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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-seventh Meeting  
Montreal, 28 June-2 July 2021<sup>1</sup>

**PROJECT PROPOSALS: BOSNIA AND HERZEGOVINA**

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

Phase-out

- HCFC phase-out management plan (stage I, fifth tranche) UNIDO
- HCFC phase-out management plan (stage II, first tranche) UNIDO

<sup>1</sup> Online meetings and an intersessional approval process will be held in June and July 2021 due to coronavirus disease (COVID-19)

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## Bosnia and Herzegovina

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase out plan (stage I)	UNIDO (lead)	66 <sup>th</sup>	35% by 2020

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2019	1.54 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2020	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					1.32				1.32
HCFC-142b					0.04				0.04

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	4.70	Starting point for sustained aggregate reductions:	8.17
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	6.58	Remaining:	1.59

(V) BUSINESS PLAN		2021	Total
UNIDO	ODS phase-out (ODP tonnes)	0.21	0.21
	Funding (US \$)	32,100	32,100

(VI) PROJECT DATA		2012	2013	2014	2015	2016	2017	2018	2019	2020**	2021	Total
Montreal Protocol consumption limits		n/a	4.7	4.7	4.23	4.23	4.23	4.23	4.23	3.06	3.06	n/a
Maximum allowable consumption (ODP tonnes)		n/a	4.7	4.7	4.23	4.23	4.23	4.23	4.23	3.06	3.06	n/a
Agreed funding (US \$)	UNIDO Project costs	631,282	0	143,310	0	117,692	0	31,000	0	30,000	0	953,284
	Support costs	47,346	0	10,032	0	8,238	0	2,170	0	2,100	0	69,886
Funds approved by ExCom (US \$)	Project costs	631,282	0	128,979*	0	117,692	0	31,000	0	0	0	908,953*
	Support costs	47,346	0	9,029*	0	8,238	0	2,170	0	0	0	66,783*
Total funds requested for approval at this meeting (US \$)	Project costs										30,000**	30,000
	Support costs										2,100	2,100

\* Includes a 10 per cent penalty on the agreed funding of US \$143,310, plus agency support costs of US \$10,032 (decision 72/31).

\*\* The fifth tranche was expected to be submitted in 2020.

Secretariat's recommendation:	For blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of Bosnia and Herzegovina, UNIDO as the designated implementing agency, has submitted a request for funding for the fifth and final tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$30,000 plus agency support costs of US \$2,100.<sup>2</sup> The submission includes a progress report on the implementation of the fourth tranche and the tranche implementation plan for 2021 to 2022.

### Report on HCFC consumption

2. The Government of Bosnia and Herzegovina reported under the country programme (CP) implementation report a consumption of 1.36 ODP tonnes of HCFC in 2020, which is 71 per cent below the HCFC baseline for compliance. The Article 7 data for 2020 has not been reported yet. The 2016-2020 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in Bosnia and Herzegovina (2016-2020 Article 7 data)**

HCFC	2016	2017	2018	2019	2020*	Baseline
<b>Metric tonnes (mt)</b>						
HCFC-22	41.53	41.80	35.38	27.47	23.98	57.15
HCFC-141b	0	0	0	0	0	13.5
HCFC-142b	0.94	1.14	0.77	0.40	0.55	0
<b>Sub-total (mt)</b>	<b>42.47</b>	<b>42.94</b>	<b>36.15</b>	<b>27.87</b>	<b>24.53</b>	<b>70.65</b>
HCFC-141b in imported pre-blended polyols*	0	0	0	0	0	31.55**
<b>ODP tonnes</b>						
HCFC-22	2.28	2.30	1.95	1.51	1.32	3.2
HCFC-141b	0	0	0	0	0	1.5
HCFC-142b	0.06	0.07	0.05	0.03	0.04	0
<b>Sub-total (ODP tonnes)</b>	<b>2.34</b>	<b>2.37</b>	<b>2.00</b>	<b>1.54</b>	<b>1.36</b>	<b>4.7</b>
HCFC-141b in imported pre-blended polyols*	0	0	0	0	0	3.47**

\* CP data.

\*\* Starting point established in the Agreement with the Executive Committee.

3. HCFC consumption continues to decrease with the implementation of activities in the HPMP, including the conversion of one enterprise and the closure of a second enterprise in the commercial refrigeration manufacturing sector in 2018. HCFC-22 is only used for servicing equipment, as is HCFC-142b, which is consumed as a component of R-406A,<sup>3</sup> a drop-in for CFC-12-based equipment; that consumption is expected to be phased out with improved servicing practices and retirement of CFC-based equipment.<sup>4</sup> The import of HCFC-141b pure and contained in pre-blended polyols was banned as of 1 January 2015 and 1 January 2016, respectively, following the implementation of the foam investment projects.

