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

PROJECT PROPOSAL: ALBANIA

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

Phase out

- National ODS phase-out plan (second tranche)

UNIDO

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

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

National ODS phase-out plan (second tranche)	UNIDO and UNEP
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NATIONAL CO-ORDINATING AGENCY:

National Ozone Project Implementation Unit (NOPIU)

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP tonnes, 2004, as of 15 May 2005)**

Annex A Group I, CFCs	36.57
Annex B Group II, CTC	0
Annex E, Methyl bromide	0

B: COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes, 2004, as of 15 May 2005)

ODS	Aerosol	Foam	Fumigant	Ref. Service	Solvent	Total
CFC-11	0.00	0.00		0.00		0.00
CFC-12	0.00	0.00		36.57		36.57
CFC-113					0.00	0.00
CFC-114				0.00		0.00
CFC-115				0.00		0.00
CTC					0.00	0.00
Methyl bromide			0.00			0.00

CFC consumption remaining eligible for funding (ODP tonnes)

n.a.

CURRENT YEAR BUSINESS PLAN: Total funding US \$185,246: total phase-out 21.9 ODP tonnes

PROJECT DATA		2003	2004	2005	2006	2007	2008	2009	Total
ODSs (ODP tonnes)	Montreal Protocol limit, CFC	40.8	40.8	20.4	20.4	6.1	6.1	6.1	n.a.
	Montreal Protocol limit, CTC	3.1	3.1	0.46	0.46	0.46	0.46	0.46	n.a.
	Montreal Protocol limit, methyl bromide	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
	Montreal Protocol limit, Total	43.9	43.9	20.86	20.86	6.56	6.56	6.56	n.a.
	Annual consumption limit	68.0	61.2	36.2	15.2	6.2	2.2	0.0	n.a.
	Annual phase-out from ongoing projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Annual phase-out newly addressed	0.0	6.8	25.0	21.0	9.0	4.0	2.2	68.0
	Annual unfunded phase-out	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL ODS CONSUMPTION TO BE PHASED OUT	0.0	6.8	25.0	21.0	9.0	4.0	2.2	68.0	
Total ODS consumption to be phased in (HCFCs)	-	-	-	-	-	-	-	-	-
Final Project costs (US\$):									
Funding for UNIDO	181,068	172,322	72,322	42,322	22,322	22,322	22,322	22,322	535,000
Funding for UNEP	118,125	0	0	0	0	0	0	0	118,125
Total project funding (US\$)	299,193	172,322	72,322	42,322	22,322	22,322	22,322	22,322	653,125
Final Support costs (US\$):									
Support cost for UNIDO	13,580	12,924	5,424	3,174	1,674	1,674	1,674	1,674	40,124
Support cost for UNEP	15,356	0	0	0	0	0	0	0	15,356
Total support costs (US\$):	28,936	12,924	5,424	3,174	1,674	1,674	1,674	1,674	55,480
TOTAL COST TO MULTILATERAL FUND (US\$)	328,129	185,246	77,746	45,496	23,996	23,996	23,996	23,996	708,605
Final project cost effectiveness (US\$/kg)									9.6

FUNDING REQUEST: Approval of funding for 2nd tranche (2004) as indicated above.**SECRETARIAT'S RECOMMENDATION**

Individual consideration

PROJECT DESCRIPTION

1. The National ODS Phase out Plan (NPP) for Albania was approved in April 2003 at the 39th Meeting of the Executive Committee. The total funds approved in principle amount to US \$653,125 plus US \$55,480 in support costs. The implementation of this NPP supports the Government of Albania in meeting its Montreal Protocol obligations and in completely phasing out all ODSs under Annex A Group I, Annex B Group II, and Annex E by 1 January 2009. In order to achieve these targets, a series of investment, non-investment, technical assistance and capacity building activities will be and are being implemented by UNIDO and UNEP. The 2003 Annual Implementation Programme (AIP) of this NPP was approved, and related funds for the first tranche were released at the 39th Executive Committee Meeting.

