



**United Nations
Environment
Programme**



Distr.
Limited

UNEP/OzL.Pro/ExCom/28/35
16 June 1999

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-eighth Meeting
Montreal, 14-16 July 1999

PROJECT PROPOSALS: LEBANON

This document consists of the comments and recommendations of the Fund Secretariat on the following projects:

Aerosol

- Conversion to CFC-free technology in the manufacture of aerosol at International Cosmetic Manufacturing Co. (Incoma). S.A.L. UNDP
- Conversion to CFC-free technology in the manufacture of aerosols at Societe Nougeaim P.M.O.S.A.L. UNDP

PROJECT EVALUATION SHEET LEBANON

SECTOR: Aerosol ODS use in sector (1998): 157.7 ODP tonnes

Sub-sector cost-effectiveness thresholds: Contract filler

Project Titles:

- (a) Conversion to CFC-free technology in the manufacture of aerosol at International Cosmetic Manufacturing Co. (Incoma). S.A.L.
 (b) Conversion to CFC-free technology in the manufacture of aerosols at Societe Nougaim P.M.O.S.A.L.

Project Data	Contract filler	
	Incoma	Nougaim
Enterprise consumption (ODP tonnes)	53.60	54.00
Project impact (ODP tonnes)	53.60	54.00
Project duration (months)	30	30
Initial amount requested (US \$)	202,582	191,333
Final project cost (US \$):		
Incremental capital cost (a)	308,000	308,000
Contingency cost (b)	30,800	30,800
Incremental operating cost (c)	-136,218	-147,467
Total project cost (a+b+c)	202,582	191,333
Local ownership (%)	100%	100%
Export component (%)	0%	0%
Amount requested (US \$)	202,582	191,333
Cost effectiveness (US \$/kg.)	3.78	3.54
Counterpart funding confirmed?	Yes	Yes
National coordinating agency	Ministry of Environment	Ministry of Environment
Implementing agency	UNDP	UNDP

<i>Secretariat's Recommendations</i>		
Amount recommended (US \$)	158,582	147,333
Project impact (ODP tonnes)	53.60	54.00
Cost effectiveness (US \$/kg)	2.96	2.73
Implementing agency support cost (US \$)	20,616	19,153
Total cost to Multilateral Fund (US \$)	179,198	166,486

PROJECT DESCRIPTION

- (a) Conversion to CFC-free technology in the manufacture of aerosol at International Cosmetic Manufacturing Co. (Incoma). S.A.L.**
- (b) Conversion to CFC-free technology in the manufacture of aerosols at Societe Nougaim P.M.O.S.A.L.**

1. The progress report on the implementation of the country programme submitted by the Government of Lebanon to the Fund Secretariat reported a consumption of 97 ODP tonnes of CFC in the aerosol sector in 1998.

2. The Executive Committee has approved two investment projects for the phase out of 299.7 tonnes of CFCs used in the manufacturing of aerosol products and allocated US \$574,400 for their implementation. The progress report (as of December 1998) submitted by the implementing agencies to the 28th Meeting of the Executive Committee reported that the two projects have been completed with 300 ODP tonnes already phased out and US \$ 559,874 has been disbursed.

3. The Government of Lebanon is submitting two additional projects which would lead to elimination of 107.6 tonnes of ODSs. The projects are for the replacement of CFCs with hydrocarbon propellant (HAP) used in manufacturing different types and sizes of aerosol products, as shown below

<u>Enterprise</u>	<u>Cans/year</u>	<u>CFCs (tonne)</u>	<u>Products</u>
Nougaim	900,000	54.0	Deodorants
Incoma	344,500	53.6	Deodorants, hair sprays

4. Based on the CFC baseline for Lebanon's compliance with the Montreal Protocol, the elimination of 107.6 ODP tonnes would represent 17.65 per cent of the baseline.

5. The present aerosol filling operations are performed at each enterprise with semi-automatic filling machines (SNCI and Incoma plants have two machines).

6. The enterprises will convert to HAPs technology. Conversion entails installation of semi-automatic aerosol filling machines to be located in a filling room with gas detectors and control panel, manual-operated water baths for testing filled cans, LPG storage and purification systems and equipment for fire control, portable gas detectors, explosion proof fans and electrical connections. The size of the replacement equipment is related to the production capacity of the plants.

7. Technical assistance will be provided for developing new formulations, technology transfer and plant safety training.

8. Each company provided a letter of commitment stating that the project could be submitted by UNDP to the Executive Committee; each accepts the project as proposed in the project document; it will completely phase out the use of CFCs upon project completion; dispose any equipment that has been replaced; provide funds for items that are included in the project but are specifically excluded from funding by the Multilateral Fund, and will allow monitoring inspections by UNDP during project implementation.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

1. Additional information on the specifications for the major pieces of equipment and systems was requested in order to assess any capacity increase and/or technology upgrade associated with the replacement equipment being proposed. The high cost of the LPG storage facility for Nougaim and Incoma plants was also discussed with UNDP.
2. UNDP revised the project proposals in accordance with discussions with the Fund Secretariat. The capital cost and operating costs (NPV for four years) of the projects were adjusted as follows:

<u>Enterprise</u>	<u>Capital (US \$)</u>	<u>Operating (US \$)</u>
Nougaim	294,800	(147,467)
Incoma	294,800	(136,218)

RECOMMENDATION

1. The Fund Secretariat recommends blanket approval of the projects at the funding levels indicated below:

	Project Title	Project Cost (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Conversion to CFC-free technology in the manufacture of aerosol at International Cosmetic Manufacturing Co. (Incoma). S.A.L.	158,582	20,616	UNDP
(b)	Conversion to CFC-free technology in the manufacture of aerosols at Societe Nougaim P.M.O.S.A.L.	147,333	19,153	UNDP