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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-eighth Meeting
Rome, 20-22 November 2002

Addendum

PROJECT PROPOSAL: INDIA

Conversion of carbon tetrachloride (CTC) as process agent to water at Kedia Organic Chemicals, Vapi (UNIDO)

This addendum is issued to:

- **Add** the following paragraphs:

44 bis. The Secretariat has held extensive discussions with UNIDO. Agreement has been reached on the incremental cost of the conversion of CP-70 manufacture at Kedia to a new process using water as the solvent. Clarifications have been provided on a number of associated matters raised by the Secretariat as indicated below.

44 ter. From the survey work it has undertaken UNIDO is confident that Kedia is the only manufacturer of chlorinated paraffin in India using CTC in the process. However there has been no new advice from Government of India about its agreement that this is the last project in the sub-sector.

44 quar. UNIDO has indicated that the enterprise has the appropriate licences for discharge of liquid effluent. It appears that there are no licences required for air emissions. The enterprise's baseline activities thus appear to meet current regulatory requirements. While it may be possible to reduce CTC emissions to say 10 percent of the current level of consumption (this would be around 18 ODP tonnes per year) using measures that might compare favourably in cost with the process change, measures to achieve significantly lower levels of emissions would involve more complex arrangements than those proposed for the new process, with corresponding implications for costs. UNIDO has indicated that from the studies and trials carried out that there is a high

degree of confidence that the technology will be successful if implemented as designed. UNIDO has also indicated that the cost structure for the new process is viable taking into account the long-term effects of the incremental operating costs.

44 quint. The Secretariat has established that, for the new process as designed and the equipment items specified, the capital cost structure is modest. Agreement has been reached that the enterprise will contribute to the project a total of US \$89,028 in counterpart funding for environmental measures and technological upgrade. The final incremental cost to the Fund has been agreed between the Secretariat and UNIDO as US \$1,140,843, plus agency support costs (13 and 11 percent) of US \$135,493. The cost-effectiveness is US \$6.10 per kg.

- **Replace** paragraph 45 with the following:

45. In regard to eligibility and cost, the project appears sound and could be approved on its own merits at the level of funding agreed between the Secretariat and UNIDO. However despite UNIDO's conclusion that it is the only enterprise consuming CTC in this application, the proposal is not fully in compliance with the framework guidelines for process agent projects because India has not provided an undertaking that it is the last project in the sub-sector. The Executive Committee might consider whether it wishes to approve the project in these circumstances.
