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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Twentieth Meeting
Montreal, 16-18 October 1996

COUNTRY PROGRAMME: MACEDONIA

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

MACEDONIA COUNTRY PROGRAMME EVALUATION SHEET

Ozone Office, Ministry of Urbanism, Civil Engineering and Environment

Status of ratification of the Vienna Convention and the Montreal Protocol

	Signature	Ratification	Entry into force
Vienna Convention (1985)		10/Mar/94	10/Mar/94
Montreal Protocol (1987)		10/Mar/94	10/Mar/94
London Amendment (1990)			
Copenhagen Amendment (1992)			

Production of controlled substances: No controlled substances produced

Consumption of controlled substances (1995) 557.3 metric tonnes
560.5 weighted tonnes (ODP)

(tonnes)	CFC-11	CFC-12	CFC-113	CFC-114	CFC-115	TOTAL	Halon1211	Halon1301	TOTAL	CTC	MCF	TOTAL	Me-Br
ODS	480.0	71.7		5.3		557.0		0.3	0.3				20.0
ODP	480.0	71.7		5.3		557.0		3.0	3.0				12.0

Distribution of ODP by substance: CFC 99.4% Halon 0.5% CTC and MCF

Distribution of ODP by sector:	Aerosol	Foam	Halon	Refrigeration	Solvent	Other
Consumption (ODP tonnes):	20.0	361.0	3.0	172.0	4.5	
Percent of total:	3.6%	64.4%	0.5%	30.7%	0.8%	

Country Programme

Duration of country programme: 4 years (1997-2000)

ODS phase out target: Complete phase out by end-2000, except for small amounts of CFC for refrigeration maintenance

Phase out priority area: Aerosol, foam and refrigeration sectors

Cost of activities in country programme: \$6,123,000

Strategy:

The actual phase out process will be the responsibility of the public and private enterprises using ODS. The Government's strategy will be based on a monitoring and licensing system; development of laws and regulations which will be enforced under adverse circumstances (dumping of obsolete equipment from abroad); identification of priority conversion projects; maintenance of existing refrigeration equipment; and public awareness programmes.

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

COMMENTS

1. The Country Programme conforms to the format of the approved guidelines. The total ODS consumption in the country is estimated at 560.5 tonnes, mainly CFC-11 and CFC-12. The largest consumption of CFCs is in the foam sector (361 tonnes), followed by the refrigeration (172 tonnes) and the aerosol (20 tonnes) sectors.
2. Macedonia has only one company using CFCs as foam blowing agent, one company manufacturing domestic refrigerators and commercial and industrial cooling units, and one plant manufacturing aerosol pharmaceutical products.
3. The Government of Macedonia has submitted for the consideration of the Executive Committee at its 20th Meeting, an investment project for the conversion of the refrigeration plant to non-ODS technology. In addition, three investment ODS phase out projects in the aerosol and sterilants and foam sectors, and a recovery and recycling programme including training of refrigeration service technicians, at an estimated cost of US \$5.9 million, have been included in the country programme. These activities are planned to be implemented in 1997.

Institutional strengthening

4. The Country Programme includes a project proposal for the establishment of the Ozone Office within the Ministry of Urbanism, Civil Engineering and Environment (institutional strengthening). The Government of Macedonia is requesting financial support for the implementation of this project totaling US \$170,000.
5. Based on the ODS consumption levels in Macedonia, analysis of similar projects so far approved by the Executive Committee, current market prices of office equipment and software, the Fund Secretariat recommends a budget of US \$152,900 for a three-year period, with the following break-down:

Capital costs:	US \$10,000
Personnel:	US \$84,000
Operational costs:	US \$45,000
Contingency:	US \$13,900

RECOMMENDATIONS

1. The Fund Secretariat recommends as follows:
2. To approve the Macedonia Country Programme. Approval of the Country Programme does not denote approval of the projects identified therein or their funding levels.
3. To request the Government of Macedonia to present annually information 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 18 October 1996 to 31 December 1997, should be submitted to the Fund Secretariat no later than 31 March 1998.
4. To approve the amount of US \$152,900 and US \$19,877 for institutional strengthening to be included as an amendment to UNIDO's 1996 work programme.



