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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-first Meeting
Montreal, 2-6 December 2013

PROJECT PROPOSAL: CROATIA

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

Phase-out

- HCFC phase-out management plan (fourth tranche)

UNIDO/Italy

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Croatia

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

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2012	3.63 (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					0.0				0.0
HCFC-124									
HCFC-141b									
HCFC-142b					0.1				0.1
HCFC-22					3.1				3.1

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	4.0	Starting point for sustained aggregate reductions:	7.5
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	7.5	Remaining:	0.0

(V) BUSINESS PLAN		2013	2014	2015	Total
UNIDO	ODS phase-out (ODP tonnes)	0.44			0.44
	Funding (US \$)	64,500			64,500

(VI) PROJECT DATA			2009	2010	2011	2012	2013	2014	2015	Total
Montreal Protocol consumption limits			n/a	n/a	n/a	n/a	4.00	4.00	3.60	n/a
Maximum allowable consumption (ODP tonnes)			6.60	6.60	6.60	6.60	4.00	0.00	0.00	n/a
Agreed Funding (US\$)	Italy	Project costs	0	210,000	0	0	0	0	0	210,000
		Support costs	0	27,300	0	0	0	0	0	27,300
	UNIDO	Project costs	271,150	180,000	0	360,000	60,000	0	0	871,150
		Support costs	20,336	13,500	0	27,000	4,500	0	0	65,336
Funds approved by ExCom (US\$)			271,150	390,000	0	360,000	0	0	0	1,021,150
			20,336	40,800	0	27,000	0	0	0	88,136
Total funds requested for approval at this meeting (US\$)			0	0	0	0	60,000	0	0	60,000
			0	0	0	0	4,500	0	0	4,500

Secretariat's recommendation:	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Croatia UNIDO, as the lead implementing agency, has submitted to the 71st meeting a request for funding for the fourth (and final) tranche of the HCFC phase-out management plan (HPMP)¹ at the amount of \$60,000, plus agency support costs of US \$4,500 for UNIDO only. The submission includes a progress report on the implementation of the third tranche of the HPMP and an annual implementation plan for 2014.

Progress report on the implementation of the second and third tranches of the HPMP

2. Activities contained in the HPMP focus on the conversion of two foam enterprises and on refrigeration servicing, which are the only sectors using HCFCs in Croatia. At the 66th meeting, the Executive Committee noted the cancellation of the project for the phase-out of HCFC-141b from the manufacturing of polyurethane rigid foam at Pavusin approved at the 59th meeting, since the enterprise was not in the position to implement the project due to financial difficulties.

3. The project for the phase-out of 16.00 mt (1.76 ODP tonnes) of HCFC-141b used for manufacturing polyurethane rigid and integral skin foams at Poli-Mix is near completion. The foaming equipment was purchased in 2012 and installed in the first quarter of 2013. Payment of incremental operating costs and destruction of the HCFC-based equipment will be done in the last quarter of 2013. The enterprise is already using water-based formulation, resulting in the complete phase-out of HCFC-141b in the country.

4. Implementation of activities in the servicing sector is on track. The training of technicians planned under the HPMP had been replaced by the Government with training of environmental inspectors. It was deemed important that environmental inspectors be trained instead of technicians (who had already received earlier training under the terminal phase-out management plan (TPMP) as they would be responsible for, *inter alia*, the control and monitoring of installed equipment, licences of service technicians and companies, and issues related to fluorinated-gases. In addition, HCFC-based equipment to be retrofitted/replaced, as well as the financial scheme and sources of co-financing to be used, were identified.

5. As of October 2013, of the US \$1,021,150 approved by the Executive Committee, US \$423,352 had been disbursed, and US \$268,988 (associated with the cancellation of the phase-out project at Pavusin) had been returned to the Multilateral Fund. Out of the remaining funding of US \$328,810, US \$240,000 have been obligated as of October 2013, and the balance of US \$88,810 will be carried over and disbursed in 2014.