### *CP implementation report*

4. The Government of Bosnia and Herzegovina reported HCFC sector consumption data under the 2019 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

<sup>2</sup> As per the letter of 29 July 2021 from the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina to UNIDO.

<sup>3</sup> R-406A consists of 41 per cent HCFC-142b, 55 per cent HCFC-22, and 4 per cent R-600a.

<sup>4</sup> A limited number of older household freezers, cooling chambers in supermarkets, and refrigerated display cabinets.

Progress report on the implementation of the fourth tranche of the HPMP*Legal framework*

5. Bosnia and Herzegovina has an effectively enforced legal framework to support a licensing and quota system for the control of HCFC imports and exports, and a recent decision allows the import of up to 24 mt of HCFC-22 annually until 1 January 2026. In addition to the bans on the import of HCFC-141b pure and contained in pre-blended polyols, imports of HCFC-based equipment were banned in September 2015, and imports of HFC and HFC-based blends require a licence, with the country's custom codes for HFCs and blends thereof harmonized with those of the European Union. The country is finalizing the procedure to ratify the Kigali Amendment, with the presidency adopting the decision for accession on 13 May 2020; the submission of the instrument of accession was delayed by elections and the COVID-19 pandemic, and is expected by July 2021.

*Manufacturing sector*

6. At the 82<sup>nd</sup> meeting, UNIDO had reported that all conversions in the manufacturing sector had been completed except for the conversion at SOKO, a foam manufacturing enterprise with a consumption of 4.0 mt of HCFC-141b. Subsequent to the 82<sup>nd</sup> meeting, the enterprise decided to close; the funding associated with the enterprise (US \$32,206) will be returned to the Multilateral Fund. With that closure, HCFC consumption in the manufacturing sector was phased out in the country.

*Refrigeration servicing sector*

7. Two training workshops were held for 58 customs officers on the Montreal Protocol, including the Kigali Amendment; custom codes for controlled substances and alternatives, and equipment and products containing controlled substances; the use of refrigerant identifiers; and illegal imports and exports of ODS, HFCs, and blends. Recovery and recycling equipment, basic tools, and instruments for servicing refrigeration and air-conditioning (RAC) appliances were procured for two training centres in Sarajevo and Banja Luka, with delivery delayed due to the COVID-19 pandemic and expected to be completed by July 2021; once the equipment is delivered, a training workshop for approximately 20 technicians on good refrigeration servicing practices will be held at each training institute. One of the administrative entities in the country, the Federation of Bosnia and Herzegovina, has drafted a new law which will strengthen the certification system for refrigeration service technicians by making certification mandatory. In October 2020, the national ozone unit (NOU) finalized the national code of good practice in the RAC sector.

*Project implementation and monitoring*

8. Monitoring and coordination of the activities of the HPMP were undertaken by the NOU, with the support of temporary technical consultants.

Level of fund disbursement

9. As of March 2021, of the US \$908,953 approved so far, US \$888,409 has been disbursed as shown in Table 2. The balance of US \$20,544 will be disbursed between 2021 and 2023.

**Table 2. Financial report of stage I of the HPMP for Bosnia and Herzegovina (US \$)**

<b>Funding tranche</b>	<b>Funds approved</b>	<b>Funds disbursed</b>	<b>Disbursement rate (%)</b>
First	631,282	631,282	100
Second	128,979*	128,979	100
Third	117,692	117,692	100
Fourth	31,000	10,456	34
<b>Total</b>	<b>908,953</b>	<b>888,409</b>	<b>98</b>

\* After accounting for a 10 per cent penalty on the agreed funding of US \$143,310 (decision 72/31(d)).

Implementation plan for the fifth and final tranche of the HPMP

10. The following activities will be implemented between June 2021 and December 2022:
- (a) Four training workshops for 16 customs officers to control HCFC trade and two trainings of eight environmental inspectors on the Montreal Protocol and use of refrigerant identifiers (US \$24,000); and
  - (b) Public awareness activities and monitoring (US \$6,000).

**SECRETARIAT'S COMMENTS AND RECOMMENDATION**

**COMMENTS**

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

*Legal framework*

11. The Government of Bosnia and Herzegovina has already issued HCFC import quotas for 2021 at 1.18 ODP tonnes, which is lower than the Montreal Protocol control targets.

*Manufacturing sector*

12. The enterprise SOKO decided to close; accordingly, and noting the limited funding being requested under the fifth tranche, it was agreed that the funding associated with the conversion of the enterprise (US \$32,206, plus agency support cost for UNIDO) would be deducted from stage II.

*Refrigeration servicing sector*

13. The Secretariat noted that no technicians had been trained since the 82<sup>nd</sup> meeting. UNIDO clarified that while to date 166 technicians have been trained and certified under stage I, additional technicians have been trained outside the HPMP, including an unspecified number of technicians trained in Croatia and Slovenia by larger servicing companies prior to the establishment of the training centres; moreover, the RAC association, which was established in 2015, provides training on a commercial basis. Notwithstanding the high price of HCFC-22 relative to other refrigerants, demand for training, and servicing by certified technicians, is limited; stage II aims to reinforce that demand through strengthened enforcement of the code of good practice, the requirement for certification of technicians, and development of regulations to support the HCFC phase-out, as well as by further developing the infrastructure necessary for technician training.

