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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

PROJECT PROPOSAL: LEBANON

This document consists of the comments and recommendation of the Fund Secretariat on the following project proposal:

Phase-out

- National phase-out management plan for Annex A Group I substances (CFCs) (second and third tranches) UNDP

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
LEBANON**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

| | | |
|-----|--|------|
| (a) | National phase-out management plan for Annex A Group I substances (CFCs) (second and third tranches) | UNDP |
|-----|--|------|

| | |
|---------------------------------------|-------------------------------------|
| NATIONAL CO-ORDINATING AGENCY: | Ozone Unit, Ministry of Environment |
|---------------------------------------|-------------------------------------|

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2004, AS OF FEBRUARY 2006)**

| | | | |
|-----------------------|--------|--|--|
| Annex A Group I, CFCs | 347.00 | | |
|-----------------------|--------|--|--|

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF DECEMBER 2005)

| ODS | Aerosol | Foam | Ref. | ODS | Solvents | Process agent | Fumigant |
|------|---------|-------|---------------------|-----|----------|---------------|----------|
| CFCs | 8.20 | 43.00 | Manufacturing 43.20 | | | | |
| | | 0 | Servicing 261.00 | | | | |

| | |
|--|---|
| CFC consumption remaining eligible for funding (ODP tonnes) | 0 |
|--|---|

CURRENT YEAR BUSINESS PLAN: Total funding US \$929,900: total phase-out 172.50 ODP tonnes.

| PROJECT DATA | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Total |
|--|--|-----------|----------------|----------------|---------|--------|--------|-----------|
| Annex A Group I (ODP tonnes) | Montreal Protocol limits | 725.5 | 362.70 | 362.75 | 108.82 | 108.82 | 108.82 | |
| | Annual consumption limit | | | | | | | |
| | Annual phase-out from ongoing projects | 82 | 0 | 0 | 0 | 0 | 0 | 82 |
| | Annual phase-out newly addressed | 55 | 127 | 160 | 40 | 35 | 0 | 417 |
| | Annual unfunded phase-out | | | | | | | |
| TOTAL ODS CONSUMPTION TO BE PHASED OUT | | 137 | 127 | 160 | 40 | 35 | 0 | 499 |
| Total ODS consumption to be phased-in (HCFCs) | | | | | | | | |
| Project cost as originally submitted (US \$) | | | | | | | | |
| Total project funding for UNDP (US \$): | | 1,061,420 | 500,000 | 365,000 | 100,000 | 65,000 | 0 | 2,091,420 |
| Total support costs for UNDP (US \$) | | 79,607 | 37,500 | 27,375 | 7,500 | 4,875 | 0 | 156,857 |
| TOTAL COST TO MULTILATERAL FUND (US \$) | | 1,141,027 | 537,500 | 392,375 | 107,500 | 69,875 | 0 | 2,248,277 |
| Final project cost effectiveness (US \$/kg) | | | | | | | | 5.01 |

FUNDING REQUEST: Approval of funding for second and third tranches (2005, 2006) as indicated above.

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|-------------------------------------|---|
| SECRETARIAT'S RECOMMENDATION | Blanket approval at the costs indicated above |
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PROJECT DESCRIPTION

1. On behalf of the Government of Lebanon, UNDP has submitted a progress report on the implementation of the first work programme of the National CFC Phase-out Plan (NPP) for consideration by the Executive Committee at its 48th Meeting. This submission also includes a request for the second and third tranches at the amount of US \$865,000 plus agency support costs of US \$64,875 for UNDP.

Background

2. The NPP for Lebanon was approved by the Executive Committee at its 44th Meeting (UNEP/OzL.Pro/ExCom/44/43), through which the Government committed to completely phase out its remaining consumption of CFC (312.5 ODP tonnes) by the end of 2008. The NPP included conversion of CFC-based aerosol, foam and refrigeration manufacturing plants to alternative technologies and phase-out activities in the refrigeration servicing sector.

Progress report on the implementation of the first work programme

3. Upon approval of the Lebanese NPP by the Executive Committee, the Ozone Officer and UNDP agreed in February 2005 on the Operational Mechanism for Implementation, which delineated the roles and responsibilities of the various stakeholders. In June 2005, the project document was signed by the Government after its approval by Parliament.

4. A number of activities have been carried out in the manufacturing sector, including surveys of remaining CFC-based enterprises in the foam and refrigeration manufacturing sectors, and bids for and procurement of conversion equipment for the aerosol, foam and refrigeration sub-sectors. Funds have been committed and conversion is expected to be completed in 2006 in all identified enterprises in the three sub-sectors, with resulting phase-out of 8.2, 28.0 and 23.2 ODP tonnes of CFC, respectively. The technical support component of the NPP will ensure the sustainability of the phase-out activities.

