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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-third Meeting
Montreal, 26-30 November 2007

COUNTRY PROGRAMME: MONTENEGRO

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 Montenegro
- Country Programme Cover Sheet
- Country Programme (Executive Summary)

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

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MONTENEGRO COUNTRY PROGRAMME EVALUATION SHEET

National Ozone Unit

Status of ratification of the Vienna Convention and the Montreal Protocol

	Signature	Ratification	Entry into effect
Vienna Convention (1985)		23 Oct. 2006	21 Jan. 2007
Montreal Protocol (1987)		23 Oct. 2006	21 Jan. 2007
London Amendment (1990)		23 Oct. 2006	21 Jan. 2007
Copenhagen Amendment		23 Oct. 2006	21 Jan. 2007
Montreal Amendment (1997)		23 Oct. 2006	-
Beijing Amendment (1999)		23 Oct. 2006	-

Production of controlled substances: No controlled substances produced

Consumption of controlled substances: (2006) metric tonnes
(other than HCFCs) 14.1 weighted tonnes (ODP)

(tonnes)	CFC-11	CFC-12	CFC-113	CFC-114	CFC-115	TOTAL	Halon121	Halon130	TOTAL	CTC	MCF	MB
ODS						14.0				0.1		
ODP						14.0				0.1		

Distribution of ODP by substance: CFC 99% CTC 1%

Distribution of ODP by sector: Aerosol Foam Halons Refrigeration Solvent MB
Consumption (ODP tonnes): 14.0
Percent of total: 99.9%

MONTREAL PROTOCOL	(ODP tonnes)	CFCs	Halons	CTC
Baseline consumption		104.9	2.3	1.1
Allowable level of consumption in 2007		15.7	1.2	(in 2005) 0.16

Source: Country Programme (2007)

Country Programme

Duration of country programme: 2 years (2008-2010)

ODS phase out target: complete phase-out by end of 2009

Phase out priority area: Refrigeration servicing sector

Cost of activities in country US \$450,000

Strategy:

The Government is committed to phasing out the consumption of ODS through the combination of Governmental policies, investment and non-investment activities. The Action Plan outlines the necessary measures to meet the country obligations under the Protocol. The Action Plan includes monitoring and control of CFC consumption through the licensing system, development and enactment of additional legislation, where necessary, establishing the Ozone Office in the Ministry of Tourism and Environmental Protection, public awareness campaigns. Investment and training activities will be implemented under the proposed Terminal Phase-out Management Plan for CFCs.

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

DESCRIPTION

1. Following the referendum held on 21 May 2006, Montenegro proclaimed its independence and, as a sovereign state, became a Member State of the United Nations. On 23 October 2006 Montenegro ratified, by means of succession, the Vienna Convention, the Montreal Protocol and all its Amendments. The ODS consumption was estimated to be 105 tonnes in Montenegro in 1996, which represents the baseline consumption. This is equivalent to about 0.175 kilograms per capita, which is within 0.30 kilograms limit required to qualify as an Article 5 country under the Montreal Protocol.

2. Montenegro belongs to the group of low-volume-consumption countries. The principal ODS consumption in 2006 was of CFCs (Annex A Group I) used in the maintenance and servicing activities of refrigeration and air conditioning equipment. About 0.15 ODP tonnes of CTC was imported for laboratory use in 2006. The average consumption of halons is estimated to be about 300 ODP kg in the years 1995 to 1997. No imports of halons were registered in the years 2004 to 2006. The total quantity of Halon 1211 and Halon 1301 in 2007 amounts to about 18 ODP tonnes in installed fire-extinguishing systems. The remaining ODS consumption of 1.26 ODP tonnes, or about 8%, relates to the use of HCFC-22. The refrigeration and air conditioning sector consumes about 99% of all ODS consumption or 14 ODP tonnes of CFCs and HCFCs.