**REPUBLIC OF MACEDONIA
MINISTRY OF URBAN PLANNING ,
CONSTRUCTION & ENVIRONMENT**

*Skopje,
Your No.
Our No.*

To: Mr. Omar E EL-ARINI
The Chief Officer
Secretariat of the Multilateral Fund
for the Implementation of the Montreal Protocol
1800 Mc Gill College
27 th. Floor
Montreal, Canada H3A 3 J6

Dear Sir,

J have the honour to submit herewith the Country Programme of the Republic of Macedonia for the consideration and approval of the Multilateral Fund for the Implementation of the Montreal Protocol.

The Republic of Macedonia adhered to the Protocol on March 10, 1994 and became a Party on March 10, 1994, in accordance with Paragraph 1 of Article 5 of the Montreal Protocol.

On behalf of the Government of the Republic of Macedonia, I would like to express an appreciation for the assistance extended to it through the UNEP IE Ozone Action programme for the preparation of the Country Programme which stated in April 1996. I am pleased to say that the Government is committed to the implementation of actions contained in the Country Programme.

I can also assure you that it is the Government's intention to monitor compliance with the Protocol. If necessary, further and different action from those specified in the Country Programme will be updated and submitted to the Executive Committee of the Multilateral Fund.

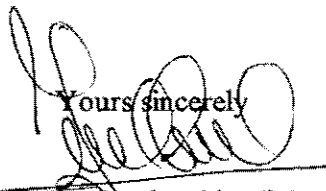
I hope that the Executive Committee will approve the request for assistance made in respect of the following actions:

a) Institutional Strengthening of our Ministry, i.e. the Department of Environment, by establishing separate unit for the Country Programme and provisions of the Montreal Protocol, as well as Vienna Convention on Ozone Layer Protection implementation.

The project should start by the end of 1996 and last for 3 years; the value estimated is 170.000 US\$.

b) Implementation of the six projects presented in our Country Programme, aimed at replacement of fluor hydrocarbon substances with new, environmentally sustainable resources, included in the Action Programme of UNEP (IEOA). The projects implementation will start by the end of 1996 and will be completed in the next two-three years; the total estimated value is 6.123.000 US\$.

Looking forward to our future cooperation, I assure you of my highest consideration.


Yours sincerely
Jorgo Sundovski, Minister

CC: Country Programme
for phasing out of ozone depleting substances
for the Republic of Macedonia

AN/ED

Country Programme Cover Sheet

Country: The F.Y.R.o. Macedonia

Date Received:

Lead National Agency: Ministry of Urbanism, Civil Engineering and Environment

Lead Implementation Agency: UNIDO

Period Covered by Country Programme: 1997-2000

1. Phase Out Schedule:

Substances	Current Consumption in 1995, ODP tons	Planned total consumption till phase-out, ODP tons	Planned year of phase out
CFC 11	480	2000	1999
CFC 12	71.7	375	2000
CFC 114	5.8	16	1998
Halon 1301	3.0	12	1999
Total	560.5	2403	

2. Government Action Plan:

Years	Description of Action	Sector	Intended effect	Estimated costs
1996	Public awareness & reorganisation of the ODS administration	All	Enhancement	n/a
1997-1999	Institutional Strengthening	All	Enhancement, accurate monitoring, reduction and phase-out of halons' use	n/a

3. Project Summary:

Years	Type of Project	Project Description	Project Cost	Incremental cost	Implementing agency	ODP tons Phased Out*
1996-1999	Enhancement	Institutional strengthening	170,000	170,000	UNIDO	n/a (3.0 ODP tn of halon)
1996-7	Study/Investment	Phase-out of CFC in aerosols	420,000	108,000	UNIDO	20 (120)
1997	Investment	Phasing out CFC solvents	120,000	120,000	UNIDO/bilat.	5
1997-99	Study/Investment	Phasing out blowing agents	3,500,000	3,500,000	UNIDO	361
1997-99	Investment	Phasing out CFC coolants	1,513,000	1,513,000	UNIDO	106
1997-99	Training	Good practices in refrigeration	400,000	400,000	UNIDO	66