2. In decision XIV/18, the Meeting of the Parties decided that for the July 2000 to June 2001 control period, Albania was in non-compliance with its obligations under Article 2A of the Montreal Protocol regarding CFC consumption. The 15th Meeting of the Parties noted, in decision XV/26, Albania's submission of a plan of action, and further that, under the plan, Albania specifically committed itself to reducing CFC consumption as follows:

- (a) 68.0 ODP-tonnes in 2003;
- (b) 61.2 ODP-tonnes in 2004;
- (c) 36.2 ODP-tonnes in 2005;
- (d) 15.2 ODP-tonnes in 2006;
- (e) 6.2 ODP-tonnes in 2007;
- (f) 2.2 ODP-tonnes in 2008; and
- (g) To phasing out CFC consumption by 1 January 2009, as provided in the plan for reduction and phase out of CFC consumption, save for essential uses that may be authorized by the Parties.

3. In addition, Albania committed to establishing a system for licensing imports and exports of ODS including quotas, and to banning imports of ODS-using equipment by 2004. Albania has in the meantime advised the Ozone Secretariat of the Government's decision to establish its licensing and quota system by June 2005, and its import ban by January 2006.

4. The national phase-out plan approved in April, 2003 foresaw significant implementation activities for 2003. The report now being submitted by UNIDO on behalf of the Government of Albania indicates that actual implementation only commenced in January 2004 and informs on the first 12-month period of implementation, i.e. January to December 2004.

5. UNIDO reported on the implementation of the 2003 annual programme, covering January to December 2004. A number of activities had been carried out, in particular the establishment of a National Ozone Unit, customs and a train-the-trainer course for refrigeration technician training. A methyl Bromide workshop was conducted, and the implementation of a solvent phase-out sub-project commenced. Out of a total of US \$299,193, US \$184,945 (61.8%) have been disbursed or obligated for these activities.

6. The annual implementation programme for 2005 foresees the training of approximately 300 technicians, strengthening of vocational schools, a workshop on the use of alternative drop-in refrigerants, the completion of the CTC phase-out sub-project, phase I of a recovery and recycling project to establish three recovery and recycling centres and the strengthening of the ODS monitoring and reporting system.

7. It is anticipated that by mid-2005, the Government of Albania will approve the legal act on ozone layer protection, establish a licensing system and an import/export quota system. In addition, a number of milestones indicated in the 2005 implementation programme are expected, among them the approval of the Council of Ministers on ozone layer protection.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. The Secretariat noted that Albania did not have a licensing system during the years covered by the report. Although there is no established licensing system, existing customs legislation appeared sufficient to properly record ODS imports. Between the reports for 2003 and 2004, a legal change regarding customs data collection and its harmonisation with European Union regulations took place. As a consequence, 2003 data is reported as a total of all ODS, while from 2004 on it can be distinguished between different types of ODS. The Agreement between Albania and the Executive Committee does not stipulate the need for reporting by substance or group.

9. The licensing system, which is now scheduled to be established in June 2005, was a key milestone for the 2003 implementation, and part of the commitment of Albania as noted in decision XV/26 of the Meeting of the Parties; this activity is therefore already more than 18 months behind. The Secretariat noted that Albania has advised the Ozone Secretariat about its decision to establish a licensing and quota system by June 2005, and an import ban by January 2006.

10. The verified consumption data for 2003 given in the verification report were not consistent with the 2003 Article-7 data submitted to the Ozone Secretariat, but both figures stayed within the limits of the phase-out agreement. The verified consumption for 2004 remained not only well below the target levels in the agreement, but also below the CFC

consumption noted in decision XIV/18 and below the 2004 compliance target regarding the CFC consumption freeze. Albania has not yet reported Article-7 data for 2004 to the Ozone Secretariat.

11. The Secretariat pointed out that the customs manual had been written and printed, and both stages of the customs training have been completed while legislation was still pending. UNIDO informed the Secretariat that the training and the customs manual anticipated the legislation being developed; consequently updates of the training or the manual will most probably not be necessary.

12. The Secretariat pointed out that key activities foreseen for 2003, in particular the establishment of legislation, import quotas and a licensing system have not been completed. The majority of the actual phase-out activities planned had not been implemented. UNIDO pointed out that the country is a relative newcomer to the Montreal Protocol (accession 1999) and has politically and economically experienced very difficult situations, causing delays in the start-up of activities and the gaining of momentum.

13. UNIDO provided a number of clarifications. The Secretariat noted that the request has a number of positive aspects, such as the successful verification, apparent existing and near-future improvements in the legal system and gives the impression that implementation seems to have accelerated recently from its previously gradual pace.

RECOMMENDATION

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