3. There are two refrigeration manufacturing plants in Montenegro. Neither of the facilities use ODSs in their production any more. The “Obod” household refrigerator company has been converted to non-ODS technology through an investment project implemented with assistance from the Multilateral Fund. “Kronus” has been manufacturing chest freezers using non-ODS technologies since its establishment in 2003. There are no other industrial users of ODS in the country.

4. The ODS phase-out activities in Montenegro began when it was part of the former Federal Republic of Yugoslavia. A number of phase-out activities have been accomplished in Montenegro benefiting from the assistance provided under the Multilateral Fund. In 2006, the Government of Montenegro adopted legislation regulating import and export of ODSs and equipment containing ODS.

5. The Country Programme prepared with the assistance of UNIDO contains a strategy to ensure compliance with the ODS phase-out targets established under the Montreal Protocol. The Government of Montenegro is proposing an action plan, including a series of governmental measures to enforce the existing legislation and to introduce new effective mechanisms. Capacity building is one of priorities of the Government which will be implemented through the institutional strengthening project. The national team, and a designated focal point, will be responsible for monitoring, collecting and reporting ODS related data and providing contacts with industries and neighbouring countries, organizing a public awareness campaign and assisting in the implementation of the terminal phase-out management plan (TPMP). The country programme outlines the objectives and components of the TPMP, including training of custom officers and refrigeration technicians, establishing the recovery and recycling system and provision of necessary tools and equipment to refrigeration servicing workshops.

6. The Government of Montenegro is committed to meeting its obligations under the Montreal Protocol by reducing the 2006 consumption of 14 ODP tonnes to 5.00 ODP tonnes in 2007, to 4.00 ODP tonnes in 2008, 2.00 ODP tonnes in 2009 and zero ODP tonnes in 2010.

7. At its 51st Meeting, the Executive Committee approved project preparation funding of US \$40,000 to prepare this country programme and the TPMP. The institutional strengthening project amounting to US \$30,000 was approved at the same meeting for implementation by UNIDO.

SECRETARIAT'S COMMENTS

8. In addition to the country programme, the Government of Montenegro has also submitted the TPMP at a proposed cost of US \$295,320. The Fund Secretariat's comments and recommendations on this request are presented in document UNEP/OzL.Pro/ExCom/53/46.

9. The CFC consumption was 0.83 ODP tonnes and 1.12 ODP tonnes in 2004 and 2005 respectively. The 2006 CFC consumption was reported to the Ozone Secretariat to be 14 ODP tonnes, exceeding significantly the consumption in the two previous years. The Secretariat has sought clarification from UNIDO on the reasons behind such an increase. UNIDO explained that the importers in Montenegro reacted to the independence of the country and the significant increase in CFC prices by requesting import permits for 14 ODP tonnes. Such permits have been issued by the Government of Montenegro. The import permits in the following years, however, have been and will be restricted. It appears that considerable amounts of CFCs have been stockpiled and will be used to meet the demand for refrigeration servicing of the remaining CFC-based equipment after the import of CFCs into the country is completely banned.

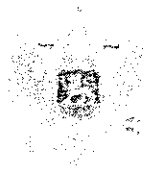
10. In reviewing the 2006 verification report presented by UNIDO inconsistencies in quantities of CFCs imported into Montenegro in 2006 have been identified in relation to the national CFC phase-out plan for Serbia. Serbia is the source of supply of CFCs to Montenegro. The verification report indicates that in one case the claimed import of 3.4 ODP tonnes of CFC-12 by Montenegro from Serbia cannot be corroborated since no records have been found with Serbian customs regarding the related export. Additionally, the import of 5.98 ODP tonnes of CFC-12 from Serbia is recorded by Montenegro as part of its total 2006 imports of 14 ODP tonnes. The import license for this quantity was issued by the Ministry of Tourism and Environmental Protection on 26 December 2006. However, the consignment was delivered to Montenegro only by the end of January 2007 and recorded as part of 2007 export in Serbia. The Secretariat advised UNIDO and the Ozone Secretariat regarding these inconsistencies. The response of the Government of Montenegro is pending.

