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

PROJECT PROPOSAL: THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

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, sixth tranche)

UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**The former Yugoslav Republic of Macedonia**

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (Stage I)	UNIDO (lead)	60th	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2014	0.57 (ODP tonnes)
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(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	Servicing				
HCFC-22					0.6				0.6

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1.8	Starting point for sustained aggregate reductions:	3.35
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.18	Remaining:	1.17

(V) BUSINESS PLAN		2015	2016	2017	2018	2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.2	0.2	0.2	0.1	0.1	0.1	1.0
	Funding (US \$)	88,150	88,150	140,825	80,625	80,625	80,625	559,000

(VI) PROJECT DATA			2010	2011	2012	2013*	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	n/a	n/a	1.80	1.80	1.62	1.62	1.62	1.62	1.62	1.17	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	n/a	1.80	1.80	1.62	1.53	1.44	1.35	1.26	1.17	n/a
Agreed funding (US \$)	UNIDO	Project costs	15,000	107,000	294,955	148,000	82,000	82,000	82,000	131,000	75,000	75,000	75,000	1,166,955
		Support costs	1,125	8,025	22,122	11,100	6,150	6,150	6,150	9,825	5,625	5,625	5,625	87,522
Funds approved by ExCom (US \$)		Project costs	15,000	107,000	294,955	148,000	82,000	0.0	0.0	0.0	0.0	0.0	0.0	646,955
		Support costs	1,125	8,025	22,122	11,100	6,150	0.0	0.0	0.0	0.0	0.0	0.0	48,522
Total funds requested for approval at this meeting (US \$)		Project costs	0	0	0	0	0	82,000	0	0	0	0	0	82,000
		Support costs	0	0	0	0	0	0	6,150	0	0	0	0	6,150

*A corrigendum was issued for the 67th meeting report to reflect the country's actual consumption

Secretariat's recommendation:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of the former Yugoslav Republic of Macedonia, UNIDO as the designated implementing agency, has submitted to the 75th meeting a request for funding for the sixth tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$82,000, plus agency support costs of US \$6,150. The submission includes a progress report on the implementation of the fifth tranche, the verification report on HCFC consumption in 2014 and the tranche implementation plan for 2015 to 2016.

Report on HCFC consumption

HCFC consumption

2. The Government of the former Yugoslav Republic of Macedonia reported a consumption of 0.57 ODP tonnes of HCFC in 2014, related exclusively to HCFC-22. The 2010-2014 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in the former Yugoslav Republic of Macedonia (2010-2014 Article 7 data)

HCFC	2010	2011	2012	2013	2014	Baseline
Metric tonnes						
HCFC-22	23.9	16.3	13.5	13.1	10.4	32.8
HCFC-141b in imported pre-blended polyols	15.7	14.6	14.6	0	0	14.09*
Total (metric tonnes)	39.6	30.9	28.1	13.1	10.4	38.0
ODP tonnes						
HCFC-22	1.3	0.90	0.74	0.72	0.57	1.8
HCFC-141b in imported pre-blended polyols	1.7	1.61	1.16	0	0	1.55*
Total (ODP tonnes)	3.0	2.5	2.3	0.7	0.57	

*Average consumption between 2007 and 2009

3. The HCFC consumption in 2014 (0.57 ODP tonnes) was 68 per cent and 64 per cent lower than the baseline (1.8 ODP tonnes) and the 2015 control measure (1.6 ODP tonnes), respectively. The very low consumption in 2013 and 2014 is likely due to a combination of the environmental tax (1 €/kg) on the import of HCFCs and the regulatory measures that have been put in place, including those related to recovery and recycling (R&R) and rules to prevent and minimize refrigerant emissions during servicing. The successful recycling and recovery programme the country has implemented resulted in the recovery of 2.8 and 3.2 mt of HCFC-22 in 2013 and 2014, respectively.

Verification report

4. The verification report confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports, and that the total consumption of HCFCs for 2014 was 0.57 ODP tonnes. The verification concluded that the former Yugoslav Republic of Macedonia was in compliance with the Montreal Protocol targets in 2014 and has an effective import control according to a strict quota system.

Country programme (CP) implementation report

5. The Government of the former Yugoslav Republic of Macedonia 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 fifth tranche of the HPMP*Legal framework*

6. The Government of the former Yugoslav Republic of Macedonia has put in place a regulatory framework that supports effective implementation of the HPMP: environmental tax for import of HCFC-22 was established in 2011, the import and export of HCFC-based equipment was banned in 2012, amendments to the Law on Environment introducing the licensing system for entities handling refrigeration and air-conditioning (RAC) equipment was put in place in 2014; and the order prohibiting trade of refrigerants in non-refillable containers entered into force on 1 January 2015.

