$)	476,536	173,200
Final project cost (US \$):		
Incremental capital cost (a)		
Contingency cost (b)		
Incremental operating cost (c)		
Total project cost (a+b+c)	476,536	173,200
Local ownership (%)		
Export component (%)		
Amount requested for second tranche (US \$)	476,536	173,200
Cost effectiveness (US \$/kg.)		
Counterpart funding confirmed?		
National coordinating agency	Ozone Cell, Ministry of Environment and Forests	
Implementing agency	UNDP	UNIDO

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

46. On behalf of the government of India, UNDP submitted for the consideration of the Executive Committee, the 2003 Annual Progress Report on the Implementation of the CFC Phase-out Plan in the Refrigeration Manufacturing Sector in India. The Plan was approved at the 38th Meeting, at a total funding level of US\$ 3,609,186, to be provided in five tranches. This plan would complete the phase-out of CFCs in the refrigeration manufacturing (Mfg) sub-sector in India by 1 January 2007. The Plan is to be implemented by two agencies; UNDP as lead agency and UNIDO. The component of the Plan implemented by UNIDO covers the phase-out in the transportation refrigeration sub-sector and the other component of the plan implemented by UNDP covers all other sub-sectors within the refrigeration manufacturing sub-sector excluding the transport refrigeration sub-sector.

47. The Phase-out Plan is implemented through four annual implementation programmes and together with the implementation of ongoing approved projects, will result in the complete phase-out of CFCs in the refrigeration manufacturing sub-sector in India in four years. The breakdown of the overall approved funding is as below:

Investment Component (including contingencies):	US \$2,675,986 (UNDP portion)
Investment Component (including contingencies):	US \$673,200 (UNIDO portion)
Policy/Management Component:	US \$260,000
Total:	US \$3,609,186

48. The first tranche of US \$2,000,000 was received by UNDP in January 2003.

Report on Progress

49. The 2003 report on progress is attached to this document. A summary of progress achieved is shown below.

- UNDP and the Ministry of Environment and Forests agreed on the Operational Mechanism for Implementation (OMI), which outlined the roles and responsibilities of the various stakeholders.
- UNDP's first-phase document covering the first tranche of US \$2,000,000 was prepared and submitted to the Ministry of Environment and Forests in March 2003. The document was signed by all parties on 3 June 2003.
- The first list of 10 medium-sized enterprises and 103 SMEs was provisionally endorsed by the Ministry of Environment and Forests in September 2003 for participation in the phase-out programme. Upon completion of all the activities in these enterprises (targeted for 2004 and 2005), the CFC phase-out would contribute about 300 ODP tonnes to the 2004 and 2005 annual CFC phase-out targets.
- Upon verification of enterprise baselines by the Ministry of Environment and Forests, currently in progress, the final endorsement of these enterprises for

participation in the Plan will be provided by the Ministry of Environment and Forests to UNDP.

- The mechanism of enterprise participation in the transport refrigeration sub-sector (UNIDO's component of the Plan) is under discussion between UNIDO and MOEF.
- UNDP prepared the technical specifications for the refrigerant equipment to be procured for the first group of enterprises in October 2003. An international bidding exercise for the refrigerant equipment is currently underway.
- The Ministry of Environment and Forests continued the implementation and enforcement of ozone rules by the Government of India, promulgated in January 2000. Information on the Sector Phase-out Plan was disseminated to Government policy makers and stakeholders. The Steering Committee is fully briefed and aware of the commitments and obligations arising out of the agreement between Government of India and the Executive Committee of Multilateral Fund, on the Sector Phase-out Plan.

CFC reduction targets

50. According to the Agreement approved at the 38th Meeting, the CFC consumption in the commercial refrigeration sector in India should be reduced from 1,372 ODP tonnes in 2002, to 1,173 ODP tonnes for 2003 through the implementation of on-going projects. According to progress reports submitted by the implementing agencies, six projects were completed in the refrigeration sector phasing out 468.1 ODP.

51. The annual CFC phase-out target for 2003 is 250 ODP tonnes, to be achieved through the completion of ongoing projects. By November 2003, 262.70 ODP tonnes will be achieved through the completion of five ongoing projects implemented by UNDP, thus exceeding the 2003 annual CFC phase-out target and ensuring the achievement of the 2004 CFC consumption limit.

2004 Annual Implementation Programme

52. The activities described in the 2004 annual implementation programme will lead to the elimination of about 190 ODP tonnes of CFCs upon its completion in 2004. This exceeds the annual CFC phase-out target for 2004 for the Refrigeration (Mfg) Sector Plan of 140 ODP tonnes assigned for UNDP. The overall 2004 phase-out target for the Sector (368 ODP tonnes) would be accomplished through completion of ongoing individually approved projects (187 ODP tonnes), through the phase-out from ineligible enterprises using controls and enforcement (1 ODP tonne), and through the phase-out from activities implemented by UNIDO in the transportation refrigeration sub-sector (40 ODP tonnes).

53. The activities initiated for the 63 enterprises in 2004 are estimated to lead to a phase-out of about 80 ODP tonnes, thus contributing to about 85% of the CFC phase-out target (108 ODP tonnes) of the Plan, for 2005.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

54. It appears from the report on progress that no tangible results have so far been achieved in respect to the implementation of the transportation refrigeration component assigned to UNIDO. UNDP, as the lead agency, clarified that UNIDO has been discussing with the Ministry of Environment and Forests the implementation and the modality to implement the portion of the plan related to the refrigeration transportation sub-sector. The difficulties should be resolved by December 2003 and all efforts will be made to accelerate the implementation in early 2004 to catch up on delays that have occurred.

55. The implementation modalities as outlined in the Plan stipulate that an annual independent audit would be conducted by UNDP for verification of CFC consumption levels, including spot checks and random visits. The policy and management support component also includes the establishment and operation of a decentralized mechanism for monitoring and evaluation of Plan outputs, in association with provincial regulatory environmental bodies for ensuring sustainability. The Secretariat drew UNDP's attention to the fact that the progress report did not indicate any activities related to the establishment of monitoring and auditing systems. UNDP responded that UNDP and MOEF will subcontract an independent entity in 2004 to conduct verification of the national consumption level in the refrigeration sector through auditing of the production, import, and export data. Verification will also be performed at enterprises with on-going project to verify their baseline consumption level, and that actual phase-out did take place. More substantive reporting on these activities will be provided in the 2004 progress report.

RECOMMENDATIONS

56. The Executive Committee may wish to consider approval of the 2003 annual implementation programme and release of the 2003 funding tranche as follows:

	UNDP (US \$)	UNIDO (US \$)
2003 funding installment	476,536	173,200
Agency support cost	43,243	19,052
Total	519,779	192,252

**SECTORAL PHASE-OUT PLAN FOR ELIMINATION
OF CFCs IN THE FOAM SECTOR IN INDIA**

**REPORT ON THE IMPLEMENTATION OF
2002-2003 ANNUAL PROGRAMMES**

Prepared By

**SECTOR PHASE-OUT PLAN UNIT (SPPU),
OZONE CELL/MOEF
AND
UNDP**

**SECTORAL PHASE-OUT PLAN FOR ELIMINATION
OF CFCs IN THE FOAM SECTOR IN INDIA**

Report on 2002-2003 Implementation Programmes and Request for 2003 Funding Tranche
(As of 15 October 2003)

1. Background

The Sector Phase-out Plan for Elimination of CFCs in the Foam Sector in India was approved at the 37th Meeting of the Executive Committee of MLF, at a total funding level of US\$ 5,424,577, to be provided in five annual tranches, leading up to the complete phase-out of CFCs in the Foam Sector in India by 01 January 2007.

The Phase-out Plan will be implemented through four annual implementation programmes and together with the implementation of the approved ongoing projects, will result in the complete phase-out of CFCs in the Foam Sector in India in four years. The Phase-out Plan will cover the technology conversions in all the remaining eligible enterprises in the Foam Sector and also ensure timely, sustainable and cost-effective phase-out in the Foam Sector through a combination of investment, technical support and management components.

The breakdown of the approved overall funding was as below:

Investment and Technical Assistance Components:	US\$ 5,124,577 (including contingencies)
Policy and Management Support Component:	US\$ 300,000
Total:	US\$ 5,424,577

The disbursement schedule and annual CFC consumption and phase-out control targets, in accordance with the Agreement between Government of India and the Executive Committee of the Multilateral Fund (Document UNEP/OzL.Pro/ExCom/37/71, Annex-VII) were as below:

Parameter	2002	2003	2004	2005	2006	2007	Total
Annual CFC Consumption limit in the Foam Sector (ODP MT)	1,655	1,434	1,037	529	128	0	N/A
ODP Reductions from Previously Approved Projects	221	397	298	100	0	0	1,016
ODP Reductions under the Foam Sector Phaseout Plan	0	0	210	301	128	0	639
Annual Funding Instalment* (US\$)	1,500,000	1,750,000	1,500,000	450,000	224,577	0	5,424,577
Agency Support Costs (US\$)	131,000	153,500	131,000	40,500	20,212	0	476,212
Total cost to Multilateral Fund (US\$)	1,631,000	1,903,500	1,631,000	490,500	244,789	0	5,900,789

The annual implementation programme for CY 2002/2003 was submitted to MLF in November 2002 (attached as Annex-1 to this document).

2. Preparatory Activities

- The first tranche of US\$ 1,500,000 was received by UNDP in August 2002.
- In October 2002, it was agreed by UNDP and the Ministry of Environment and Forests (MOEF) that the Phase-out Plan would be implemented through the DEX (Direct Execution) modality.
- UNDP and MOEF agreed on the Operational Mechanism for Implementation (OMI) which delineated the roles and responsibilities of the various stakeholders, and also the first-phase document covering UNDP's first tranche, in October 2002.
- DEX approval was obtained on 30 April 2003. The project document was signed by all parties on 3 June 2003.