Completion of stage I

14. The Government of Bosnia and Herzegovina is requesting an extension on the date of completion of stage I to 31 December 2022 due to delays related to the COVID-19 pandemic. The Secretariat supports this extension and notes the continued efforts by the Government and UNIDO to continue to implement activities under the HPMP notwithstanding the challenges brought about by the COVID-19 pandemic.

### Gender policy implementation<sup>5</sup>

15. A gender-responsive approach will be applied to the implementation of the fifth tranche of stage I. The NOU will receive support from UNIDO in the form of gender-related training and other relevant materials. The collection of gender-disaggregated data, where possible, will be initiated and reported on.

### Sustainability of the HCFC phase-out

16. The sustainability of the HCFC phase-out is supported by the enforcement of the licensing and quota system and the inclusion of ODS-related matters within the customs training; the conversion of the manufacturing sector; and the bans on imports of HCFC-based equipment and HCFC-141b pure and contained in pre-blended polyols in effect since 1 January 2015 and 1 January 2016. A ban on the import of controlled substances that have already been phased out, and equipment containing those substances, ensures the sustainability of the phase-out of those substances. Activities to strengthen the servicing sector include updating of the code of good practice in the RAC sector, the provision of equipment to training centres, and training of trainers and technicians. The effective enforcement of the country's control on imports of controlled substances is evidenced in the Global Montreal Protocol Awards for Customs and Enforcement Officers received by the country in light of HCFC-based equipment that was found to have been imported following the 1 January 2015 ban.<sup>6</sup>

### Conclusion

17. The HPMP implementation is progressing, and the country is in compliance with the Montreal Protocol and its Agreement with the Executive Committee. The 2020 HCFC consumption of 1.36 ODP tonnes is 71 per cent below the country's baseline. A certification system for refrigeration service workshops is in place, training has been provided to customs officers and a few technicians, and further training is planned under the fourth and fifth tranches. Notwithstanding challenges around the world due to COVID-19, and the need to delay some activities, implementation continued to progress, with disbursement of the fourth tranche and of the total funds approved reaching 34 and 98 per cent, respectively. The extension of stage I of the HPMP will allow the implementation of activities that will complement those planned under stage II, which is being submitted to the present meeting.

## **RECOMMENDATION**

18. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the fourth tranche of stage I of the HCFC phase-out management plan (HPMP) for Bosnia and Herzegovina; and
- (b) Approves, on an exceptional basis, the extension of the completion date of stage I of the HPMP to 31 December 2022, given the delays in implementing phase-out activities due to the COVID-19 pandemic, and noting that no further extension of project implementation would be requested.

19. The Fund Secretariat further recommends blanket approval of the fifth and final tranche of stage I of the HPMP for Bosnia and Herzegovina, and the corresponding 2021 tranche implementation plan, at the funding level shown in the table below, on the understanding that US \$32,206, plus agency support costs

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<sup>5</sup> Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

<sup>6</sup> Three shipments of HCFC-22-based air-conditioning (AC) units were found to have been illegally imported into the country, resulting in the re-export of 180 units and fines paid by the importing enterprises.

of US \$2,254 for UNIDO associated with the enterprise SOKO that had withdrawn from the project, would be deducted from stage II of the HPMP:

	<b>Project title</b>	<b>Project funding (US \$)</b>	<b>Support cost (US \$)</b>	<b>Implementing agency</b>
(a)	HCFC phase-out management plan (stage I, fifth tranche)	30,000	2,100	UNIDO

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## BOSNIA AND HERZEGOVINA

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase-out plan (stage II)	UNIDO (lead)

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2019	1.54 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2020</b>	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					1.32				1.32
HCFC-142b					0.04				0.04

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	4.70	Starting point for sustained aggregate reductions:	8.17
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	6.58	Remaining:	1.59

<b>(V) BUSINESS PLAN</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
UNIDO	ODS phase-out (ODP tonnes)	1.30	0	1.90	3.20
	Funding (US \$)	111,102	0	167,098	278,200

<b>(VI) PROJECT DATA</b>			<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
Montreal Protocol consumption limits			3.06	3.06	3.06	3.06	1.53	1.53	n/a
Maximum allowable consumption (ODP tonnes)			1.18	1.18	0.94	0.94	0.47	0	n/a
Projects costs requested in principle (US \$)	UNIDO	Project costs	126,140	0	297,794	0	0	50,000	473,934
		Support costs	8,830	0	20,846	0	0	3,500	33,176
Total project costs requested in principle (US \$)			126,140	0	297,794	0	0	50,000	473,934
Total support costs requested in principle (US \$)			8,830	0	20,846	0	0	3,500	33,176
Total funds requested in principle (US \$)			134,970	0	318,640	0	0	53,500	507,110