Foam manufacturing sector

7. The project for the conversion of four foam enterprises (Koper-Negotino, Sileks AD Co., Zlatna Raka, Frigoteknika) to using HCFC-141b contained in pre-blended polyols is ongoing. The four enterprises will be converted to methyl formate technology. During the implementation of the fifth tranche two enterprises (Koper-Negotino and Zlatna Raka) completed the conversion that resulted in the phase-out of 1.35 ODP tonnes of HCFC-141b. Completion of the conversion of the two other enterprises (Sileks AD Co. and Frigoteknika) is expected in 2016.

Refrigeration-servicing sector

8. Since the approval of the fifth tranche, the following activities were implemented: 53 additional refrigeration technicians were trained in good practices with the total number trained under stage I reaching 333; three workshops were organized by the national ozone unit (NOU) for all stakeholders involved in log-book keeping and labeling of the equipment; 38 sets of R&R equipment were provided to service shops with total amount of R&R equipment delivered during stage I reaching 56. The amount of recovered and recycled refrigerants reached 21,872 kg in 2014 (compared to 14,042 kg in 2013), with the most common refrigerants (HCFC-22, HFC-134A, R-404A, R-407C, and R-410A) accounting for virtually all of this quantity (small amounts of CFC-12, R-403B and R-502 were also recovered).

Project implementation and monitoring unit (PMU)

9. The implementation of log-books under institutional strengthening (IS) continued during the fifth tranche and the software to record number of technicians and equipment was modified and updated according to the current requirements. RAC association was also established and already has 30 members.

Level of fund disbursement

10. As of 8 October 2015, of the US \$646,955 so far approved, US \$546,138 had been disbursed. The balance of US \$100,817 will be disbursed in 2016 (Table 2).

Table 2. Financial report of stage I of the HPMP for the former Yugoslav Republic of Macedonia (US \$)

Agency	First-fourth tranche		Fifth tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNIDO	564,955	474,916	82,000	71,222	646,955	546,138
Disbursement rate	84%		87%		84%	

Implementation plan for the sixth tranche of the HPMP

11. During the sixth funding tranche, the following activities will be undertaken:
- (a) Completion of foam enterprises conversion (funding from previous tranches);
 - (b) Training of approximately 30 refrigeration technicians, strengthening the licensing system including amendments to existing legislation in accordance with the European Union regulations, putting in place the mandatory system for licensing of service technicians; and assessment of needs for additional R&R equipment (to be delivered in the seventh tranche) (funding from previous tranches);
 - (c) Activities related to IS: legislation amendments, implementation of mandatory log-books, regular visits to service shops, monitoring of the R&R scheme and public awareness (US \$75,000); and
 - (d) Monitoring and verification (US \$7,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Progress report on the implementation of the fifth tranche of the HPMP

Legal framework

12. The Government of the former Yugoslav Republic of Macedonia has already issued HCFC import quotas for 2015 at 1.62 ODP tonnes.

Foam manufacturing sector

13. The Secretariat noticed that no HCFC-141b in bulk or pre-blended polyol was imported in 2013 and 2014 but the conversion of two out of four foam enterprises using HCFC-141b in pre-blended polyol was not yet completed. UNIDO clarified that the enterprises were aware that the Ministry of Environment and Physical Planning was planning to ban the import of HCFC-141b both in bulk and in pre-blended polyols immediately after completion of their conversion, expected in 2016. It is likely that enterprises are using the stockpiles of HCFC-141b in pre-blended polyols.

Refrigeration servicing sector

14. The Secretariat noted that the Government was considering to include flammable refrigerants and equipment using such refrigerants in the training of refrigeration technicians. UNIDO indicated that being aware of the climate impact of high-global warming potential refrigerants, the NOU has started the development of new training tools (handbooks, manuals) that will discuss safety issues related to servicing of the equipment containing CO₂, ammonia and/or hydrocarbons. The current training handbook contains a special chapter on safe handling of hazardous refrigerants.

15. As explained by UNIDO the substantial increase in recovered and recycled refrigerants in 2014 was due to the additional 38 R&R units delivered to the service shops, the high price of refrigerants and the environmental tax on HCFC-22.

Conclusion

16. The implementation of the fifth tranche progressed according to plan. The conversion activities in the foam sector are progressing, with the conversion completed at two out of the four foam enterprises resulting in a phase-out of 1.35 ODP tonnes. The country's 2014 consumption is well below the Montreal Protocol control targets and the maximum allowable consumption. With a more than 50 per cent increase in recycled refrigerants from 2013 to 2014, the R&R continues to contribute to the low consumption in the country. The activities in the refrigeration servicing sector appear to be well-planned and effective. The plan of activities proposed for the next year will address the challenges in the country to meet the ambitious targets in the Agreement.

RECOMMENDATION

17. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the fifth tranche of stage I of the HCFC phase-out management plan of (HPMP) for the former Yugoslav Republic of Macedonia; and further recommends blanket approval of the sixth tranche of stage I of the HPMP for the former Yugoslav Republic of Macedonia, and the corresponding 2015-2016 tranche implementation plan, at the funding level shown in the table below:

	Project title	Project funding (US \$)	Support cost (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage I, sixth tranche)	82,000	6,150	UNIDO