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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: MACEDONIA

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

Phase out

- Terminal phase-out management plan for CFCs (first tranche)

UNIDO

**PROJECT EVALUATION SHEET
(MULTI-YEAR PROJECTS)
MACEDONIA**

PROJECT TITLE	BILATERAL/IMPLEMENTING AGENCY
Terminal phase-out management plan for CFCs (first tranche)	UNIDO

NATIONAL CO-ORDINATING AGENCY:	Ministry of Environment and Physical Planning
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP tonnes, 2003, as of 12 February 2005)**

Annex A, Group I	49.34		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes, 2003, as of 1 March 2005)

ODS	Refrigeration
CFC	49.33

CFC consumption remaining eligible for funding (ODP tonnes)	49.34
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CURRENT YEAR DRAFT BUSINESS PLAN: Total funding US \$279,081: total phase-out 49.34 ODP tonnes

PROJECT DATA		2004	2005	2006	2007	2008	2009	Total
CFC-12 and 115 (ODP tonnes)	Montreal Protocol limits	492.53	246.26	246.26	73.88	73.88	73.88	n.a.
	Annual consumption limit*	49.34	25.0	15.0	10.0	5.0	0	n.a.
	Annual phase-out from ongoing projects	0	0	0	0	0	0	0
	Annual phase-out newly addressed	24.34	10.0	5.0	5.0	5.0	0	49.34
	Annual unfunded phase out	0	0	0	0	0	0	0
TOTAL ODS CONSUMPTION TO BE PHASED OUT		24.34	10.0	5.0	5.0	5.0	0	49.34
Total ODS consumption to be phased-in (HCFCs)		0	0	0	0	0	0	0
Project cost as originally submitted (US \$)		-	154,210	79,871	15,000	15,000	15,000	279,081
Final Project costs (US \$)								
Funding for UNIDO (US \$)		-	154,210	79,871	15,000	15,000	15,000	279,081
Total project funding		-	154,210	79,871	15,000	15,000	15,000	279,081
Final Support costs (US \$)								
Support cost for UNIDO (US \$)		-	11,566	5,990	1,125	1,125	1,125	20,931
Total support cost (US \$)		-	11,566	5,990	1,125	1,125	1,125	20,931
TOTAL COST TO THE MULTILATERAL FUND (US \$)		-	165,776	85,861	16,125	16,125	16,125	300,012
Final project cost effectiveness (US \$/kg)								5.66

*Established in compliance with Government import regulations (quota system in place); 2004: latest reported consumption

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

SECRETARIAT'S RECOMMENDATION	Pending
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PROJECT DESCRIPTION

1. The Terminal CFC phase-out management plan (TPMP) was prepared by the Government of the Former Yugoslav Republic of Macedonia. It proposes a combination of investment and non-investment activities mainly in the refrigeration and air-conditioning service sector with a total funding request of US \$279,081, and will result in the complete phase out of the present CFC consumption of 49.34 ODP tonnes by 31 December 2008.
2. Import of substances that deplete the ozone layer is controlled through permits issued by the Ministry of Environment and Physical Planning. Gradual reduction of CFC imports aiming at zero imports by 31 December 2008 is foreseen through a quota system. The total consumption of CFCs in 2003 was 49.34 ODP tonnes. Macedonia has phased out already more than 90% of the baseline ODS consumption, the remaining challenge being to phase out CFCs in the servicing sector for refrigeration and air conditioning.
3. In accordance with the Refrigerant Management Plan from 1999, efforts have been focused on recovery and recycling of ODS through training and supply of equipment to 3 recycling centres and 109 service shops. In spite of this, Macedonia will have to take further actions to achieve the total phase out of CFCs. The project proposes to increase the amount of recovered and recycled refrigerants through suitable and more efficient equipment, permanent training of the service technicians and Customs officers and raising awareness among stakeholders and the public in general.
4. To facilitate the CFC phase-out, Macedonia proposes a number of measures, such as: further improvement of the training capability by further training for service technicians; training on retrofit possibilities and use of alternative refrigerants; improvement of refrigerant recovery through a reclamation scheme including training and provision of equipment; introduction of a sustainable education in vocational secondary schools for service technicians; and building up competence of technicians and confidence of end-users in retrofit.
5. The reuse of the existing CFC stock is foreseen to play an important role in the phase out of CFCs in Macedonia. The existence of a functioning reclamation system is seen as essential to reduce the current reluctance of many service technicians.
6. The Government of the Former Yugoslav Republic of Macedonia is requesting a grant of US \$279,081 from the Multilateral Fund to cover part of the cost for phasing out of all of the remaining 49.34 ODP tonnes of CFC consumption under this TPMP. The project duration will be five years, achieving the complete phase out at the end of the fourth year (2008).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. Macedonia, UNIDO and the Secretariat agreed on a disbursement schedule reflecting the need of the country to receive continuous and substantive support until 2010. In addition, the first annual implementation programme was discussed and agreed upon. Remaining eligibility issues have been resolved.

8. The draft agreement has been largely, but not completely finalized between the Secretariat and UNIDO. In particular, the Secretariat expressed concern about parts of the draft agreement as submitted by UNIDO, relating to the specification of the planning and reporting requirements as well as the description of the role and responsibilities of UNIDO. At the time of dispatch, the related issues were not yet resolved.

RECOMMENDATION

9. Pending
