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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: THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

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

Phase-out

- HCFC phase-out management plan (phase I, fourth tranche)

UNIDO

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

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2012	0.7 (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-123									
HCFC-124									
HCFC-141b									
HCFC-141b in imported pre-blended polyol		1.6							1.6
HCFC-142b									
HCFC-22					0.7				0.7

(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		2013	2014	2015	2016	2017	2018	2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	1.4
	Funding (US \$)	159,100	88,150	88,150	88,150	140,825	80,625	80,625	80,625	806,250

CONTINUATION OF PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

(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	2.7	2.7	2.4	2.4	2.4	2.4	2.4	1.8		
Maximum allowable consumption (ODP tonnes)			n/a	n/a	n/a	1.8	1.8	1.6	1.5	1.4	1.4	1.3	1.2		
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	0	0	0	0	0	0	0	0	0	416,955
		Support costs	1,125	8,025	22,122	0	0	0	0	0	0	0	0	0	31,272
Total funds requested for approval at this meeting (US \$)		Project costs	0	0		148,000	0	0	0	0	0	0	0	0	148,000
		Support costs	0	0		11,100	0	0	0	0	0	0	0	0	11,100

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 70th meeting of the Executive Committee a request for funding for the fourth tranche of stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$148,000 plus agency support costs of US \$11,100 for UNIDO. The submission includes a progress report on the implementation of the third year of the HPMP, and an annual implementation plan for 2013.

Background

2. Stage I of the HPMP for the former Yugoslav Republic of Macedonia was approved by the Executive Committee at its 60th meeting, to reduce HCFC consumption by 35 per cent of the baseline by the end of 2020. This HPMP was approved prior to decision 60/44 on outstanding HCFC policy issues, and included institutional strengthening until 2020. At its 60th meeting the Executive Committee approved US \$15,000 plus agency support costs for implementation of the first year of the HPMP. Through decision 63/64, the Executive Committee approved funds to cover US \$26,000 in advance of the second tranche, and at the following meeting through decision 64/15 the remainder (US \$81,000) of the second tranche was approved, at a combined level of US \$107,000 plus agency support costs. With the third tranche, the country had submitted a request for funding of additional activities related to the conversion of four enterprises using HCFC-141b contained in imported pre-blended polyols, a submission specifically endorsed in the original approval of the country's HPMP. The third tranche, including funding for the foam sector, was approved at the 67th meeting at a level of US \$294,955 plus agency support costs, in conjunction with the updated Agreement reflecting the changes and the determination of a final baseline and, thus, starting point. Including the additional foam component, the total funding level approved in principle, as amended at the 67th meeting, is US \$1,666,955 plus agency support costs of US \$87,522.

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

3. UNIDO, on behalf of the Government of the former Yugoslav Republic of Macedonia, submitted to the 70th meeting a report on the implementation of the third tranche, a report through the MYA tables regarding implementation in 2012, and a monitoring and audit report for 2012. The following activities were carried out:

- (a) An amendment to the law on environment was developed, regulating obligations of ODS importers and exporters. It also includes regulations for a recovery and recycling (R&R) scheme. The legislation refers to a rule book currently in the process of adoption, which specifies general rules for R&R, an obligation for reporting on equipment containing 3 kg and more of HCFC and the obligation to have log books for such equipment. During the previous year an order prohibiting non-refillable containers was also drafted, which is currently under adoption. The import and export of ODS-based equipment was banned as of 2012, including HCFC-based equipment;
- (b) Thirty servicing shops from nine different cities reported the R&R quantities of refrigerants in 2012, among them 3.32 metric tonnes of HCFC-22, 9.69 tonnes of other refrigerants including 151 kg of CFC-12 and 1.2 tonnes of ammonia, and 116 kg of waste;
- (c) The tender process for a new set of R&R equipment is currently ongoing;

- (d) The foam sector conversion was initiated through visits to the enterprises involved;
- (e) Nine workshops for training of servicing technicians were organized in four cities, and 174 servicing technicians were trained and certified. The high interest in the training programme led to an increase in the amount of training provided beyond the original target of 100 technicians during 2012. The report included a list with name, affiliation, age and city of every technician certified;
- (f) A handbook for the training of customs officers is under preparation by the National Ozone Unit, based on UNEP and the World Customs Organization material as well as the current legislation in the former Yugoslav Republic of Macedonia;
- (g) Two stakeholder workshops were undertaken regarding the specification of R&R equipment, a database for refrigeration equipment containing 3 kg of HCFC and more, and an information workshop on the phase-out schedule for HCFCs targeted at the business community; and
- (h) Of the US \$294,955 approved for the third tranche, US \$150,639 (51.1 per cent) was disbursed.

Annual plan for 2013

4. It is planned to publish the rule book on R&R, the rule book on the annual ODS import/export reporting and the order prohibiting trade of refrigerants in non-refillable containers during the next 12 months. Further training courses for customs officers and servicing technicians are to be undertaken, covering all customs officers selected for training under stage I of the HPMP. R&R equipment will be purchased and delivered, the conversion project for three foam enterprises is expected to be completed by 2014. Two stakeholder workshops are foreseen to take place in the coming year.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Progress reported and plans until 2014

5. The implementation of the third tranche has progressed according to plan. The activities show a holistic approach towards establishing and firming up good servicing practices, and reducing future dependence on HCFCs by discontinuing import of refrigeration and air-conditioning equipment dependent on HCFCs. The licensing systems for HCFCs seem to work well, and the import of new HCFC-based equipment has been banned.

6. The Secretariat noted that in 2012, as compared to the baseline, HCFC-22 consumption dropped by about 59 per cent. The R&R contributed substantially to the low consumption in the country, covering one fifth of the use of HCFC-22. The plan appears to address very well the challenges in the country to meet the 2013, 2015 and 2020 compliance targets as well as the more ambitious targets in the Agreement.

RECOMMENDATION

7. The Fund Secretariat recommends that the Executive Committee takes note of the 2012 annual implementation report of stage I of the HCFC phase-out management plan (HPMP) for the former Yugoslav Republic of Macedonia; and further recommends blanket approval of the fourth tranche of

stage I of the HPMP, and the corresponding 2013 annual implementation plan, 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 (phase I, fourth tranche)	148,000	11,100	UNIDO
