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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-fifth Meeting  
Montreal, 4-8 April 2005

**PROJECT PROPOSAL: LIBYAN ARAB JAMAHIRIYA**

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

Phase-out

- National CFC phase-out plan: 2<sup>nd</sup> tranche

UNIDO

**PROJECT EVALUATION SHEET  
(MULTI-YEAR PROJECTS)  
LIBYAN ARAB JAMAHIRIYA**

**PROJECT TITLE****BILATERAL/IMPLEMENTING AGENCY**

National CFC phase-out plan: 2 <sup>nd</sup> tranche	UNIDO
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**NATIONAL CO-ORDINATING AGENCY:**

Committee on Climate Change

**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT****A: ARTICLE 7 DATA (ODP tonnes, 2003, as of July 2004)**

Annex A, Group I, CFCs	704.1
Annex B, Group III, TCA	0

**B: COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes, 2001, as of December 2, 2003)**

ODS	Aerosol	Foam	Ref. mfg.	Ref. Service	Solvent	TOTAL
CFC-11	0	853.52	0	4.44	0	857.96
CFC-12	0	0	11.22	146.46	0	157.68
CFC-114	0	0	0	0.15	0	0.15
CFC-115	0	0	0	1.88	0	1.88
Total	0	853.52	11.22	152.93	00	1,017.67

**CFC consumption remaining eligible for funding (ODP tonnes)**

n.a.

**CURRENT YEAR DRAFT BUSINESS PLAN:** Total funding US \$720,000: total phase-out 124 ODP tonnes.

<b>PROJECT DATA</b>		2003*	2004	2005	2006	2007	2008	2009	2010	Total
CFCs (ODP tonnes)	Montreal Protocol limits	710	610	358		107		0	0	n.a.
	Agreed annual consumption limit	700	461	300	176	52	11.6	0	0	n.a.
	Annual phase-out from ongoing projects	239	10.5	0	0	0	0	0	0	249.5
	Annual phase-out newly addressed	0	150.5	124	124	40.4	11.6	0	0	450.5
	Annual MLF-funded phase-out	239	161	124	124	40.4	11.6	0	0	700
<b>TOTAL ODS CONSUMPTION TO BE PHASED OUT</b>		0	150.5	124	124	40.4	11.6	0	0	450.5
Total ODS consumption to be phased in (HCFCs)										
<b>Final Project costs (US \$)</b>		1,500,000	0	720,000	277,947	0	0	0	0	2,497,947
<b>Final Support costs (US \$)</b>		112,500	0	54,000	20,846	0	0	0	0	187,346
<b>TOTAL COST TO MULTILATERAL FUND (US \$)</b>		1,612,500	0	774,000	298,793	0	0	0	0	2,685,293
Final project cost-effectiveness (US \$/kg)										5.54

\*Estimated value

**FUNDING REQUEST:** Approval in principle of total ODS phase-out, total project funding and total support costs, and approval of funding for second tranche (2005) as indicated above.

<b>SECRETARIAT'S RECOMMENDATION</b>	Individual consideration
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## PROJECT DESCRIPTION

### Background

1. At its 41st Meeting, the Executive Committee approved in principle US \$2,497,947 (excluding agency support costs) for the implementation of the national CFC phase-out plan for the Libyan Arab Jamahiriya to enable the Government of the Libyan Arab Jamahiriya to achieve its commitments for the complete phase-out of CFCs used in manufacturing and servicing refrigeration equipment, and in the foam sector, with UNIDO as the lead implementing agency. The Executive Committee also approved the first tranche amounting to US \$1,500,000 for the implementation of the 2004 annual work programme.

2. Appendix 2-A: The Targets, and Funding of the Agreement between the Executive Committee and the Government of the Libyan Arab Jamahiriya establishes annual targets in terms of maximum allowable CFC consumption and CFC reduction targets from ongoing projects and new activities under the approved Plan.

