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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventieth meeting
Bangkok, 1-5 July 2013

PROJECT PROPOSAL: ALBANIA

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

Phase-out

- HCFC phase-out management plan (stage I, second tranche) UNIDO and UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Albania

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNIDO (lead), UNEP

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2012	6.59 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2012	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					6.59				6.59

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	6.0	Starting point for sustained aggregate reductions:	6.0
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	2.10	Remaining:	3.90

(V) BUSINESS PLAN		2013	2014	2015	2016	2017	2018	2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.61	0.0	0.27	0.0	0.0	0.2	0.0	0.15	1.23
	Funding (US \$)	100,280	0	43,600	0	0	32,700	0.0	25,070	201,650
UNEP	ODS phase-out (ODP tonnes)	0.13		0.15			0.06		0.06	0.40
	Funding (US \$)	22,600		25,990			9,605		9,605	67,800

(VI) PROJECT DATA			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	n/a	6.00	6.00	5.40	5.40	5.40	5.40	5.40	3.90	n/a
Maximum allowable consumption (ODP tonnes)			n/a	n/a	6.00	6.00	5.40	5.40	5.40	5.40	5.40	3.90	n/a
Project costs requested in principle (US \$)	UNIDO	Project costs	45,000	0	92,000	0	40,000	0	0	30,000	0	23,000	230,000
		Support costs	4,050	0	8,280	0	3,600	0	0	2,700	0	2,070	20,700
	UNEP	Project costs	25,000	0	20,000	0	23,000	0	0	8,500	0	8,500	85,000
		Support costs	3,250	0	2,600	0	2,990	0	0	1,105	0	1,105	11,050
Funds approved by ExCom (US \$)		Project costs	70,000										70,000
		Support costs	7,300										
Total funding requested at this meeting (US \$)		Project costs			112,000								112,000
		Support costs			10,880								

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Albania UNIDO, as the lead implementing agency, has submitted to the 70th meeting of the Executive Committee a request for funding of the second tranche of the HCFC phase-out management plan (HPMP) at a total cost of US \$122,880, consisting of US \$92,000 plus agency support costs of US \$8,280 for UNIDO and US \$20,000 plus agency support costs of US \$2,600 for UNEP. The submission also included a progress report on the implementation of the first tranche of the HPMP and tranche implementation plans for 2013 to 2015.

Background

2. The HPMP for Albania was approved by the Executive Committee at its 64th meeting to meet a 35 per cent reduction of the HCFC consumption baseline by 1 January 2020, at a total funding level approved in principle of US \$315,000 plus agency support costs of US \$31,750. At the same meeting, the Executive Committee also approved the first tranche of the HPMP at the amount of US \$77,300, consisting of US \$45,000 plus agency support costs of US \$4,050 for UNIDO and US \$25,000 plus agency support costs of US \$3,250 for UNEP.

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

3. The Government of Albania has developed comprehensive policies and regulations to support the HCFC phase-out, which include an enforceable licensing and quota system to control the import/export of HCFCs, a ban on import of HCFC containing equipment and new HCFC installations, and tax policies to leverage price of refrigerants to promote non-HCFC and low global warming potential (GWP) refrigerants.

4. Three training workshops were conducted for technicians on good servicing practices both in theory and practical approach. Of the 95 service technicians who were trained, 85 technicians were certified. Equipment totalling US \$30,000 were purchased to facilitate identification of refrigerants and blends, refrigerant recovery and recycling, and good servicing practices.

5. Two workshops were organized for customs officers on the implementation of the licensing and quota system and on the application of revised customs code. Fifty customs officers were trained. Equipment purchased under the national phase-out management plan was used to facilitate the training.

6. As of April 2013, of the US \$70,000 approved for the first tranche, US \$60,065 had been disbursed. The balance of US \$9,935 will be disbursed in 2013.

Annual plans for the second tranche of the HPMP

7. The activities to be implemented between 2013 and 2015 are listed below:

- (a) Training of refrigeration servicing technicians including upgrading the training manuals; training of and certifying up to 60 refrigeration technicians in good servicing practices; refrigerants recovery and recycling, retrofitting of equipment to non-HCFC alternatives and servicing non-HCFC equipment;
- (b) Purchasing and distributing an additional 60 sets of recovery and recycling equipment and tools to certified technicians;
- (c) Training of 20 customs officers on implementing the HCFC licensing and quota system, and on identification of HCFC refrigerants and blends;

- (d) Conducting two workshops for technicians and other stakeholders on HCFC phase-out, promoting legislation and alternatives to HCFCs, including synergies between the Montreal Protocol and other climate change interventions;
- (e) Developing a guide on good practices in refrigeration equipment servicing and a practical manual for customs officers in managing refrigerants; and
- (f) Monitoring and evaluation, including conducting an annual performance audit, assisting in an independent verification if required; producing an annual progress report and an implementation plan.

SECRETARIAT’S COMMENTS AND RECOMMENDATION

COMMENTS

Operational HCFC licensing system

8. In line with decision 63/17 and as required under the Agreement between the Government of Albania and the Executive Committee, confirmation has been received from the Government indicating that an enforceable national system of licensing and quotas for HCFC imports and exports is in place and that the Government is confident to meet the Montreal Protocol control targets for HCFC phase-out for the duration of the Agreement. The Secretariat noted that overall implementation of the first tranche is going well. The quota system is operational and will enable the Government to meet the Montreal Protocol control measures for the phase-out of HCFCs from 2013 onwards.