3. Investment Component

3.1 Enterprise Participation

- The first list of 28 participating enterprises was provisionally endorsed by MOEF in April/May 2003. Upon completion of all activities in these enterprises (targeted in CY 2004), the CFC phase-out that would be achieved, would contribute 279.20 MT to the CY 2004 annual CFC phase-out target.
- Upon verification of the enterprise baselines by MOEF, the final endorsement of the 28 enterprises for participation in the first batch for implementation, was provided by MOEF to UNDP in August 2003
- The 28 enterprises were divided into three groups, based on the type of foam equipment needed for their conversion, which in turn was dictated by the respective foam type/foam sub-sector involved. Thus, out of the 28 enterprises, the first group of 5 enterprises were engaged in production of rigid foam (general), 12 enterprises were engaged in the production of rigid foam (thermoware) and 11 enterprises were engaged in the production of flexible molded/integral skin foam.

3.2 Procurement

- UNDP notified the invitations for Expressions of Interest for prospective suppliers of the equipment to be procured under this project in March 2003. The invitations for Expressions of Interest were posted in the websites of UN Development Business, UNDP Inter-Agency Procurement Services Office (IAPSO) and UNDP-Delhi for one month.

- UNDP prepared the technical specifications for the foaming equipment to be procured for the first batch of 28 enterprises, in May 2003. UNDP also finalized the short list of vendors for the international competitive bidding exercise, based on the roster of existing suppliers and based on the evaluation of responses to the Expressions of Interest.
- The Invitations to Bid (ITB) for the equipment to be procured for the first batch of 28 enterprises, based on the above, were issued by UNDP in May 2003. Three different invitations to bid, covering the three types of foam equipment required were issued to a total of 6-8 vendors for each type of equipment.
- The bids received were evaluated end-June 2003. The local procurement committee approved the bid evaluation, recommendations and the bidding process, in July 2003. UNDP-HQ procurement committee approved the same in July 2003.
- The results of the bidding process were shared with the 28 participant enterprises in July 2003. Some of the participant enterprise elected to opt for bidder(s) other than the recommended bidder(s). In accordance with UNDP procurement rules and procedures, the enterprises could exercise the option to select bidder(s) other than the recommended (lowest technically acceptable) bidder(s) provided they provided technically justified reasons and agreed to bear the additional costs.
- The process of finalization of the vendor selection is in progress and is scheduled for completion by mid-November 2003. Issuance of purchase orders to vendors for the equipment to be procured for the first batch of enterprises will be completed by mid-November 2003.

4. Non-Investment (Policy and Management Support) Component

4.1 Sector Phase-out Plan Unit (SPPU)

- The position for the National Programme Manager (Sector Phase-out Plan Unit) was advertised locally by UNDP in April 2003. The recruitment process and appointment of the National Programme Manager was completed by UNDP with concurrence from Ozone Cell/MOEF in June 2003 and the selected candidate resumed duties from 10 June 2003 and the SPPU became operational.
- Vacancy for one of the two planned support staff for the SPPU was advertised locally by UNDP. The recruitment process in progress and is expected to be completed in November 2003.

4.2 Enterprise Participation

- The operational mechanism for enterprise participation in the Sector Phase-out Plan was finalized by MOEF in consultation with UNDP.
- The verification of baseline at the first batch of 28 enterprises was concluded in August 2003. This included plant visits by MOEF/SPPU and collection of participation documentation and commitments from the enterprises in line with MOEF regulations.

- The verification of enterprises in future batches of participation/procurement has been initiated and would be an ongoing exercise.

4.3 Other Policy, Regulatory and Awareness Actions

MOEF continued the implementation and enforcement of the Government of India Ozone Rules, promulgated in January 2000. During the Ozone Day workshops held in 2002 and 2003, information on the Sector Phase-out Plan was disseminated to Government policy makers and stakeholders. The empowered Steering Committee is fully briefed and aware of the commitments and obligations arising out of the agreement between Government of India and the Executive Committee of MLF, governing the approval of the Sector Phase-out Plan.

5. CFC Phase-out and Results

For CY 2002

The annual CFC phase-out target for CY 2002 was 221 MT. This has been achieved/exceeded, through the completion of ongoing projects. The actual phase-out achieved is **260.15 MT** (see Annex-2)

For CY 2003

The annual CFC phase-out target for CY 2003 is 397 MT, to be achieved through the completion of ongoing projects. Until October 2003, **446.86 MT has been achieved** through the completion of eight ongoing projects. The remaining two projects will be completed by November 2003, thus achieving or exceeding the CY 2003 annual CFC phase-out target (see Annex-3).

6. 2004 Annual Implementation Programme

The 2004 Annual Implementation Programme is submitted for the review and approval of the Executive Committee. The 2004 Annual Implementation Programme will phase out 200 ODP MT of CFC and will contribute to achieving 50% of the annual target for CY2005 (401 ODP MT), the balance of the 2005 target would be met through the third funding tranche to be obtained in 2004.

The Executive Committee is requested to approve the 2003 Annual Implementation Programme and the release of the 2003 funding level of \$1,750,000 and the corresponding support fees of \$153,500.

INDIA
Foam Sector Phase-out Plan

Annual Implementation Program (Tranche 1) for CY 2002/2003

1. Data

Country	India
Year of plan	2002/2003
Number of years completed	0
Number of years remaining under the plan	4 (2003 through 2006)
Target ODS consumption in Sector for the preceding year as of December 31 (ODP MT)	1,655
Target ODS consumption in the Sector for the year of plan as of December 31 (ODP MT)	1,434
Level of funding requested (US\$) (2002/2003)	1,500,000
Lead implementing agency	UNDP
Co-operating agency (ies)	None

2. Targets

Target	Net reduction in CFC consumption in the Foam Sector of 221 MT Limit of CFC consumption in the Foam Sector as of 31 December 2002 of 1,434 MT			
Indicators		Preceding Year (as of 31 December)	Year of Plan (as of 31 December)	Reduction
Supply of ODS in Sector (ODP MT)	Import	1,655	1,434	221
	Production	N/A	N/A	N/A
	Total (1)	N/A	N/A	N/A
Demand of ODS in Sector (ODP MT)	Manufacturing	1,655	1,434	221
	Servicing	N/A	N/A	N/A
	Stock piling	N/A	N/A	N/A
	Total (2)	1,655	1,434	221

3. Industry Action

3.1 Activities resulting from prior year's ongoing projects

Sector	Consumption Preceding Year as of 31 December (1)	Consumption Year of Plan as of 31 December (2)	Reduction within Year of Plan (1) - (2)	No. of Projects Complete	Number of Servicing Related Activities	ODS Phase-Out (ODP MT)
Foam Sector	1,655	1,434	221	12*	0	221

* Represents estimated number of ongoing projects, which would be completed.

3.2 Activities resulting from the 2002 tranche

Activity	Description	
Start Phase-out of CFC's in 29 enterprises	Objective	Initiate procurement procedures for equipment to be provided to 29 recipient enterprises for conversion to non-CFC technology
	Target group	29 Recipient enterprises
	Impact	Finalization of specifications and vendor shortlists, international competitive bidding and issuance of purchase orders/contracts

The technical assistance activities would be initiated through sub-projects for 29 enterprises, leading to an elimination of about 170 MT of CFCs upon completion, envisaged for 2004. It is foreseen that the durations for the sub-projects for these 29 enterprises would be set in such a way as to ensure that their completion would contribute to about 81% of the verifiable annual performance target for CY 2004 (210 MT) leading to a minimum phase-out of about 170 MT CFCs through the Sector Phase-out Plan. The balance of the 2004 target would be met through the second funding tranche to be obtained in 2003.

4. Technical Assistance

The technical assistance will be provided hand in hand with the implementation of the investment activities described above.

5. Government Action

Policy/Activity Planned	Schedule of Implementation
Type of Policy Control on ODS Import	Continuing enforcement of existing controls
Public Awareness	N/A
Others	See below

The following activities are proposed for 2002, under the Policy and Management Support component:

- a) Establishment of the Sector Phase-out Plan Unit (SPPU) for facilitating the management of the Sector Phase-out Plan:
 - Determination of personnel and logistics requirements
 - Finalizing terms of reference for personnel
 - Initiation of recruitment of personnel
- b) Formulation of detailed terms of reference and work plans for various activities under the Policy & Management Support component.
- c) Establishment of an operational mechanism for participation by enterprises in the Sector Phase-out Plan and for obtaining phase-out commitments from enterprises.
- d) Organization of one workshop under the Policy and Management Support Component, for government policy-makers and for recipient enterprises.

6. Annual Budget

Activity	Planned Expenditures (US \$)
Establishment of Sector Phase-out Plan Unit (SPPU) and recruitment of staff	83,000
Technical Assistance	30,000
Equipment	1,258,182
Contingencies	128,818
TOTAL	1,500,000

7. Administrative Fees

The administrative fees will be utilized by UNDP throughout the implementation of this tranche.

