



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/34/27/Corr.1/Rev.1
18 July 2001

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-fourth Meeting
Montreal, 18-20 July 2001

Corrigendum

PROJECT PROPOSALS: CHINA

Foam Sector

Page 6, replace paragraph 14 with the following new paragraph.

14. The Secretariat and UNIDO concluded discussions on the chemical prices as well as the calculation of the incremental operating cost. The following prices were agreed for the calculation of the incremental operating cost of the project.

	<u>US \$/kg</u>		<u>US \$/kg</u>
CFC-based polyol	0.98	HCFC-141b-based polyol	1.33
CFC-11	1.19	HCFC-141b	1.68
MDI	1.43	MDI	1.43

The incremental operating cost of the project based on the above prices was determined to be a total of US \$2,165,123. However, the eligible incremental operating cost due to the project was determined to be US \$2,042,859, since eight projects whose total project costs exceed the sub-sector cost-effectiveness threshold have already received full funding for incremental capital costs. The costs of the project are as follows:

Incremental capital cost	US \$2,996,000
Contingency	US \$299,600
Incremental operating cost	US \$2,165,123
Total project cost	US \$5,460,723
Eligible grant	US \$5,338,459
Project impact	898.2 ODP tonnes
Cost-effectiveness	US \$6.24/kg

The cost of individual enterprises in the umbrella project is provided in Table 1 below.

Table 1: Umbrella project 26 rigid foam enterprises – Summary of project costs

ID	Enterprise	CFC-11 consumption, Mt 1997-1999 aver.	ODP project impact, Mt	ICC US\$	Contingency US \$	IOC US\$	Total Project Cost US\$ *	Eligible Grant US\$	Cost effect.
C1	Jiangsu Jieda	63.52	57.88	181,000	18,100	146,935	346,035	346,035	5.98
C2	Zhoushan Putuo	44.76	40.79	62,000	6,200	103,540	171,740	171,740	4.21
C3	Puyang Zhongbai	48.08	43.81	106,000	10,600	111,206	227,806	227,806	5.20
C4	Puyang Shiqu	27.15	24.74	128,000	12,800	62,805	203,605	193,716	7.83
C5	Puyang Changfa	12.52	11.41	62,000	6,200	28,969	97,169	89,353	7.83
C6	Hejian Zhongke	63.64	57.99	139,000	13,900	147,216	300,116	300,116	5.18
C7	Dacheng Youlian	20.95	19.09	128,000	12,800	48,465	189,265	149,488	7.83
C8	Qingdao	58.48	53.28	84,000	8,400	135,263	227,663	227,663	4.27
S1	Haicheng Antiseptis	40.00	36.96	148,000	14,800	79,281	242,081	242,081	6.55
S2	Shenyang Liaowu	36.89	34.47	62,000	6,200	63,146	131,346	131,346	3.81
S3	Shenyang PU	23.37	21.43	64,000	6,400	50,516	120,916	120,916	5.64
S4	PU Development	15.13	14.05	44,000	4,400	28,165	76,565	76,565	5.45
S5	Shenyang Yixing	11.52	10.70	62,000	6,200	21,369	89,569	83,752	7.83
S6	Liaohu Oil	112.73	103.18	362,000	36,200	248,739	646,939	646,939	6.27
S7	Bejin Huiyuan	55.08	50.00	177,000	17,700	132,168	326,868	326,868	6.54
S8	Beijing Zhonghao	38.50	35.34	131,000	13,100	82,281	226,381	226,381	6.41
S9	Jizhoushi Xinxing	43.33	39.67	177,000	17,700	95,389	290,089	290,089	7.31
W1	Dachengxian Zhenhua	32.50	29.46	124,000	12,400	71,597	207,997	207,997	7.06
W2	Hejian Dongfeng	35.61	32.28	103,000	10,300	78,448	191,748	191,748	5.94
W3	Hebei Hejian Jinwei	31.25	28.33	144,000	14,400	68,843	227,243	221,824	7.83
W4	Hejian Shuntong	27.90	25.29	134,000	13,400	61,457	208,857	198,021	7.83
W5	Jinan Beijiao	13.12	11.89	93,000	9,300	21,672	123,972	93,099	7.83
W6	Jinan Taiya	44.67	40.49	115,000	11,500	98,473	224,973	224,973	5.56
W7	Shandong Dongda	40.64	36.84	64,000	6,400	83,940	154,340	154,340	4.19
W8	Shandong Huangming	30.69	27.82	38,000	3,800	67,595	109,395	109,395	3.93
W9	Zhaoyuan	12.15	11.01	64,000	6,400	27,644	98,044	86,208	7.83
Total 26 Enterprises		984.19	898.20	2,996,000	299,600	2,165,123	5,460,723	5,338,459	6.24
Eligible IOC		-	-	-	-	2,042,859	-	-	-

Multiple Sub-sectorsUmbrella Project (One Integral Skin Foam and Six Rigid enterprises)

Page 7, replace paragraph 18 with the following new paragraph.