HCFC consumption

9. The Secretariat noticed that Albania imported 9.07 metric tonnes of HCFC-142b and 1.08 ODP tonnes of HCFC-124 in 2010, and 13.12 metric tonnes of HCFC-142b in 2011. These are used in refrigerant blends R-406A and R-409A. Since HCFC-142b and HCFC-124 were not imported in 2009 when the baseline was estimated, these substances were not included in the baseline. The Government of Albania agreed to phase out both substances during stage I. The baseline and starting point have been revised as shown in Table 1.

Table 1: HCFC consumption baseline

	Substance		2007	2008	2009	2010	2011	Baseline
Estimated baseline	HCFC-22	MT	46.34	74.50	97.37	118.18*		107.78
		ODP tonnes	2.55	4.10	5.36	6.50*		5.93
Established baseline (Article 7 data)	HCFC-22	MT	46.34	74.50	97.37	107.10	102.52	107.31
	HCFC-124					1.08	0	
	HCFC-142B					9.07	13.12	
	Total				97.37	117.25	115.64	
	HCFC-22	ODP tonnes	2.55	4.10	5.40	5.89	5.64	6.0
	HCFC-124					0.02	0.00	
	HCFC-142B					0.59	0.85	
Total				5.40	6.50	6.49		

*estimated based on 2009 consumption

10. The HCFC baseline consumption of 5.9 ODP tonnes established at the 64th meeting was estimated. Now the baseline consumption has been officially established at 6.0 ODP tonnes for Albania by the Ozone Secretariat; the starting point will be adjusted accordingly. The adjustment of the baseline and the starting point will not affect the level of funding approved at the 64th meeting.

Revision to the Agreement of the HPMP

11. The HPMP for Albania was approved prior to the establishment of the HCFC baseline for compliance. Accordingly in approving the HPMP, the Executive Committee requested the Secretariat to, *inter alia*, update Appendix 2-A (“The targets, and funding”) to the Agreement with the figures for the maximum allowable consumption, and to notify the Committee of the resulting levels accordingly (decision 64/26(e)). Based on the data reported by the Government of Albania under Article 7 and its revised phase-out schedule, Appendices 1-A, and 2-A and relevant paragraphs of the Agreement have been updated, and a new paragraph has been added to indicate that the updated Agreement supersedes the original Agreement reached at the 64th meeting, as shown in Annex I to this document. The full revised Agreement will be appended to the final report of the 70th meeting.

RECOMMENDATION

12. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan (HPMP) for Albania;
- (b) Notes that the Fund Secretariat had updated paragraphs 1 and 2, Appendices 1-A and 2-A of the Agreement between the Government of Albania and the Executive Committee, based on the established HCFC baseline for compliance, and a new paragraph 16 had been added to indicate that the updated Agreement superseded the Agreement reached at the 64th meeting, as contained in Annex I to the present document; and
- (c) Further notes that the revised starting point for sustained aggregate reduction in HCFC consumption is 6.0 ODP tonnes, calculated using consumption of 5.4 ODP tonnes and 6.5 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol.

13. The Fund Secretariat further recommends blanket approval of the second tranche of stage I of the HPMP for Albania, and the corresponding 2013 to 2015 tranche implementation plans with associated support costs, 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, second tranche)	92,000	8,280	UNIDO
(b)	HCFC phase-out management plan (stage I, second tranche)	20,000	2,600	UNEP

Annex I

TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT BETWEEN THE GOVERNMENT OF ALBANIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS

(Relevant changes are in bold font for ease of reference)

1. This Agreement represents the understanding of the Government of Albania (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of **3.90** ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules.

2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances which exceeds the level defined in row 1.2 of Appendix 2-A (“Maximum allowable total consumption of Annex C, Group I Substances”) as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances which exceeds the level defined in rows 4.1.3, **4.2.3, and 4.3.3** (remaining eligible consumption).

16. This updated Agreement supersedes the Agreement reached between the Government of Albania and the Executive Committee at the 64th meeting of the Executive Committee.

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	5.70
HCFC-124	C	I	0.01
HCFC-142b	C	I	0.29
Total			6.00

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	6.00	6.00	5.40	5.40	5.40	5.40	5.40	3.90	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	6.00	6.00	5.40	5.40	5.40	5.40	5.40	3.90	n/a
2.1	Lead IA (UNIDO) agreed funding (US \$)	45,000	0	92,000	0	40,000	0	0	30,000	0	23,000	230,000
2.2	Support costs for Lead IA (US \$)	4,050	0	8,280	0	3,600	0	0	2,700	0	2,070	20,700
2.3	Cooperating IA (UNEP) agreed funding (US \$)	25,000	0	20,000	0	23,000	0	0	8,500	0	8,500	85,000
2.4	Support costs for Cooperating IA (US \$)	3,250	0	2,600	0	2,990	0	0	1,105	0	1,105	11,050
3.1	Total agreed funding (US \$)	70,000	0	112,000	0	63,000	0	0	38,500	0	31,500	315,000
3.2	Total support costs (US \$)	7,300	0	10,880	0	6,590	0	0	3,805	0	3,175	31,750
3.3	Total agreed costs (US \$)	77,300	0	122,880	0	69,590	0	0	42,305	0	34,675	346,750
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)											1.80
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (ODP tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (ODP tonnes)											3.90
4.2.1	Total phase-out of HCFC-124b agreed to be achieved under this Agreement (ODP tonnes)											0.01
4.2.2	Phase-out of HCFC-124b to be achieved through previously approved projects (ODP tonnes)											0.00
4.2.3	Remaining eligible consumption of HCFC-124b (ODP tonnes)											0.00
4.3.1	Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes)											0.29
4.3.2	Phase-out of HCFC-142b to be achieved through previously approved projects (ODP tonnes)											0.00
4.3.3	Remaining eligible consumption of HCFC-142b (ODP tonnes)											0.00