INDIA – FOAM SECTOR PHASE-OUT PLAN
Projects in the Foam Sector Completed during CY 2002

UNDP Project Number	MLF Project Number	Project Name	Approved Grant (US\$)	ODS (MT/y)	ODP (MT/y)	Remark
IND/97/G63	IND/FOA/22/INV/111	Polymermann (Asia) P. Ltd.	385,000	0.00	0.00	Indirect Phase-out
IND/99/G70	IND/FOA/28/INV/229	SME Group II (28 enterprises)	699,139	118.80	105.73	
IND/00/G15	IND/FOA/31/INV/258	Ramakrishna Moulders	78,479	17.00	15.72	
IND/00/G17	IND/FOA/31/INV/260	Naorang Plast	53,171	14.60	13.50	
IND/00/G61	IND/FOA/29/INV/231	Tokyo Plast International, Ltd.	196,394	33.00	30.51	
IND/00/G70	IND/FOA/29/INV/246	Harjas Plastic and Metal Components	246,386	21.50	20.24	
IND/00/G74	IND/FOA/31/INV/274	SR Poly-steel P. Ltd.	144,299	14.85	14.85	
IND/00/G76	IND/FOA/34/INV/333	Prince Plastoware Ltd.	74,010	10.20	9.45	
IND/00/G77	IND/FOA/31/INV/272	Pinnacle Industries Ltd.	186,392	13.00	13.00	
IND/00/G79	IND/FOA/31/INV/261	Sanjay Industries	99,277	17.20	15.90	
TOTAL			2,162,547	260.15	238.90	

Notes:

1. All enterprises achieved all project objectives and met all project obligations, such as phase-out of CFCs, phase-in of CFC-free production, depletion of CFC stocks, destruction of redundant and replaced baseline equipment, etc. The figures in the column marked “ODS” represent the amount of CFC to be phased out as per the approved project and the figures in the column marked “ODP” represent the net ODP phased out after accounting for the residual ODP of HCFC-141b wherever applicable.
2. HOPs for all the above-mentioned projects were issued and signed during CY 2002.
3. The annual **CFC phase-out target for CY 2002**, in accordance with the schedule agreed in the India Foam Sector Phase-out Plan was **221 MT**, which has thus been achieved (**exceeded by 39.15 MT**)

INDIA – FOAM SECTOR PHASE-OUT PLAN
Projects in the Foam Sector (to be) Completed during CY 2003

UNDP Project Number	MLF Project Number	Project Name	Approved Grant (US\$)	ODS (MT/y)	ODP (MT/y)	Remark
IND/96/G92	IND/FOA/20/INV/101	Vora Cork Industries	264,500	39.60	39.60	Completed 7/2003
IND/00/G68	IND/FOA/29/INV/242	SME Group - III (24 enterprises)	777,198	107.10	97.72	Completed 4/2003
IND/01/G12	IND/FOA/34/INV/321	Spray Group – II	759,165	192.48	178.36	Completed 9/2003
IND/01/G62	IND/FOA/32/INV/289	Sawhney Seating Systems P. Ltd.	241,619	28.90	27.99	Completed 7/2003
IND/01/G63	IND/FOA/32/INV/285	Sun Steering Wheels Ltd.	144,379	17.00	15.65	Completed 2/2003
IND/01/G64	IND/FOA/32/INV/280	Netplast	177,224	18.00	18.00	Completed 9/2003
IND/01/G67	IND/FOA/34/INV/324	Apollo Steelcrafts	76,925	14.75	13.67	Target 11/2003
IND/01/G73	IND/FOA/34/INV/330	Nu-Foam Rubber Industries	160,150	15.65	15.65	Completed 2/2003
IND/01/G77	IND/FOA/34/INV/312	Roome Plastics P. Ltd.	100,546	19.50	18.07	Target 11/2003
IND/01/G78	IND/FOA/34/INV/334	Solvay Mouldings P. Ltd.	196,885	28.13	26.07	Completed 7/2003
TOTAL			2,898,591	481.11	450.78	

Notes:

1. All enterprises (marked as completed above) achieved all project objectives and met all project obligations, such as phase-out of CFCs, phase-in of CFC-free production, depletion of CFC stocks, destruction of redundant and replaced baseline equipment, etc. The figures in the column marked “ODS” represent the amount of CFC to be phased out as per the approved project and the figures in the column marked “ODP” represent the net ODP phased out after accounting for the residual ODP of HCFC-141b wherever applicable.
2. HOPs for projects (marked as completed above) were issued and signed.
3. The annual **CFC phase-out target for CY 2003**, in accordance with the schedule agreed in the India Foam Sector Phase-out Plan is **397 MT**. As of October 2003, **446.86 MT has been achieved**.

INDIA
SECTORAL PHASE-OUT PLAN FOR ELIMINATION OF CFCs IN THE FOAM SECTOR

Annual Implementation Program for CY 2004 (Tranche 2)

1. Data

Country	India
Year of plan	2004
Number of years completed	1.5
Number of years remaining under the plan	3 (2004 to 2006)
Target ODS consumption in Sector for 2004	1,037
Target ODS consumption in Sector for 2005	529
Level of funding requested (US\$) (2003)	1,750,000
Lead implementing agency	UNDP
Co-operating agency (ies)	None

2. Targets

Target	Net reduction in CFC consumption in the Foam Sector during 2004: 508 MT CFC consumption limit in the Foam Sector as of 31 December 2004: 529 MT			
Indicators		Preceding Year (as of 31 December)	Year of Plan (as of 31 December)	Reduction
Supply of ODS in Sector (ODP MT)	Import	1,037	529	508
	Production	N/A	N/A	N/A
	Total (1)	N/A	N/A	N/A
Demand of ODS in Sector (ODP MT)	Manufacturing	1,037	529	508
	Servicing	N/A	N/A	N/A
	Stock piling	N/A	N/A	N/A
	Total (2)	1,037	529	508

3. Industry Action

3.1 Activities resulting from prior year's ongoing projects

Sector	Consumption Preceding Year (as of 31 December) (1)	Consumption Year of Plan (as of 31 December) (2)	Reduction within Year of Plan (1) - (2)	No. of Projects Complete	Number of Servicing Related Activities	ODS Phase- Out (ODP MT)
Foam (2002)	1,655	1,395	260	10	0	260
Foam (2003)	1,395	914	481	10	0	481

3.2 Activities from the 2003 (first and second tranches)

Activity	Description	
Phase-out of CFCs in 28 enterprises participating in the first batch	Objective	Delivery, installation and commissioning of equipment to be provided to 28 recipient enterprises for conversion to non-CFC technology
	Target group	28 recipient enterprises (first batch of participating enterprises)
	Impact	Phase-out of 279 MT CFC consumption in these 28 enterprises
Initiation of CFC phase-out activities in 33 enterprises participating in the second batch	Objective	Initiate procurement actions for equipment to be provided to 33 recipient enterprises for conversion to non-CFC technology
	Target group	33 Recipient enterprises (second batch of participating enterprises)
	Impact	Finalization of specifications and vendor shortlists, and conclusion of international competitive bidding and issuance of purchase orders/contracts

The activities for 28 enterprises participating in the first batch as described above, would lead to an elimination of 279 MT of CFCs upon completion in 2004. This amounts to about 55% of the annual CFC phase-out target for 2004 for the foam sector (508 MT). The remaining 45% would be achieved through the completion of 15 ongoing projects.

It is also foreseen that the durations for the enterprise-level activities in the 33 enterprises in the second patch of participation, would be set in such a way as to ensure that their completion would contribute to achieving 50% of the annual target for CY 2005 (401 MT) leading to a CFC phase-out of about 200 MT. The balance of the 2005 target would be met through the third funding tranche to be obtained in 2004.

4. Technical Assistance

Technical assistance will be provided in conjunction with the implementation of the investment activities described above.

5. Government Action

Policy/Activity Planned	Schedule of Implementation
Type of Policy Control on ODS Import	Continuing enforcement of existing controls
Public Awareness	N/A
Others	See below

The following activities are proposed for 2004, under the Policy and Management Support component:

- a) Continued coordination and monitoring of the sector plan implementation activities
- b) Enterprise-level verification of baseline and CFC phase-out
- c) Organization of one awareness workshop for government policy-makers/stakeholders and one technical workshop for recipient enterprises.

6. Annual Budget

Activity	Planned Expenditures (US \$)
Policy and Management Support	80,000
Technical Assistance	120,000
Equipment	1,410,000
Contingencies	140,000
TOTAL	1,750,000

7. Administrative Fees

The administrative fees (\$153,500) will be utilized by UNDP throughout the implementation of this tranche to support implementation activities and reporting requirements.

**AGREEMENT BETWEEN INDIA AND THE EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE PHASEOUT OUT CONSUMPTION
AND PRODUCTION OF CARBON TETRACHLORIDE**

1. This Agreement represents the understanding of India (the “Country”) and the Executive Committee with respect to the complete phase-out of consumption and production of the Montreal Protocol controlled substance set out in Appendix 1-A (the “Substance”) prior to 1 January 2010, in compliance with Protocol schedules.
2. The Country agrees to phase out consumption and production of the Substance, as defined by the Montreal Protocol¹, in accordance with the annual phase-out targets set out in row 1 of Appendix 2-A (the “Targets”) and this Agreement. The annual phase-out targets will, at a minimum, correspond to the reduction schedules mandated by the Montreal Protocol, *except to the extent that the performance targets conform to the response by the Meeting of the Parties to Decision 37/20 (a) of the Executive Committee*. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 4, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the Substance.
3. The Country considers that the use of the Substance in the production of DV acid chloride (DVAC) to be a feedstock use. If either the Country or the Parties ever reclassify that use or any other feedstock use to a controlled status, the Country agrees that it would phase out that use with no compensation from the Multilateral Fund.
4. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the fundings set out in row 11 of Appendix 2-A (the “Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (the “Funding Approval Schedule”).
5. The Country will meet the consumption and production limits for the Substance as indicated in rows 1 and 2 in Appendix 2-A. It will also accept independent verification by the relevant Implementing Agency of achievement of these consumption and production limits as described in paragraph 9 of this Agreement.
6. The Executive Committee will not provide the Funding in accordance with the Funding Disbursement Schedule unless the Country satisfies the following conditions at least 30 days prior to the applicable Executive Committee meeting set out in the Funding Disbursement Schedule:
 - (a) That the Country has met the Targets for the applicable year;
 - (b) That the meeting of these Targets has been independently verified as described in paragraph 9; and

¹ Consumption and production as per the Montreal Protocol definitions do not include the consumption and production of the Substance for feedstock applications.