*) on 1996 actual consumption level

4. Costs:

Cost of Activities and Projects in the Country Programme

USD

5,811,000

Estimated cost of complete phase out

USD

6,123,000

Estimated cost effectiveness

per ton /ODP

USD

7130

EXECUTIVE SUMMARY

1. The Montreal Protocol of 1987 controls the production, consumption of and trade in over 70 different chemicals which are known to deplete the Ozone Layer. These are known as Ozone Depleting Substances (ODS). Of those only 12 have any practical significance. The Republic of Macedonia is a Party to the Montreal Protocol and so is governed by its provisions. Most Western European countries and America ceased production and consumption of ODS on 1 January 1996. However Macedonia operates under Article 5 of the Protocol. This means that Macedonia has a 10 year grace period to phase out all use of ODS. It also means that Macedonia can draw on financial resources from the Multilateral Fund of the Montreal Protocol. This is designed to meet the incremental costs (mainly to industry) of phasing out the consumption of ODS, through changes from ODS technology to non-ODS technology. Over 100 countries operate under Article 5 of the Protocol and so are eligible for assistance. Many countries are already obtaining assistance from the Fund. However no country can obtain assistance until it submits to the Multilateral Fund and has approved a Country Programme to Phase out Ozone Depleting Substances. Such a Programme contains estimates of current and forecast consumption, imports and consumption by sector and a description of the major consuming sectors. It contains the Government's chosen Strategy for phasing out the use of ODS and an Action Plan to implement the Strategy. Finally it contains a description of projects (with estimated costs) needed to achieve the phase-out.

2. The Ministry of Urbanism, Civil Engineering and Environment is the Government agency responsible for the Country Programme and guided the preparation of this Programme. The Programme has been prepared by the United Nations Industrial Development Organisation (UNIDO) and its consultants with financial assistance from the Multilateral Fund of the Montreal Protocol.

3. It is estimated that Macedonia consumed about 560 tonnes of ODS in 1995. This equivalent to about 0.28 kilograms per capita (within the 0.30 kilograms limit required for Article 5 Status). The estimated consumption for the Montreal Protocol base year of 1986 was 1,620 tonnes. This decline between 1986 and 1995 is similar to the situation in most European countries. If it is assumed that development of consumption will not be constrained then the estimated consumption in the year 2010 will be about 700 tonnes.

4. The major consumption of ODS in Macedonia is for the foam industry i.e. Sileks Foam Factory in Kratovo which accounts for about 64 % of all consumption or 361 tonnes. This is followed by the refrigeration sector which consumes about 172 tonnes or 31 % of total consumption. Aerosols account for 20 tonnes or 4 % of all consumption. The remaining consumption is accounted for by firefighting and medical use. The major consumers are Frinko of Bitola who produce a wide range of refrigeration equipment for the domestic and foreign

market, Sileks who produce foam for mattresses and for furnishings and Alkaloid AD who produce aerosol cosmetics and pharmaceuticals.

5. About 16 different companies import ODS into Macedonia. Total imports (which are currently licensed by the Ministry of Health) amounted to 460 tonnes in 1995.

6. The Government of Macedonia is developing a Strategy to promote the ODS phase-out. This will consist 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 publicity campaigns on the Ozone Depletion problem.

7. A total of 6 projects are proposed in the Country Programme as follows:

- Institutional Strengthening: Ministry of Environment
- Replacement of ODS by local LPG or propane/butane in aerosols production at Alkaloid AD, Skopje - starting with feasibility study
- Conversion of sterilisation unit at Jugohrom medical products factory to non-ODS technology
- Replacement of ODS in foam production at Sileks, Kratovo
- Conversion of Frinko Refrigeration Plant at Bitola to non-ODS technology
- Recovery and Recycling of Refrigerants and Training of Service Technicians

The total incremental cost (eligible for funding) of the six proposed project is USD 6,123,000.

PROJECT PROPOSAL NUMBER 1

COUNTRY:	Republic of Macedonia
PROJECT TITLE:	Creation of an Ozone Office
NATIONAL CO-ORDINATING BODY:	Ministry of Urbanism, Civil Engineering and Environment
EXECUTING AGENCY:	UNIDO
SECTORS COVERED:	All sectors
ODS CONSUMPTION BY SECTORS COVERED:	560.5 ODP Tonnes in 1995
PROJECT DURATION:	Three years
PROJECT IMPACT:	Phase-out of ODS in accordance with the action plan entailed in the Country Programme for ODS phase-out in the Republic of Macedonia improved capacity of government structures responsible for ODS phase-out and contribution by the Republic of Macedonia to the protection of the ozone layer
CONTRIBUTION OF THE GOVERNMENT:	US\$ 130.000
REQUESTED MULTILATERAL FUND CONTRIBUTION:	US\$ 170.000

Introduction

Republic of Macedonia became a Party to the Montreal Protocol on 16 April 1990. The country classifies under the Montreal Protocol as an Article 5 country.

