



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/70/36  
5 June 2013

ORIGINAL: ENGLISH



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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventieth Meeting  
Bangkok, 1-5 July 2013

**PROJECT PROPOSAL: LEBANON**

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

Phase-out

- HCFC phase-out management plan (stage I, second tranche)

UNDP

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Lebanon

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase out plan (Stage I)	UNDP

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2011	92.26 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2011</b>	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-123									
HCFC-124									
HCFC-141b		9.1		2.2					11.2
HCFC-141b in imported pre-blended polyol		41.8							41.8
HCFC-142b									
HCFC-22				9.2	29.8				38.9

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	73.5	Starting point for sustained aggregate reductions:	73.5
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	20.0	Remaining:	53.53

<b>(V) BUSINESS PLAN</b>		2013	2014	2015	2016	2017	Total
UNDP	ODS phase-out (ODP tonnes)	6.0	0.0	1.0	0.0	1.0	8.0
	Funding (US \$)	801,508	0	134,117	0	134,117	1,069,742

<b>(VI) PROJECT DATA</b>			2011	2012	2013	2014	2015	2016	2017	Total
Montreal Protocol consumption limits			n/a	n/a	73.50	73.50	66.15	66.15	66.15	
Maximum allowable consumption (ODP tonnes)			n/a	n/a	73.50	73.50	66.15	66.15	60.64	
Agreed funding (US \$)	UNDP	Project costs	1,500,000	0	745,589	0	124,760	0	124,760	2,495,109
		Support costs	112,500	0	55,919	0	9,357	0	9,357	187,133
Funds approved by ExCom (US \$)		Project costs	1,500,000	0	0	0	0	0	0	1,500,000
		Support costs	112,500	0	0	0	0	0	0	112,500
Total funds requested for approval at this meeting (US \$)		Project costs	0	0	745,589	0	0	0	0	745,589
		Support costs	0	0	55,919	0	0	0	0	55,919

<b>Secretariat's recommendation:</b>	For blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of Lebanon UNDP, as the designated implementing agency, has submitted to the 70<sup>th</sup> meeting of the Executive Committee a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP) at a total cost US \$745,589 plus agency support costs of US \$55,919 for UNDP. The submission includes the progress report on the implementation of the first two years of the HPMP and annual implementation plans for 2014 and 2015.

### Background

2. The HPMP for Lebanon was approved by the Executive Committee at its 64<sup>th</sup> meeting, to reduce HCFC consumption by 17.5 per cent of the baseline by the end of 2016, at a total funding level approved in principle of US \$2,495,109 plus agency support costs of US \$187,133. At its same meeting, the Executive Committee approved the first tranche of US \$1.5 million plus agency support costs of US \$112,500 for UNDP for implementation of the first two years of the HPMP.

### Progress report on the implementation of the first tranche of the HPMP

3. The HPMP stage I included conversion of one enterprise in the foam sector, Dalal Steel Industries, to cyclopentane and to also provide technical assistance to the sector, phasing out in total 137.1 metric tonnes (mt) (15.1 ODP tonnes) of HCFC-141b. The implementation work plan and the layout of the modified plant has been provided by the enterprise, representing two milestones; currently, the enterprise is working on product redesign and the production of prototypes. A milestone table provided by UNDP indicates that the first two milestones were to be reached by the end of August 2012, while the work towards the remaining milestones should have been completed by the end of October 2012.

4. The HPMP also foresaw the conversion of the sole manufacturer of residential air conditioners to HFC-410A technology to produce six different models of residential split air conditioners, consuming 90 mt (4.95 ODP tonnes) of HCFC-22. The enterprise provided an implementation work plan, a modified plant layout and a product redesign which had been, according to the milestone table provided, planned for the last year. The enterprise is currently producing the prototypes which were intended to be available at the beginning of 2013.

