



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/75/57  
21 October 2015

ORIGINAL: ENGLISH



---

EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-fifth Meeting  
Montreal, 16-20 November 2015

**PROJECT PROPOSAL: MONTENEGRO**

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

Phase-out

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

UNIDO

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Montenegro

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (Stage I)	UNIDO (lead)	63 <sup>rd</sup>	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2014	0.72 (ODP tonnes)
--	------------	-------------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2014	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-123									
HCFC-124									
HCFC-141b									
HCFC-142b									
HCFC-22					0.72				0.72

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	0.80	Starting point for sustained aggregate reductions:	0.80
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.28	Remaining:	0.52

(V) BUSINESS PLAN		2015	2016	2017	2018	2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.1	0.0	0.0	0.0	0.0	0.0	0.1
	Funding (US \$)	105,888	0	0	0	32,250	22,575	160,713

(VI) PROJECT DATA			2011	2013	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	0.8	0.72	0.72	0.72	0.72	0.72	0.52	n/a
Maximum allowable consumption (ODP tonnes)			n/a	0.8	0.72	0.72	0.72	0.72	0.72	0.52	n/a
Agreed funding (US\$)	UNIDO	Project costs	155,000	100,000	98,500				30,000	21,000	404,500
		Support costs	11,625	7,500	7,388				2,250	1,575	30,338
Funds approved by ExCom (US\$)		Project costs	155,000	100,000	0.0	0.0	0.0	0.0	0.0	0.0	255,000
		Support costs	11,625	7,500	0.0	0.0	0.0	0.0	0.0	0.0	19,125
Total funds requested for approval at this meeting (US\$)		Project costs			98,500						98,500
		Support costs			7,388						7,388

Secretariat's recommendation:	Blanket approval
-------------------------------	------------------

## PROJECT DESCRIPTION

1. On behalf of the Government of Montenegro, UNIDO as the designated implementing agency, has submitted to the 75<sup>th</sup> meeting a request for funding for the third tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$98,500, plus agency support costs of US \$7,388. The submission includes a progress report on the implementation of the second tranche, and the tranche implementation plan for 2015 to 2019.

### Report on HCFC consumption

#### *HCFC consumption*

2. The Government of Montenegro reported a consumption of 0.72 ODP tonnes of HCFC in 2014. The 2010-2014 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in Montenegro (2010-2014 Article 7 data)**

HCFC-22	2010	2011	2012	2013	2014	Baseline
Metric tonnes	10.6	13.12	17.14	13.60	13.0	13.9
ODP tonnes	0.6	0.72	0.94	0.75	0.72	0.8

3. Consumption of HCFC-22 increased from 2010 and peaked in 2012 due to the stockpile in anticipation of the freeze in 2013. Thereafter the HCFC consumption progressively decreased: 0.75 ODP tonnes in 2013 and 0.72 ODP tonnes in 2014 (i.e., below the baseline).

#### *Country programme (CP) implementation report*

4. The Government of Montenegro reported HCFC sector consumption data under the 2014 CP implementation report, which is consistent with the data reported under Article 7.

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

#### *Legal framework*

5. Under the institutional strengthening (IS) component, HCFC regulation have been updated and published allowing import of only non-HCFC-22-based equipment, in line with European Union (EU) legislation. In addition, new harmonized registration codes for HCFCs was put in place.

#### *Refrigeration servicing sector*

6. The activities implemented under the second tranche include:

- (a) A training workshop for 30 environmental inspectors and four training workshops for 50 customs officers on the identification of HCFCs and prevention of illegal trade; and the purchase and distribution of eight refrigerant identifiers;
- (b) Three training workshops for 80 technicians on good refrigeration practices and certification of trained technicians; and
- (c) Awareness raising activities among stakeholders and the public to support the changes required in the servicing sector.

*Project implementation and monitoring unit (PMU)*

7. The National Ozone Unit (NOU), assisted by an expert in refrigeration, monitored the HPMP activities and collected the relevant data.

Level of fund disbursement

8. As of July 2015, of the US \$255,000 approved so far, US \$242,914 (95 per cent) had been disbursed. The balance of US \$12,018 will be disbursed in 2016 (Table 2).

