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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-third Meeting
Montreal, 26-30 November 2007

PROJECT PROPOSAL: LEBANON

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

Phase-out

- National phase-out management plan for Annex A Group I substances (CFCs) (fourth tranche)

UNDP

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PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Lebanon

(I) PROJECT TITLE	AGENCY
CFC phase out plan	UNDP

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2006	
CFC: 224.4	CTC: 0	Halons: 0	MB: 44.3	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)										Year: 2006			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC	2.	1.		16.9	198.8								218.7
CTC													0
Halons													0
Methyl Bromide										42.1			42.1
TCA													0

(IV) PROJECT DATA			2004	2005	2006	2007	2008	2009	Total
Maximum Allowable Consumption (ODP Tonnes)			CFC	499	362	235	75	35	0
Project Costs (US\$)	UNDP	Project Costs	1,061,420	500,000	365,000	100,000	65,000		2,091,420
		Support Costs	79,607	37,500	27,375	7,500	4,875		156,857
Total Funds Approved in Principle (US\$)		Project Costs	1,061,420	500,000	365,000	100,000	65,000		2,091,420
		Support Costs	79,607	37,500	27,375	7,500	4,875		156,857
Total Funds Released by the ExCom (US\$)		Project Costs	1,061,420	0	865,000	0	0		1,926,420
		Support Costs	79,607	0	64,875	0	0		144,482
Total Funds Requested for Current Year (US\$)		Project Costs				100,000			100,000
		Support Costs				7,500			7,500

(V) SECRETARIAT'S RECOMMENDATION:	Blanket Approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Lebanon, UNDP submitted a progress report on the implementation of the second work programme (including the 2005 and 2006 tranches) of the national CFC phase-out plan (NPP) for consideration by the Executive Committee at its 52nd Meeting. This submission also included a request for the fourth tranche (2007) at the amount of US \$100,000 plus agency support costs of US \$7,500 for UNDP and the performance verification report of the annual implementation programmes for 2005-2006.

2. In reviewing the progress report and the verification report, the Secretariat noted that the specific circumstances in Lebanon in mid-2006 caused a delay in the implementation of all the investment and several technical assistance activities associated with the NPP. The Secretariat and UNDP agreed that the request for the fourth tranche would be submitted to the 53rd Meeting of the Executive Committee, which would allow for previously initiated activities to be fully implemented and for all of the funding available to be disbursed or committed. Subsequently, the Committee agreed (decision 52/22) to allow UNDP to request release of the fourth tranche at the 53rd Meeting, subject to a supplementary progress report on activities implemented and disbursements made in 2007. UNDP has now submitted to the 53rd Meeting the requested supplementary progress report.

Background

3. The NPP for Lebanon was approved by the Executive Committee at its 44th Meeting, through which the Government committed to completely phase out its remaining consumption of CFCs (417.0 ODP tonnes) by the end of 2008. The NPP included conversion of CFC-based aerosol, foam and refrigeration manufacturing plants to alternative technologies and phase-out activities in the refrigeration servicing sector. The second and third tranches of the NPP were approved at the 48th Meeting of the Executive Committee.

Progress report on the implementation of the second and third work programmes

4. In the manufacturing sectors, activities under the second and third work programmes included procuring equipment to convert the country's only CFC-aerosol manufacturing plant by November 2007 (phase-out of 8.2 ODP tonnes). Equipment has also been procured for the conversion of 13 CFC-foam enterprises (phase-out of 60.0 ODP tonnes), and is expected to be installed and commissioned by the end of 2007. The Government has signed agreements with all 27 CFC-refrigeration manufacturing plants; the required equipment, tools and trial chemicals have been procured and installation and commissioning is also expected by the end of 2007 (phase-out of 45.2 ODP tonnes).

5. In the refrigeration servicing sector, a trainer is being recruited and 500 technicians have been identified as candidates for the first training programme. Approximately 100 MAC workshops have been selected for receiving a recovery/recycling machine. Reclamation centres have also been identified, and procurement of small reclamation units and accessories has begun. Agreements are being signed with 50 end-user establishments for conversion to non-CFC refrigerants. A workshop presenting the programme is scheduled for November 2007.

6. With regard to ODS legislation and awareness-raising activities, the Council of Ministers is expected to approve the decree introducing the ODS licensing system in November 2007.

During the same month, an industry workshop will be held for manufacturing enterprises participating in the NPP. Also, the technical and vocational school curriculum for refrigeration technicians is being reviewed, and a workshop for all stakeholders will be held in December 2007.