5. Forty-seven customs officers had been trained and seven refrigerant identifiers purchased and delivered to the customs authorities in the six ports of entry into Lebanon. A two-day technical workshop on HCFC alternatives focusing on air conditioning, refrigeration and foam opportunities for non-ODS, low global warming potential (GWP) alternatives and on policy and regulatory options to promote these technologies was conducted. This workshop was attended by representatives of industry and importers. The National Ozone Unit (NOU) is acting as a Project Management Unit supporting the implementation of all activities.

6. UNDP reported that, of the funding released under the first tranche, US \$897,749 (59.8 per cent) has been disbursed as of February 2013.

### Annual plans until 2015

7. The conversion of one enterprise in the air conditioning sector as well as one enterprise in the foam sector will continue. The funding approved so far covers only part of the activities at these two enterprises, and the continuation and completion of the activities is consequently dependent on the approval of an additional tranche. The funding contained in the second tranche will be predominantly related to the conversion projects.

8. Two training and capacity building workshops for institutions and government stakeholders and two public awareness workshops are planned for 2014, as well as designing and implementing an awareness programme.

## **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

### **COMMENTS**

#### Status of licensing and quota system

9. The Agreement between the Government of Lebanon and the Executive Committee specifies in its paragraph 5(e) that for all submissions from the 68<sup>th</sup> meeting onwards, confirmation needs to be received from the Government that an enforceable national system of licensing and quotas for HCFC imports is in place and that the system is capable of ensuring the country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this Agreement.

10. The Government of Lebanon has developed a draft final decree for the amendment of the ODS licensing system to incorporate HCFC quotas, but this decree will only be reviewed during 2013 by the concerned ministries and stakeholders, prior to its submission to the Parliament and Council of Ministers for approval. The Secretariat asked UNDP to provide further insights on how the Government of Lebanon ensures that the above provision in the Agreement is being fulfilled. UNDP replied that the existing licensing and quota system, similar to a number of other regulations in the country, operates under a regulatory order which has an enforceable legal basis. The particularities of the political process in Lebanon, leading often to several years of delay in the preparation and approval of a national decree, have resulted in the use of regulatory orders to provisionally enact the content of a draft decree, to be subsequently finalised by transforming these into a national decree. UNDP also provided a letter from the Government, confirming that an enforceable system of licensing and quotas for HCFC imports is in place and that the system is capable of ensuring the country's compliance. The condition in paragraph 5(e) of the Agreement appears therefore to be fulfilled.

#### HCFC consumption, establishment of a starting point and revision of the Agreement

11. The HCFC baseline for compliance for Lebanon has been established at 73.5 ODP tonnes, based on the actual consumption reported under Article 7 of the Montreal Protocol for 2009 and 2010 as shown in Table 1. At the time of approval of stage I of the HPMP for the country, only 2009 Article 7 data was known. The baseline figures were used by the Secretariat to update the Agreement between the Government of Lebanon and the Executive Committee, as foreseen in paragraph 1 of the original Agreement approved at the 64<sup>th</sup> meeting and requested by decision 64/44(f). The change in baseline and starting point has no impact on funding.

Table 1 - HCFC consumption (Article 7)

Year		2009	2010	2011	Baseline
Metric tonnes					
HCFC-22		580.0	727.1	709.6	653.6
HCFC-123		0.0	5.0	5.0	2.5
HCFC-141b		241.0	441.3	483.0	341.2
Total	Actual	821.0	1173.5	1197.6	997.2
	Changes to previous year	90%	43%	2%	n/a
ODP tonnes					
HCFC-22	Actual	31.9	40.0	39.03	36.0
	Changes to previous year	0.4	0.3	-0.02	n/a
HCFC-123	Actual	0.0	0.1	0.10	0.1
	Changes to previous year	n/a	n/a	0.00	n/a
HCFC-141b	Actual	26.5	48.6	53.13	37.5
	Changes to previous year	20.3	0.8	0.09	n/a
Total	Actual	58.4	88.6	92.26	73.5
	Changes to previous year	139%	52%	4%	n/a

12. The starting point for the country has been calculated as the baseline consumption, based on the data reported under Article 7 of 58.4 ODP tonnes for 2009 and 88.6 ODP tonnes for 2010, resulting in a starting point of 73.5 ODP tonnes.

