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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-ninth Meeting
Montreal, 2-4 April 2003

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) 75.4 metric tonnes
70.5 weighted tonnes (ODP)

| (tonnes) | CFC-11 | CFC-12 | CFC-113 | CFC-114 | CFC-115 | TOTAL Halon1211 | Halon1301 | TOTAL | CTC | MCF | TOTAL | Me-Br |
|----------|--------|--------|---------|---------|---------|-----------------|-----------|-------|-----|-----|-------|-------|
| ODS | | 68.0 | | | 1.3 | 69.3 | | | 1.0 | 5.0 | 6.1 | |
| ODP | | 68.0 | | | 0.8 | 68.8 | | | 1.2 | 0.5 | 1.7 | |

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 | 1.6 | 0.0 | 0.0 |
| Percent of total: | | | | 97.7% | 2.3% | | |

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 2009. 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 training are the main components of the Government's phase out strategy.

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

DESCRIPTION

1. In 2001, total ODS consumption in the country was estimated at 70.5 ODP tonnes, of which 68.8 tonnes were CFC-12 used for servicing refrigeration equipment (52.9 ODP tonnes for servicing domestic refrigerators, 12.0 tonnes for commercial and industrial refrigeration equipment and 3.9 tonnes for MAC units). The remaining 1.7 ODP tonnes was carbon tetrachloride and methyl chloroform used as solvents.

2. 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.

3. 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.

4. 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. In this regard, the proposed phase-out strategy by the Government will achieve the 50 per cent reductions in CFC baseline by the end of 2005, the 85 per cent reduction in CFC baseline by 2007, and complete phase out by 2009, according to the following schedule:

| | | | | | | | | | |
|---------------------|------|------|------|------|------|------|------|------|------|
| 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 | 33.2 | 15.2 | 6.2 | 6.2 | 0 | 0 |

5. 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. The Fund Secretariat's comments and recommendations on this request are presented in document UNEP/OzL.Pro/ExCom/39/26.

Institutional strengthening

6. 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). Subsequently, at its 38th Meeting, the Executive Committee decided to approve the extension of the institutional strengthening project in Albania for one additional year, on the understanding that its decision was without prejudice to the operation of the Montreal Protocol's mechanisms dealing with non-compliance issues.

SECRETARIAT'S COMMENTS

7. 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 withdrawn.

8. Subsequently, the Government of Albania, with the assistance from UNEP and UNIDO, developed a national ODS phase-out plan and submitted it to the Fund Secretariat for consideration by the Executive Committee at its 38th Meeting. During the review process, the Secretariat noted that the proposed CFC phase-out strategy by the Government of Albania would not achieve in 2005 and 2007 the 50 per cent and 85 per cent reductions in the CFC baseline consumption, respectively; therefore, Albania would not be in compliance with its Montreal Protocol obligations. On the basis Decision 37/20 (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), the Albania country programme and the ODS phase out plan were deferred until the underlying non-compliance issues were resolved.

9. Through Decision XIV/18 (non-compliance status of Albania with its obligation under Article 2A of the Montreal Protocol for the period July 2000 to June 2001), the Parties, *inter alia*, requested that Albania submit to the Implementation Committee a plan of action with time-specific benchmarks to ensure a prompt return to compliance.

10. The Government of Albania, with the assistance from UNIDO, has revised its national ODS phase-out plan. Through the implementation of the activities proposed in the plan, Albania will achieve the 50 per cent reductions in CFC baseline by the end of 2005, the 85 per cent reduction in CFC baseline by 2007, and complete phase out by 2009. Upon a suggestions by the Fund Secretariat, UNIDO has informed that the Government of Albania was submitting to the Implementation Committee the ODS phase out plan to achieve compliance with the Montreal Protocol as described in the Albania country programme. It is to be noted, however, that Albania will remain non-complaint with the freeze with Annex A Group I substances until 2005.

SECRETARIAT'S RECOMMENDATIONS

11. The Fund Secretariat recommends the Executive Committee:

- (a) Approve the Albania Country Programme, without prejudice to the operation of the Montreal Protocol's mechanism dealing with non-compliance issues, and noting that approval of the country programme does not denote approval of the projects identified therein or their funding levels;
- (b) The Government of Albania be requested to present information annually to the Executive Committee on progress being made in the implementation of the country programme, in accordance with the decision of the Executive Committee on implementation of country programmes (UNEP/OzL.Pro/ExCom/10/40, para 135). Using the approved format, the initial report, covering the period 1 April 2003 to 31 December 2003, should be submitted to the Fund Secretariat no later than 1 May 2004.

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 | 1.2 | 8.6 | 2004 |
| Annex B, Group III | | | |
| Methyl chloroform | 0.5 | 1.1 | 2003 |
| Total for Annex B | 1.7 | 9.6 | |
| TOTAL | 70.5. | 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. |
| 2002-2003 | 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 |
| 2002-2003 | 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 |

| Year | Activity |
|-------------|--|
| | appropriate) <ul style="list-style-type: none"> • Introduction of obligatory certification of technicians. Consider appropriateness of ban of illegal service of refrigerators, inter-linkage of license on trade with certificate. • Development of system of fiscal incentives/disincentives in favor of ODS alternatives and transitional substances. |
| 2003 | 4. Implement and monitor training of customs officers to ensure proper control of import and export of ODSs and information collection and submission |
| 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 |
| 2003-2004 | 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. |
| 2003 | 9. Develop preventive measures for preservation from re-introduction of use of methyl bromide for soil treatment in greenhouses. |
| 2003-2010 | 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 | 2003-2005 |
| Workshop on methyl bromide | 30,000 | 2003 |
| Solvent project | 50,000 | 2004 |
| Programme management and auditing | 324,000 | 2003-2010 |
| Total | 1,434,275 | |

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; and 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.