<b>(VII) Request for approval of funding for the first tranche (2021)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNIDO	126,140	8,830
Total	126,140	8,830

<b>Secretariat's recommendation:</b>	Individual consideration
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## PROJECT DESCRIPTION

### Background

20. On behalf of the Government of Bosnia and Herzegovina, UNIDO as the designated implementing agency has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at the amount of US \$520,000, plus agency support costs of US \$36,400, as originally submitted.<sup>7</sup> The implementation of stage II of the HPMP will phase out the remaining consumption of HCFCs by 2026.

21. The first tranche of stage II of the HPMP being requested at this meeting amounts to US \$140,000, plus agency support costs of US \$9,800 for UNIDO, as originally submitted.

### Status of implementation of stage I of the HPMP

22. Stage I of the HPMP for Bosnia and Herzegovina was originally approved at the 66<sup>th</sup> meeting<sup>8</sup> and revised at the 72<sup>nd</sup> meeting<sup>9</sup> to meet the 35 per cent reduction from the baseline by 2020, at a total cost of US \$953,284, plus agency support costs, to phase out 6.58 ODP tonnes of HCFCs used in the foam and refrigeration and air-conditioning (RAC) servicing sectors. An overview of implementation of stage I, including an analysis of the HCFC consumption, the progress and financial reports, and the request for the fifth and final tranche are available in paragraphs 1 to 17 of the present document.

### Stage II of the HPMP

#### Remaining consumption eligible for funding

23. After deducting 6.58 ODP tonnes of HCFCs associated with stage I of the HPMP, the remaining consumption eligible for funding for complete phase-out in stage II amounts to 1.59 ODP tonnes of HCFCs.

#### Sector distribution of HCFCs

24. There are approximately 2,000 to 3,000 technicians and 650 workshops consuming HCFC-22 to service unitary and split systems, commercial cold stores, chillers, and transport refrigeration as shown in Table 3. HCFC-22 represents approximately 13 per cent of the refrigerants used in the servicing sector; HFCs account for approximately 73 per cent, with HFC-134a, R-404A, and R-410A accounting for the majority of that consumption; and ammonia, consumed in breweries, and dairy and food industry, accounts for the remaining 14 per cent. The industrial refrigeration and stationary air-conditioning (AC) sectors are the largest consumers of HCFCs in the country.

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<sup>7</sup> As per the letter of 29 July 2020 from the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina to UNIDO.

<sup>8</sup> UNEP/OzL.Pro/ExCom/66/54.

<sup>9</sup> Annex X of UNEP/OzL.Pro/ExCom/72/47.

**Table 3. Estimated sectoral distribution of HCFC-22 in Bosnia and Herzegovina in 2019**

Sector	Equipment inventory	Type	Average charge (kg) per application	Leakage rate (%)	Consumption (mt)
Stationary AC	68,293	Split	1.2-6	9%	15.5
		Rooftop	8-50	9%	
		Variable refrigerant flow	20-50	10%	
Commercial refrigeration	26,792	Condensing units	3	15%	1.6
		Central systems	150	22%	
Industrial refrigeration	841	Direct expansion systems	30-50	15%	9.8
		Chillers	100-450	15%	
		Large flooded systems	3,000	15%	
Transport refrigeration	21	Vans, light trucks	1.5	20%	0.5
		Large trucks, iso containers	7	25%	
Total	95,947				27.5

Phase-out strategy in stage II of the HPMP

25. Stage II of the HPMP will continue to implement and enforce the quota and licensing systems established during stage I, further enhanced by strengthened capacities in the customs sector of the Indirect Taxation Authority of Bosnia and Herzegovina. With the ban on imports of HCFC-based equipment and products, stage II will focus on the gradual reduction of HCFC imports through improved servicing practices, recovery and recycling, and uptake of low-global-warming potential (GWP) technology, and in line with the quota and licensing system. Illegal labelling of cylinders and mislabelled equipment containing controlled substances will be priority areas of enforcement. The lessons learned and infrastructure established during the implementation of stage I of the HPMP will be used in stage II.

