



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/42/31
1 March 2004

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-second Meeting
Montreal, 29 March - 2 April 2004

PROJECT PROPOSALS: CROATIA

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposals:

Halon

- Sector phase out program: Establishing a halon bank Germany

Phase-out

- Terminal phase-out management plan: 2004 annual Sweden/UNIDO implementation programme

PROJECT EVALUATION SHEET CROATIA

SECTOR: Halon ODS use in sector (2002): 4 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Title:

Sector phase out program: Establishing a halon bank

Project Data	Banking
Enterprise consumption (ODP tonnes)	n/a
Project impact (ODP tonnes)	n/a
Project duration (months)	36
Initial amount requested (US \$)	100,000
Final project cost (US \$):	
Incremental capital cost (a)	100,000
Contingency cost (b)	0
Incremental operating cost (c)	0
Total project cost (a+b+c)	100,000
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	100,000
Cost effectiveness (US \$/kg.)	n/a
Counterpart funding confirmed?	Yes
National coordinating agency	MEPPPCT
Implementing agency	Germany

Secretariat's Recommendations	
Amount recommended (US \$)	
Project impact (ODP tonnes)	
Cost effectiveness (US \$/kg)	
Implementing agency support cost (US \$)	
Total cost to Multilateral Fund (US \$)	

PROJECT DESCRIPTION

1. Germany is requesting US \$100,000 plus agency fees of US \$13,000 for a halon sector phase-out programme in Croatia. This project aims at establishing a national halon bank management plan (HBMP) for Croatia which ensures the country will meet the obligations under the Montreal Protocol. The HBMP will support halon 1301 users in recovery and recycling of the halon stocks.
2. The project consists of two components: a halon management component and a technical assistance programme. The halon management component includes the establishment of a national halon bank and the set up of recycling and recovery equipment. The activities under the technical assistance programme include the creation of a Fire Protection Association, assistance in technical standards and information, and engineering support and training of national fire protection servicing companies.

Halon Consumption Background

3. In Croatia, halons are used to maintain fixed fire fighting systems and portable fire extinguishers at industrial facilities, cultural heritage and commercial buildings, Croatian armed forces and vehicles. The proposal indicated that Croatia did not produce halons and depended on the imports as required. A survey was conducted to collect and verify the halon consumption in Croatia. The result of the survey identified the installed capacity of halons in the country is 539 ODP tonnes. Croatia's baseline and latest halon consumption as reported pursuant to Article 7 was 30.1 ODP tonnes and 26 ODP tonnes (year 2002), respectively.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

4. Croatia is a country with a low-volume of installed capacity. Based on recent approvals for such countries and in the light of the fact that 3 other such proposals for countries with a low installed capacity of halon are submitted for blanket approval at a level of funding of around US \$60,000, the Secretariat requested Germany to modify its project costs.
5. The costs for example for technical assistance in this request are US \$64,000 versus US \$20,000 in the other proposals. The storage tank costs are more than twice that of Libya's and the halon analyzer is US \$2,000 more. The equipment costs are only about US \$3,000 more than the others.
6. Germany indicated that 50 per cent of the budget is for an recovery machine to connect the facility to the recycling facilities in Serbia. Also 50 per cent of the technical assistance budget was needed to enable Croatia to comply with international standards as well as some engineering advice.
7. The choice of storage tanks is related to a sole manufacturer of the selected tanks.

8. Germany indicated that Croatia would have the ban in place within six months of installation of the equipment and would not seek any further assistance; however, it also indicated that the new Ozone officer would provide confirmation of this. As of the writing of this document, confirmation has not been received, nor has Germany agreed to a reduction in funding.

