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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-seventh Meeting
Montreal, 1–5 December 2025
Item 9(c) of the provisional agenda¹

PROJECT PROPOSAL: MONTENEGRO

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

Phase-out

- | | | | |
|---|---|-------|------------------|
| • | HCFC phase-out management plan
(stage II, third tranche) | UNIDO | Blanket approval |
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¹ UNEP/OzL.Pro/ExCom/97/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Montenegro

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNIDO (lead)	85 th	100% phase-out by 2025

(II) LATEST ARTICLE-7 DATA (Annex C Group I)	Year: 2024	0.05 ODP tonnes
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2024	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.05				0.05

(IV) CONSUMPTION DATA (ODP tonnes)			
2009-2010 baseline:	0.80	Starting point for sustained aggregate reductions:	0.80
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	0.80	Remaining:	0

(V) ENDORSED BUSINESS PLAN		2025	2026	2027	Total
UNIDO	ODS phase-out (ODP tonnes)	0.05	0.00	0.00	0.05
	Funding (US \$)	68,480	0	0	68,480

(VI) PROJECT DATA			2020	2021	2022	2023	2024	2025	Total
Montreal Protocol consumption limits			0.52	0.52	0.52	0.52	0.52	0.26	n/a
Maximum allowable consumption (ODP tonnes)			0.52	0.39	0.23	0.15	0.08	0	n/a
Funding agreed in principle (US \$)	UNIDO	Project costs	296,500	0	275,000	0	0	64,000	635,500
		Support costs	20,755	0	19,250	0	0	4,480	44,485
Funds approved by ExCom (US \$)		Project costs	296,500	0	275,000	0	0	0	571,500
		Support costs	20,755	0	19,250	0	0	0	40,005
Total funds recommended for approval at this meeting (US \$)		Project costs	0	0	0	0	0	64,000	64,000
		Support costs	0	0	0	0	0	4,480	4,480

Secretariat's recommendation:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Montenegro, UNIDO as the designated implementing agency has submitted a request for funding for the third and final tranche of stage II of the HCFC phase-out management plan (HPMP), in the amount of US \$64,000, plus agency support costs of US \$4,480.² The submission includes a progress report on the implementation of the second tranche, a report on institutional strengthening (IS) activities in line with the format approved in decision 74/51, the verification report on HCFC consumption for 2022 and 2024, and the tranche implementation plan for 2026.

Report on HCFC consumption

2. The Government of Montenegro reported a consumption of 0.05 ODP tonnes of HCFC in 2024, which is 94 per cent below the HCFC baseline for compliance. The 2020-2024 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in Montenegro (2020-2024 Article 7 data)

HCFC-22	2020	2021	2022	2023	2024	Baseline
Metric tonnes (mt)	2.45	1.89	0.63	0.48	0.84	13.90
ODP tonnes	0.13	0.10	0.03	0.03	0.05	0.80
Maximum allowable (ODP tonnes)	0.52	0.39	0.23	0.15	0.08	

3. Only HCFC-22 was used in Montenegro's refrigeration servicing sector, primarily in commercial and industrial refrigeration applications. The steady decline in the number of HCFC-22-based units in the country over the years, coupled with the implementation of HPMP activities, has resulted in a gradual reduction in HCFC consumption. Consumption from 2022 to 2024 remained very low, reflecting the limited stock of existing equipment and the transition to alternative refrigerants. Most of the systems formerly using HCFC-22 have already been replaced with HFC-based or other alternative technologies, positioning the country to achieve full phase-out of HCFCs.

Country programme (CP) implementation report

4. The Government of Montenegro reported HCFC sector consumption data under the 2024 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification report confirmed that Montenegro continues implementing a licensing and quota system for the import and export of HCFCs and HFCs, and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for the period 2022–2024 was correct (as shown in table 1 above). The verification concluded that the country remains fully compliant with its phase-out obligations, maintaining HCFC consumption well below the allowable limits and on track to achieve a complete phase-out by 1 January 2025; that the existing control mechanisms are functioning effectively; and that the country's institutional arrangements are adequate to sustain compliance and support the transition to low-global-warming-potential alternatives.

Progress report on the implementation of the second tranche of stage II of the HPMP

Legal framework

² As per the letter of 18 September 2025 from the Environmental Protection Agency of Montenegro to UNIDO.

6. During the implementation of the second tranche, the Law on the Protection against Adverse Impacts of Climate Change³ and the Regulation on Ozone-Depleting Substances and Alternative Substances (F-gases),⁴ continued to be enforced. Montenegro introduced a quota system regulating the import of HFCs from 1 January 2024, in accordance with the Regulation. The Harmonized System, including tariff codes for ODS and F-gases was adopted in 2022

7. A total of 39 customs officers, one environmental inspector and one trade inspector were trained on ODS import controls and enforcement of new regulations related to the management of refrigerants.