11. The Secretariat observed that no professional refrigeration association exists in Montenegro, and that such an association could play a very important role in the implementation of phase-out activities in the country. UNIDO advised that the establishment of a refrigeration association will be added to the Governmental plan of action as a priority.

RECOMMENDATIONS

12. The Fund Secretariat recommends approval of the Montenegro country programme, noting that approval of the country programme does not denote approval of the projects identified therein or their funding levels. Approval of the Montenegro country programme should be without prejudice to any actions that might be taken by the Ozone Secretariat in regard to 2006 consumption data submitted under Article 7 by the Government of Montenegro.

13. The Fund Secretariat also recommends that the Government of Montenegro 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 January 2007 to 31 December 2007 should be submitted to the Fund Secretariat no later than 1 May 2008.



Republic of Montenegro
Ministry of Tourism and Environment

Ref: 01/501/M
Podgorica, 13. 09. 2007.

UNIDO
S.M. Si Ahmed, Director PTC/MEA

Dear Mr. Si Ahmed,

In the supplement of the document the Ministry of Tourism and Environment submits you the Final version of Country Programme and Terminal phase out management plan, which has been accepted by the Government of Montenegro at the session, held on 13.09.2007.

In order to obtain assistance for the phase out of Ozone Depleting Substances (ODS) in the Country we kindly ask you to forward previously mentioned document to the Multilateral fund of the Montreal protocol.

Sincerely yours,
Deputy minister
Sinisa Stankovic

CC: Youri Scrokin, PM

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COUNTRY PROGRAMME

COVER SHEET

Country: Republic of Montenegro

Lead National Agency: Ministry of Tourism and Environmental Protection

Lead Implementing Agency: UNIDO

**Period Covered by
Country Programme Phase Out Plan:** 2007-2009

1. PHASE OUT SCHEDULE

Substance	Base line	2006	2007	2008	2009	2010
Annex A Group I, CFCs	104.9	14.00	5.00	4.00	2.00	0
Annex A Group II, Halons	2.3	0	0	0	0	0
Annex B: Group I Other fully halogenated CFCs	0	0	0	0	0	0
Annex B Group II, CTC	1.1	0.15	0.17	0.17	0.17	0
Subtotal		14.15	5.17	4.17	2.17	0
Annex B Group III, 1,1,1-trichloroethane	0	0	0	0	0	0
Annex C Group I, HCFC	-	1.26	1.35	1.45	1.55	1.65
Total		15.41	6.52	5.62	3.72	1.65

THE ACTION PLAN

Sector	Action	Date	Expected results
All	• Institutional Strengthening of the National Ozone Cell	December 2007	• Build capacity to implement the Protocol.
	• Collect and disseminate information on ODS phase-out and alternatives	Ongoing	• Build capacity and data reporting
	• Organize public awareness campaigns	January 2008	• Create awareness among public
	• First capacity building workshop steering Committee	March 2008	• Build capacity among Project steering Committee members
	• Preparation of Country Program and RMP	January – June 2008	• Program preparation
Regulations	• Plan of Action for the Ozone Layer protection	Ongoing	• Compliance with the obligations
	• Limit of ODS import decree	Ongoing	• Legislation on ODS
Terminal Phase-out Management Plan for CFC	• Introduce a national system of recovering and recycling of refrigerants	From January 2008	• Recovery and recycling network introduced
	• Train about 200 service technicians for good practice in servicing and up-to-date technologies through workshops	From January 2008	• Update refrigeration technicians and vocational schools
	• Custom officers training and update with refrigerant identifiers	From January 2008	• Monitoring and control of ODS imports.
	• Recovery and recycling machines, leak detectors, electrical measuring scales, training materials.	From January 2008	• Trained technicians update with adequate tools for good refrigeration practices
CTC	• Awareness workshop in CTC alternatives	April 2008	• CTC sector approach and awareness created
Halon	• Carry out an investigation on halon sector in the country	2008	• Halon sector information and update data