RECOMMENDATIONS

9. Pending.

PROJECT EVALUATION SHEET CROATIA

Phase out ODS use in sector (2002): 98 ODP tonnes

Sub-sector cost-effectiveness thresholds: N/A

Project Title:

(a) Terminal phase-out management plan: 2004 annual implementation programme

Project Data	Component I - Sweden	Component II - UNIDO
Enterprise consumption (ODP tonnes)		
Project impact (ODP tonnes)		
Project duration (months)	12	12
Initial amount requested (US \$)	24,700	48,300
Final project cost (US \$):		
Incremental capital cost (a)	24,700	48,300
Contingency cost (b)		
Incremental operating cost (c)		
Total project cost (a+b+c)	24,700	48,300
Local ownership (%)	100%	100%
Export component (%)	0%	0%
Amount requested (US \$)	24,700	48,300
Cost effectiveness (US \$/kg.)		
Counterpart funding confirmed?		
National coordinating agency	Agency for Hazardous Waste	
Implementing agency	Sweden	UNIDO

Secretariat's Recommendation		
Amount recommended (US \$)	24,700	48,300
Project impact (ODP tonnes)		
Cost effectiveness (US \$/kg)		
Implementing agency support cost (US \$)	1,853	3,623
Total cost to Multilateral Fund (US \$)	26,553	51,923

Background

10. At its 39th Meeting, the Executive Committee approved in principle US \$379,700 as the total funds that will be available for Croatia to achieve the complete phase out of Annex A, Group I substances in Croatia by the end of 2006. The Executive Committee also allocated US \$230,000 for the first tranche of the TPMP project (US \$46,000 for Sweden and US \$184,000 for UNIDO), with the understanding that a subsequent year's funding will not be disbursed until the Executive Committee has reviewed the prior year's progress report.

11. The Government of Croatia has submitted for consideration of the Executive Committee at its 42nd Meeting a request for the second tranche of the TPMP project in the amount of US \$73,000.

Progress report

12. The 2003 milestones of the Croatia TPMP were: a CFC consumption no greater than 98 ODP tonnes; implementation of at least eight 3-day training courses on recovery and recycling and service methods; development of training material for the two one-day training courses for service technicians and trainers; and invitations sent to potential contractors to bid on establishment of reclamation centers.

13. According to the progress report on the activities implemented in 2003, the Government of Croatia verified that the CFC consumption level in 2003 was 98 ODP tonnes; by November 2003, ten training courses were conducted at the University of Zagreb through which 106 service technicians were trained and certified; training materials were prepared and used for training of the trainers (this training programme is in process and will be continued in 2004).

14. Activities for the preparation of a code of practice (one of the tasks under the TPMP project) commenced in September 2003. A contract between the Stockholm Environment Institute and the Agency for Hazardous Waste of Croatia was signed; a working group was established consisting of representatives from the Ministry of Environmental Protection and Physical Planning, Ministry of Economy, Ministry of Labour and Social Welfare, the Safety-at-Work Institute, the State Office for Standardization and Metrology, the Croatian Chamber of Economy, the Croatian Craft Chamber, MB Frigo (air conditioning and refrigeration company) and the companies Frigomotors and Figo-Kigo; and a desk study was undertaken (a summary of main findings of existing examples of code of practice that have been developed by international organizations and individual countries).

15. The scope and specification of the equipment and related engineering services for establishment and operation of refrigerant reclamation facilities was determined and international bidding has started. The contract for short-term consulting services (national consultants) for the implementation, monitoring and evaluation of the TPMP for Croatia was signed in December 2003 between the Stockholm Environment Institute and the Agency for Hazardous Waste.

Plan of action for 2004

16. The milestones proposed for 2004 (similar to those proposed in the TPMP project) are to maintain the maximum consumption of CFCs at 98 ODP tonnes; provide training to at least 350 service technicians; and establish the reclamation facilities.

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**

17. The Secretariat noted that since the approval of the TPMP project, the CFC consumption in Croatia has been reduced from 113.8 ODP tonnes in 2001 to 88.9 ODP tonnes in 2003.

18. In the progress report, it is indicated that the Government of Croatia has verified the reduction achieved in CFC consumption, and an official confirmation will be available prior to the 42nd Meeting of the Executive Committee. Subsequently, the Government of Croatia submitted an official confirmation on CFC reduction achieved through implementation of the activities proposed in the TPMP.

RECOMMENDATION

19. The Fund Secretariat recommends blanket approval of the second tranche of the TPMP project with associated support costs at the funding levels shown in the table below:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
	Terminal phase-out management plan: 2004 annual implementation programme – Component I	24,700	1,853	Sweden
	Terminal phase-out management plan: 2004 annual implementation programme – Component II	48,300	3,623	UNIDO