- (c) That the Country has submitted and received endorsement from the Executive Committee for an annual implementation program in the form of Appendix 4 – A (the “Annual Implementation Programs”) in respect of the year for which funding is being requested.

7. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (the “Monitoring”) will monitor and report on that monitoring in accordance with the roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 9.

8. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, the Executive Committee agrees that the Country will have full flexibility in the use of Multilateral Fund assistance to achieve the overall objectives of this Agreement and to meet its obligations to the Montreal Protocol. Therefore, specific funds that were thought to be needed for specific items originally proposed in the Plan for the Phaseout of Consumption and Production of Carbon Tetrachloride, except the US\$ 2 million which must be used by the Country solely to implement, monitor and effectuate full compliance with this Agreement, can be reallocated to other activities as long as expenditures are consistent with this Agreement and eligible within the context of the Montreal Protocol. Any remaining funds provided to the Country pursuant to this Agreement may be used in any manner that the Country believes will achieve the smoothest and most efficient CTC phaseout.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. The World Bank (the “Lead IA”) has agreed to be the lead implementing agency and France, Germany and Japan (the “Cooperating IAs”) have agreed to be cooperating implementing agencies under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A, including performance and financial verification in relation to all activities, within the purview of the World Bank, in accordance with this Agreement and with specific World Bank procedures and requirements. The Country also agrees to periodic evaluations, which will be carried out under the monitoring and evaluation work programs of the Multilateral Fund. The Cooperating IAs will be responsible for carrying out activities listed in Appendix 6-B, including performance and financial verification in relation to activities implemented under their supervision.

10. The Lead IA will assist the Country to implement activities required for achieving the Targets specified in this Agreement and also to assist the Country to carry out activities related to policy and regulatory development to support sustainable phase-out of the Substance in both the consumption and production sectors. The Cooperating IAs will, in collaboration with the Lead IA, provide support for activities related to investment activities to support the phase-out of the Substance in the metal cleaning applications and in the textile industry as described in the sector plan

(IND/PHA/40/INV/363). In addition, France will also provide technical assistance to the producers of the Substance to explore technically and economically viable options to reduce/eliminate production of the Substance. The funding for activities implemented by the Cooperating IAs will be counted against their bilateral contributions to the Multilateral Fund in annually specified tranches. In case the Lead IA or any of the Cooperating IAs would like to sub-contract part of their activities to other implementing agencies, concurrence of the Country must be sought and the description of such an arrangement should be reported in the annual implementation programs.

11. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IAs with the respective fees set out in rows 4, 6, 8 and 10 of Appendix 2-A.

12. Should the Country, for any reason, not meet the Targets for the elimination of the Substance or otherwise does not comply with this Agreement, the Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A in respect of each ODP ton of reductions in consumption and production not achieved in any one year.

13. The Funding components of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the Funding of any other consumption/production sector projects or any other related activities in the Country.

14. The Country will comply with any reasonable request of the Executive Committee, the Lead IA, and the Cooperating IAs, to facilitate implementation of this Agreement. In particular, it will provide the Executive Committee, the Lead IA and the Cooperating IAs, with access to information necessary to verify compliance with this Agreement.

15. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and do not extend to obligations beyond this Protocol. All terms used in this Agreement have the meaning ascribed to them in the Protocol unless otherwise defined herein.

Appendix 1-A
THE SUBSTANCE

Annex B:	Group II	CTC
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Appendix 2-A
THE TARGETS, AND FUNDING

	Baseline ¹	2003	2004	2005	2006	2007	2008	2009	2010
Montreal Protocol Consumption Reduction Schedules (ODP tons) ²	11,505	N/A	N/A	1,726	1,726	1,726	1,726	1,726	0
1. Max allowable total consumption (ODP tons)	11,505	N/A	N/A	1,726	1,147	708	268	48	0
Montreal Protocol Production Reduction Schedules (ODP tons) ³	11,553	N/A	N/A	1,733	1,733	1,733	1,733	1,733	-
Production Allowance for basic domestic needs of A5 countries (ODP tons) ⁴		-	-	1,155	1,155	1,155	1,155	1,155	1,733
Total production allowed by the Montreal Protocol (ODP tons)		N/A	N/A	2,888	2,888	2,888	2,888	2,888	1,733
2. Max allowable total production (ODP tons) for this Agreement	11,553	N/A	N/A	1,726	1,147	708	268	48	-
3. WB agreed funding		8,520,843	8,880,110	3,599,046	9,755,313	3,820,938	3,211,875	3,211,875	-
4. WB support costs		639,063	666,008	269,928	731,648	286,570	240,891	240,891	-
5. France agreed funding		-	1,000,000	1,000,000	500,000	500,000	-	-	
6. France support costs		-	85,000	85,000	85,000	85,000	-	-	
7. Germany agreed funding ⁵		-	1,000,000	1,000,000	500,000	500,000	-	-	
8. Germany support costs		-	85,000	85,000	85,000	85,000	-	-	
9. Japan agreed funding		-	2,500,000	2,500,000	-	-	-	-	
10. Japan support costs		-	280,000	280,000	-	-	-	-	
11. Total agreed funding (US\$ million)		8,520,843	13,380,110	8,099,046	10,755,313	4,820,938	3,211,875	3,211,875	
12. Total agency support costs (US \$ million)		639,063	1,116,008	719,928	901,648	456,570	240,891	240,891	

1/ Baseline consumption and production levels are defined as the average levels of consumption and production during the period from 1998 – 2000.

2/ Maximum allowable consumption levels stipulated in the Montreal Protocol (85% reduction in 2005 and 100% reduction by 2010).

3/ Maximum allowable production levels stipulated in the Montreal Protocol (85% reduction in 2005 and 100% reduction by 2010).

4/ Allowable production levels for meeting basic domestic needs of Article 5 countries as per the Beijing Amendment (10% of base level from 2005 and 15% of base level from 2010).

5/ The proposed bilateral funding for 2004 and 2005 will be counted against Germany's contribution in the next triennium (2006 – 2008).

Appendix 3-A
FUNDING APPROVAL SCHEDULE

The annual funding as shown in Appendix 2-A will be considered for approval at the second meeting of the year of the annual plan.

**Appendix 4-A
FORM OF ANNUAL IMPLEMENTATION PROGRAM**

1. Data

Country _____
 Year of Plan _____
 # of years completed _____
 # of years remaining under the plan _____
 Target ODS consumption of the preceding year _____
 Target ODS consumption of the year of plan _____
 Level of funding requested _____
 Lead implementing agency _____
 Co-operating agency(ies) _____

2. Targets

Targets:				
Indicators		Preceding Year	Year of Plan	Reduction
Supply of CTC	Import			
	Production*			
	Total (1)			
Demand of CTC	Process Agents			
	Solvent			
	Total (2)			

*For ODS-producing countries

3. Industry Action

Sector	Actual Consumption Preceding Year (1)	Consumption Year of Plan (2)	Reduction Within Year of Plan (1)-(2)	Number of Projects Completed	Number of Servicing Related Activities	ODS Phase-out (in ODP tonnes)
Manufacturing						
Process Agents						
Solvents						
Other	-	-				
Total						
Servicing						

Total						
GRAND TOTAL						

4. Technical Assistance

Proposed Activity: _____

Objective: _____

Target Group: _____

Impact: _____

5. Government Action

Policy/activity planned	Schedule of implementation
Type of Policy Control on ODS Import: servicing, etc.	
Public Awareness	
Others	

6. Annual Budget

Activity	Planned expenditures (US \$)
Total	

Appendix 5-A

MONITORING INSTITUTIONS AND ROLES

The Country will be responsible for implementing the CTC phase-out plan. To strengthen capacity of the Country to undertake a series of activities required to achieve permanent phase-out of CTC in accordance with the agreed Targets, a small management unit with a high degree of decentralization to ensure maximum coverage of all residual CTC users, will be established.

The management unit will be established within the Ministry of Environment and Forests. The role of the management unit entails development of detailed implementation plan and overall monitoring and supervision of the CTC phase-out plan. The responsibility of the management unit includes:

- Preparation and implementation of the annual implementation program with assistance from the Lead IA and Cooperating IAs;
- Identification and assistance in the design of sub-projects under the plan;
- Monitoring and supervision of project implementation at the national level including coordination of independent verification of the ODS phase-out by the beneficiary enterprises;
- Information exchange support to the Ozone Cell, regional centers and beneficiary enterprises;
- Reporting to the Director of the Ozone Cell on CTC phase-out related activities and providing recommendations on Government's interventions to be undertaken by the Ozone Cell, if required;
- Periodic assessment of the alternatives supply situation;
- Support implementation of information exchange and training activities; and
- Maintenance of database and relevant records related to the CTC phase-out plan.

Appendix 6-A

ROLE OF THE LEAD IMPLEMENTING AGENCY

The Lead IA will be responsible for a range of activities specified in the project document and in this Agreement along the lines of the following:

- (a) Ensuring performance and financial verification in relation to all activities, within the purview of the World Bank, in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's CTC Phase-out Plan;
- (b) Providing verification to the Executive Committee that the Targets have been met, and the achievement/progress of associated annual activities as indicated in the annual implementation program;
- (c) Assisting the Country in preparation of the annual implementation programs;
- (d) Ensuring that achievements in previous annual programs are reflected in future annual implementation programs;
- (e) Carrying out required supervision missions;
- (f) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the program, and accurate data reporting;
- (g) Ensuring that disbursements to activities undertaken under Bank supervision are made to the Country based on the Targets in the annual programs and provisions in this Agreement; and
- (h) Providing assistance with policy, management and technical support when required; and
- (i) Developing, in consultation with the Country and the Cooperating IAs, the annual phase-out targets for each IA; and
- (j) Developing a standard for verifying performance in achieving the Targets.

