UNITED
NATIONS

EP

United Nations
Environment
Programme

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/17/38/Add.1
4 July 1995

ORIGINAL: ENGLISH

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

Seventeenth Meeting
Montreal, 26-28 July 1995

PROJECT PROPOSALS: LEBANON

This document includes the Comments and Recommendations from the Fund Secretariat.

PROJECT EVALUATION SHEET

COUNTRY OR REGION:	Lebanon
PROJECT TITLE:	a) Investment project for phasing out CFCs at Zeeni's Trading Agency b) Investment project for phasing out CFCs at Cosmaline Industries
BUDGET:	a) US $928,400[1] b) US $601,700
INCREMENTAL COSTS:	a) US $928,400 b) US $601,700
ODS PHASE-OUT:	a) 212 MT a) 140 MT
COST EFFECTIVENESS[2]:	a) US $4.38 per kg. ODP saved b) US $4.29 per kg. ODP saved
PROJECT DURATION:	18 months
IMPLEMENTING AGENCY:	UNIDO
NATIONAL COORDINATING AGENCY:	National: Ministry of Environment
TECHNICAL REVIEW COMPLETED:	YES __X__ NO_____

SECRETARIAT'S COMMENTS

1. The project proposals are to replace the use of 352 tonnes of CFC with hydrocarbon aerosol propellant (HAP) in the manufacture of cosmetic products and insecticides at two plants, Zeeni (212 tonnes) and Cosmaline (140 tonnes).

2. Zeeni 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.

[1] Including contingency (10 per cent)

[2] Determined as the ratio of incremental costs to the estimated annual saving of ODP ($/ODPkg). For CFC-11, ODS=ODP.

3. In reviewing the proposals the Secretariat identified the following issues: (i) lack of data on CFC consumption by type of product being filled at each plant; (ii) technology upgrade associated with the replacement technology and equipment proposed were not considered in the calculation of incremental costs; and (iii) operational savings due to the use of a cheaper propellant were not included.

4. UNIDO reviewed the proposal accordingly in discussions with the Secretariat, and adjusted the capital costs to US $729,900 for Zeeni and US $463,700 for Cosmaline. The revised budget reflects the current CFC consumption and technology upgrades in each plant.

5. UNIDO has also calculated the net operating savings on the basis of the difference in costs per can when filling with CFC or HAPs. Operating savings were estimated at US $180,120 for Zeeni and US $140,000 for Cosmaline, for a four-year period.

6. The adjusted cost-effectiveness values are US $2.59/kg ODP for Zeeni, and US $3.69/kg ODP.

SECRETARIAT'S RECOMMENDATIONS

7. The Secretariat recommends final approval of these projects as follows:

8. Zeeni: US $549,780 and US $71,471 as support costs to UNIDO; and

9. Cosmaline: US $323,700 and US $42,081 as support costs to UNIDO.