5. In the refrigeration servicing sector, 30 trainers have been trained through the training programme for refrigeration servicing technicians (in early 2006), with 500 technicians to be trained in the second semester of 2006. Recovery and recycling workshops are being set up, and the process of selecting end-users to participate in the retrofit/replacement incentive programme has begun. Policy and awareness activities implemented so far include promotion of the NPP through interaction with Government, industry and trade stakeholders, as well as the drafting of a decree to provide additional mandates to enforce the existing ODS licensing system regulation. All of the enterprises that were ineligible as of 2003 have now converted to non-CFC technologies due to market forces and interactions with the Ozone Unit.

6. The annual CFC phase-out targets and actual achievements for 2004 are presented in the following table:

| CFC (ODP tonnes) | Proposed | Actual |
|---|-----------------|---------------|
| Allowable level of consumption in 2004 | 499.0 | 347.0(*) |
| Phase-out from ongoing approved projects | 82.0 | 58.6 |
| Phase-out newly addressed through the NPP | 0.0 | 0.0 |
| Unfunded (not eligible) phase-out | 55.0 | 85.0 |
| Total | 137.0 | 143.6 |

(*) As reported by the Government of Lebanon under Article 7 of the Montreal Protocol.

7. As of December 2005, US \$689,741.88 of the total funding approved for the first tranche (US \$1,061,420) has been disbursed. An additional US \$350,000 has been obligated for international experts, local work and procurement of some pieces of equipment for manufacturing enterprises to be converted to non-CFC technologies, and travel and operational expenses for NPP project staff.

Plan of action associated with the second and third tranches

8. UNDP is requesting US \$865,000 plus agency support costs for the implementation of the second and third tranches of the NPP. The Government is committed to phasing out an additional 287.0 ODP tonnes of CFC in 2006, through the implementation of the following activities:

- (a) Technical assistance and training for the staff of 49 manufacturing enterprises in the operation of equipment associated with replacement technologies and plant management;
- (b) Implementation of the training programme in the refrigeration servicing sector for 30 trainers and 500 technicians, and procurement of recovery and recycling equipment to be distributed among servicing workshops (some 300);
- (c) Preparation of a technician licensing programme, regulations and codes of practice in the refrigeration sector and development of quality and performance standards for CFC-free products in all sectors; and
- (d) Finalization of the conversion of CFC-based aerosol, foam and refrigeration manufacturing plants initiated in 2005, with a direct phase-out of 60 ODP tonnes of CFCs.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

CFC consumption

9. According to the data reported by the Government of Lebanon under Article 7 of the Montreal Protocol, CFC consumption in the country has decreased from 533.4 ODP tonnes in 2001 to 347.0 ODP tonnes in 2004. The CFC consumption reported for 2004 is 152.0 ODP tonnes below that which Lebanon committed to address under the NPP (i.e., 499 ODP tonnes), and also 15.75 ODP tonnes below the 2005 allowable level of consumption under the Protocol (i.e., 362.75 ODP tonnes).

10. In accordance with the agreement between the Government of Lebanon and the Executive Committee, UNDP submitted an independent verification report of the national consumption targets for ODS in Lebanon (TÜV Hellas, Lebanon, a member of the TÜVNORD Group). According to the verification report the 2004 CFC consumption was 374.0 ODP tonnes based on the amounts imported into the country. In this regard, the Secretariat suggested that UNDP should assist the Government of Lebanon in submitting a request to the Ozone Secretariat to revise the 2004 consumption according to the results from the verification report. The verification report also concluded that Lebanon has met the stipulated CFC consumption and phase-out targets for 2004 and thus met its obligations under its Agreement with the Executive Committee.

Level of funding requested

11. In accordance with the Agreement between the Government of Lebanon and the Executive Committee, the funding tranche for any given year becomes due in the first meeting of the Committee. In 2005, no funding tranche was requested because the NPP project was approved by the Executive Committee at its 44th Meeting (November 2004). Therefore, UNDP is requesting approval of the funding for the second (2005 work programme) and the third (2006 work programme) tranches at the 48th Meeting.

RECOMMENDATION

12. The Fund Secretariat recommends blanket approval of the project with associated support costs at the funding level shown in the table below:

| | Project Title | Project Funding (US\$) | Support Cost (US\$) | Implementing Agency |
|-----|--|------------------------|---------------------|---------------------|
| (a) | National phase-out management plan for Annex-A Group-I substances (CFCs) (second and third tranches) | 865,000 | 64,875 | UNDP |