Appendix 6-B

ROLE OF COOPERATING IMPLEMENTING AGENCIES

The Cooperating IAs will be responsible for a range of activities specified in the project document and in this Agreement along the lines of the following:

- (a) Conducting performance and financial verification in relation to activities implemented under their supervision;
- (b) Providing reports to the Executive Committee, through the Lead IA, on these activities and their impact in terms of ODP phase-out, for inclusion in the consolidated reports and annual programs to be prepared by the Country with the assistance of the Lead IA;
- (c) Assisting the Country in preparation of annual implementation programs for relevant activities under their supervision;
- (d) Ensuring that achievements of their activities are reflected in future annual implementation programs;
- (e) Carrying out required supervision missions;
- (f) Providing the presence of an operating mechanism to allow effective, transparent implementation of their activities, and accurate data reporting pertaining to ODP impact of their corresponding activities;
- (g) Provide, in collaboration with the Lead IA, policy development assistance, management and technical support when required; and
- (h) Coordinating its activities with the Lead IA and among all Cooperating IAs.

Appendix 7-A
REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

In accordance with paragraph 12 of the Agreement, the amount of funding provided may be reduced by US\$ 4,510 per ODP ton of reductions in consumption and production not achieved in the year.

CTC PHASE-OUT PLAN

2004 ANNUAL PROGRAM

OZONE CELL
MINISTRY OF ENVIRONMENT AND FORESTS
STATE GOVERNMENT OF INDIA

AND

THE WORLD BANK

November 26, 2003

1. DATA

Country	INDIA
Year of plan	2004
No. of years completed	1
No. of years remaining under the plan	6
Target ODS Consumption and Production of the preceding year (2003)	• N/A
<u>Total</u>	N/A
Target ODS Consumption and Production of the year of plan (2004)	• N/A ¹
<u>Total ODS</u>	N/A
Level of funding requested	USD 13,380,112
Lead implementing agency	The World Bank
Co-operating agency (ies)	Governments of France, Germany and Japan

¹ Given the short lead time for meeting the 85% consumption and production reduction targets in 2005, India, as proposed in the CTC Phase-out Plan submitted and considered at the 40th Meeting of the Executive Committee, should be allowed to stockpile a sufficient amount of CTC to meet its demand before ODP phase-out impact of investment and non-investment activities proposed in the CTC Phase-out Plan could be materialized in 2005 onwards.

2. TARGETS

Targets:					
Indicators		Chemicals	Preceding Year (2003)	Year of Plan (2004)	Reduction
Supply of CTC	Import	CTC	N/A	N/A	N/A
	Production	CTC	N/A	N/A	N/A
	Total	CTC	N/A	N/A	N/A
Demand of CTC	Process Agents	CTC	N/A	N/A	N/A
	Solvent	CTC	N/A	N/A	N/A
	Total	CTC	N/A	N/A	N/A

3. INDUSTRY ACTION

Sector	Actual Consumption ² Preceding Year (ODP Tonnes) 2003 (1)	Target Consumption Year of Plan (ODP Tonnes) 2004 (2)	Reduction Within Year of Plan (1)-(2)	Number of Projects Completed	Number of Servicing Related Activities	ODS Phase-out (in ODP tonnes)
Manufacturing						
Process Agents	1,917	N/A				
Solvents	4,746	N/A				
Other	-	-				
Total	6,663	N/A				
Servicing						
Total						
GRAND TOTAL	6,663	N/A				

Investment Activities in 2003

A total funding of US\$ 8,520,843, excluding agency support costs, is allocated for supporting the initiation of activities in 2003. Part of the funds will be used for supporting conversion of CTC consuming enterprises in the process agent sector. This sector includes chlorinated rubber, chlorinated paraffin, pharmaceutical, and agro-chemical sub-sectors. The balance is allocated for supporting the establishment of the project management unit. While funding is requested in 2003, the actual disbursement could take place after 2003.

² Estimates

The ExCom decided at its 40th Meeting to release an initial tranche of US\$5 million to India in 2003. Therefore, the Government of India and the Bank are requesting the ExCom at its 41st Meeting to approve the release of an additional funding of US\$3,520,843 plus associated support costs to support the India CTC Phase-out Plan in accordance with the agreement as proposed for consideration of the ExCom at the same meeting. The total funding of US\$ 8,520,843 should be counted against the World Bank's 2003 allocation.

The detailed distribution of the 2003 resources is shown in Section 6 of this Annual Work Program.

Investment Activities in 2004

The following investment activities will be undertaken in 2004:

Process Agent Sector – The 2004 funding level as proposed in the agreement to be considered by the ExCom includes additional funding to support CTC phase-out in the process agent sector, mainly in pharmaceutical and agro-chemical applications. With this additional funding in 2004 and the financial support already received in 2003, all CTC consuming enterprises in the process agent sector will be invited to receive financial support from the Government of India. An invitation for enterprises to apply for financial assistance from the Government of India will be announced in early 2004. Enterprises will be required to submit their interest and documents to substantiate their level of CTC consumption to the Government of India in 2004. All enterprises will be encouraged to start their conversion process as soon as possible.

The Government of India has assigned the World Bank to take the lead in the implementation of investment activities in this sector. To facilitate expeditious phase-out in this sector, the World Bank and the Government of India will design a grant agreement with flexibility to accommodate early conversion undertaken by enterprises.

When completed, these activities will lead to permanent phase-out of 1,243 ODP tons of CTC in the consumption sector.

Solvent Sector – The proposed 2004 funding level includes funding to support investment activities in the solvent sector. These activities include conversion of CTC consuming technologies in the chemical solvent, metal cleaning, and textile industry. All CTC phase-out activities in the chemical solvent sub-sector will be implemented through the World Bank. It is planned to complete the phase-out activities in this sub-sector before the end of 2005. When completed, activities undertaken in this sub-sector will lead to permanent phase-out of 770 ODP tons of CTC.

Activities in the metal cleaning and textile industry are expected to involve conversion at four large CTC consuming enterprises and a number of small CTC users in the metal cleaning and textile industry. The four large CTC consuming enterprises are Nissan Copper Pvt., Western Engineering, Steel Authority of India, and Hindustan Metals and Tubes. The total funding to support conversion at these enterprises will be drawn from the bilateral contribution of the Government of Japan. The Government of Japan with concurrence of the Government of India will assign UNDP to undertake implementation

of these activities on its behalf. Conversion at these enterprises is expected to complete before the end of 2005. When completed, 533 ODP tons of CTC will be permanently phased out.

CTC phase-out activities in small users in the metal cleaning and textile industries will be jointly implemented by the three bilateral partners (France, Germany, Japan) and the World Bank. Pending the confirmation of the Government of India, Germany is expected to take a leading role in coordinating these activities. Because of the large number of potential beneficiaries to be covered by these activities, it is anticipated that the total phase-out in the small scale users would be achieved by the end of 2009. When completed, 3,462 ODP tons of CTC will be permanently phased out.

Sector	Impact (ODP tons)	Completion
Process Agent Sector	1,243	End of 2005
Solvent (Chemical)	770	End of 2005
Solvent (Metal)	533	End of 2005
Solvent (small users for metal cleaning and textile)	3,462	End of 2009

4. TECHNICAL ASSISTANCE

Activities to be Undertaken in 2004

Project Implementation Unit: Terms of Reference for the PMU and its organization and management framework will be finalized. The recruitment process for key PMU staff members will be completed in 2004. Workshops and meetings with industry, distributors, the implementing agency, and bilateral agencies, will be organized in order to maintain constant dialogue with industry. The purpose of these workshops and meetings is to obtain feedback for improving implementation mechanism in large and small enterprises. PMU will also take the lead in preparation of the 2005 annual work program and get actively involved in the design and implementation of the production and consumption verification process in 2004. Based on the design of the verification process, PMU will assist the Ozone Cell to strengthen the licensing system to cover CTC distributors, CTC solvent and process agent users, feedstock users, and CTC producers. It is expected that all CTC producers and process agent users would be covered by the licensing system by 2004. The strengthening of the licensing system would be fully completed in 2005.

Development of a Public Outreach Program: A detailed public outreach strategy will be jointly developed by PMU/Ozone Cell, the implementing agency, and bilateral agencies, to increase awareness of the CTC Phase-out Plan and related regulations. The strategy will include action plans to disseminate knowledge of non-ODS technology options to the targeted groups in an effective manner. The targeted groups will be further identified with the assistance from CTC producers and distributors. PMU/Ozone Cell will participate actively in the implementation of this strategy.

Development of a Capacity Building Strategy: A detailed action plan will be developed jointly by Ozone Cell/PMU, the implementing agency, and bilateral agencies. Part of the

action plan will include identification of technical institutions and distributors of CTC and alternatives. A list of CTC applications and non-CTC alternatives will be developed. Training modules for different non-CTC alternatives for all the identified CTC applications will be made. Selection of trainers from interested training institutes and distributors will be completed in 2004. Training of key trainers will start in 2004. Activities will start in a few priority states. Priority states are Tamil Nadu, Maharashtra, Gujarat, Delhi, Karnataka, Kerala, Andhra Pradesh, and Madhya Pradesh.

Development of a Management Information System: Terms of reference for development of an MIS will be finalized in 2004. The consultant selection process to appoint a highly qualified consulting firm to develop a computerized and relational MIS database system will be concluded in 2004.

Technology Transfer for CTC Producers – The Ozone Cell/PMU and the Indian CTC producers will work closely with the Government of France to develop an action plan for technology transfer to enable the CTC producers to comply with the production targets set forth in the agreement for the CTC Phase-out Plan and to comply with the Montreal Protocol obligations. This activity will start in 2004.

5. GOVERNMENT ACTION

Activities Undertaken in 2003

Memorandum of Agreement Meeting – Shortly after the 40th ExCom Meeting a MOA meeting was jointly organized by the Government of India and the Bank to prepare an agreement for the CTC Phase-out Plan between the Government of India and the ExCom. Bilateral donors were invited to this meeting. Coordination mechanism among various agencies and the Government of India and responsibility and accountability framework for the lead and co- implementing agencies were agreed. This is used as part of the input for the development of the agreement and this annual work program. The Government of India decided that bilateral agencies could sub-contract their activities to other implementing agencies (i.e., UNDP, UNEP, and UNIDO). However, prior consultation with the Government of India is required.

Memorandum of Agreements between the Government of India and Bilateral Agencies – As an outcome of the MOA meeting mentioned above, all bilateral parties agreed to have separate agreements with the Government of India to reflect their scope of work, responsibility and accountability, in line with the conditions stipulated in the agreement between the Government of India and the ExCom. The development and finalization of these MOAs will be carried out in the first part of 2004.

Grant Agreement between the Government of India and the World Bank – A grant agreement to allow the flow of funds from the Multilateral Fund through the World Bank to the Government of India is under preparation. The grant agreement will also describe a framework for verifying the actual CTC phase-out achievements in the consumption and production sectors. A preparation mission will be held in November 2003. The grant agreement is expected to be finalized and signed by the first quarter of 2004.

Government/Industry Meetings – As part of the preparation mission for developing the grant agreement between the Government of India and the Bank, the Ozone Cell will organize two workshops to inform relevant stakeholders of the decision of the ExCom to approve, in principle, the India CTC Phase-out Plan. During these workshops, the Ozone Cell and the Bank will discuss with potential beneficiaries of this CTC Phase-out Plan key project implementation issues as well as the level of funding for various sectors. Given the time constraint imposed on India to meet the 85% reduction target in 2005, the industry will be encouraged to inform the Ozone Cell immediately of its plan to phase out CTC and its interest to benefit from the MLF resources.

Activities to be Undertaken in 2004

Memorandum of Agreements between the Government of India and Bilateral Agencies – The memorandum of agreements with respective parties will be finalized and signed by early 2004 in order to allow implementation of all bilateral agencies to start.

Grant Agreement between the Government of India and the World Bank – The grant agreement will be negotiated and signed in 2004. After the effectiveness of the grant agreement, funds will be immediately transferred to a special account in India to allow investment and non-investment activities, and the establishment of the PMU, to start in the early part of 2004.

Registration of CTC Producers, Importers, Exporters, and Sellers – The Ozone Cell/PMU will announce the requirement for all CTC producers, importers, exporters, sellers, and users (if possible) to register their production and consumption of CTC with MoEF. This registration will be used as a condition for receiving financial assistance from the Government of India.

Promotion of non-ODS Alternatives – The Government of India will extend its fiscal incentives to promote conversion to non-CTC alternatives through exemption of customs duties and excise tax on capital goods required for implementation of CTC phase-out activities. In 2004, the Government of India will also explore possibility of introducing a penalty scheme whereby significant fees could be imposed on any use of CTC after 2004.

Import Quota System for CTC – An import quota system for CTC will be explored and developed in 2004. Annual import quotas to be granted by the Government of India will take into account the CTC production quotas for non-feedstock applications granted by the Government based on the ODS Rules 2000. To ensure that imported CTC is used by the intended applications, a monitoring system to track the flow of CTC will be developed and administered by the PMU. The development of this monitoring system will start in 2004 and is expected to complete in 2005.

CTC Production Quota System – The Ozone Cell/PMU will work with CTC producers and the Association of Chloromethane Manufacturers (ACM) to develop a production quota system for CTC production for non-feedstock applications. The production quotas for non-feedstock applications will be given to each of the CTC manufacturers on an annual basis starting from 1 January 2005. The production quota system should be agreed upon by the ACM and its members by no later than the end of 2004.

Phase-out of CTC Consumption in the Chlorinated Rubber and Chlorinated Paraffin Sub-Sectors – The Government of India will announce its policy of not allowing any registrations of imports and sells of CTC to enterprises in these sub-sectors from 1 January 2005. In case some of the enterprises in these sub-sectors could not complete their phase-out activities by 1 January 2005. They will be allowed to continue using CTC up to the end of 2005. However, CTC consumed beyond 2004 must be drawn from existing stocks.

Policy/activity planned	Schedule of implementation
Memorandum of Agreements between the Government of India and Bilateral Agencies	August 2003 – March 2004
Grant Agreement between the Government of India and the World Bank	August 2003 – March 2004
Registration of CTC Producers, Importers, Exporters, and Sellers	January 2004 – December 2004
Promotion of non-ODS Alternatives	January 2004 – July 2004
Import Quota System for CTC	June 2004 – December 2004
CTC Production Quota System	June 2004 – December 2004
Announcement of the CTC Consumption Phase-out Requirement in the Chlorinated Rubber and Chlorinated Paraffin Sub-Sectors	January 2004 – June 2004

6. ANNUAL BUDGET

2003 Annual Budget

Activity	Committed Funds (US \$)	Planned expenditures (US \$)*
CTC Phase-out in the Chlorinated Rubber Industry	4,330,000	-
CTC Phase-out in the Chlorinated Paraffin Industry	1,140,843	-
CTC Phase-out in the Process Agent Applications in the Pharmaceutical Sub-Sector	2,000,000	-
CTC Phase-out in the Solvent Sector	1,000,000	-
Establishment of PMU	50,000	-
Total	8,520,843	-

*No disbursement is planned as an agreement between the Government of India and the ExCom has not been finalized. In addition, legal instruments between the Government of India and the Bank and other bilateral donors are not in place. Disbursement is expected to start in 2004

2004 Annual Budget

Activity	New Request (US \$)	Committed Funds from Prv. Approvals (US \$)	Planned expenditures (US \$)
CTC Phase-out in the Chlorinated Rubber Industry		4,330,000	-*
CTC Phase-out in the Chlorinated Paraffin Industry		1,140,843	-*
CTC Phase-out in the Process Agent Applications in the Pharmaceutical Sub-Sector	2,763,002	2,000,000	-*
CTC Phase-out in the Solvent Sector	7,045,278	1,000,000	2,000,000
CTC Phase-out in the Agro-Chemical Industry	393,082		-*
CTC Production Gradual Phase-out	2,000,000		1,500,000
Establishment of PMU	678,750	50,000	300,000
Technical Assistance for the Production Sector	500,000		250,000
Total	13,380,112	8,520,843	4,050,000

*Agreements will be signed by eligible enterprises. Therefore, almost all of the funds approved up to 2004 will be fully committed. However, disbursement will be made only when enterprises complete their phase-out activities. Full disbursement is expected in the end of 2005 or early 2006.

2001 CTC Import Data Report

Prepared by

The Government of India

&

The World Bank

in Accordance with

Executive Committee Decision 40/54 para. (f)

16 October 2003

Introduction

The Government of India and the World Bank as a lead implementing agency submitted the CTC Phase-out Plan for the consumption and production sectors for India for the consideration of the Executive Committee at its 40th Meeting in July 2003. At the same meeting, the final report of the techno-economic audit of CTC plants in India prepared by an independent consultant contracted by the Executive Committee, was also submitted. The level of CTC imports in 2001 reported in the project document submitted by the Bank and the similar figure reported in the final report of the techno-economic audit of CTC plants in India differed significantly.

Having considered both reports and the arguments presented by the Bank and the independent consultant, the Executive Committee decided to approve, in principle, the total funding of US\$ 52 million to support the implementation of the CTC Phase-out Plan for India. Since the amount of CTC actually imported to India is a key factor for determining the actual CTC consumption in India and the appropriate level of funding for this CTC Phase-out Plan, the Executive Committee decided to request India and the World Bank to provide a report addressing the discrepancy related to the level of CTC imports to its 41st Meeting. In that regard, if it is found that the actual import of CTC in 2001 is over 10 per cent lower than the 24,661 MT figure as reported in the project document, the US \$52 million will be reduced by a sum equivalent to the difference of tons between the 24,661 MT figure and the actual import figure on the basis of US \$2,000 per ton.

Methodology

To verify the actual import of CTC in 2001, the Government of India presented bills of lading and bills of entry collected from CTC producers, CTC users, and importers, to the World Bank. In addition, the records of Kandla port, the major port where most CTC shipments pass through, were provided to the World Bank.

It is important to note that for most shipments CTC producers, users, and importers were able to render only copies of either bills of lading or bills of entry, not both of them. For a few cases, CTC imports could only be confirmed by letters from the enterprises as bills of lading and bills of entry were not available. In this case, the records provided by Kandla port were used for cross-checking. If such shipments (those without any import documents) were not included in the records of Kandla Port, those shipments were excluded from this report.

Copies of the import documents referred to above are available upon request.

Results

Based on all the information available to the Bank, the actual imports of CTC in 2001 could be concluded as follows:

1. There were eight companies importing CTC to India in 2001;

2. Total CTC import in 2001, based on the available supporting documents, was 23,006.94 MT.

Conclusion

The verifiable CTC import of 23,006.94 MT is lower than 24,661 MT as reported in the project document by *less than 10%*. Based on Dec. 40/54 para. (f), the agreed funding level of US\$ 52 million should remain unchanged.