An ODS Country Programme for Republic of Macedonia has been prepared under guidance of the Ministry of Urbanism, Civil Engineering and Environment (MUCEE) which is the lead Government agency in ODS phase-out in the Republic of Macedonia. It entails an Action Plan which will be implemented in close co-operation with other Governmental agencies, industries and NGO's involved in ODS phase-out. However, it will be necessary to establish specialised bodies to provide the execution and follow-up of the ODS phase-out strategy as laid down in the Action Plan. The "Ozone Office" acting as a national focal point for ODS phase-out will be such a specialised body.

Activities and Scope of Project

The "Ozone Office" shall attain the above mentioned objectives by undertaking several activities, comprising the following:

- supervise the overall ODS phase-out activities and progress in the Republic of Macedonia;
- update the ODS Country Programme for the Republic of Macedonia on an annual basis through the preparation of an Amendment describing any relevant information on the development of ODS consumption patterns in Macedonia and the institutional set-up for ODS phase-out that has occurred subsequent to the preparation of the ODS Country Programme for the Republic of Macedonia;
- monitor and collect ODS import / export data and ODS production and consumption data by individual enterprises;
- ensure the creation of an ODS data bank;
- ensure a liaison office for Governmental agencies involved in ODS phase-out;
- establish a large-scale information programme for public awareness regarding the importance of ozone layer preservation;
- take measures related to awareness during each stage of implementation of the ODS Country Programme for the Republic of Macedonia;
- prepare and introduce legislative and administrative measures supporting ODS phase-out, including import licenses for ODS, sector specific bans on ODS use and sanctions upon enterprises not complying with the ODS phase-out schedules;
- ensure the setting-up of a working group on applicable standards in relation to the international standards;
- ensure the implementation of training programmes and follow-up on them;
- handle environmental issues related to the implementation of the ODS replacement projects, in particular ensuring that the Republic of Macedonia requirements for Environmental Impact assessment are observed, and monitoring implementation of mitigation activities; monitor and control projects that accelerate ODS phase-out;

- review sub-projects to ensure that they are consistent with the national strategy defined in the ODS Country Programme for Macedonia and meet eligibility criteria for projects financed by the Multilateral Fund;
- co-ordinate the provisions of technical assistance to the enterprises;
- communicate with the Montreal Protocol Executive Committee, the Fund and Ozone Secretariats and UNIDO as the implementing agency of the Institutional Strengthening Project;
- submit quarterly reports to UNIDO on progress in implementation of the Institutional Strengthening Project, highlighting any problem areas, using formats to be provided in a Project Implementation Manual;
- report to UNIDO any urgent implementation problem and all current and expected implementation bottlenecks, and
- be responsible for effective use of funding obtained from the Multilateral Fund.

Project Rationale

The "Ozone Office" is envisaged to be the nucleus of the ODS management structure. In carrying out its assignments described above, it will need substantial human and material resources. Therefore, financial assistance is being requested from the Multilateral Fund so that the Montreal Protocol can be respected. Plans are to create the "Ozone Office" as soon as the Multilateral Fund's Executive Committee has provided the sums required for this funding.

A budget for a three year period has been proposed to cover the capital expenditure and operating costs of the "Ozone Office". It should be noted that the Macedonian Government's contribution will almost equal that being requested through the Multilateral Fund.

Public Awareness

In the Republic of Macedonia, a large-scale information programme for public awareness regarding the importance of ozone layer preservation is of utmost importance. This information campaign will include information dissemination concerning the progress of ODS phase-out, both world-wide and in Macedonia as well as the issue of newsletters on a regular basis and information leaflets informing on, among others, progress made at enterprise level with respect to ODS phase-out.

