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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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PROJECT PROPOSAL: THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

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

Phase-out

- Terminal phase-out management plan for CFCs: third tranche

UNIDO

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PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

The Former Yugoslav Republic of Macedonia

(I) PROJECT TITLE	AGENCY
Terminal phase-out management plan for CFCs: third tranche	UNIDO

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2006	
CFC: 7	CTC: 0	Halons: 0	MB: -0.3	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)											Year: 2006		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					7.								7
CTC													0
Halons													0
Methyl Bromide													0
TCA													0

(IV) PROJECT DATA		2004	2005	2006	2007	2008	2009	2010	Total
Maximum Allowable Consumption (ODP Tonnes)	CFC	49.3	25.	15.	10.	5.	0.	0.	
Project Costs (US\$)	Project Costs		154,210.	79,871.	15,000.	15,000.	15,000.		279,081.
	Support Costs		11,566.	5,990.	1,125.	1,125.	1,125.		20,931.
Total Funds Approved in Principle (US\$)	Project Costs		154,210.	79,871.	15,000.	15,000.	15,000.		279,081.
	Support Costs		11,566.	5,990.	1,125.	1,125.	1,125.		20,931.
Total Funds Released by the ExCom (US\$)	Project Costs		154,210.	79,871.	0.	0.	0.		234,081.
	Support Costs		11,566.	5,990.	0.	0.	0.		17,556.
Total Funds Requested for Current Year (US\$)	Project Costs				15,000				15,000
	Support Costs				1,125				1,125

(V) SECRETARIAT'S RECOMMENDATION:	For blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of the Former Yugoslav Republic of Macedonia (Macedonia, FYR), UNIDO has submitted the third tranche of the terminal phase-out management plan for CFCs for consideration by the Executive Committee at its 53rd Meeting. The total amount requested is US \$15,000 plus agency support costs of US \$1,125.

Background

2. The Terminal CFC Phase-Out Management Plan (TPMP) for Macedonia, FYR, was approved in April 2005 at the 45th Meeting of the Executive Committee. The total funds approved in principle amount to US \$279,081 plus US \$20,931 in support costs. The objective of the plan is to enable the Government of Macedonia, FYR to phase out its CFC consumption mainly in the refrigeration and air-conditioning service sectors by 31 December 2008. In order to achieve this target, a series of investment, non-investment, technical assistance and capacity building activities will be and are being implemented by UNIDO.

Annual programmes

3. UNIDO reported on the implementation of the 2007 annual programme. The Government of Macedonia, FYR has a long standing licensing system for import of ODS and equipment containing ODS. Since 2005, a system has been established imposing environmental taxes on imports of ODS and goods containing ODS. In 2006, the Government introduced legislation banning imports of used refrigeration equipment. A training programme in the refrigeration sector has continued throughout 2006 and 2007 consisting of a course for training of vocational school teachers and several courses for training refrigeration technicians. In total, 25 sets of recovery and recycling equipment have been purchased and distributed to refrigeration servicing shops and vocational schools. Two training courses for customs officers have also been carried out resulting in training and certifying of an additional 64 officers. As of September 2007, 99.5% of the second tranche (US \$79,871) has been obligated and US \$17,119 has been disbursed.

4. As determined in the agreement, the annual consumption limit for 2006 is 15 ODP tonnes. UNIDO has submitted a verification report for 2006, which describes the institutional and legal set-up for establishing import quotas, import control and a licensing system. Each year all interested importers are invited, through a call in newspapers, to apply for import permits for CFCs for the following year. The importers have to submit, among other official documents, statements from the end users on the quantity they need. According to the audit report, importers applied for 49.4 ODP tonnes of CFC-12, the Government issued licences for 13.5 ODP tonnes, which led to imports of 6.99 ODP tonnes. The reported Article 7 consumption of Macedonia, FYR, is less than 50% of the target 2006 consumption in the agreement.

5. The next tranche, at a cost of US \$15,000, is requested for management, monitoring, auditing and reporting. The Government is planning to keep and enhance control measures under the existing legislation, extending these to HCFCs.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

6. The Secretariat has sought clarification from UNIDO on the operation of the recovery and recycling system and, in particular, on the specifications of recovery and recycling equipment acquired under the TPMP. The 34 machines purchased are multifunctional automatic units capable of handling CFC-12, HCFC-22 and HFC-134a. The recovery and recycling system is now composed of 34 new recycling machines, 109 recovery, and 3 recycling units made available under the RMP. UNIDO clarified that servicing workshops have been reporting on the recovered and reused refrigerants. UNIDO provided detailed information on quantities of recovered and reused material for the period 2002 to 2006 with a breakdown for each refrigerant. The total amount of CFCs recovered since 2002 stands at 8.2 ODP tonnes.

7. The verification report however shows a significant discrepancy between the requested amounts for imports in 2006 by importers (49.4 ODP tonnes), permits issued (13.5 ODP tonnes) and actual imports of 6.99 ODP tonnes. In response to the Secretariat's query, UNIDO clarified that such a difference in requested and imported quantities could be explained by a high level of taxes imposed by the Government on importers.

8. The activities foreseen for Macedonia, FYR, for future years are exclusively related to monitoring. The Secretariat has therefore agreed not to request completion of tables 8 and 9 of the multi-year agreement overview tables contained in Annex I to this document.

RECOMMENDATION

9. The Fund Secretariat recommends blanket approval of the third tranche of the TPMP for Macedonia, FYR with associated support costs at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan for CFCs: third tranche	15,000	1,125	UNIDO

DRAFT OVERVIEW TABLES FOR MULTI-YEAR AGREEMENTS
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA
Annex I

(1) PROJECT TITLE: Terminal Phase-out Management Plan for CFCs

(2) EXECUTIVE COMMITTEE APPROVALS AND PROVISIONS

CODE	AGENCY	EXCOM PROVISION	Fulfilled? (Yes/No)	Comments
MDN/PHA/45/INV/21	UNIDO	Approved in accordance with the Agreement between the Government of Macedonia and the Executive Committee.		
MDN/PHA/50/INV/23	UNIDO			

Source: Inventory

(3) ARTICLE 7 DATA (ODP TONNES)

Substances	Baseline	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
CFC	519.7	558.0	514.0	487.1	62.8	191.9	49.5	46.7	34.1	49.3	8.8	11.8	7.0
CTC	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Halons	32.1	30.0	30.0	36.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MBR	12.2	12.0	12.0	12.0	12.9	27.2	23.4	19.9	5.3	0.0	0.0	0.0	-0.3
TCA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: A7 Data from the Ozone Secretariat

(4) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES)

Year: 2006

Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco Fluffing	Total
				Manufacturing	Servicing					QPS	Non-QPS		
CFC						7.0							7.0
CTC													0.0
Halons													0.0
MBR													0.0
TCA													0.0

Source: Country Programme Data

(5) PHASE-OUT (ODP TONNES)

Substances	Calendar year	2004	2005	2006	2007	2008	2009	2010	Total	Decision
CFC	Maximum Allowable Consumption (Agreement; per substance if valid)	49.3	25.0	15.0	10.0	5.0	0.0	0.0		
	Compliance Action Target (MOP)									N/A
	Consumption Reported in Implementation Report submitted		11.8	7.0						
	Consumption Reported in the Verification Report		11.8	7.0						
	Reduction Under Plan	24.3	10.0	5.0	5.0	5.0			49.3	
	Approved Phase-Out (Inventory)		10.0	5.0					15.0	
	Actual Phase-Out (Current Progress Report)		10.0	0.0					10.0	
	Remaining Phase-Out to be Achieved									

Source: Agreement, Inventory, Progress Report, MOP Report, Project Document (Annual Plan) and Verification Reports.

(6a) PROJECT COSTS (US\$)

Calendar year	2005	2006	2007	2008	2009	Total
UNIDO						
Funding as per Agreement	154,210	79,871	15,000	15,000	15,000	279,081
Support Costs as per Agreement	11,566	5,990	1,125	1,125	1,125	20,931
Funds approved (Inventory)	154,210	79,871				234,081
Estimated Disbursement in Previous Progress Report	129,000					129,000
Funds Disbursed in Current Progress Report	135,737	17,119				152,856
Funds Obligated in Current Progress Report	18,339	79,445				97,784
Estimated Disbursement in Current Progress Report	18,000	25,000				43,000
Disbursement as per Annual Plan	153,824	79,448				233,272
Funds Requested	154,210	79,871				234,081
Support Costs Requested	11,566	5,990				17,556
[Comments]						

Source: Agreement, Inventory, Progress Reports and Project Document (Annual Plan)

(6b) SUBMISSION SCHEDULES (planned and actual)

Submission year as per agreement	2005	2006	2007	2008	2009
UNIDO					
Planned submission as per Agreement	Apr-05	Apr-06	Mar-07	Mar-08	Mar-09
Tranche Number	I	II	III		
Revised Planned Submission (As per Submission Delays)		Nov-06	Nov-07		
Date Approved	Apr-05	Nov-06			

Source: Agreement, Inventory and Final ExCom Report Decisions

(7) INFORMATION ON POLICIES FROM COUNTRY PROGRAMME AND VERIFICATION REPORTS

TYPE OF ACTION / LEGISLATION		Country Programme - 2006		Verification Report (Yes/No)
		(Yes/No)	Since when (Date)	
1.	REGULATIONS:			
1.1	Establishing general guidelines to control import (production and export) of ODSs			
1.1.1	ODS import/export licensing or permit system in place for import of bulk ODSs			
1.1.1.1	ODS import licensing system in place for import of bulk ODSs	Yes	3/1/1997	Yes
1.1.1.2	ODS export licensing system in place for export of bulk ODSs	Yes	3/1/1997	Yes
1.1.1.3	Permit System in place for import of bulk ODSs	Yes	3/1/1997	Yes
1.1.1.4	Permit System in place for export of bulk ODSs	Yes	3/1/1997	Yes
1.1.2	Regulatory procedures for ODS data collection and reporting in place			
1.1.2.1	Regulatory procedures for ODS data collection in place	Yes	1997	Yes
1.1.2.2	Regulatory procedures for ODS data reporting in place	Yes	1997	Yes
1.1.3	Requiring permits for import or sale of bulk ODSs			
1.1.3.1	Requiring permits for import of bulk ODSs	Yes	3/1/1997	Yes
1.1.3.2	Requiring permits for sale of bulk ODSs	Yes	3/1/1997	Yes
1.1.4	Quota system in place for import of bulk ODSs	Yes	2003	Yes
1.2	Banning import or sale of bulk quantities of:			
1.2.1	Banning import of bulk quantities of:			
1.2.1.1	CFCs	Yes	1/1/2009	
1.2.1.2	Halons	No		
1.2.1.3	CTC	No		
1.2.1.4	TCA	No		
1.2.1.5	Methyl Bromide	No		
1.2.2	Banning sale of bulk quantities of:			
1.2.2.1	CFCs	Yes	1/1/2009	
1.2.2.2	Halons	No		
1.2.2.3	CTC	No		
1.2.2.4	TCA	No		
1.2.2.5	Methyl Bromide	No		
1.3	Banning import or sale of:			
1.3.1	Banning import of:			
1.3.1.1	Used domestic refrigerators using CFC	Yes	1/1/2007	Yes
1.3.1.2	Used freezers using CFC	Yes	1/1/2007	Yes
1.3.1.3	MAC systems using CFC	Yes	1/1/2007	Yes
1.3.1.4	Air conditioners using CFC	Yes	1/1/2007	Yes
1.3.1.5	Chillers using CFC	Yes	1/1/2007	Yes
1.3.1.6	CFC-containing aerosols except for metered dose inhalers	No		
1.3.1.7	Use of CFC in production of some or all types of foam	No		
1.3.2	Banning sale of:			
1.3.2.1	Used domestic refrigerators using CFC	Yes	1/1/2007	Yes
1.3.2.2	Used freezers using CFC	Yes	1/1/2007	Yes
1.3.2.3	MAC systems using CFC	Yes	1/1/2007	Yes
1.3.2.4	Air conditioners using CFC	Yes	1/1/2007	Yes
1.3.2.5	Chillers using CFC	Yes	1/1/2007	Yes
1.3.2.6	CFC-containing aerosols except for metered dose inhalers	No		
1.3.2.7	Use of CFC in production of some or all types of foam	No		
2.	ENFORCEMENT OF ODS IMPORT CONTROLS			
2.1	Registration of ODS importers (Yes/No)	Yes	1997	Yes
D: QUALITATIVE ASSESSMENT OF THE OPERATION OF RMP				
The ODS import licensing scheme functions				
The CFC recovery and recycling programme functions				

Source: Country Programme and Verification Report