Proposed activities in stage II of the HPMP

26. Stage II proposes the following activities:

**Table 4. Activities to be implemented in stage II of the HPMP**

Project component and planned activities (UNIDO)	Cost (US \$)
<b>Policy and legislation (US \$55,000)</b>	
<ul style="list-style-type: none"> <li>Update and harmonization of legislation and standards of Republika Srpska, Brčko District, and the Federation of Bosnia and Herzegovina to reflect the accelerated HCFC phase-out, implement regulations requiring HCFC recovery and mandatory record keeping, establish penalties for venting refrigerants during servicing, adopt safety standards for the introduction of low-GWP alternatives, implement the 1 January 2026 ban on HCFC imports, and incorporate HFCs into the licensing and quota system</li> </ul>	45,000
<ul style="list-style-type: none"> <li>Development of a ban on disposable refrigerant cylinders, and labelling requirements for cylinders and equipment containing HCFCs and ODS alternatives</li> </ul>	10,000
<b>Capacity-building related to enforcement and servicing (US \$120,000)</b>	
<ul style="list-style-type: none"> <li>Eight training workshops for 160 customs officers on the use of refrigerant identifiers and customs' internal electronic database to track imports of controlled substances, and on identifying, reporting, and combating illegal trade, including mislabelled refrigerants</li> </ul>	24,000
<ul style="list-style-type: none"> <li>Two training workshops for 20 trainers and four (annual) training workshops, including certification, for 100 technicians on good refrigeration practices; recovery and recycling; the safe use of low-GWP alternatives, including flammable and toxic refrigerants; energy efficiency; and regulations on fluorinated gases</li> </ul>	72,000
<ul style="list-style-type: none"> <li>Two training workshops for 40 environmental inspectors on identification of ODS and HFCs, and ODS- and HFC-based equipment</li> </ul>	24,000

<b>Project component and planned activities (UNIDO)</b>	<b>Cost (US \$)</b>
<b>Recovery and recycling scheme (US \$56,000)</b>	
• Development of procedures for the collection, recycling, and recovery of refrigerants, and awareness-raising activities targeting importers, service companies, end-users, and a hazardous waste centre	20,000
• Three training programmes for 60 technicians on recovery and recycling of refrigerants	36,000
<b>Technical equipment (US \$204,000)</b>	
• Six refrigerant identifiers for environmental inspectors and customs	30,000
• Equipment for the two training centres (in Sarajevo and Banja Luka), including two R-744 and two hydrocarbon demonstration units, and two multi-refrigerant training units to demonstrate refrigeration principles and servicing practices	65,000
• Equipment for three vocational schools (in Brčko, Mostar, and Tuzla or Travnik), including R-744 and hydrocarbon demonstration units, and a multi-refrigerant training unit; and training of 20 trainers and lecturers in the vocational schools on good servicing practices, recovery and recycling, safe handling of low-GWP refrigerants (including flammable and toxic refrigerants), and energy efficiency	109,000
<b>Awareness-raising (US \$60,000)</b>	
• Promotional activities, including press releases, radio broadcasts, television advertisements, and posters on the HCFC phase-out, the importance of proper servicing practices and using certified technicians, and changes to standards and legislation	5,000
• Four technical seminars (20 participants each) on low-GWP technologies and the Kigali Amendment	26,000
• Support for activities of the country's RAC association	15,000
• Upgrade of the code of good practice in the RAC sector to address regulations to support the HCFC phase-out that will be developed under stage II and flammable refrigerants	5,000
• Update of the national ozone unit (NOU) website as a digital resource for the implementation of the HPMP	9,000
<b>Project coordination and management (US \$25,000)</b>	
• As in stage I, the NOU will monitor activities, report on progress, and work with stakeholders to phase out HCFCs (local consultant: US \$20,000, and travel: US \$5,000)	25,000
<b>Total</b>	<b>520,000</b>

### *Gender policy implementation*

27. In line with decision 84/92(d)<sup>10</sup> and UNIDO's gender mainstreaming policies, the Government of Bosnia and Herzegovina has included as one of the targets of stage II of the HPMP the creation of a favorable environment for gender mainstreaming, with the following expected results: gender-responsive capacity building, gender-responsive human resource management and recruitment, gender-inclusive documents and materials, and enhanced understanding of gender equality and women's empowerment among project staff, stakeholders, and beneficiaries. The expected results will be measured through the applicable indicators in the Multilateral Fund policy on gender.<sup>11</sup>

<sup>10</sup> Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

<sup>11</sup> Indicators will include number and percentage of female and male training participants; data presented in training sessions that is disaggregated by sex; a provision on application requests that encourage women to apply; number and percentage of applications received from women and men; percentage of data collected in assessments disaggregated by sex; number and percentage of women and men interviewed in assessments; and number and percentage of staff, stakeholders, and beneficiaries who received training on gender.

Total cost of stage II of the HPMP

28. The total cost of stage II of the HPMP for Bosnia and Herzegovina has been estimated at US \$520,000 (plus agency support costs), as originally submitted for achieving 100 per cent reduction from its HCFC baseline consumption by 2026. The proposed activities and cost breakdown are summarized in paragraph 26 above.