Annual plan for the fourth tranche of the HPMP

6. The overarching strategy of the HPMP for Croatia was updated since Croatia entered the European Union on 1 July 2013. As a consequence, a ban on the import and use of virgin HCFCs from 1 July 2013 had been issued, while the use of recovered/recycled HCFCs will be banned from 31 December 2014.

¹ The HPMP for Croatia was approved by the Executive Committee at its 61st meeting to phase out HCFC consumption by 100 per cent of the baseline by the end of 2016. The agreement was revised at the 66th meeting for a 100 per cent phase-out by 1 January 2014 as Croatia has become a member of the European Union.

7. The Government of Croatia commits to implement the following activities with the remaining funding available under the HPMP: completing the training of environmental inspectors and 24 vocational school teachers; completing the installation of new technology demonstration units with natural refrigerants; retrofitting of commercial refrigeration equipment and chillers (mainly in hospitals) with low-global warming potential (GWP) refrigerants. Project implementation and monitoring will continue until HCFCs have been phased out completely.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Classification of Croatia under the Montreal Protocol

8. Upon a request for clarification on the current status of Croatia (a member state of the European Union as of 1 July 2013) under the Montreal Protocol, the Ozone Secretariat advised that Croatia still remains classified as a party operating under Article 5 of the Protocol in spite of its joining the European Union. The Party has not formally been reclassified by the Meeting of the Parties, a process which should be preceded by Croatia's application for reclassification as a non-Article 5 Party. On this basis, the Secretariat reviewed the last tranche of the HPMP for Croatia. The Executive Committee may wish to recall a similar situation with Romania when the country joined the European Union on 1 January 2007. Romania was to be reclassified as a Party not operating under Article 5 of the Protocol as of 1 January 2008 (decision XIX/19). Therefore in 2007, the Executive Committee approved US \$30,000 for the implementation of the national CFC phase-out plan and US \$2,200,000 for the implementation of the production sector plan.

9. At the recently-concluded Twenty-fifth Meeting of the Parties to the Montreal Protocol, the Parties agreed to reclassify Croatia as a Party not operating under Article 5 of the Montreal Protocol from 1 January 2014 (decision XXV/16). On this basis, Croatia will still be eligible for the requested final tranche of the HPMP at this meeting.

HCFC consumption

10. The HCFC consumption of 3.63 ODP tonnes reported under Article 7 of the Montreal Protocol in 2012 was already 2.97 ODP tonnes below the maximum allowable level of 6.6 ODP tonnes stipulated in the Agreement between the Government of Croatia and the Executive Committee, as shown in Table 1.

Table.1 HCFC consumption in Croatia (Article 7)

HCFC	2008	2009	2010	2011	2012	Baseline
Metric tonnes						
HCFC-123			0.6			0.3
HCFC-141b	28.0	(2.0)		0.50		(1.0)
HCFC-142b	2.2	0.8	2.1	0.79	1.25	1.4
HCFC-22	77.8	86.0	58.0	73.69	64.44	72.0
Total (mt)	108.0	84.8	60.7	74.98	65.69	72.7
ODP tonnes						
HCFC-123	-	-	0.0			0.0
HCFC-141b	3.1	(0.2)		0.06		(0.1)
HCFC-142b	0.1	0.1	0.1	0.05	0.08	0.1
HCFC-22	4.3	4.7	3.2	4.05	3.55	4.0
Total (ODP tonnes)	7.5	4.6	3.3	4.16	3.63	4.0

Conclusion

11. The Secretariat notes that the quota system is operational, the conversion for non-HCFC technology enterprise has been completed and the activities in the servicing sector are well advanced.

RECOMMENDATION

12. The Executive Committee may wish to consider:

- (a) Noting the progress report on the implementation of the second and third tranches of the HCFC phase-out management plan (HPMP) of Croatia;
- (b) Approving the fourth (and final) tranche of the HPMP of Croatia, and the corresponding 2014 annual implementation plan, at the amount of US \$60,000, plus agency support costs of US \$4,500 for UNIDO; and
- (c) Requesting UNIDO and the Government of Italy to submit the project completion report of the HPMP for Croatia no later than the 74th meeting.
