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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-first Meeting  
Geneva, 5-7 July 2000

**Corrigendum & Addendum**

**PROJECT PROPOSALS: INDIA**

Process agent sector

- ***Replace*** page 14 with the attached evaluation sheet
- ***Add*** additional comments after paragraph 12 on page 19 and replace the recommendation accordingly.

**PROJECT EVALUATION SHEET  
INDIA**

SECTOR: Process agent ODS use in sector (1998): 5,500 ODP tonnes

Sub-sector cost-effectiveness thresholds: N/A

**Project Titles:**

- (a) Conversion of carbon tetrachloride (CTC) as process solvent to trichloromethane at M/S Alpha Drugs India Ltd., Patiala
- (b) Conversion of carbon tetrachloride (CTC) as process solvent to ethylene dichloride at Satya Deeptha Pharmaceuticals Ltd., Humnabad
- (c) Conversion of carbon tetrachloride (CTC) as process solvent to ethylene dichloride at Svis Labs Ltd., Ranipet

Project Data	Process agent		
	Alpha	Satya	Svis Labs
Enterprise consumption (ODP tonnes)	69.70	27.92	54.17
Project impact (ODP tonnes)	69.70	27.92	54.17
Project duration (months)	18	18	12
Initial amount requested (US \$)	286,310	463,120	403,577
Final project cost (US \$):			
Incremental capital cost (a)	236,043	202,046	207,402
Contingency cost (b)	13,372	20,205	10,613
Incremental operating cost (c)	153,022	120,086	99,956
Total project cost (a+b+c)	402,437	342,337	317,971
Local ownership (%)	49%	100%	100%
Export component (%)	0%	0%	0%
<b>Amount requested (US \$)</b>	197,194	342,337	317,971
Cost effectiveness (US \$/kg.)	2.83	12.26	5.87
Counterpart funding confirmed?	Yes		
National coordinating agency	Ministry of Environment and Forests		
Implementing agency	UNIDO	UNIDO	UNIDO

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

## ADDITIONAL COMMENTS

### Duration of incremental operating costs (all three projects)

13. The projects request incremental operating costs for a period of four years. The Secretariat pointed out to UNIDO that the Executive Committee has not considered the duration of a transitional period in the process agent sector for which incremental operating costs or savings might be funded. In this regard, the one process agent project so far approved in this sector, for conversion of production of an agricultural chemical by Excel in India, IOC were requested and subsequently approved for a period of one year. It is also pointed out that most enterprises in the pharmaceuticals sub-sector in India have already converted to non-ODS process agents. The production process remains largely the same. New equipment is provided to maintain baseline capacity and to cater for different operating parameters (temperature, pressure etc). Therefore the transitional period for the introduction of the new technology for pharmaceuticals production appears to be well advanced. The Secretariat proposes that in light of this, the Executive Committee consider a duration of one year for the payment of incremental operating costs.

### Specific comments

#### (a) Alpha

14. In further discussions it was found that the process agent losses before and after conversion used in IOC calculations has not taken into account the installation of the new dryer in 1998. IOCs were recalculated accordingly. Equipment eligibility and the levels of incremental capital costs and annual incremental operating costs have been agreed between the Secretariat and UNIDO as follows:

Incremental capital costs	
(plus 10% contingency, 49% local ownership)	US \$122,213
<u>Annual</u> IOC (at 49% local ownership)	US \$ 23,653

#### (b) Satya Deeptha

15. Further discussions with UNIDO confirmed equipment eligibility and the levels of costs as previously described and as indicated hereunder:

Incremental capital costs (including 10% contingency)	US \$222,251
<u>Annual</u> IOC	US \$ 37,882

#### (c) SVIS Labs

16. Additional clarifications were obtained on the separation between equipment which was installed prior to phase-out in October 1999, and equipment which is proposed to be installed in the future to replace current equipment of insufficient size to maintain baseline capacity or which

is corroding after conversion. Incremental costs were agreed between the Secretariat and UNIDO as follows:

*Costs pre-conversion:*

Incremental capital costs (with no contingency)	US \$101,273
<u>Annual</u> IOC (which commenced with the conversion)	US 31,352

*Costs for proposed new equipment:*

Incremental capital costs (including 10% contingency)	US \$116,742
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17. The Executive Committee is invited to consider whether the proposed new equipment is eligible for funding.

**RECOMMENDATION**

1. Each project is recommended for individual consideration.