Activities planned for the first tranche of stage II

29. The first funding tranche of stage II of the HPMP, at the total amount of US \$140,000, will be implemented between July 2021 and December 2023 and will include the following activities:

- (a) *Policy and legislation*: update and harmonization of legislation on recovery of HCFCs during the servicing of RAC equipment, and penalties for contravention of prohibition of venting refrigerants (US \$20,000);
- (b) *Capacity-building related to enforcement and servicing*: two workshops for 20 trainers, and three workshops for 75 technicians on good refrigeration practices; recovery and recycling; the safe use of low-GWP alternatives, including flammable and toxic refrigerants; energy efficiency; and regulations on fluorinated gases, and certification of those technicians (US \$45,000);
- (c) *Recovery and recycling scheme*: development of procedures for the collection, recycling, and recovery of refrigerants, and awareness-raising activities targeting importers, service companies, end-users, and a hazardous waste centre (US \$20,000);
- (d) *Technical equipment*: procurement of six refrigerant identifiers (US \$30,000);
- (e) *Awareness-raising*: technical seminar for 20 participants on low-GWP technologies and the Kigali Amendment, update of the NOU website as a digital resource for the implementation of the HPMP, assistance to the RAC association including on recovery and recycling and certification, and promotional activities on the HCFC phase-out (US \$20,000); and
- (f) Project coordination and management (US \$5,000).

**SECRETARIAT'S COMMENTS AND RECOMMENDATION**

**COMMENTS**

30. The Secretariat reviewed stage II of the HPMP in light of stage I, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decision 74/50), and the 2021-2023 business plan of the Multilateral Fund.

Overarching strategy

31. The Government of Bosnia and Herzegovina confirmed its commitment to achieve 100 per cent reduction of its HCFC baseline consumption and achieve compliance with the Montreal Protocol measures, by 2026, and that the country will not require any HCFC for servicing needs after 2030.

32. The 2020 consumption was already 71 per cent below the HCFC baseline for compliance, the 2021 quota was below the country's Montreal Protocol targets, and the country intended to continue to set its

quotas below the country's Montreal Protocol targets. Accordingly, the country proposed to reduce its consumption by 75 per cent in 2021, 80 per cent in 2023, 90 per cent in 2025, and 100 per cent in 2026.

#### Regulations to support HCFC phase-out

33. While the country had already implemented regulations that would support the HCFC phase-out, including the September 2015 ban on the import of HCFC-based equipment, mandatory leak checking by certified technicians for equipment containing more than 3 kg of refrigerant, and mandatory certification of technicians, the Secretariat and UNIDO had discussions on further regulations to support the accelerated total phase-out of HCFCs, which resulted in the following commitments by the Government of Bosnia and Herzegovina:

- (a) To finalize a regulation requiring recovery of HCFCs during the servicing of RAC equipment by 31 December 2022 in the Federation of Bosnia and Herzegovina and Brčko District, which was already in place in Republika Srpska;
- (b) To establish penalties for contraventions to the prohibition on venting of HCFCs during installation, servicing, and decommissioning of RAC equipment by 31 December 2022 in the Federation of Bosnia and Herzegovina and Brčko District, noting that the three administrative entities in the country had already implemented the prohibition and Republika Srpska had already established the penalty;
- (c) To establish by 1 January 2026:
  - (i) Mandatory record-keeping practices, including refrigerant and equipment logbooks for systems containing more than 3 kg of refrigerant;
  - (ii) Mandatory recovery of HCFCs from containers and equipment at their end-of-life;
  - (iii) Prohibition of disposable refrigerant cylinders;
  - (iv) Regulation allowing sale of HCFCs to certified technicians only; and
  - (v) A ban on the import of HCFCs.

#### Technical and cost-related issues

34. Due to the complex administrative structure that encompasses the three administrative entities in the country, the Republika Srpska, the Federation of Bosnia and Herzegovina, and Brčko District, stage II included activities to harmonize legislation and standards to ensure effective implementation and enforcement.

35. UNIDO and the Secretariat had detailed discussions on the limited number of technicians that would be trained under the HPMP. UNIDO noted that while the number technicians trained under stage I was limited given the funding allocated for this activity, additional technicians had been trained without funding from the HPMP. Within the funding available under stage II, rather than maximizing the number of technicians trained, the Government decided to develop a sustainable infrastructure for technician training, by: providing equipment to two training centres and three vocational schools; training the trainers at those institutions; updating the code of good practice and developing and enforcing regulations that would drive the demand for certification by technicians, and for certified technicians by consumers; and raising awareness of good refrigeration practices and certification. Those activities would ensure the training and certification of technicians both under the HPMP, and after its completion.

36. Given that HFC consumption in the country has been increasing rapidly and accounted for approximately 73 per cent of refrigerants consumed in 2019, the Secretariat sought clarification on how the country would ensure that the accelerated phase-out of HCFCs would not have the unintended consequence of increasing HFC consumption. UNIDO emphasized that stage II activities would not only reduce HCFC consumption, but also improve servicing practices and the management of all refrigerants, which would also help address HFC consumption. The Government planned to develop an HFC licensing and quota system with its own resources.

