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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-eighth Meeting  
Montreal, 3-7 April 2006

**Addendum**

**PROJECT PROPOSAL: INDIA**

This addendum is issued to reflect additional information received from the World Bank concerning the 2006 annual implementation programme of the CFC production sector gradual phase-out in India subsequent to the dispatch of the documentation for the 48<sup>th</sup> Meeting of the Executive Committee.

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

1. Following dispatch of the documents for the 48<sup>th</sup> Meeting of the Executive Committee, the Secretariat was informed by the World Bank that it had encountered some technical problems in transmitting the reply to the Secretariat's comments related to the CFC production closure project in India and as a result a number of pages did not reach the Secretariat. Those missing pages contained clarifications from the World Bank's verification team regarding the data anomaly for the company SRF. The World Bank resent the entire reply to the Secretariat on 16 March 2006.

2. The World Bank explained that the data anomaly with regard to the consumption of CTC and HF by SRF was due to not including the data on the production or procurement of such feedstock substances in the material balance sheet. However, the verification team had checked the overall material balance of the company. The relevant paragraph of the World Bank's response is quoted as follows, and the CTC material balance spreadsheet is attached as Annex I to this document:

“With regard to the CFC production and the CTC consumption, the provided annexure in the ODS format does not give a clear picture as the CTC procured or added is not given. However the CTC balance was checked during the audit using the overall CTC balance provided. For example, for the month of January, the opening stock of CTC was 1,269.585 MT, the production was 434.939 MT and the domestic merchant sales was 326.17 MT. CTC used for the production of CFC-11/12 is 531.942 (indicated as captive sales) and the closing stock is 846.412 MT, which is the figure given in the ODS format. The CTC used for the CFC production can be cross checked by multiplying the CFC-11/12 production and the consumption ratio. The CTC balance sheet is attached herewith for your reference and was not included earlier as it did not form a part of the ODS format.

The similar is the case with the HF balance, which was checked at site. However since the balance involves the HCFC-22 production, the manufacturers do not allow copies of this information be taken out of their facilities.”

## COMMENTS

3. The explanations and CTC material balance sheet have clarified the data discrepancy with regard to SRF's feedstock consumption. The monthly inventory change is found to be consistent with the monthly consumption derived from CFC production multiplied by the CFC/CTC consumption ratio.

4. There has been improvement in the quality of the verification since the World Bank engaged a new team of consultants for the exercise in respect of 2004. There has been a noticeable effort to comply with the guidelines. However, the guidelines should not prevent the verification team from conducting and presenting a clear and professional auditing exercise. We encourage the World Bank and the Government of India to maintain and continue improving the quality. This is especially important in 2006 when the reduction in CFC production would double as compared to previous years and the demand for CFCs both at home and abroad is still strong.

## RECOMMENDATIONS

5. In view of the above, the Secretariat wishes to withdraw its recommendations in document UNEP/OzL.Pro/ExCom/48/31, and, in light of the satisfactory verification indicating that India has met the CFC production target for 2005 as set in the Agreement, recommends that the Executive Committee considers:

- (a) Approving the 2006 annual programme of the Indian CFC production closure programme at the funding level of US \$6.0 million and the associated support costs at US \$450,000 for the World Bank; and
- (b) Disbursing the balance of US \$0.15 million from the 2005 annual tranche and the associated support costs of US \$11,250 for the World Bank.



## Annex I

## CTC MATERIAL BALANCE OF SRF

	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	TOTAL CY
<b>CTC Global material balance (Plant + port + Godowns)</b>													
1 <b>OPENING STOCK</b>	<b>1269.585</b>	846.412	1821.635	1328.084	903.683	730.561	139.413	1201.700	594.289	594.068	246.467	61.509	1269.585
2 <b>NET PRODUCTION</b>	434.939	331.876	504.904	576.826	633.959	387.654	461.614	429.224	421.839	475.654	471.415	550.444	<b>5680.348</b>
4 <b>GROSS PRODUCTION</b>													<b>0.000</b>
5 <b>PURCHASES (B/L)</b>	0.000	1044.986	0.000	0.000	0.000	0.000	1047.692	0.000	0.000	0.000	0.000	477.229	<b>2569.907</b>
11 <b>Less: Material In Transit</b>	0.000	0.000	49.890	0.000	0.000	0.000	149.110	0.000	0.000	0.000	0.000	24.320	
12 <b>Receipts at Plant</b>	0.000	0.000	340.850	686.610	0.000	0.000	619.710	418.673	0.000	0.000	0.000	447.650	<b>2513.493</b>
13 <b>Total Losses</b>	0.000	5.159	1.210	11.157	0.000	0.000	7.299	2.010	0.000	0.000	0.000	5.259	<b>32.094</b>
14 <b>CAPTIVE SALES</b>	531.942	0.000	629.795	618.620	423.151	642.242	0.000	648.185	0.000	400.665	364.553	0.000	<b>4259.153</b>
15 <b>DOMESTIC DUTY FREE SALES</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
16 <b>INTER-UNIT SALES</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
17 <b>DOMESTIC MERCHANT SALES</b>	326.170	396.480	367.450	371.450	383.930	336.560	439.720	386.440	422.060	422.590	291.820	471.190	<b>4615.860</b>
18 <b>LOCAL SALES (14+15+16+17)</b>	858.112	396.480	997.245	990.070	807.081	978.802	439.720	1034.625	422.060	823.255	656.373	471.190	<b>8875.013</b>
19 <b>EXPORT SALES</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
20 <b>TOTAL SALES (18+19)</b>	<b>858.112</b>	<b>396.480</b>	<b>997.245</b>	<b>990.070</b>	<b>807.081</b>	<b>978.802</b>	<b>439.720</b>	<b>1034.625</b>	<b>422.060</b>	<b>823.255</b>	<b>656.373</b>	<b>471.190</b>	<b>8875.013</b>
21 <b>SALES RETURN / (WRITE OFF)</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	<b>0.000</b>
22 <b>CLOSING STOCK (1+2+5-20+21-13)</b>	<b>846.412</b>	<b>1821.635</b>	<b>1328.084</b>	<b>903.683</b>	<b>730.561</b>	<b>139.413</b>	<b>1201.700</b>	<b>594.289</b>	<b>594.068</b>	<b>246.467</b>	<b>61.509</b>	<b>612.733</b>	<b>612.733</b>
23 <b>PLANT</b>	845.212	775.208	627.917	886.283	716.461	126.513	767.817	572.689	588.668	223.667	60.309	587.213	<b>587.213</b>
24 <b>ZONE</b>	1.200	6.600	2.400	17.400	14.100	12.900	13.200	21.600	5.400	22.800	1.200	1.200	<b>1.200</b>
25 <b>PORT</b>	0.000	1039.827	647.877	0.000	0.000	0.000	271.573	0.000	0.000	0.000	0.000	0.000	
26 <b>IN TRANSIT STOCK</b>	0.000	0.000	49.890	0.000	0.000	0.000	149.110	0.000	0.000	0.000	0.000	24.320	<b>0.000</b>
27 <b>TOTAL (23+24+25+26)</b>	<b>846.412</b>	<b>1821.635</b>	<b>1328.084</b>	<b>903.683</b>	<b>730.561</b>	<b>139.413</b>	<b>1201.700</b>	<b>594.289</b>	<b>594.068</b>	<b>246.467</b>	<b>61.509</b>	<b>612.733</b>	<b>612.733</b>
28 <b>DIFF (22-27)</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

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