	2003	2004	2005	2006	2007	2008	2009
Montreal Protocol Reduction Schedule *	710.0	610.0	358.0		107.0		0
1. Max. allowable total consumption of Annex A Group I substances	700.0	461.0	300.0	176.0	52.0	11.6	0
2. Reduction from ongoing projects	239.0	10.5	0	0	0	0	0
3. New reduction under the plan	0	150.5	124.0	124.0	40.4	11.6	0
4. Total annual reduction of Annex A Group I substances	239.0	161.0	124.0	124.0	40.4	11.6	0
5. Lead IA agreed funding (US \$)	1,500,000	0	720,000	277,947	0	0	
6. Lead IA support costs (US \$)	112,500	0	54,000	20,846	0	0	
7. Total agreed funding (US \$)	1,612,500	0	774,000	298,793		0	

\*According to the Action Plan approved at the Fifteenth Meeting of the Parties to the Montreal Protocol.

3. On behalf of the Government of the Libyan Arab Jamahiriya, UNIDO has submitted to the 45th Meeting a request for the release of the second funding tranche at the amount of US \$720,000 plus US \$54,000 in support costs for the 2005 annual implementation programme. UNIDO also submitted the 2004 Progress Report on activities undertaken in the period from January to December 2004.

2004 Progress report

4. According to the reduction targets, 239 ODP tonnes should be phased out through the implementation of nine ongoing projects in the foam sector being implemented by UNDP. These projects were approved at 32nd, 34th and 35th Meeting and are experiencing delays in implementation. According to the report received from UNDP, the projects are at different stages of implementation but none of them have been reported as completed.

5. In the refrigeration manufacturing sector, six eligible companies have been identified with a total CFC consumption of 44.6 ODP tonnes. Basic refrigeration equipment was ordered, installed and commissioned for these companies. All companies were provided with technical assistance for designing prototypes. The companies started production with HFC-134a refrigerant, phasing out 11.2 ODP tonnes of CFC-12 used as refrigerant. The foaming equipment has been delivered. The companies are currently preparing all of the site work required for installation and the supplier's experts of the are foreseen to arrive in Libya in March to install and commission the equipment. It is expected that companies could start totally ODS-free production as of April 2005, phasing out an additional 33.4 ODP tonnes.

6. With regard to the foam component, the first package of equipment for 10 flexible block producing companies will be delivered and installed in April 2005, leading to the phase-out of 165 ODP tonnes. In addition, the procurement of equipment for another two rigid foam producers has been initiated. An international consultant visited the three remaining flexible slabstock producing companies, and collected information on the technical requirements and specifications of equipment and services. The work plan and terms of reference for implementation of the projects have been elaborated and agreed upon.

7. In the refrigeration servicing sector, two training courses for customs officers were held, and refrigerant identification instruments were ordered and provided to the ports. This would help to control the import of ODS into the country. A second "train-the-trainers" workshop on good refrigerant management practices is scheduled for March 2005. According to the work plan, the recovery and recycling equipment to be provided to the workshop will be purchased in 2005 upon receiving funding for the second tranche. All these provisions will ensure the phase-out of the 15 ODP tonnes foreseen through RMP activities.

8. A Government Committee has been established to proceed with the licensing system. A draft regulation on substances that deplete the ozone layer was prepared. The regulation is now undergoing approval through official channels.

Financial status of the National ODS Phase-out Plan, first tranche

9. UNIDO provided the following information regarding the financial status of the first tranche:

<b>NPP Components</b>	<b>Approved (US \$)</b>	<b>Expenditure (US \$)</b>
<b>Commercial Refrigeration Manufacturing Sector</b>		
Equipment procurement including training	300,000	279,790
Technical assistance and training	30,000	28,780
International expert and consultancy	20,000	12,860
<b>TOTAL</b>	<b>350,000</b>	<b>321,430</b>
<b>Refrigerant Management Plan</b>		
<b>A) Training in Good Refrigerant Management Practices</b>		
Equipment procurement for the training centers	15,000	12,268
“Train the Trainers” Workshop Organization including preparation of workshop materials	20,000	20,000
International Consultants	15,000	16,000
<b>TOTAL</b>	<b>50,000</b>	<b>48,268</b>
<b>B) Customs Empowerment programme</b>		
Workshop Organization 2 courses	22,000	20,000
Consultant	16,000	14,000
Refrigerant identifiers	12,000	10,480
<b>TOTAL</b>	<b>50,000</b>	<b>44,480</b>
<b>Sub-Total RMP</b>	<b>100,000</b>	<b>92,748</b>
<b>Foam Sector</b>		
Equipment procurement	1,000,000	931,000
Consultancy and technical assistance	50,000	11,822
<b>TOTAL</b>	<b>1,050,000</b>	<b>942,822</b>
<b>GRAND TOTAL</b>	<b>1,500,000</b>	<b>1,357,000</b>

CFC consumption

10. The actual consumption of CFC in 2003 was 704.1 ODP tonnes, which was lower than the estimated Montreal Protocol limit consumption of 710 ODP tonnes. According to the information received from the NOU, Article 7 consumption is not expected to exceed 461 in 2004 on the basis of provisional documents for CFC imports in 2004.