41st Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

Enterprise	Type of Document	Document No.	Country of Origin	Date	Quantity (MT)	Remark
SRF Limited	Bill of Entry	5302	U.S.A.	2-Mar-01	949.95	
	Bill of Entry	577	U.S.A.	21-Apr-01	1,000.00	
	Bill of Entry	863	Germany	27-Apr-01	1,048.99	
	Bill of Entry	5763	Spain	29-Jul-01	1,049.45	
	Bill of Entry	7028	France	22-Aug-01	1,049.90	
	Bill of Entry	11939	France	29-Nov-01	499.98	
	Bill of Entry	11938	France	29-Nov-01	1,049.83	
	Bill of Lading	B/L No. 18	U.S.A.	16-Jan-01	504.97	
	Bill of Lading		Spain	29-Jan-01	1,259.37	
	Bill of Lading	B/L No. 235A	U.S.A.	14-Feb-01	1,049.86	
Gujarat Fluorochemicals	Bill of Lading		Spain	21-Apr-01	1,364.79	
	Bill of Lading	B/L No. 2	France	31-May-01	991.37	
	Bill of Lading	B/L No. 240/2	U.S.A.	25-Jun-01	1,090.00	
	Bill of Lading	B/L No. 18	Spain	12-Aug-01	1,045.73	
	Bill of Lading	B/L No. 1	Spain	1-Dec-01	1,049.62	Kandla Port Report confirms entry in 2001
	Bill of Entry	1002	U.S.A.	22-Feb-01	975.54	
Navin Fluorine	Bill of Entry	2085	Germany	16-Apr-01	1,359.68	
	Bill of Entry	3854	Germany	25-Jun-01	1,044.88	
	Bill of Entry	6524	U.S.A.	16-Aug-01	1,000.00	
	Bill of Entry	8286	U.S.A.	14-Sep-01	1,023.27	
	Bill of Entry	11258	Spain	13-Nov-01	1,052.85	
	Bill of Entry	1905	Spain	9-Apr-01	47.26	
	Bill of Entry	2014	Spain	12-Apr-01	50.00	
	Bill of Entry	6647	Spain	9-Aug-01	135.30	
	Bill of Entry	986	Spain	20-Feb-01	50.00	
	Bill of Entry	823	Spain	10-Feb-01	50.00	
Bilag Industries Pvt.	Bill of Entry	9909	Spain	26-Nov-01	151.16	
	Bill of Entry	6200	Spain	25-Jul-01	150.00	
	Bill of Entry	9206	Spain	8-Apr-01	1.31	
	Bill of Entry	9888	Spain	26-Nov-01	184.68	
	Bill of Entry	6994	U.S.A.	20-Aug-01	109.29	
	Bill of Entry			2001	542.92	
	Bill of Entry			2001	57.00	
	Bill of Entry			11-Oct-01	18.00	
	Bill of Entry	528492	Korea			
	Bill of Entry				23,006.94	
Meghamani Organics	Bill of Entry					
United Phosphorous	Kandla Port Report					
Tarak Chemicals Ltd	Kandla Port Report					
Rishinooop Rubber International	Bill of Entry					
Total Import in 2001						

**PLAN FOR PHASE-OUT OF CFCs IN THE REFRIGERATION
(MANUFACTURING) SECTOR IN INDIA**

**REPORT ON THE IMPLEMENTATION OF CY 2003 ANNUAL PROGRAMME
AND
REQUEST FOR THE RELEASE OF THE SECOND FUNDING TRANCHE**

Prepared By

**SECTOR PHASE-OUT PLAN UNIT (SPPU),
OZONE CELL/MOEF
AND
UNDP**

(October 2003)

INDIA - PLAN FOR PHASE-OUT OF CFCs IN THE REFRIGERATION (MFG) SECTOR IN INDIA

Report on CY 2003 Implementation Programme and Request for Release of Second Funding Tranche

(As of 15 October 2003)

1. Background

The Plan for Phase-out of CFCs in the Refrigeration (Manufacturing) Sector in India was approved at the 38th Meeting of the Executive Committee of MLF, 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 (Mfg) Sector in India by 01 January 2007. The Plan is to be implemented by two agencies. The portion of the Plan to be implemented by UNIDO covers the phase-out in the transport refrigeration sub-sector and the component of the plan to be implemented by UNDP, as the lead Implementing Agency, covers all other sub-sectors within the Refrigeration (Mfg) Sector excluding the transport refrigeration sub-sector.

The Phase-out Plan will be implemented through four annual implementation programmes and together with the implementation of the approved ongoing projects, will result in the complete phase-out of CFCs in the Refrigeration (Mfg) Sector in India in four years. The Phase-out Plan will cover the technology conversions in all the remaining eligible enterprises in the Refrigeration (Mfg) Sector excluding the MAC Sector and also ensure timely, sustainable and cost-effective phase-out in the Refrigeration (Mfg) Sector through a combination of investment, technical support and management components. The breakdown of the approved overall funding was as below:

Investment Component (including contingencies):	US\$ 2,675,986 (UNDP portion)
Investment Component (including contingencies):	US\$ 673,200 (UNIDO portion)
Policy/Management Component:	US\$ 260,000
Total:	US\$ 3,609,186

The disbursement schedule and annual CFC consumption and phase-out control targets, in accordance with the agreement between Government of India and the Executive Committee of the Multilateral Fund (Document UNEP/OzL.Pro/ExCom/38/70, Annex-X) were as below:

Parameter	2002	2003	2004	2005	2006	2007	Total
Annual CFC Consumption limit in the Refrigeration (Mfg) Sector (ODP MT)	1,373	1,173	923	555	203	0	N/A
A. Phase-out from approved ongoing projects (ODP MT)	200	250	187	172	0	0	809
B. Phase-out from current Plan excluding ineligible enterprises (UNDP)	0	0	140	108	180	0	428
C. Phase-out from current Plan excluding ineligible enterprises (UNIDO)	0	0	40	67	0	0	107
D. Phase-out from ineligible enterprises (through legislative measures)	0	0	1	5	23	0	29
Total Annual CFC phase-out target in the Refrigeration (Mfg) Sector (ODP MT)	200	250	368	352	203	0	1,373
Annual funding installment (US\$)							
UNIDO	500,000	173,200	0	0	0	0	673,200
UNDP	2,000,000	476,536	250,000	150,000	59,450	0	2,935,986
Total	2,500,000	649,736	250,000	150,000	59,450	0	3,609,186
Agency support costs (US\$)							
UNIDO	65,000	19,052	0	0	0	0	84,052
UNDP	172,971	43,243	21,621	12,973	5,142	0	255,950
Total	237,971	62,295	21,621	12,973	5,142	0	340,002
Total cost to Multilateral Fund (US\$)	2,737,971	712,031	271,621	162,973	64,592	0	3,949,188

2. Preparatory Activities

- The first tranche of US\$ 2,000,000 was received by UNDP in January 2003.
- It was agreed by UNDP and MOEF that the project would be implemented through the D-Ex (Direct Execution) modality.
- UNDP and MOEF agreed that the Operational Mechanism for Implementation (OMI), which delineated the roles and responsibilities of the various stakeholders and was earlier designed for implementing the IND/02/G68 – Sector Phase-out Plan for Elimination of CFCs in the Foam Sector in India would be also followed for implementation of the IND/03/G62 – Plan for Phase-out of CFCs in the Refrigeration (Manufacturing) Sector in India
- The UNDP first-phase document covering the first tranche of US\$ 2,000,000 was prepared and submitted to MOEF in March 2003.
- UNDP obtained internal approval for implementation through D-Ex (Direct Execution) modality on 30 April 2003.
- The project document was signed by all parties on 3 June 2003.

3. Investment Component

3.1 Enterprise Participation

UNDP Component

- The original funding proposal for this project was for about US\$ 6.9 million (for the UNDP portion). The actual funding for the UNDP portion was approved at US\$ 2,935,986. Due to the substantial reduction in funding level, it would not be possible to provide all the eligible participant enterprises with the level of assistance earlier envisaged. It was therefore agreed that about 10 medium-sized enterprises with a significant foaming baseline be provided with assistance for both foam and refrigerant equipment. Up to 125 SMEs would be provided with refrigerant equipment only. This approach would provide most remaining enterprises with assistance, while ensuring that the costs of equipment, trials and training could be met within the allocated budget.
- The first list of 10 medium-sized enterprises and 103 SMEs was provisionally endorsed by MOEF in September 2003 for participation. Upon completion of all activities in these enterprises (targeted in CY 2004 and 2005), the CFC phase-out that would be achieved, would contribute about 300 MT to the CY 2004 and CY 2005 annual CFC phase-out targets (amounting to a total of 359 MT for these two years through the Plan).
- Upon full verification of the enterprise baselines by MOEF, which is currently in progress, the final endorsement of these enterprises for participation in the Plan will be provided by MOEF to UNDP.

- The All India Air Conditioning and Refrigeration Association (AIACRA), which is the government-recognized representative body for the enterprises in this sector, has been actively involved in finalizing the list of participating enterprises and in obtaining and verifying their baseline information.

UNIDO Component

- The mechanism of enterprise participation in the transport refrigeration sub-sector (UNIDO component of the Plan) is under discussion between UNIDO and MOEF.