7. The Ozone Unit has been entrusted with the responsibility of managing, coordinating and monitoring NPP implementation. The Unit was involved in a variety of activities, including taking part in the decision-making processes, meetings, interviews, training sessions, and participating in the major events covered by the project. Of the total funding so far approved, US \$1,795,336 has been disbursed or committed, leaving a balance of US \$131,084, which would not be sufficient to cover financial obligations and commitments required during the first half of 2008, if the fourth tranche is not approved by the Executive Committee.

Verification report

8. In accordance with the agreement between the Government of Lebanon and the Executive Committee, UNDP submitted an independent verification report on the national consumption targets for ODS. According to the verification report, the 2006 CFC consumption was 224.4 ODP tonnes, which was below the amount of 235 ODP tonnes of CFCs allowable under the Agreement. The national CFC consumption targets for 2005 and 2006 were met partly because of an economic depression due to the then prevailing circumstances, and partly to the conversion of non-eligible enterprises.

Plan of action associated with the fourth tranche

9. UNDP is requesting US \$100,000 plus agency support costs for the implementation of the fourth tranche of the NPP. The Government is committed to phasing out an additional 40.0 ODP tonnes of CFCs, through the implementation of a number of activities including, *inter alia*, providing technical assistance and training of the staff in manufacturing enterprises and the refrigeration servicing sector, finalizing the procurement of recovery and recycling equipment, establishing regulations and codes of practice in the refrigeration sector, and initiating the end-user incentive programme. Annex I contains the overview tables for this multi-year project.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. The 2006 CFC consumption of 224.4 ODP tonnes reported by the Government of Lebanon under Article 7 of the Montreal Protocol is already 138.4 ODP tonnes below the allowable CFC level for that year (362.8 ODP tonnes). Considering that, from the 2006 CFC level of consumption, a further reduction of 115.6 ODP tonnes would be needed to achieve the 2007 allowable consumption level of 108.8 ODP tonnes, the Secretariat asked whether the Government of Lebanon would be able to meet the 2007 target. UNDP indicated that the Government is confident that this target will be achieved through the completion of activities in the aerosol, foam sector and refrigeration (manufacturing and servicing) sectors.

11. The NPP proposes to purchase 100 MAC recovery/recycling machines to be distributed among service workshops. Given the current circumstances of the refrigeration servicing sector in Lebanon, the Secretariat asked UNDP if it had considered the feasibility of redesigning this

project component to address, for example, conversion of a larger number of end-users. The Secretariat was advised that despite the current situation in Lebanon the refrigeration servicing sector has not been affected. Both the Government and UNDP strongly believe that interventions with a sizeable number of end-users in the commercial and domestic refrigeration sector, as well as with the provision of some 60 recovery/recycling machines, will yield the phase-out of CFCs at the level originally proposed.

12. Noting that the decree related to the ODS licensing system has been submitted to the Council of Ministers for approval in November 2007, the Secretariat sought an explanation regarding whether a system is currently in place in Lebanon. UNDP explained that the existing licensing system requires importers to be registered and authorized by the Ministry of Environment to undertake ODS import activities. However, the Government is seeking to enhance the scope of the current regulation so that additional enforcement mandates will be available. For this reason, the regulation needs to be ratified by the Parliament. The Office of Legal Affairs of the Ministry of Environment has therefore drafted the decree which, upon approval by the Parliament, would provide the required public mandate.

RECOMMENDATION

13. The Fund Secretariat recommends blanket approval of the fourth tranche of the project with associated support costs at the funding level shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National phase-out management plan for Annex-A Group-I substances (CFCs) (fourth tranche)	100,000	7,500	UNDP

Overview Tables for Multi-Year Agreements

Lebanon

(1) PROJECT TITLE: CFC phase out plan

(2) EXECUTIVE COMMITTEE APPROVALS AND PROVISIONS

Code	Agency	Excom Provision	Fulfilled? (Yes/No)	Comments
LEB/PHA/44/INV/57	UNDP	Approved in accordance with the Agreement between the Government of Lebanon and the Executive Committee.		
LEB/PHA/48/INV/63	UNDP			

(3) ARTICLE 7 DATA (ODP TONNES)

Substances	Baseline	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
CFC	725.5	819.8	735.3	621.3	475.3	463.4	527.9	533.4	491.7	480.2	347.	287.3	224.4
CTC	0.	0.	0.	0.	0.	0.	0.1	0.6	0.	0.	0.	0.	0.
Halons	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Methyl Bromide	236.4	186.	226.8	247.2	285.6	246.5	234.3	219.	197.3	184.7	66.	48.7	44.3
TCA	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.

