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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-third Meeting
Montreal, 27– 31 May 2019

PROJECT PROPOSAL: MONTENEGRO

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

Phase-out

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

UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Montenegro

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage I)	UNIDO (lead)	63 rd	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2018	0.17 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2018	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.17				0.17

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	0.80	Starting point for sustained aggregate reductions:	0.80
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.28	Remaining:	0.52

(V) BUSINESS PLAN		2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.02	0.01	0.03
	Funding (US \$)	32,250	22,575	54,825

(VI) PROJECT DATA			2011	2013	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits			n/a	0.8	0.72	0.72	0.72	0.72	0.72	0.52	n/a
Maximum allowable consumption (ODP tonnes)			n/a	0.8	0.72	0.72	0.72	0.72	0.72	0.52	n/a
Agreed funding (US \$)	UNIDO	Project costs	155,000	100,000	98,500	0	0	0	30,000	21,000	404,500
		Support costs	11,625	7,500	7,388	0	0	0	2,250	1,575	30,338
Funds approved by ExCom (US \$)		Project costs	155,000	100,000	98,500	0	0	0	0	0	353,500
		Support costs	11,625	7,500	7,388	0	0	0	0	0	26,513
Total funds requested for approval at this meeting (US \$)		Project costs							30,000		30,000
		Support costs							2,250		2,250

Secretariat's recommendation:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Montenegro, UNIDO as the designated implementing agency, has submitted a request for funding for the fourth tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$30,000, plus agency support costs of US \$2,250.¹ The submission includes a progress report on the implementation of the third tranche, and the tranche implementation plan for 2019-2020.

Report on HCFC consumption

2. The Government of Montenegro reported a consumption of 0.17 ODP tonnes of HCFC in 2018, which is 79 per cent below the HCFC baseline for compliance. The 2014-2018 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Montenegro (2014-2018 Article 7 data)

HCFC-22	2014	2015	2016	2017	2018	Baseline
Metric tonnes (mt)	13.0	12.16	11.29	3.54	3.09	13.9
ODP tonnes	0.72	0.67	0.62	0.19	0.17	0.8

3. Montenegro only consumes HCFC-22 in the servicing sector. That consumption peaked in 2012 (0.94 ODP tonnes) due to the stockpile in anticipation of the freeze in 2013, and then gradually decreased until 2017, when consumption fell substantially. The substantial drop is due to the implementation of the HPMP activities; including ODS recovery and recycling contributing to improved servicing practices, and increased uptake in the market of alternatives, including high-global warming potential (GWP) alternatives.

Country programme (CP) implementation report

4. The Government of Montenegro reported HCFC sector consumption data under the 2018 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

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

Legal framework

5. The Government of Montenegro has an enforceable national system of licensing and quotas for HCFC imports and exports in place. The licensing system established in 2004 already included provisions for HCFCs, and a quota system had been introduced in 2011. Imports and/or exports of ODS are administered by the Agency for Nature and Environmental Protection (ANEP) through a permit system, with permits to be issued for each shipment. In line with European Union (EU) legislation, only non-HCFC-22-based equipment may be imported into the country.

¹ As per the letter of 15 March 2019 from the Agency for Nature and Environmental Protection of Montenegro to UNIDO.

Refrigeration servicing sector

6. The following activities were implemented:
- (a) The refrigeration and air-conditioning association was established;
 - (b) Four training workshops for 65 technicians on good refrigeration practices, including a focus on the safe handling of low-GWP alternatives, and certification of trained technicians;
 - (c) Procurement of equipment for recovery and recycling, and storage of refrigerants; and
 - (d) Under the institutional strengthening (IS) project (which is included under stage I of the HPMP), participation in expert meetings, regional UNEP Compliance Assistance Programme meetings, and Open-Ended Working Groups and Meetings of the Parties; activities among primary and secondary schools, and on national television to raise awareness on the Montreal Protocol and ozone layer depletion; and continued monitoring and reporting, including under Article 7 of the Protocol, the CP, data on recovered and recycled refrigerants, and continued updating of the inventory of HFC-based equipment.

Project implementation and monitoring

7. The national ozone unit (NOU), assisted by two experts in refrigeration, monitored the HPMP activities and collected relevant data.

Level of fund disbursement

8. As of March 2019, of the US \$353,500 approved so far, US \$353,343 had been disbursed as shown in Table 2. The balance of US \$157 will be disbursed in 2019.

Table 2. Financial report of stage I of the HPMP for Montenegro (US \$)

Tranche		Total	Disbursement rate (%)
First tranche	Approved	155,000	100
	Disbursed	155,000	
Second tranche	Approved	100,000	100
	Disbursed	100,000	
Third tranche	Approved	98,500	99.8
	Disbursed	98,343	
Total	Approved	353,500	99.9
	Disbursed	353,343	

Implementation plan for the fourth tranche of the HPMP

9. The following activities will be implemented between June 2019 and December 2020:
- (a) Support to the NOU as part of the IS component (US \$25,000); and
 - (b) Monitoring the implementation of the HPMP, including travel, consultancy and communications strategies (US \$5,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Progress report on the implementation of the third tranche of the HPMP*Legal framework*

10. The Government of Montenegro has already issued HCFC import quotas for 2019 at 0.44 ODP tonnes, which is 45 per cent below the HCFC baseline consumption.

11. The country confirmed that the licensing and quota system includes ODS that have already been phased out, for which no licenses and quotas are provided, and that each year ANEP requests information from the Customs Administration on the import and export of all ODS, including ODS that have been phased out; that there were no cases of illegal imports of ODS that have already been phased out; and that there is a ban since 2011 on all equipment containing ODS, including HCFC-based equipment. The country was not aware of the use in its market of ODS that have already been phased out, nor of any stockpiles of such substances.

12. In 2018, Montenegro implemented a decision² that *inter alia* regulates the import and export of HFCs and harmonized the tariff numbers with those of the EU tariff system. That decision updated previous decisions that addressed imports and exports of ODS, including HCFCs. The new decision regulates the import and export of HFCs, but not equipment containing HFCs.

HFC consumption

13. Recalling that a survey of alternatives to ODS had been undertaken in Montenegro, the Secretariat asked whether additional information on imports of HFCs and their alternatives was available. Table 3 provides the imports of HFCs and their alternatives, where data from 2012-2015 is from the survey of alternatives to ODS. Consumption of the three most commonly consumed HFCs in Montenegro (HFC-134a, R-404A and R-410A) continues to grow rapidly; in 2018, a small quantity of HFC-32 was imported.

Table 3. Estimated imports of HFCs and alternatives (mt)

Substance	2012	2013	2014	2015	2016	2017	2018
HFC-134a	17.76	17.07	13.97	17.68	21.49	22.44	52.06
HFC-227ea	-	0.60	0.04	0.57	0.04	0.31	-
R-404A	14.82	15.20	18.82	14.73	25.83	16.99	41.15
R-407C	4.72	3.56	3.23	2.49	6.80	4.76	3.28
R-410A	6.39	7.52	6.39	5.20	16.80	10.81	22.15
R-507A	-	4.28	-	-	1.60	-	-
R-717	5.32	6.42	2.00	3.30	2.70	0.85	1.40
R-600a	-	0.23	0.14	0.21	n/a	n/a	n/a
HFC-32	-	-	-	-	-	-	2.34

Refrigeration servicing sector

14. The Agreement between the Government of Montenegro and the Executive Committee was updated at the 71st meeting to reflect the established HCFC baseline for compliance and, accordingly, the funding level was revised. Given the reduction in funding agreed at the 71st meeting, the last two tranches

² Official Gazette of Montenegro, No. 35/18, Decision on the Control List for Export and Import of Goods.

of the HPMP only include funding for IS. Accordingly, no additional training of technicians and customs is planned for the fourth and fifth tranches. Funding for the preparation of stage II of the HPMP was approved at the 82nd meeting, and is expected to be submitted in 2020. The Secretariat encouraged UNIDO to submit the proposal for stage II as soon as possible so that activities in the servicing sector could continue.

Conclusion

15. The HPMP implementation is progressing and the country is in compliance with the Montreal Protocol and its Agreement with the Executive Committee. The country's licensing and quota system is operational, and the reported 2018 HCFC consumption of 0.17 ODP tonnes was already 79 per cent below the country's baseline. The level of fund disbursement is nearly 100 per cent. The country ensures the sustainability of previously phased out ODS through its licensing and quota system, and rules and regulations. The activities implemented to date, including the establishment of the refrigeration and air-conditioning association, will ensure the long-term sustainability of the HCFC phase-out. The submission of stage II of the HPMP as soon as possible will facilitate the continued implementation of activities in the servicing sector.

RECOMMENDATION

16. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan of (HPMP) for Montenegro; and further recommends blanket approval of the fourth tranche of stage I of the HPMP for Montenegro, and the corresponding 2019-2020 tranche implementation plan, 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, fourth tranche)	30,000	2,250	UNIDO