18. The incremental capital costs as well as the incremental operating costs were agreed based on chemical prices indicated in paragraph 14 above. This resulted in the following project costs:

Rigid Foam	Rigid Foam	Integral Skin
Incremental capital cost	US \$473,000	US \$93,000
Contingency	US \$45,400	US \$9,000
Incremental operating cost	US \$361,151	US \$106,214
Total project cost	US \$879,551	US \$208,214
Impact of the project	173.75 ODP tonnes	17.85 ODP tonnes
Cost effectiveness	US \$5.06/kg	US \$11.66/kg

Total cost of the umbrella project: US \$1,087,764

Table 2 below provides a summary of the costs of the individual projects.

Table 2. Umbrella project 7 enterprises – Summary of project costs

Company	CFC-11 Consumption (kg)	Project Impact (kg)	ICC* (US \$)	IOC (US \$)	Project Cost (US \$)	Eligible Grant (US \$)	Cost-Effectiveness (US \$/kg)
<i>Rigid foam</i>							
Hongyu	66,720	61,407	166,200	135,215	301,415	301,415	4.91
Longan	45,280	41,662	90,362	91,708	182,070	182,070	4.37
Yizheng	36,000	33,133	81,745	72,913	154,658	154,658	4.67
Songliao	9,600	8,836	43,348	19,455	62,803	62,803	7.11
Tianyun	15,952	14,682	104,000	10,959	114,959	114,959	7.83
Xinyang	15,248	14,034	32,743	30,902	63,645	63,645	4.54
Sub-Total	188,800	173,754	518,398	361,152	879,550	879,550	5.06
<i>Integral Skin foam</i>							
Yinxian	17,850	17,850	102,000	106,214	208,214	208,214	11.16
TOTAL	206,650	191,604	620,398	467,366	1,087,764	1,087,764	5.68

* ICC including contingency and consultancy (US \$3,167 per project for rigid foam and US \$3,000 for integral skin foam)

Extruded polystyrene foam: Umbrella project – 9 Enterprises

Page 7, replace paragraph 22 with the following new paragraph.

22. The Secretariat and UNIDO concluded discussion of the Umbrella project and agreed on its costs as indicated in the table below showing the costs of the individual enterprises in the umbrella project.

Table 3: EPS Umbrella project – Summary of project costs

No.	Company	ODP Project Impact (tonnes)	ICC* (\$US)	Contingency (\$US)	IOC Savings (\$US)	Requested Grant (US\$)	Cost-Effectiveness (\$US/kg)
1	Nanjing Fast Food Appliance Plant	83.3	433,089	40,980	(161,212)	312,857	3.75
2	Nanjing Yue'an Plastic Enterprise Co., Ltd.	75.7	418,889	39,560	(150,696)	307,754	4.06
3	Hangzhou Kangda Plastics Co., Ltd.	86.3	433,090	40,980	(167,981)	306,089	3.54
4	Hangzhou Jinying Plastic Products Co., Ltd.	78.0	440,889	41,760	(148,909)	333,740	4.27
5	Guangdong Fushan Meihua Plastic Tableware Factory	117.7	539,584	50,840	(228,963)	361,461	3.07
6	Guangdong Nanhai Plastics Production Plant	157.7	658,280	61,920	(309,075)	411,125	2.60
7	Guangdong Dongguan City Wanjiang Wanlong Plastic Product Plant	72.0	433,089	40,980	(135,643)	338,426	4.70
8	Cangzhou Yongxiang Foam Plastic Plant	39.0	264,895	24,950	(69,898)	219,947	5.63
9	Guangdong Dongguan Yongsheng Plastic Package Co., Ltd.	40.3	264,895	24,950	(72,906)	216,939	5.38
	TOTAL	750	3,886,700	366,920	(1,445,282)	2,808,338	3.74

* Includes training and trials of US \$150,000 for the umbrella project, distributed among the enterprises by number of extrusion lines.

RECOMMENDATIONS

Page 8, replace the word “Pending” with the following paragraph:

- 25(bis) (a) The Fund Secretariat recommends blanket approval of the umbrella project for seven rigid and integral skin polyurethane foam enterprises, umbrella project for nine extruded polystyrene foam enterprises, and of the incremental operational cost component of the umbrella project for 26 rigid polyurethane foam enterprises. The approval of the polyurethane foam projects is on the understanding that the prices of chemicals used in the determination of incremental operational costs of the projects would not be taken as precedent in consideration of future projects and activities in the sector.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Phasing out CFC-11 with HCFC-141b at six companies and phasing out CFC-11 by conversion to water blown technology at one company (umbrella project)	1,087,764	129,654	UNIDO
(b)	Phase out of CFC-12 in the manufacturing of extruded polystyrene (EPS) foams through the use of butane as a blowing agent at 9 enterprises (umbrella project)	2,808,338	318,917	UNIDO
(c)	Incremental operating cost: replacement of CFC-11 with HCFC-141b in manufacturing of PU rigid spray foam for insulation at 26 enterprises	2,042,859	234,714	UNIDO

- (b) The Secretariat further recommends that the Executive Committee takes note with appreciation of the commitments made in paragraphs 23 and 24 of document UNEP/OzL.Pro/ExCom/34/27 by the Government of China and the 9 enterprises.