(4) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES)

Year: 2006

Chemical	Aerosol	Foam	Fire Fighting	Refrigerating		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC	2.	1.		16.9	198.8								218.7
CTC													0
Halons													0
Methyl Bromide										42.1			42.1
TCA													0

(5) PHASE-OUT (ODP TONNES)

Substances		2004	2005	2006	2007	2008	2009	Total	Decisio
CFC	Maximum Allowable Consumption (Agreement; per substance if valid)	499	362	235	75	35	0		
	Compliance Action Target (MOP)								
	Consumption Reported in Implementation Report	355.4	279.1	224.4	0				
	Consumption Reported in the Verification Report	356.9	279.1	224.4	0				
	UNDP								
	Reduction Under Plan	55	127	160	40	35		417	
	Approved Phase-Out	55		287				342	
	Actual Phase-Out	55		120				175	
Remaining Phase-Out to be Achieved		355.4	260.5	205.8	0				

(6a) PROJECT COSTS (US\$)						
Calendar year	2004	2005	2006	2007	2008	Total
UNDP	1,061,420	500,000	365,000	100,000	65,000	2,091,420
Funding as per Agreement	1,061,420	500,000	365,000	100,000	65,000	2,091,420
Support Costs as per Agreement	79,607	37,500	27,375	7,500	4,875	156,857
Funds Approved (Inventory)	1,061,420		865,000			1,926,420
Estimated Disbursement in Previous Progress Report	365,908					365,908
Funds Disbursed in Current Progress Report	593,902					593,902
Funds Obligated in Current Progress Report						
Estimated Disbursement in Current Progress Report	187,007		346,000			533,007
Disbursement as per Annual Plan	696,491					696,491
Funds Requested	1,061,420		865,000	100,000		2,026,420
Support Costs Requested	79,607		64,875	7,500		151,982
Comments						

(6b) SUBMISSION SCHEDULES (planned and actual)						
Submission Year as per Agreement	2004	2005	2006	2007	2008	
UNDP	Dec-2004	Apr-2005	Apr-2006	Mar-2007	Mar-2008	
Planned Submission	Dec-2004	Apr-2005	Apr-2006	Mar-2007	Mar-2008	
Tranche Number	I		II and III	IV		
Revised Planned Submission				Jul-2007		
Date Approved	Dec-2004		Apr-2006			

(7) INFORMATION ON POLICIES FROM COUNTRY PROGRAMME AND VERIFICATION REPORTS

		Country Programme 2005		
TYPE OF ACTION / LEGISLATION		(Yes/No)	Since when (Date)	Verification Report (Yes/No)
1.	REGULATIONS:			
1.1	Establishing general guidelines to control import (production and export) of ODSS			
1.1.1	ODS import/export licensing or permit system in place for import of bulk ODSS			
1.1.1.1	ODS import licensing system in place for import of bulk ODSS	Yes	01/01/2005	Yes
1.1.1.2	ODS export licensing system in place for export of bulk ODSS	Yes	01/01/2005	Yes
1.1.1.3	Permit System in place for import of bulk ODSS	Yes	01/01/2005	Yes
1.1.1.4	Permit System in place for export of bulk ODSS	Yes	01/01/2005	Yes
1.1.2	Regulatory procedures for ODS data collection and reporting in place			
1.1.2.1	Regulatory procedures for ODS data collection in place	Yes	01/01/2005	Yes
1.1.2.2	Regulatory procedures for ODS data reporting in place	Yes	01/01/2005	Yes
1.1.3	Requiring permits for import or sale of bulk ODSS			
1.1.3.1	Requiring permits for import of bulk ODSS	Yes	01/01/2005	Yes
1.1.3.2	Requiring permits for sale of bulk ODSS	Yes	01/01/2005	Yes
1.1.4	Quota system in place for import of bulk ODSS	Yes	01/01/2005	Yes
1.2	Banning import or sale of bulk quantities of:			
1.2.1	Banning import of bulk quantities of:			
1.2.1.1	CFCS	No		No
1.2.1.2	Halons	Yes	03/01/2000	Yes
1.2.1.3	CTC	No		No
1.2.1.4	TCA	No		No