PROJECTS FOR FUNDING

Project	Start Year	Duration	Estimated phase-out ODP tons	Assistance sought from the ML Fund (in US\$) excl.SC	Cost effectiveness US\$/kg
1. Institutional Strengthening	2007	3 years	N/A	180,000	N/A
2. TPMP	2007	3 years	6 -8	270,000	4-5
Total				450,000	

EXECUTIVE SUMMARY

1. The Montreal Protocol on substances that deplete the ozone layer - MP, adopted in 1987, controls the production, consumption and trade of 96 different chemicals, which are known to deplete the ozone layer. These are known as Ozone Depleting Substances (hereinafter: ODS). The Republic of Montenegro became a party to the Montreal Protocol in 2006. All developed countries ceased production and consumption of ODS on 1 January 1996, while Montenegro as a developing country, operates under Article 5 of the MP. This means that Montenegro has a grace period till 2010 to phase-out of all ODS and is eligible for financial assistance from the Multilateral Fund.

Most of the Article 5 countries are in the final phase of realization of their Country Programmes and/or National Final Phase-out Programs. However, no country can obtain assistance until the Country Programme is approved by the Multilateral Fund. Such a Programme contains estimates of current and forecast consumption, imports and consumption by sector and description of the major consuming sectors. It contains the Government's chosen Strategy for phasing-out of the use of ODS and Action Plan to implement the Strategy. Finally it contains a description of projects (with estimated costs) needed to achieve the phase-out.

It is to be mentioned that Montenegro enterprises participated in realization of Country Programme for former state Federal Republic of Yugoslavia. In view of that fact substantial consumption from refrigeration manufacturing sector in Montenegro has been phased-out.

2. The Ministry of Tourism and Environmental Protection is the Government Body responsible for the Country Programme and has guided the preparation of this Program.

3. It is estimated that consumption of ODSs in Montenegro was 105 tons in 1996. This is equivalent to about 0.175 kilograms *per capita* (within 0.30 kilograms limited required for Status of MP Article 5). The estimated consumption for the Montreal Protocol base year of 1986 was about 450 ODP tons. It is important to note that the former SFR Yugoslavia in 1986 had estimated consumption of 8,400 ODP tons. In that time, "Obod" company had very large production of refrigeration and freezers, consuming 433 ODP tons (139 tons of CFC-12 and 294 tons of CFC-11). Decline between 1986 and 1996 is similar to the situation in most of the Republics of former Yugoslavia. If it were assumed that development of consumption would not be constrained then the estimated consumption in the year 2010 would be about 500 ODP tons.

4. Montenegro belongs to low volume consumption countries. The major consumption of ODS in Montenegro is for the maintenance and servicing activities in refrigeration and air conditioning sector (CFCs belong to Annex A Group I) which accounts for about 91% of all ODS consumption or 14 ODP tons. This is followed by solvent sector which accounts 1% of all consumption or about 0.15 ODP tons. The remaining consumption of 1.26 ODP tons, or about 8% are accounted for HCFC-22.

5. A few companies import ODS in Montenegro. Total imports (that is currently licensed by the Ministry of Tourism and Environmental Protection) amounted to 15.41 ODP tons in 2006.

6. The Government of Montenegro developed a strategy to promote the gradual ODS phase out. This consists of monitoring and licensing import and consumption, setting up a responsible unit in the Ministry, establishing appropriate laws and regulations, identifying projects, following up the maintenance needs of existing users and developing public awareness campaigns on the Ozone Depletion problem.

7. Two projects are proposed in the Country Programme:

- Institutional Strengthening
- Terminal Phase-out Management Plan,

The total incremental cost for the 2 proposed projects is 450,000 US\$.