2005 Annual Implementation Programme

11. The scope of activities in 2005 is foreseen to lead to the phase-out of 124 ODP tonnes in the foam and refrigeration servicing sectors.

12. In 2005, the Government plans to enact the ODS legislation prepared with the assistance of UNIDO, and to undertake the monitoring of ODS imports and exports through the established licensing system and quotas.

13. The breakdown of the requested budget is provided in the following Table.

Activity	Planned Expenditures (US \$)
Project management	20,000
Provision of servicing equipment and recovery tools	200,00
Provision of the foaming equipment to the remaining foam companies	500,000
<b>TOTAL</b>	<b>720,000</b>

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

14. According to the Agreement and the 2004 Annual Implementation Programme, maximum allowable CFC consumption should not exceed 700 ODP tonnes in 2003. Libya reported its 2003 consumption of CFCs to the Ozone Secretariat at the level of 704.1 ODP tonnes, exceeding the established limit by 4.1 ODP tonnes. It appears that the Government of Libya has not complied with Article 10 of the Agreement.

15. In accordance with the Agreement, reduction in CFC consumption through the implementation of ongoing projects in 2003 and 2004 amounts to 249.5 ODP tonnes. Records available in the Secretariat demonstrate that nine ongoing projects with total phase-out of 314 ODP tonnes have not been completed. These projects have been under implementation by UNDP in the foam sector for a long time and are experiencing significant delays: four projects have been under implementation since the 32nd Meeting, two projects were approved at the 34<sup>th</sup> Meeting and three projects at the 35th Meeting. In its progress reports in 2004, UNDP invariably indicated that the main reason for the delay in implementation was difficulty communicating with Libyan authorities and enterprises. UNDP advised the Secretariat that a mission of experts is planned in March 2005, which will facilitate the completion of some projects and enable reporting on the actual status of projects in the foam sector in Libya. The Executive Committee will be advised accordingly.

16. Under the Agreement, the 2004 phase-out target through new activities was set at 150.5 ODP tonnes. The 2004 progress report indicates that the only activity resulting in ODP phase-out was conversion of the refrigerant part at six refrigeration manufacturing companies, with a total phase-out of 11.23 ODP tonnes. An additional 33.38 ODP tonnes will be phased out only after conversion of the foam part is completed in April 2005. Another 165 ODP tonnes in the foam sector are expected to be phased out in April 2005.

17. The Secretariat advised UNIDO that, as it appears from the progress report, the overall 2003-2004 phase-out targets consisting of 249.5 ODP tonnes from ongoing projects and 150.5 ODP tonnes in new activities specified in the Agreement have not been met. However, it

should be noted that the target in the Action Plan approved by the Parties has been met. It is not clear how the 2003 CFC consumption of 704 ODP tonnes has been reduced to the required 461 ODP tonnes in 2004 and how activities accomplished in 2004 could bring 2005 consumption to 300 ODP tonnes as stipulated in the Agreement. UNIDO responded that, according to the information received from the NOU, Article 7 consumption is not expected to exceed 461 in 2004. Phase-out activities will be accelerated in 2005 to compensate for the shortfall.

18. Decision XV/36 adopted by Fifteenth Meeting of Parties noted that Libya committed to establishing a system for licensing imports and exports of ODS, including quotas, by 2004. The legislation has been prepared with assistance from UNIDO but will be enacted in 2005.

19. The Secretariat advised UNIDO that the Government of Libya has not reported to the Fund Secretariat data regarding its implementation of the country programme for 2002 and 2003. UNIDO was urged to advise the Government of Libya to provide the data without further delay, and to provide assistance to Libya to achieve this.

## **RECOMMENDATION**

20. The Executive Committee may wish to consider approving the 2005 annual work programme and the requested tranche of funding in light of the information provided above.

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