(7) INFORMATION ON POLICIES FROM COUNTRY PROGRAMME AND VERIFICATION REPORTS				
1.2.1.5	Methyl Bromide	No		No
1.2.2	Banning sale of bulk quantities of:			
1.2.2.1	CFCs	No		No
1.2.2.2	Halons	Yes	03/01/2000	Yes
1.2.2.3	CTC	No		No
1.2.2.4	TCA	No		No
1.2.2.5	Methyl Bromide	No		No
1.3	Banning import or sale of:			
1.3.1	Banning import of:			
1.3.1.1	Used domestic refrigerators using CFC	Yes	01/01/2005	Yes
1.3.1.2	Used freezers using CFC	Yes	01/01/2005	Yes
1.3.1.3	MAC systems using CFC	Yes	01/01/2005	Yes
1.3.1.4	Air conditioners using CFC	Yes	01/01/2005	Yes
1.3.1.5	Chillers using CFC	Yes	01/01/2005	Yes
1.3.1.6	CFC-containing aerosols except for metered dose inhalers	Yes	01/01/2005	Yes
1.3.1.7	Use of CFC in production of some or all types of foam	Yes	01/01/2005	Yes
1.3.2	Banning Sale of:			
1.3.2	MAC systems using CFC			
1.3.2.1	Used domestic refrigerators using CFC	Yes	01/01/2005	Yes
1.3.2.2	Used freezers using CFC	Yes	01/01/2005	Yes
1.3.2.3	MAC systems using CFC	Yes	01/01/2005	Yes
1.3.2.4	Air conditioners using CFC	Yes	01/01/2005	Yes
1.3.2.5	Chillers using CFC	Yes	01/01/2005	Yes
1.3.2.6	CFC-containing aerosols except for metered dose inhalers	Yes	01/01/2005	Yes
1.3.2.7	Use of CFC in production of some or all types of foam	Yes	01/01/2005	Yes
2.	ENFORCEMENT OF ODS IMPORT CONTROLS			
2.1	Registration of ODS importers (Yes/No)	Yes	01/01/2006	Yes
D:	Qualitative assessment of the operation of RMP			
	The ODS import licensing scheme functions:	Not so well		Not So Well
	The CFC recovery and recycling programme functions:	Satisfactorily		Satisfactorily

(8) IMPLEMENTATION DETAILS

	Completed tranche covered by report submitted							Tranche currently implemented (preliminary data)					
	Activities			Budget				Explanation	Activities		Budget		Explanation
	Planned (annual)	Actual (annual)	Cumulative achievement as compared to overall plan	Planned (annual)	Actual (annual)	Cumulative achievement as compared to overall plan	Carryover		Planned	Actual	Planned	Actual	
Customs Training													
Train the Trainers													
Training of Customs Officers													
Good Practices in Refrigeration													
Train the Trainers													
Training of Technicians by Trained													
Strengthening vocational schools													
Refrigeration Service investment													
Recovery & Recycling, establish													
Service equipment supply other													
Conversion													
Solvent Phase-Out Project													
Methyl Bromide Component													
Methyl Bromide Workshop													
PMU & Monitoring													
Unforeseen Activities													

*Refers to latest revision of overall plan

(9) ANNUAL PLAN SUBMITTED COMPARED TO OVERALL PLAN

	Activities		Budget		Explanation
	Planned (future tranche)	Cumulative achievement as compared to overall plan [%]*	Planned (future tranche)	Cumulative achievement as compared to overall plan [%]*	
Customs Training					
Train the Trainers					
Training of Customs Officers					
Good Practices in Refrigeration					
Train the Trainers					
Training of Technicians by Trained Trainers					
Strengthening vocational schools					
Refrigeration Service investment component					
Recovery & Recycling, establish R&R Centers					
Service equipment supply other than R&R					
Conversion					
Solvent Phase-Out Project					
Methyl Bromide Component					
Methyl Bromide Workshop					
PMU & Monitoring					
Unforeseen Activities					
ENTERPRISE LEVEL PHASE-OUT ACTIVITIES			75,000.	97.	
Retrofit programme for end-users	15.	85.			
R&R programme for Servicing	15.	85.			
TECHNICAL ASSISTANCE			25,000.	97.	
Promotion and awareness workshop for end-users on retrofit programme	1.	85.			
Additional standards and certification for end-user	1.	85.			

*Refers to latest revision of overall plan

(10) SECRETARIAT'S RECOMMENDATION: