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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-eighth Meeting
Rome, 20-22 November 2002

COUNTRY PROGRAMME: ALBANIA

This document consists of:

- Country Programme Evaluation Sheet (prepared by the Fund Secretariat)
- Comments and Recommendations of the Fund Secretariat
- Transmittal Letter from the Government of Albania
- Country Programme Cover Sheet
- Country Programme (Executive Summary)

ALBANIA COUNTRY PROGRAMME EVALUATION SHEET

Status of ratification of the Vienna Convention and the Montreal Protocol

	Signature	Ratification	Entry into
Vienna Convention (1985)		08-Oct-99	06-Jan-00
Montreal Protocol (1987)		08-Oct-99	06-Jan-00
London Amendment (1990)			
Copenhagen Amendment			
Montreal Amendment (1997)			
Beijing Amendment (1999)			

Production of controlled substances: No controlled substances produced

Consumption of controlled (2001) 75.8 metric tonnes
71.0 weighted tonnes (ODP)

(tonnes)	CFC-11	CFC-12	CFC-113	CFC-114	CFC-115	TOTAL	Halon121	Halon130	TOTAL	CTC	MCF	TOTAL	Me-Br
ODS		68.0			1.3	69.3				1.5	5.0	6.5	
ODP		68.0			0.8	68.8				1.7	0.5	2.2	

Distribution of ODP by CFC 96.9% Halon CTC and MCF 3.0% MB

Distribution of ODP by sector: Aerosol Foam Halon Refrigeration Solvent Other MB

Consumption (ODP tonnes): 0.0 0.0 0.0 68.8 2.2 0.0 0.0

Percent of total: 96.9% 3.1%

MONTREAL PROTOCOL (ODP tonnes) CFCs Halons Methyl bromide

Baseline consumption 40.8

Allowable level of consumption in 2005 20.4

Source: Country Programme (2002)

Country Programme

Duration of country programme: 8 years (2003-2010)

ODS phase out target: 50% reduction in ODS consumption by 2006; complete phase-out by 2009

Phase out priority area: Refrigeration servicing and solvents sectors

Cost of activities in country \$1,434,275

Strategy:

The Government of Albania is fully conscious of being in non-compliance with the Montreal Protocol and is committed to urgently undertake all necessary steps to minimise the extent and duration of non-compliance and to completely phase out ODSs by 2010. Institutional development, implementation of a legal framework including the introduction of import restrictions, capacity building to ensure data collection and monitoring of consumption of ODSs, implementation of projects and activities in the refrigeration servicing and solvent sectors, awareness raising, and related to training activities are the main components of the Government's phase out strategy.

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

DESCRIPTION

1. In 2001, the Government of Albania with the assistance from UNEP prepared its country programme and submitted it to the 35th Meeting of the Executive Committee. However, due to ODS data related issues, the country programme was withdraw. Subsequently, the Government of Albania, with the assistance from UNEP and UNIDO, developed a national ODS phase-out plan.

2. In 2001, total ODS consumption in the country was estimated at 71.0 ODP tonnes, of which 68.8 tonnes were CFC-12 used for servicing refrigeration equipment (52.9 ODP tonnes for servicing domestic refrigerators, and 3.9 tonnes for MAC units). The remaining 2.2 ODP tonnes was carbon tetrachloride and methyl chloroform used as solvents.

3. There are 196 registered refrigeration and air-conditioning service workshops in Albania and a large number of independent refrigeration technicians, many of them not registered. In total, the number of refrigeration technicians has been estimated at 1,000 technicians. It is estimated that the service of domestic refrigerators is shared equally by these registered workshops and by the informal sector.

4. Since the preparation of the country programme in 2001, the Government of Albania has drafted legislation for controlling ODS. The legislation is under consideration by the Parliament and was expected to be in force in September 2002. The Government has also started the preparation of a legal and regulatory framework to bring the country in compliance with the Montreal Protocol's target as soon as possible. Specifically, the Government is proposing an immediate ban on import of ODS-based equipment, especially second-hand refrigerators; immediate prohibition of any new activity related to the production of ODSs or ODS-based equipment; application of strict control of import/export of all ODSs, through licensing, taxation and/or quotas as appropriate; development of fiscal incentives to encourage the use of ODS alternatives and transitional substances; and application of an obligatory certification of technicians.

5. The CFC consumption baseline for Albania is 40.8 ODP tonnes, and therefore, Albania is currently in non-compliance in relation to the 1999 freeze. The Government of Albania is fully conscious of being in non-compliance with the Montreal Protocol and is committed to urgently undertake all necessary steps to achieve ODS phase out according to the Protocol's requirements. However, the proposed CFC phase-out strategy by the Government will not achieve reductions in CFC consumption in 2005 and 2007 at the 50 per cent and 85 per cent CFC baseline consumption, respectively, but will achieve the complete phase out by end 2008, as follows:

CFC consumption	2002	2003	2004	2005	2006	2007	2008	2009	2010
Protocol's Schedule	41.4	41.4	41.4	20.7	20.7	6.2	6.2	6.2	0
Phase-out plan	68.8	68.8	61.2	58.2	33.2	12.2	5.2	0	0

6. The proposed national phase-out strategy addresses all sectors using ODS, in particular, the refrigeration servicing sector, at an estimated cost of US \$1,434,275, with the following specific ODS phase-out projects and activities:

Project	Funding	Time frame
Institutional strengthening	291,000	2002-2010
Development of regulatory framework	23,150	2003
Training of custom officers and environmental inspectors	35,700	2003-2004
Training of technicians in good practices	82,425	2003
Recovery and recycling programme	448,000	2003-2004
End users, retrofitting programme	150,000	2004-2005
Workshop on methyl bromide	30,000	2003
Solvent project	50,000	2004
Programme management and auditing	324,000	2003-2010
Total	1,434,275	

SECRETARIAT'S COMMENTS

Status of compliance

7. The Government of Albania has submitted the country programme and the national ODS phase out plan as a single proposal. The Secretariat informed UNEP and UNIDO that according to the data reported by the Government, Albania is not in compliance with the 1999 freeze, nor will it be in compliance with both the 2005 and 2007 based on the proposed CFC phase-out strategy. At its 37th Meeting, the Executive Committee decided pending any decision by the Meeting of the Parties, that “project proposals in which a country would be in non-compliance with the control measures of the Montreal Protocol should not be approved by the Executive Committee until the underlying issue of non-compliance had been dealt with by the Parties, through the Implementation Committee” (Decision 37/20). In this regard, the Secretariat suggested that UNIDO should advise the Government of Albania to submit the issue of non-compliance to the Implementation Committee.

8. Regarding the non-compliance issue, UNIDO stated that “Albania being a new comer to the assistance programme, it is no wonder that the country is in non-compliance status for 1999, and furthermore one can hardly expect that in two years time Albania will comply with the 50 per cent target in January 2005 when the majority of Article 5 countries will try to be in compliance after an average of 10 years of sustained efforts”. However, on the basis of the Executive Committee’s decision to revert to the Implementation Committee, UNIDO has requested the Government of Albania to contact the Ozone Secretariat.

Institutional strengthening

9. At its 35th Meeting, the Executive Committee approved for funding the institutional strengthening project for Albania for a period of one year in order to review the ODS consumption data for the completion of the country programme and RMP project (US \$42,000). The national ODS phase out plan included a project proposal for the continuation of the operation of the Ozone Unit.

10. As of today, the agreement between the Government of Albania and UNEP has been signed, a full time professional and an assistant have been hired, the first payment has been disbursed and the equipment has been procured. The legislative measure banning imports of ODS-based equipment has been developed and approved.

Phase-out plan

11. The Secretariat has withheld the review of the phase-out projects and activities contained in the national ODS phase out plan submitted by the Government of Albania pending clarification of Albania's non-compliance status, on the basis of Decision 37/20. Therefore, the investment component of the national ODS phase out plan for Albania has not been included in the documentation for the 38th Meeting. The Secretariat and UNIDO will finalise their discussions once the issue of Albania's non-compliance is resolved.

SECRETARIAT'S RECOMMENDATIONS

12. On the basis of Decision 37/20 and on the information provided in the country programme document confirming that Albania will not be in compliance with the 2005 and 2007 reductions, the Secretariat cannot recommend approval of the country programme or the phase-out plan.

13. The Secretariat requests the Executive Committee to consider the eligibility of funding for a country that unequivocally asserts that it will be in non-compliance with three control measures of the Montreal Protocol.



**REPUBLIC OF ALBANIA
MINISTRY OF ENVIRONMENT
DIRECTORATE OF POLLUTION CONTROL AND PREVENTION**

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Nr/1041/Prot.

Tirana, September 19, 2002

**To: Dr Omar El- Arini
Chief Officer
Multilateral Fund Secretariat
1800 Mc hill College Ave, 27th Floor
Montreal , Quebec, Canada H3A356
Fax: (1-514) 282 0068
Tel: (1-514) 282 1122**

Dear Dr. EL- ARINI,

I have the honor to submit to you the National ODS Phase Out Plan for ALBANIA. The Plan was prepared with the assistance of UNEP and UNIDO and in full consultation with all relevant institutions in Albania.

As you are aware, except a very limited assistance through UNEP for institutional strengthening, Albania did not receive adequate assistance from the Multilateral Fund since unfortunately the ratification of the Montreal Protocol took place in late 1999.

Since then, a country programme was prepared and submitted to the 39th meeting of the Executive Committee, but its endorsement was deferred for various reasons. In the meantime, a new concept emerged by the introduction of performance-based funding agreements for ODS phase -out. Albania seized this opportunity by preparing a National Ozone Depleting Substances Phase -Out Plan.

This plan is an attempt to identify and suggest all necessary measures enabling our country to achieve a complete phase out of ozone depleting substances. Unfortunately, since we are late comers in this programme, it will be extremely difficult to reach the target of 50% reduction of substances listed in Annex I, due to obvious reasons and among them the progressive recovery of our economy during the last five years.

Indeed, our consumption between 1995 and 1997 was rather low, and subsequently our baseline consumption of 40.8 ODP tons is not reflecting the expansion of our economic activities that took place in recent years.

Accordingly, this 50% reduction would represent an immense national effort and could have adverse effects on our economy. However my government, aware of its obligation vis a vis the Montreal Protocol, has set an ambitious goal to catch up with the agreed schedule, by achieving a reduction of more than 85% of the baseline consumption by 2007. Moreover we foresee a total phase out of controlled substances by end of 2008, i.e. one year ahead of the 2010 target.

UNIDO as a leading agency and UNEP as a cooperating executing agency will assist us in implementing our action plan. I trust that you will be our interpret before the Executive Committee members by seeking their understanding and approval of the National Phase Out Plan .

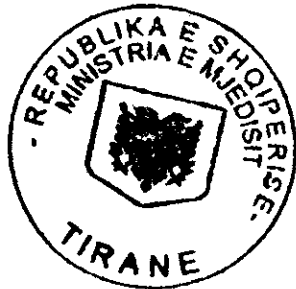
You can assumed that we will ensure a timely and effective implementation of all activities suggested in this plan.

Sincerely yours,

Prof. Dr. Lufter XHUVELI



The Minister for Environment



NATIONAL PHASE OUT PLAN COVER SHEET

Country: Albania
Date Received: October 2001
Lead National Agency: Ministry of Environment
Lead Implementing Agency: UNEP, UNIDO
Period Covered by National Phase Out Plan: 2002-2010

PHASE OUT SCHEDULE

Substance	2001 Consumption, ODP tons	Planned total consumption until phase-out, ODP tons	Planned year of phase-out
Annex A, Group I			
CFC-12	68.0	253.5	2010
CFC-115	0.8	3.8	2010
Total for Annex A	68.8	257.3	
Annex B, Group II			
Carbon tetrachloride	1.7	8.6	2004
Annex B, Group III			
Methyl chloroform	0.5	1.1	2003
Total for Annex B	2.2	9.6	
TOTAL	71.0.	266.9	

The action plan

Year	Activity
2002	1. To establish the National Ozone Unit within the Ministry of Environment for coordination all in-country activities related to the implementation of the Montreal Protocol.
2002	2. Put in place all necessary arrangements to ensure the reliable monitoring of consumption of ODSs in Albania and timely reporting to the Ozone Secretariat and MF
2002	3. To develop the regulatory framework in order to achieve accelerated phase-out to finally catch up with the Montreal protocol scenario and bring the country into compliance as soon as possible. The appropriateness of the following regulatory measures should be considered: <ul style="list-style-type: none"> • To ban any new activity for production of ODSs or ODS-using equipment • Immediate introduction of ban of import of ODS-using and ODS-containing equipment (especially second-hand domestic refrigerators using CFC-12) • Introduction of strict control of import/export of all ODSs (including licensing, taxation and/or quotas as appropriate) • Introduction of control on trade of ODSs (including licensing and taxation policy as appropriate) • Introduction of obligatory certification of technicians. Consider appropriateness of ban of illegal service of refrigerators, inter-linkage of license on trade with certificate.

Year	Activity
	<ul style="list-style-type: none"> • Development of system of fiscal incentives/disincentives in favor of ODS alternatives and transitional substances.
2002-2003	4. Implement and monitor training of customs officers to ensure proper control of import and export of ODSs and information collection and submission
2002-2003	5. Implement and monitor training of refrigeration service technicians in good practices of refrigeration to minimize the use of ODSs and mitigate their emissions into the air during the service of refrigerators
2002-2004	6. Implement and monitor Refrigerant Recovery and Recycling Program, establish networks for CFC-12 recover, recycling centers and a bank of recycled CFC-12.
2003	7. Implement and monitor retrofitting project for the largest commercial and industrial CFC-12 end-users. Add the recovered substance to the National CFC-12 bank.
2004	8. Implement the project of switching to alternative technologies in the solvents sector.
2002	9. Develop preventive measures for preservation from re-introduction of use of Methyl Bromide for soil treatment in greenhouses.
2002-2010	10. Conduct continuous public awareness campaign on necessity and means for protection of the Ozone Layer of the Earth

Projects for funding

Project	Funding	Time frame
Institutional strengthening	291,000	2002-2010
Development of regulatory framework	23,150	2003
Training of custom officers and environmental inspectors	35,700	2003-2004
Training of technicians in good practices	82,425	2003
Recovery and recycling programme	448,000	2003-2004
End users, retrofitting programme	150,000	2004-2005
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Solvent project	50,000	2004
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Total	1,434,275	

EXECUTIVE SUMMARY

1. Further to the development of ozone country program, Albania has formulated its National Phase out Plan covering Annexes A, B and E ozone depleting substances. The sectors involved are refrigeration, industrial production, MAC and agriculture. The plan aims to enable Albania to comply with 2010 target of Montreal Protocol, the complete phase out of ODS. This plan will be implemented during the period 2002-2010.
2. Albania is a small country in the South-East Europe located in the West of Balkans Peninsula of about 30 thousand square kilometers squeezed between mountains and the Adriatic Sea with a population of around 3,500,000 inhabitants.
3. Albania ratified the Vienna Convention on Protection of the Ozone Layer and the consolidated text of the Montreal Protocol (including the London, Copenhagen and Montreal Amendments) on October 8th, 1999.
4. Following the international development path, the Albanian Government has set ambitious goal to catch up with the Montreal Protocol phase-out schedule and to bring the country into compliance with the MP by 2010. A country program was developed for this purpose and a special body within the Ministry Of Environment of Albania - National Ozone Unit is establishing to co-ordinate all activities of the national phase out Plan (NPOP) and ensure its accomplishment. The Country Program was submitted at the 35th meeting of the Executive Committee. Since the Country Program was deferred, it is now submitted as a National Phase Out Plan. The baseline consumption is 40.8 tons ODP.

Table 1.1 Estimated consumption (import) of ODSs during 1995-2001(ODP tons)

Year Substance	1995	1996	1997	Baseline	1998	1999	2000	2001
Annex A, Group I								
CFC-12	40.2	40.1	42.1		46.5	53.1	61.9	68
Total for Annex A	40.2	40.1	42.1	40.8	46.5	53.1	61.9	68.8
Annex B, Group II								
Carbon tetrachloride	2.86	2.86	2.86		2.86	2.86	2.86	1.16
Annex B, Group III								
Methyl chloroform		0.05	2.03		0.02	0.2847	0.534	0.53
Total for Annex B	2.86	2.91	4.89		2.88	3.1447	3.394	1,69
TOTAL ODS	43.1	43.0	47.0		49.4	56.2	65.3	71.4

5. In the country program, Albanian government outlined its overall strategy as:
6. "In collaboration with private sector and NGOs, the government is proposing to establish fiscal and regulatory measures to meet ODS phase out objectives, provide information to consumers of the commitments to phasing out ODS, and provide services needed to facilitate the transition to and use of non-ODS alternatives". The priority sector as identified in the Country Program is the refrigeration service sector.

7. With the assistance of UNEP, Albania has started the implementation of Institutional Strengthening Project. At the 35th Meeting of the Executive Committee, Albania received funds for establishing the National Ozone Office and starts activities (1year of Institutional Strengthening). As of Today the agreement has been signed with UNEP, the first disbursement released, the equipment is being purchased and the most urgent legislative measure (ban on imports of ODS using equipment) was developed and approved.

8. Availability of CFC based equipment and remaining equipment inventories are encouraging continued demand on CFC. Consumption remains for servicing of domestic refrigerators, commercial and industrial refrigeration equipment, and for mobile air conditioning. It has been estimated that under the current conditions, consumption of CFC will increase, unless drastic actions are quickly taken through the implementation of investment and other non-investment activities.

1.2 OBJECTIVES

9. With the assistance of UNIDO/UNEP, Albania has prepared a National Phase out Plan (NPOP) that will allow Albania to phase out all remaining ODS use by 2009.

10. The objectives of the NPOP are to:

- characterise consumption and uses of the ozone-depleting substances (ODS) in Albania.
- assess the market structure for CFC supply and consumption in the Albania;
- develop documentation on distributors and consumers of CFCs and other ODS;
- identify and characterises availability and usage of alternatives;
- identify opportunities for conversions;
- develop and implement a strong policy action program for ODS phase out;
- develop a strategy, and an action plan for phasing out remaining ODS consumption; and
- achieve the phase out of the ODS in 2009, through the implementation of the action plan.

11. The NPOP is based on an update of the data collected through the preparation of Country Program - mainly the refrigeration and air conditioning sector and including an update of the consumption estimates for the Annex A - Group I chemicals still in use in these sectors. Chemicals examined include CFC- 11, CFC-12, and R-502 (a mixture of HCFC-22 and CFC-115). As part of the study, available information on consumption in smaller market sectors and in replacement markets was collected. This update was needed to establish the proposed import quota system, develop the phase out action plan, to meet international obligations to report data, and to project future demands.

12. The used method to determine the supply and consumption of these chemicals across the major consuming sectors involved:

- gathering national statistics on import of Annex A - Group I substances, as well as other regulated or potentially regulated chemicals;
- collecting detailed data on distribution through contacts with industry suppliers;
- collecting data directly from consumer sectors.

13. The primary focus of the NPOP (National Phase Out Plan) is to evaluate the achievements of the current program, to document the current situation with regard to ODS

consumption, and to establish a set of priorities and projects to ensure that the phase out of CFCs will be achieved by 2010.

14. The scope of the NPOP is Annex A Group I, Annex B, Annex E substances.