**Table 2. Financial report of stage I of the HPMP for Montenegro (US \$)**

Agency	First tranche		Second tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNIDO	155,000	154,932*	100,000	87,982	255,000	242,914
<b>Disbursement rate (%)</b>	99.96		87.98		95.26	

\* The balance of US \$68 had been returned to the 74<sup>th</sup> meeting

Implementation plan for the third tranche of the HPMP

9. The third funding tranche of the HPMP will be implemented between December 2015 and December 2019, and the following activities will be undertaken:

- (a) Three training workshops on natural refrigeration and HFO for 25 technicians, to improve their technical knowledge in servicing equipment containing natural refrigerants, flammable refrigerants and HFOs (US \$10,000);
- (b) Procurement of equipment for reclamation and storage of refrigerants (US \$12,500);
- (c) Public awareness activities through the issuance of brochures, organization of technical seminars and workshops, and the improvement and enforcement of legislation in cooperation with relevant Government ministries and their counterparts (US \$46,000);
- (d) Support to the national ozone unit as part of the IS component (US \$20,000); and
- (e) Monitoring the implementation of the HPMP, including travel, consultancy and communications strategies (US \$10,000).

**SECRETARIAT'S COMMENTS AND RECOMMENDATION****COMMENTS**Progress report on the implementation of the second tranche of the HPMP*Legal framework*

10. The Government of Montenegro has already issued HCFC import quotas for 2015 at 0.67 ODP tonnes, which is 16 per cent below the HCFC baseline consumption.

*Refrigeration-servicing sector*

11. The Secretariat noted in the work plan for the second tranche that the Government of Montenegro focussed on the enhancement of the capacities of the technicians in good refrigeration practices, and customs officers and environmental officers in the identification of HCFCs and prevention of illegal trade. The training manuals provided to the customs officers and the distribution of the refrigerant

identifiers to the customs and environmental officers will further reinforce their ability in identifying HCFCs and prevent illegal trade. Establishment of a refrigeration and air-conditioning association in the near future will facilitate the coordination of the training activities; and contribute to the sustainability of the training programmes. In addition the improvement and enforcement of the EU legislation by the NOU, in cooperation with other Ministries and counterparts, will ensure the long-term sustainability of these activities.

12. Upon a request from the Secretariat for information on whether retrofits to hydrocarbon are being promoted by the HPMP or taking place outside the HPMP, UNIDO indicated that there is no promotion of any retrofitting at this stage and that the Government of Montenegro was fully aware of decisions 72/17<sup>1</sup> and 73/34<sup>2</sup> on retrofit of refrigeration systems with flammable refrigerants. Under the implementation of the third tranche, the Government is considering developing training and certification schemes in which the requirements in the European F-gas regulations can be used as a model as they have to be implemented in the EU-harmonization process.

### Conclusion

13. HPMP implementation is progressing and the country is in compliance with the Montreal Protocol and its Agreement with the Executive Committee. The country's import licensing and quota system is operational; the import quota established for 2015 is over 16 per cent of the HCFC baseline. Customs officers and environment inspectors have been trained in the identification of HCFC and prevention of illegal trade, and received eight refrigerant identifiers; refrigeration technicians were trained in good refrigeration practices. The level of fund disbursement is over 95 per cent, and the activities implemented under the previous tranches and those planned under the third tranche, will further strengthen the servicing sector and ensure the long-term sustainability of the activities proposed in stage I of the HPMP.

### **RECOMMENDATION**

14. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the second tranche of stage I of the HCFC phase-out management plan (HPMP) for Montenegro; and further recommends blanket approval of the third tranche of stage I of the HPMP for Montenegro, and the corresponding 2015-2019 tranche implementation plan, at the funding level 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)	98,500	7,388	UNIDO

<sup>1</sup> To include in the approval of HPMPs, tranches, projects or activities that proposed the retrofit of HCFC-based refrigeration and air-conditioning equipment to flammable or toxic refrigerants that the Executive Committee notes that, if the country engages in retrofitting HCFC-based refrigeration and air-conditioning equipment to flammable or toxic refrigerants and associated servicing, it does so on the understanding that they assume all associated responsibilities and risks.

<sup>2</sup> If a country were to decide, after taking into account decision 72/17, to proceed with retrofits that used flammable substances in equipment originally designed for non-flammable substances, it should be done only in accordance with the relevant standards and protocols.