Refrigeration servicing sector

8. The following activities were implemented:

- (a) A total of 12 trainers were trained according to F-gas requirements; 72 refrigeration and air-conditioning (RAC) service technicians were certified in 2023-2024; and two manuals on good service practices were developed in line with the rulebook on skill development adopted in 2021;
- (b) Procurement and distribution of 31 sets of tools and equipment⁵ to incentivize licensed workshops and technicians to adopt new working methods were completed; the bidding for the remaining 10 sets of tools and equipment is ongoing, along with the procurement of two and assembly of four units of RAC simulation units, which are expected to be finalized by the end of the year 2025; and
- (c) The manual on the code of good practices was updated to support the RAC association.

Institutional strengthening

9. The NOU continues operating within the Environmental Protection Agency (EPA), under the Ministry of Ecology, Spatial Planning and Urbanism. The following activities implemented under the second tranche related to the IS project only:

- (a) Climate change legislation and sub-laws addressing ODS and HFCs drafted; the HCFC licensing/quota system maintained, and the HFC quota system launched in January 2024; and Article 7 data and the CP data reports submitted;
- (b) Training manuals prepared, and the code of good practices updated; training materials (manuals, booklets, brochures) produced and disseminated; and the EPA website and social media pages updated; and

³ Official Gazette of MNE, no. 073/190. The Law established several bans on ODS and ODS-based equipment import/export, trade, and handling.

⁴ Official Gazette MNE no. 079/21. The Regulation includes provisions for total HCFC phase-out; HCFC imports only for servicing existing RAC equipment; HFC phase-down schedule and HFC quota system; sale of ODS/F-gases to licensed companies; equipment registration, logbooks and rulebooks.

⁵ The list of tools and equipment includes refrigerant charge scale with carrying case; charging hoses; clamp meters; universal flushing kit; leak detector; mechanical manifold gauge with hoses; multi-function digital manifold gauge; pinch-off piercing pliers with 1/4" SAE connection; recovery cylinders; refrigerant recovery machine; tube cutter; vacuum pump with electro valve and vacuum gauge.

- (c) Awareness activities organized through the annual Ozone Day celebration between 2022 and 2024;⁶ and participation in several Montreal Protocol-related meetings during the reporting period.⁷

10. During the second tranche, the country achieved 18 out of the total 19 IS performance indicators. One indicator was partially achieved, related to the integration of the Multilateral Fund gender mainstreaming policy in the implementation of the IS project.

Project implementation, coordination and monitoring

11. Monitoring and coordination of activities planned under the HPMP were conducted by the NOU and UNIDO to ensure efficient implementation. Of the US \$10,000 approved for this component, US \$4,300 on travel has been disbursed.

Level of fund disbursement

12. As of September 2025, of the US \$571,500 approved so far, US \$266,540 had been disbursed, as shown in table 1. The balance of US \$304,960 will be disbursed in 2025 and 2026.

Table 1 Financial report of stage II of the HPMP for Montenegro (US \$)

Funding tranche	Funds approved	Funds disbursed	Disbursement rate (%)	Fund balance
First	296,500	193,170	65.2	103,330
Second	275,000	73,370	26.7	201,630
Total	571,500	266,540	46.6	304,960

Implementation plan for the third tranche of the HPMP

13. The following activities will be implemented between January 2026 and December 2026:
- (a) Conduct regular coordination meetings with 20 licensed RAC workshops/companies and encourage them to submit reports on recovered/recycled refrigerants; and improve the national dataset to support compliance reporting and inform future refrigerant management policies (US \$11,500);
 - (b) Provide ongoing support to the RAC servicing sector through the update and dissemination of publications and manuals on the code of good practices during RAC servicing sector activities; and participate at the sixth International HVAC/R⁸ conference organized by the Chamber of Engineering of Montenegro in 2026 (US \$5,000);
 - (c) Procure and deliver of 10 sets of RAC training equipment; and two RAC simulation units (balance from previous tranches);
 - (d) Organize two stakeholder meetings for monitoring purposes; conduct one monitoring mission, and prepare and submit progress and financial reports (US \$5,000 and balance from previous tranches); and

⁶ As part of the International Heating Ventilation, Air-Conditioning, and Refrigeration (HVAC/R) conference and during a school outreach at the “Lane” kindergarten in Podgorica.

⁷ Europe Central Asia regional network meetings; Open-ended Working Group meetings; Meetings of the Parties; Implementation Committee meetings; and an international study tour on refrigerant recovery, recycling and reclamation in Barcelona.

⁸ Heating, Ventilation, Air-Conditioning, and Refrigeration.

- (e) Renewal of IS support (US \$42,500 and balance from previous tranches).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Status of implementation of stage II of the HPMP

14. The Secretariat notes that about 55 per cent of the funds from the first and second tranches remain unspent and requested UNIDO to confirm whether the remaining balance will be fully utilized during 2025 and 2026, considering that the completion of the HPMP is scheduled for the end of 2026. In response, UNIDO indicated that it is in the final stage of a tender process for the procurement of RAC tools and equipment, which will commit a significant portion of the remaining budget. The contract is expected to be awarded by the end of October 2025. Furthermore, additional activities are planned for December 2025, including the procurement and installation of RAC simulation equipment in selected training centres.

15. UNIDO has confirmed that stage II for Montenegro will be completed on 31 December 2026 as established in paragraph 14 of the Agreement.

Progress report on the implementation of the second tranche of the HPMP

Legal framework and servicing tail

16. In response to the Secretariat's inquiry, given that this is the third and final tranche and that HCFC-based equipment has been banned since 2012, UNIDO confirmed that the country does not intend to consume HCFCs for the servicing tail during the period 2030-2040, in line with paragraph 8 ter(e)(i) of Article 5 of the Montreal Protocol.

17. The Government of Montenegro has not issued any HCFC import quotas for 2025 in accordance with the targets set in its Agreement with the Executive Committee. UNIDO indicated that the limited quantities required for servicing the remaining HCFC-based equipment in the country will be obtained exclusively through recovery and recycling processes. The EPA/NOU will continue implementing activities related to the recovery, recycling, and reuse of refrigerants, ensuring close coordination and communication with service companies.

18. UNIDO also agreed that a verification report covering the HCFC consumption in 2025 to 2026 would be submitted in 2027, to confirm the complete and sustained phase-out of HCFCs in the country. Noting that the second tranche of the Kigali HFC implementation plan for Montenegro is due to be submitted in 2027 and that the request would accompany a verification report in line with decision 96/22, it is proposed that the KIP verification combine with the verification of HCFC consumption.

The IS component

19. In response to the Secretariat's inquiry on whether the Government of Montenegro intends to request additional funding for IS, or if the funds available from previous and current tranches would be sufficient to complete all IS-related activities, UNIDO clarified that the currently available resources, including the one requested under the third and final tranche are sufficient, Montenegro plans to submit a request for a new phase of IS next year, once it is no longer covered under the HPMP framework.

Gender policy implementation

20. In line with decision 84/92(d) and 90/48(c), the NOU of Montenegro has initiated the collection of data during workshops, meetings, and stakeholder engagements to monitor women participation and

followed up on gender-related discussions, proposals, or recommendations arising from training sessions. Continuous efforts are made to ensure the involvement of women RAC technicians in the certification scheme.

Sustainability of the HCFC phase-out and assessment of risks

21. The sustainability of the HCFC phase-out in Montenegro is supported by the continuous communication by the NOU with project stakeholders to ensure that external factors do not compromise the implementation and sustainability of project results. The NOU continues to strengthen collaboration and build trust through regular meetings and consultations with all involved stakeholders and relies on its established network and access high level decision-makers to advocate for the continued prioritization of environmental and HPMP-related matters. The country also has a strong regulatory framework ensuring the sustainability of the accelerated phase-out. As for the risk, the potential for illegal trade is mitigated by cooperation between the customs focal point and other customs offices in the Europe and Central Asia Network countries.

Conclusion

22. The Government of Montenegro continued to effectively implement its HCFC import and export licensing and quota system, achieving compliance with its HCFC consumption targets in its Agreement with the Executive Committee for 2022 to 2024, as corroborated by the independent verification report. A sufficient level of implementation of the previous tranches of the HPMP has been achieved through training on F-gas requirements, certification programmes for RAC servicing technicians, the development and dissemination of manuals on good servicing practices, and the procurement and distribution of 31 sets of tools and equipment. Furthermore, an international tender for the supply of 10 sets of RAC training equipment was launched and is expected to be completed by the end of the year 2025, together with the procurement and installation of RAC simulation equipment and tools. Plans are in place to implement the activities under the third and final tranche to achieve accelerated phase-out of HCFCs in the country. The 20 per cent disbursement threshold for the previous tranche was met and the overall fund disbursement reached 46.6 per cent.

RECOMMENDATION

23. The Fund Secretariat recommends that the Executive Committee:

- (a) Note the progress report on the implementation of the second tranche of stage II of the HCFC phase-out management plan (HPMP) for Montenegro;
- (b) Request the Government of Montenegro and UNIDO to submit a final progress report on the implementation of the work programme associated with the final tranche and the project completion report to the first meeting of the Executive Committee in 2027; and
- (c) Request UNIDO to submit a funding request in 2026, in the amount of US \$45,000, plus agency support costs, for the verification of Montenegro's HCFC consumption for 2025-2026 and HFC consumption for relevant years, to be submitted as part of the request for the second tranche of the Kigali HFC implementation plan for the country.

24. The Fund Secretariat further recommends blanket approval of the third and final tranche of the HPMP for Montenegro and the corresponding 2026 tranche implementation plan at the funding level shown in the table below:

	Project title	Project funding (US \$)	Support costs (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage II, third tranche)	64,000	4,480	UNIDO