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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Nineteenth Meeting
Montreal, 8-10 May 1996

PROJECT PROPOSALS: LEBANON

This document includes the Comments and Recommendations from the Fund Secretariat on the following projects:

Aerosol

• Investment project for phasing out CFCs at Zeenni's Trading Agency	UNIDO
• Investment project for phasing out CFCs at Cosmaline Industries s.a.al.	UNIDO

PROJECT EVALUATION SHEET
LEBANON

SECTOR: **AEROSOL** ODS use in sector (1993): 372 ODP tonnes

Sector cost-effectiveness thresholds: US $4.4/kg

Project Titles:

(a) Investment project for phasing out CFCs at Zeenni's Trading Agency
(b) Investment project for phasing out CFCs at Cosmaline Industries

Project Data		**Aerosols**	
		Zeenni's	**Cosmaline**
ODS phase-out (ODP tonnes) [1]		212	87.7
Proposed project duration (Yrs)		1.5	1.5
Incremental capital cost (US$)		535,900	333,500
Contingency (%)		10	10
Incremental operational cost (US$)		(174,000)	(119,000)
Total project cost (US$)		361,900	212,500
Local ownership (%)		100	100
Export component (%)		0	0
Amount requested (US$)	{Original	549,780	323,700
	{Revised	361,900	212,500
Cost effectiveness (US$/kg)		1.71	2.42
National Coordinating Agency		National Ministry of Environment	
Implementing Agency		UNIDO	UNIDO
Technical review completed?		Yes	Yes

Secretariat's Recommendations:

Amount recommended (US $)	361,900	212,500
Project impact (ODP tonnes)	212	87.7
Cost effectiveness (US $/kg)	1.71	2.42
Implementing Agency support cost (US $)	47,047	27,625
Total cost to Multilateral Fund (US $)	408,947	240,125

1 Figures for 1994 or average of 1992-1994.

PROJECT DESCRIPTION

1. The two aerosol project proposals were first submitted for consideration by the Executive Committee at its Seventeenth Meeting. Since Lebanon was found not to be operating under Article 5, the projects were not considered by the Executive Committee at that Meeting.

2. The project proposals are to replace the use of 299.7 tonnes of CFC with hydrocarbon aerosol propellant (HAP) in the manufacture of cosmetic products and insecticides at two plants, Zeenni (212 tonnes) and Cosmaline (87.7 tonnes).

3. In October 1993, after the country ratified the Montreal Protocol, Zeenni, the largest aerosol manufacturing plant in the country, switched propellant, from CFC to LPG and the company is facing technical and financial problems due to change in the propellant.

4. The equipment being requested in the Zeenni project includes an open-air filling system, a water test bath for testing filled cans, a conveyor line, a fire control system, HAP storage and purification system and gas detectors. This equipment is needed for the safe use of HAPs. The company has recently constructed a new building with reinforced walls, explosion-proof electrical installations and a fire system. These modifications are not being requested for funding.

5. Cosmaline is the second largest aerosol manufacturing plant in the country, producing deodorants, hair sprays, air fresheners, styling foams and insecticides. The enterprise will convert to HAPs technology, through provision of an open air filling room, propellant handling and filling system, a water bath for testing filled cans, conveyor system, explosion-proof lighting and ventilation system, HAP storage and purification system, and a fire control system.

6. Cosmaline will finance costs associated with land acquisition, civil works including construction of the pump house, water storage tank, transfer of equipment and machinery.

7. Technical assistance will be provided for performance and supervision of engineering designs, equipment installation and commissioning of the plant, training in production, quality control and safety procedures and production trials.

8. UNIDO reviewed the two project proposals in accordance with discussions with the Secretariat. The revised capital cost of conversion is US $535,500 for Zeenni and US $333,500240,000 for Cosmaline, including 10% contingency. The operational savings (NPV) for four years are US $174,000 for Zeenni and US $119,000 for Cosmaline.

SECRETARIAT'S RECOMMENDATION

1. The Secretariat recommends final approval of the project as follows:

Project	Project Cost US $	Support Cost US $	Implementing Agency
Phasing out of CFCs at Zeenni's	361,900	47,047	UNIDO
Phasing out of CFCs at Cosmaline	212,500	27,625	UNIDO