#### Total project cost

37. The project cost of US \$520,000, based on decision 74/50(c)(xii), was reduced by US \$46,066 in line with decision 82/53(a)<sup>12</sup> and based on the withdrawal of the enterprise SOKO from stage I of the HPMP.<sup>13</sup> In light of the reduced level of funding, and noting that the last tranche of stage I was being submitted to the present meeting and the challenges in implementation due to the COVID-19 pandemic, the funding distribution was adjusted by reducing the first tranche to US \$126,140, based on holding two instead of three workshops for technicians and rationalization of costs associated with training programmes, and the refrigerant identifiers, and the value of the third and final tranche maintained at 10 per cent of the total funding, in line with decision 62/17. The agreed cost of stage II is summarized in Table 5.

**Table 5. Total agreed cost of stage II of the HPMP for Bosnia and Herzegovina**

Activity	Cost (US \$)
Policy and legislation	50,092
Capacity-building related to enforcement and servicing	109,201
Recovery and recycling scheme	51,483
Technical equipment	184,049
Awareness-raising	56,068
Project coordination and management	23,041
<b>Total</b>	<b>473,934</b>

#### Impact on the climate

38. The proposed activities in the servicing sector, which include better containment of refrigerants through training and provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes. While the Secretariat did not assess the climate impacts from the implementation of stage II of the HPMP, the activities planned by Bosnia and Herzegovina, including its efforts to promote low-GWP alternatives, as well as refrigerant recovery and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

#### **2021-2023 draft business plan of the Multilateral Fund**

39. UNIDO is requesting US \$473,934, plus agency support costs, for the implementation of stage II of the HPMP for Bosnia and Herzegovina. The total requested value of US \$453,610, including agency support costs for the period of 2021–2023, is US \$175,410 above the amount in the business plan.

<sup>12</sup> In approving the fourth tranche of stage I of the HPMP, the Executive Committee had noted that, on an exceptional basis, the funding level of stage II of the HPMP, when submitted, would be adjusted by US \$13,860, representing the savings associated with the conversion at Alternativa after accounting for the penalty associated with the second tranche of stage I.

<sup>13</sup> The approval of the funding request for the fifth tranche of stage I of the HPMP is recommended on the understanding that US \$32,206, plus agency support cost of US \$2,254 for UNIDO, associated with the enterprise SOKO that had withdrawn from the project would be deducted from stage II of the HPMP (paragraph 19 of the present document).

## Draft Agreement

40. A draft Agreement between the Government of Bosnia and Herzegovina and the Executive Committee for the phase-out of HCFCs in stage II of the HPMP is contained in Annex I to the present document.

## RECOMMENDATION

41. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Bosnia and Herzegovina for the period from 2021 to 2026 for the complete phase-out of HCFC consumption, in the amount of US \$473,934, plus agency support costs of US \$33,176 for UNIDO, on the understanding that no more funding would be provided from the Multilateral Fund for the phase-out of HCFCs and no servicing tail will be needed;
- (b) Noting the commitment of the Government of Bosnia and Herzegovina:
  - (i) To finalize regulations requiring recovery of HCFCs during the servicing of refrigeration and air-conditioning (RAC) equipment by 31 December 2022;
  - (ii) To establish penalties for contraventions to the prohibition on venting of HCFCs during installation, servicing, and decommissioning of RAC equipment by 31 December 2022;
  - (iii) To establish by 1 January 2026:
    - a. Mandatory record-keeping practices, including refrigerant and equipment logbooks for systems containing more than 3 kg of refrigerant;
    - b. Mandatory recovery of HCFCs from containers and equipment at their end-of-life;
    - c. Prohibition of disposable refrigerant cylinders;
    - d. Regulation allowing sale of HCFCs to certified technicians only;
  - (iv) Reduce HCFC consumption by 75 per cent in 2021, 80 per cent in 2023, and 90 per cent in 2025;
  - (v) Phase out HCFCs completely by 1 January 2026 in advance of the Montreal Protocol phase-out schedule, and to ban the import of HCFCs by 1 January 2026;
- (c) Deducting 1.59 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (d) Approving the draft Agreement between the Government of Bosnia and Herzegovina and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in Annex I to the present document; and
- (e) Approving the first tranche of stage II of the HPMP for Bosnia and Herzegovina, and the corresponding tranche implementation plan, in the amount of US \$126,140, plus agency support costs of US \$8,830 for UNIDO.





## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF BOSNIA AND HERZEGOVINA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE II OF THE HCFC PHASE-OUT MANAGEMENT PLAN**

#### **Purpose**

1. This Agreement represents the understanding of the Government of Bosnia and Herzegovina (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of zero ODP tonnes by 1 January 2026 in compliance with Montreal Protocol schedule.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in rows 4.1.3, 4.2.3, and 4.3.3 (remaining consumption eligible for funding).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country agrees to implement this Agreement in accordance with the stage II of the HCFC phase-out management plan (HPMP) approved (“the Plan”). In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

#### **Conditions for funding release**

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;
  - (b) That the meeting of these Targets has been independently verified for all relevant years, unless the Executive Committee decided that such verification would not be required;
  - (c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each previous calendar year; that it had achieved a significant level of implementation of

activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

- (d) That the Country has submitted a Tranche Implementation Plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

### **Monitoring**

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same appendix.