Furthermore, as the ODS Country Programme for Republic of Macedonia and the therein entailed Action Plan is being implemented, each stage will include awareness measures consisting of:

- Information on steps taken. This activity will be undertaken in close collaboration between the Governmental agencies, industries and NGO's involved in ODS phase-out by using the media and other means of information dissemination.
- An inventory and analysis of the difficulties encountered so as to find solutions and inform the parties concerned.
- Encouraging the production of goods containing non ODS thereby involving consumers in the protection of the ozone layer.

Monitoring Arrangements

The "Ozone Office" will be responsible for developing and implementing an operational system for effectively monitoring ODS phase-out in accordance with the Action Plan.

The following monitoring arrangements will be implemented, possible with the assistance from specialised Macedonian ODS consultants:

- Reporting on a regular basis on ODS consumption (types and amounts) broken down by user sectors;
- Reporting on a regular basis on progress in the implementation of specific transformation processes and other projects identified in the Action Plan;
- Collecting information that will become available from customs offices in relation to the import of ODS and products containing ODS.
- Making independent and regular inspections and assessments in order to confirm reports and review and establish financial and technical support needs for these sectors, industries and enterprises affected by ODS phase-out.

Project Budget

The Macedonian Government is prepared to contribute substantially to the establishment of the "Ozone Office", thereby emphasising its strong commitment to ensure ODS phase-out.

The Government of Macedonia will provide in-kind support, as indicated in Table I, which would amount to US\$ 130,146. It will cover the following costs:

- furniture and basic office equipment;
- basic salaries for professionals and support staff;
- office space and public utilities (electricity, heat, etc.); vehicles, including salaries for drivers, gasoline and maintenance; and
- domestic communication costs

Table 1. A break-down of the budget provided by the Macedonian Government

		Year 1	Year 2	Year 3	Total
1.	<i>Capital Expenditure</i>				
	Furniture	3.000	0	0	3.000
	Basic Office Equipment	1.000	0	0	1.00
	1 International Telephone Connection	2.000	0	0	2.000
	Sub-Total	6.000	0	0	6.000
2.	<i>Recurrent expenses</i>				
	Professionals	7.200	7.200	7.200	21.600
	Support staff	1.800	1.800	1.800	5.400
	Sub-Total	9.000	9.000	9.000	27.000
3.	<i>Operating Costs</i>				
	Office space	18.000	18.000	18.000	54.000
	Public utilities	600	600	600	1.800
	Vehicles	6.000	6.000	6.000	18.000
	Domestic Travel Costs	3.000	3.000	3.000	9.000
	Domestic Communication costs	1.200	1.200	1.200	3.600
	Sub-Total	28.800	28.800	28.800	86.400
4.	<i>Contingency</i>	3.942	3.402	3.402	10.746
	Grand Total	47.742	41.202	41.202	130.146

The three-year budget requested from the Multilateral Fund amounts to US\$ 169,950 and would cover the following costs:.

- office equipment, including personal computers, printer and photocopier;
- personnel incentives;
- consultant budget;
- information programme; and
- international communication costs.

Table 2. provides break down of the budget requested from the Multilateral Fund.

Table 2. A break-down of the budget requested from the Multilateral Fund

		Year 1	Year 2	Year 3	Total
1.	Capital Expenditure				
	1 Personal computer	3.500	0	0	3.500
	1 Modem	400	0	0	400
	Switch, Cables and Miscellaneous for the Personal Computer	300	0	0	300
	1 Laser Printer	1.500	0	0	1.500
	Software (Word, Excel, etc.)	1.500	0	0	1.500
	1 Photocopier	3.200	0	0	3.200
	Communication Equipment (1 line combined fax and telephone set)	1.600	0	0	1.600
	Sub-Total	12.000	0	0	12.000
2.	Recurrent Expenses				
	Personnel incentives	20.000	20.000	20.000	60.000
	Consultant Budget	8.000	8.000	8.000	24.000
	Sub-Total	28.000	28.000	28.000	84.000
3.	Operating Costs				
	Information Programme	10.000	10.000	10.000	30.000
	Travel costs	2.000	2.000	2.000	6.000
	International Communication Costs	3.000	3.000	3.000	9.000
	Office Supplies	3.000	3.000	3.000	9.000
	Servicing of Equipment	1.500	1.500	1.500	4.500
	Sub-Total	19.500	19.500	19.500	58.500
	Contingency	6.000	4.750	4.750	15.500
4.	GRAND TOTAL	65.450	52.250	52.250	169.950