13. The relevant paragraph of the Agreement and Appendices 1-A and 2-A have been updated. A new paragraph has been added to the Agreement to indicate that the updated Agreement supersedes that reached at the 64<sup>th</sup> meeting. The full revised Agreement will be appended to the final report of the 70<sup>th</sup> meeting.

## RECOMMENDATION

14. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan (HPMP) in Lebanon;
- (b) Notes that the Fund Secretariat had updated paragraph 1, Appendices 1-A and 2-A of the Agreement between the Government of Lebanon and the Executive Committee, based on the established HCFC baseline for compliance, and that a new paragraph 16 had been added to indicate that the updated Agreement superseded that reached at the 64<sup>th</sup> meeting, as contained in Annex I to the present document; and
- (c) Further notes that the revised starting point for sustained aggregate reduction in HCFC consumption was 73.5 ODP tonnes, calculated using actual consumption of 58.4 ODP tonnes and 88.6 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

15. The Fund Secretariat further recommends blanket approval of the second tranche of stage I of the HPMP for Lebanon, and the corresponding 2014-2015 tranche implementation plan, with associated support costs at the funding level as shown in the table below:

	<b>Project title</b>	<b>Project funding (US \$)</b>	<b>Support cost (US \$)</b>	<b>Implementing agency</b>
(a)	HCFC phase-out management plan (stage I, second tranche)	745,589	55,919	UNDP

**Annex I**

**TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF LEBANON AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS**

(Relevant changes are in bold font for ease of reference)

1. This Agreement represents the understanding of the Government of Lebanon (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of **60.64** ODP tonnes prior to 1 January 2017 in compliance with Montreal Protocol schedules.

**16. This updated Agreement supersedes the Agreement reached between the Government of Lebanon and the Executive Committee at the 64<sup>th</sup> meeting of the Executive Committee.**

**APPENDIX 1-A: SUBSTANCES**

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	<b>35.95</b>
HCFC-123	C	I	<b>0.05</b>
HCFC-141b	C	I	<b>37.53</b>
Total*			<b>73.5</b>

\*Total shown identical to baseline established by the Ozone Secretariat; differences due to rounding

**APPENDIX 2-A: THE TARGETS, AND FUNDING**

Row	Particulars	2011	2012	2013	2014	2015	2016	2017	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	<b>73.50</b>	<b>73.50</b>	<b>66.15</b>	<b>66.15</b>	<b>66.15</b>	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	<b>73.50</b>	<b>73.50</b>	<b>66.15</b>	<b>66.15</b>	<b>60.64</b>	n/a
2.1	Lead IA (UNDP) agreed funding (US \$)	1,500,000	0	745,589	0	124,760	0	124,760	2,495,109
2.2	Support costs for Lead IA (US \$)	112,500	0	55,919	0	9,357	0	9,357	187,133
3.1	Total agreed funding (US \$)	1,500,000	0	745,589	0	124,760	0	124,760	2,495,109
3.2	Total support cost (US \$)	112,500	0	55,919	0	9,357	0	9,357	187,133
3.3	Total agreed costs (US \$)	1,612,500	0	801,508	0	134,117	0	134,117	2,682,242
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								4.9
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)								0
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								<b>31.05</b>
4.2.1	Total phase-out of HCFC-123 agreed to be achieved under this Agreement (ODP tonnes)								0
4.2.2	Phase-out of HCFC-123 to be achieved in previously approved projects (ODP tonnes)								0
4.2.3	Remaining eligible consumption for HCFC-123 (ODP tonnes)								<b>0.05</b>
4.3.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)								15.1
4.3.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)								0
4.3.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)								<b>22.43</b>

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