3.2 Procurement

UNDP Component

- UNDP notified the invitations for Expressions of Interest for prospective suppliers of the equipment to be procured under this project in May 2003. The invitations for Expressions of Interest were posted in the websites of UN Development Business, UNDP's Inter-Agency Procurement Services Office (IAPSO) and UNDP-Delhi for one month. The responses received were evaluated in October 2003 and a short list of vendors for the international competitive bidding exercise for procuring the refrigerant equipment was finalized based on the roster of existing suppliers and based on the evaluation of responses to the Expressions of Interest.
- UNDP prepared the technical specifications for the refrigerant equipment to be procured for the first batch enterprises in October 2003.
- The international bidding exercise for the refrigerant equipment is currently underway.

UNIDO Component

- The procurement activities are expected to be initiated once the mechanism of enterprise participation is finalized by UNIDO and MOEF.

4. Non-Investment (Policy and Management Support) Component (implemented by UNDP)

4.1 Sector Phase-out Plan Unit (SPPU)

The National Programme Manager recruited for the SPPU, to support the implementation of the Foam Sector Phase-out Plan, has also been assigned the task of supporting the implementation activities of the Refrigeration (Mfg) Sector Phase-out Plan, with the fully operational SPPU.

4.2 Enterprise Participation

- The operational mechanism for enterprise participation in the Sector Phase-out Plan was finalized by MOEF in consultation with UNDP.
- The verification of baseline at the first batch of participating enterprises is presently in progress. This includes plant visits by MOEF/SPPU and collection of participation documentation and commitments from the enterprises in line with MOEF regulations.
- The verification of enterprises in future batches of participation/procurement would be an ongoing exercise.

4.3 Other Policy, Regulatory and Awareness Actions

MOEF continued the implementation and enforcement of the Government of India Ozone Rules, promulgated in January 2000. During the Ozone Day workshops held in 2003, information on the Sector Phase-out Plan was disseminated to Government policy makers and stakeholders. The empowered Steering Committee is fully briefed and aware of the commitments and obligations arising out of the agreement between Government of India and the Executive Committee of MLF, governing the approval of the Sector Phase-out Plan.

5. CFC Phase-out and Results

The annual CFC phase-out target for CY 2003 is 250 MT, to be achieved through the completion of ongoing projects. By November 2003, **262.70 MT would be achieved** through the completion of five UNDP-implemented ongoing projects, thus achieving or exceeding the CY 2003 annual CFC phase-out target.

6. 2004 Annual Implementation Programme

The activities described in the 2004 annual implementation program would lead to the elimination of about 190 MT of CFCs upon completion in 2004. This meets or exceeds the annual CFC phase-out target for 2004 from the Refrigeration (Mfg) Sector Plan (140 MT). The remainder of the overall phase-out target for the Sector (178 MT of the total of 368 MT) would be accomplished through completion of ongoing individually approved projects (140 MT), phase-out from ineligible enterprises through controls and enforcement (1 MT) and phase-out from UNIDO-implemented activities (40 MT).

The activities initiated for the 63 enterprises in 2004, are estimated to lead to a phase-out of about 80 MT, thus contributing to about 85% of the CFC phase-out target (108 MT) from the Plan, for 2005.

As per disbursement schedule in Table 1 of the Agreement between the MLF and the Government of India, the Executive Committee is requested to approve the 2004 Annual Implementation Programme and the release of the 2003 funding level of \$476,536 and the corresponding support fees of \$43,243.

INDIA
Refrigeration (Mfg) Sector Phase-out Plan

Annual Implementation Program (Tranche 1) for CY 2002

1. Data

Country	India
Year of plan	2002
Number of years completed	0
Number of years remaining under the plan	4 (2003 through 2006)
Target ODS consumption in Sector for the preceding year as of December 31 (ODP MT)	1,373
Target ODS consumption in the Sector for the year of plan as of December 31 (ODP MT)	1,373
Level of funding requested (US\$) (2002)	2,000,000
Lead implementing agency	UNDP
Co-operating agency (ies)	None

2. Targets

Target	Net reduction in CFC consumption in the Refrigeration (Mfg) Sector: 0 MT Limit of CFC consumption in the Refrigeration (Mfg) Sector as of 31 December 2002 of 1,373 MT			
Indicators		Preceding Year (as of 31 December)	Year of Plan (as of 31 December)	Reduction
Supply of ODS in Sector (ODP MT)	Import	1,373	1,373	0
	Production	N/A	N/A	N/A
	Total (1)	N/A	N/A	N/A
Demand of ODS in Sector (ODP MT)	Manufacturing	1,373	1,373	0
	Servicing	N/A	N/A	N/A
	Stock piling	N/A	N/A	N/A
	Total (2)	1,373	1,373	0

3. Industry Action

3.1 Activities resulting from prior year's ongoing projects

Sector	Consumption Preceding Year as of 31 December (1)	Consumption Year of Plan as of 31 December (2)	Reduction within Year of Plan (1) - (2)	No. of Projects Complete	Number of Servicing Related Activities	ODS Phase-Out (ODP MT)
Ref Mfg Sector	1,373	1,373	0	0	0	0

* Represents estimated number of ongoing projects, which would be completed.

3.2 Activities resulting from the 2002 tranche

Activity	Description	
Start Phase-out of CFC's in 36 enterprises	Objective	Initiate procurement procedures for equipment to be provided to 36 recipient enterprises for conversion to non-CFC technology
	Target group	100 recipient enterprises
	Impact	Finalization of specifications and vendor shortlists, international competitive bidding and issuance of purchase orders/contracts

The technical assistance activities would be initiated through individual and group sub-projects for about 100 enterprises, leading to an elimination of about 300 MT of CFCs upon completion, envisaged for 2004. It is foreseen that the durations for the sub-projects for these 100 enterprises would be set in such a way as to ensure that their completion would contribute to about 80% of the verifiable annual performance target for CY 2004 (380 MT) leading to a minimum phase-out of about 300 MT CFCs through the Sector Phase-out Plan. The balance of the 2004 target would be met through the second funding tranche to be obtained in 2003 and through the completion on ongoing projects.

4. Technical Assistance

The technical assistance will be provided hand in hand with the implementation of the investment activities described above.

5. Government Action

Policy/Activity Planned	Schedule of Implementation
Type of Policy Control on ODS Import	Continuing enforcement of existing controls
Public Awareness	N/A
Others	See below

The following activities are proposed for 2002, under the Policy and Management Support component:

- a) Establishment of the Sector Phase-out Plan Unit (SPPU) for facilitating the management of the Sector Phase-out Plan:
 - Determination of personnel and logistics requirements
 - Finalizing terms of reference for personnel
 - Initiation of recruitment of personnel
- b) Formulation of detailed terms of reference and work plans for various activities under the Policy & Management Support component.
- c) Establishment of an operational mechanism for participation by enterprises in the Sector Phase-out Plan and for obtaining phase-out commitments from enterprises.
- d) Organization of one workshop under the Policy and Management Support Component, for government policy-makers and for recipient enterprises.

6. Annual Budget

Activity	Planned Expenditures (US \$)
Establishment of Sector Phase-out Plan Unit (SPPU) and recruitment of staff	60,000
Technical Assistance	30,000
Equipment	1,736,000
Contingencies	174,000
TOTAL	2,000,000

7. Administrative Fees

The administrative fees will be utilized by UNDP throughout the implementation of this tranche.

INDIA – REFRIGERATION (MFG) SECTOR PHASE-OUT PLAN
Projects in the Refrigeration (Mfg) Sector to be completed during CY 2003

UNDP Project Number	MLF Project Number	Project Name	Approved Grant (US\$)	ODS (MT/y)	ODP (MT/y)	Remark
N/A	IND/REF/22/INV/110	Refrigeration Components & Acc	125,370	9.50	9.01	IBRD
N/A	IND/REF/22/INV/123	Hindustan Refrigeration Industries	132,320	10.20	10.15	IBRD
N/A	IND/REF/22/INV/124	Refrigeration & Home Appliances	147,300	12.00	11.34	IBRD
IND/01/G65	IND/REF/32/INV/282	Sandlas Aircon Systems P. Ltd.	228,517	24.65	23.31	Targeted 11/2003
IND/01/G66	IND/REF/32/INV/286	Group project for 9 enterprises	789,425	56.70	53.52	Targeted 11/2003
N/A	IND/REF/32/INV/290	Group project for 3 enterprises	328,894	27.30	26.03	UNIDO
IND/01/G13	IND/REF/34/INV/323	Group project for 5 enterprises	323,627	23.26	21.96	Targeted 11/2003
IND/02/G61	IND/REF/35/INV/341	Konark Refrigeration	182,684	13.76	13.07	Targeted 11/2003
IND/02/G62	IND/REF/35/INV/340	Ice-Make Refrigeration	157,305	13.05	12.37	Targeted 11/2003
IND/02/G63	IND/REF/35/INV/342	Group project for 9 enterprises	726,448	59.35	56.54	Targeted 11/2003
IND/02/G64	IND/REF/35/INV/339	Group project for 14 enterprises	960,097	71.93	68.01	Targeted 11/2003
TOTAL			4,101,987	321.70	305.31	

Notes:

1. All enterprises achieved all project objectives and met all project obligations, such as phase-out of CFCs, phase-in of CFC-free production, depletion of CFC stocks, destruction of redundant and replaced baseline equipment, etc. The figures in the column marked “ODS” represent the amount of CFC to be phased out as per the approved project and the figures in the column marked “ODP” represent the net ODP phased out after accounting for the residual ODP of HCFC-141b wherever applicable.
2. HOPs for all the above-mentioned projects would be issued and signed during CY 2003.
3. The annual **CFC phase-out target for CY 2003**, in accordance with the schedule agreed in the India Refrigeration (Mfg) Sector Phase-out Plan was **250 MT**, which would thus be achieved (**the phase-out from UNDP-implemented projects above, amounts to 267.20 MT**)