### **Flexibility in the reallocation of funds**

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all of the approved funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
  - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
  - (ii) Changes which would modify any clause of this Agreement;
  - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches;
  - (iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche; and
  - (v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report; and
- (c) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

### **Considerations for the refrigeration servicing sector**

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sector included in the Plan, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) The Country and relevant bilateral and/or implementing agencies would take into consideration relevant decisions on the refrigeration servicing sector during the implementation of the Plan.

### **Bilateral and implementing agencies**

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNIDO has agreed to be the lead implementing agency (the “Lead IA”) in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA taking part in this Agreement.

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). The role of the Lead IA is contained in Appendix 6-A. The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 of Appendix 2-A.

### **Non-compliance with the Agreement**

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A (“Reductions in Funding for Failure to Comply”) in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.

12. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decisions that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA with access to the information necessary to verify compliance with this Agreement.

### **Date of completion**

14. The completion of the Plan and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in

Appendix 2-A. Should at that time there still be activities that are outstanding, and which were foreseen in the last Tranche Implementation Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion of the Plan will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion of the Plan unless otherwise specified by the Executive Committee.

### Validity

15. All of the conditions set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

16. This Agreement may be modified or terminated only by mutual written agreement of the Country and the Executive Committee of the Multilateral Fund.

## APPENDICES

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	3.2
HCFC-141b	C	I	1.5
Sub-total			4.7
HCFC-141b contained in imported pre-blended polyols	C	I	3.47
Total			8.17

### APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2021	2022	2023	2024	2025	2026	Total	
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	3.06	3.06	3.06	3.06	1.53	1.53	n/a	
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	1.18	1.18	0.94	0.94	0.47	0	n/a	
2.1	Lead IA (UNIDO) agreed funding (US \$)	126,140	0	297,794	0	0	50,000	473,934	
2.2	Support costs for Lead IA (US \$)	8,830	0	20,846	0	0	3,500	33,176	
3.1	Total agreed funding (US \$)	126,140	0	297,794	0	0	50,000	473,934	
3.2	Total support costs (US \$)	8,830	0	20,846	0	0	3,500	33,176	
3.3	Total agreed costs (US \$)	134,970	0	318,640	0	0	53,500	507,110	
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)								1.59
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)								1.61
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)								0
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)								0
4.2.2	Phase-out of HCFC-141b to be achieved in the previous stage (ODP tonnes)								1.50
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)								0
4.3.1	Total phase-out of HCFC-141b contained in imported pre-blended polyols agreed to be achieved under this Agreement (ODP tonnes)								0
4.3.2	Phase-out of HCFC-141b contained in imported pre-blended polyols to be achieved in the previous stage (ODP tonnes)								3.47

Row	Particulars	2021	2022	2023	2024	2025	2026	Total
4.3.3	Remaining eligible consumption for HCFC-141b contained in imported pre-blended polyols (ODP tonnes)							0

\*Date of completion of stage I: 31 December 2022.

### APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the first meeting of the year specified in Appendix 2-A.

### APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plans for each tranche request will consist of five parts:

- (a) A narrative report, with data provided by tranche, describing the progress achieved since the previous report, reflecting the situation of the Country in regard to phase-out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include the amount of ODS phased out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Tranche Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes;
- (b) An independent verification report of the Plan results and the consumption of the Substances, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall Plan that are foreseen. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;
- (d) A set of quantitative information for all Tranche Implementation Reports and Plans, submitted through an online database; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the HPMP are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:

- (a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and
- (b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

#### **APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. The national ozone unit (NOU), located within the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, is responsible for the co-ordination of the Country's overall actions and activities related to the protection of the ozone layer, overall supervision of the implementation of the Montreal Protocol, and facilitation of the HPMP implementation. Implementation of the planned project activities in the Plan will be co-ordinated by the NOU in cooperation with the Lead IA.

#### **APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities, including at least the following:
  - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
  - (b) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;
  - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
  - (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
  - (e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee;
  - (f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;
  - (g) Ensuring that appropriate independent technical experts carry out the technical reviews;
  - (h) Carrying out required supervision missions;
  - (i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;

- (j) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country, the allocation of the reductions to the different budget items and to the funding of the Lead IA;
- (k) Ensuring that disbursements made to the Country are based on the use of the indicators;
- (l) Providing assistance with policy, management and technical support when required; and
- (m) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent entity to carry out the verification of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

#### **APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY**

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

2. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the HPMP being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.