

Annex X

AGREEMENT BETWEEN BOSNIA AND HERZEGOVINA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE NATIONAL ODS PHASE-OUT PLAN

1. This Agreement represents the understanding of Bosnia and Herzegovina (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone depleting substances set out in Appendix 1-A (the “Substances”) prior to 31 December 2007.
2. The Country agrees to phase out the controlled use of the Substances in the refrigeration, foam and solvent sectors in accordance with the annual phase-out targets set out in rows 1A and 5 of Appendix 2-A (the “Targets”) and this Agreement. The annual phase-out targets will, at a minimum, correspond to the reduction schedules mandated by the action plan approved by the Fifteenth Meeting of the Parties to the Montreal Protocol. 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 the Substances.
3. Subject to compliance with the following paragraphs 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 9 of Appendix 2-A (the “Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (the “Funding Disbursement Schedule”).
4. The Country will meet the consumption limits for each Substance as indicated in Appendix 2-A. It will also accept independent verification by the relevant Implementing Agency of achievement of these consumption limits as described in paragraph 9 of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Disbursement Schedule unless the Country satisfies the following conditions at least 30 days prior to the applicable Executive Committee meeting set out in the Funding Disbursement Schedule:
 - (a) That the Country has met the Target for the applicable year;
 - (b) That the meeting of these Targets has been independently verified as described in paragraph 9; and
 - (c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme; and

- (d) That the Country has submitted and received endorsement from the Executive Committee for an annual implementation programme in the form of Appendix 4-A (the “Annual Implementation Programmes”) in respect of the year for which funding is being requested.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (the “Monitoring”) will monitor and report on that monitoring in accordance with the roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 9.

7. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, the Executive Committee agrees that the Country may use the Funding for other purposes that can be demonstrated to facilitate the smoothest possible phase-out, consistent with this Agreement, whether or not that use of funds was contemplated in determining the amount of funding under this Agreement. Any changes in the use of the Funding must, however, be documented in advance in the Country’s Annual Implementation Programme, endorsed by the Executive Committee as described in sub-paragraph 5(d) and be subject to independent verification as described in paragraph 9.

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

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The recovery and recycling programme would be funded in stages so that resources can be diverted to other activities, such as additional training or procurement of service tools, if the proposed results from the programme are not achieved, and would be closely monitored in accordance with Appendix 5-A of this Agreement; and
- (c) The recovery and recycling programme should not commence until the legislation controlling CFC imports is in place and measures have been taken to ensure that the local market prices of CFCs and non-ODS refrigerants are similar.

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 fulfill the obligations under this Agreement. UNIDO (the “Lead IA”) has agreed to be the lead implementing agency in respect of the Country’s activities under this Agreement. The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A including but not limited to independent verification. The country also agrees to periodic evaluations, which will be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 10 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances in refrigeration, foam and solvent Sectors 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 Disbursement Schedule. In the discretion of the Executive Committee, Funding will be reinstated according to a revised Funding Disbursement 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 installment of Funding under the Funding Disbursement Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year.

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

12. 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 access to the Lead IA to information necessary to verify compliance with this Agreement.

13. All of the agreements 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 Protocol unless otherwise defined herein.

Appendices

Appendix 1-A: The Substances

Annex A:	Group I	CFC-11, CFC-12
Annex B:	Group III	TCA

Appendix 2-A: The Targets, and Funding

	2003(*)	2004	2005	2006	2007	2008	2009	2010
1. Max allowable total consumption of Annex A Group I substances (ODP tonnes)	24.2	24.2	12.1	12.1	3.6	3.6	3.6	0
1A. Max agreed total consumption of Annex A Group I substances (ODP tonnes)	235.3	167.0	102.1	33.0	3.0	0	0	0
2. Reduction from ongoing projects		68.3	47.0	0	0	0	0	0
3. New reduction under plan		0	17.9	69.1	30.0	3.0	0	0
4. Total annual reduction of Annex A Group I substances (ODP tonnes)		68.3	64.9	69.1	30.0	3.0	0	0
5. Max allowable total consumption of Annex B Group III substances (ODP tonnes)	1.7	1.7	1.1	0	0	0	0	0
6. Reduction from ongoing projects	-	0.6	0	0	0	0	0	0
7. New reduction under plan	-	0	1.1	0	0	0	0	0
8. Total annual reduction of Annex B Group III substance (ODP tonnes)	-	0.6	1.1	0	0	0	0	0
9. Lead I.A. agreed funding (US \$)	265,300	295,860	303,000	0	0	0	0	0
10. Lead I.A. support costs (US \$)	19,898	22,190	22,725	0	0	0	0	0
11. Total agreed funding (US \$)	285,198	318,050	325,725	0	0	0	0	0

(*) Estimated consumption figure

Appendix 3-A: Funding Disbursement Schedule

1. Funding will be considered for approval at the last meeting of the year prior to the year of the annual plan.

Appendix 4-A: Format of Annual Implementation Programme

1. Data

Country _____
 Year of plan _____
 # of years completed _____
 # of years remaining under the plan _____
 Target ODS consumption of the preceding year _____
 Target ODS consumption of the year of plan _____
 Level of funding requested _____
 Lead implementing agency _____

2. Targets

Indicators		Preceding year	Year of plan	Reduction
Supply of ODS	Import			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

3. Industry Action

Sector	Consumption preceding year (1)	Consumption year of plan (2)	Reduction within year of plan (1)-(2)	Number of projects completed	Number of servicing related activities	ODS phase-out (in ODP tonnes)
Manufacturing						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
Total						
Servicing						
Refrigeration						
Total						
Grand total						

4. Technical Assistance

Proposed Activity: _____
 Objective: _____
 Target Group: _____
 Impact: _____

5. Government Action

Policy/Activity Planned	Schedule of Implementation
Type of policy control on ODS import: servicing, etc	
Public awareness	
Others	

6. Annual Budget

Activity	Planned Expenditures (US \$)
Total	

7. Administrative Fees

Appendix 5-A: Monitoring Institutions and Roles

Organization of the NPP management, roles and responsibilities of stakeholders

Description	Role and responsibilities for implementation	
	Operational activities	Consideration and adoption
Initiation and preparation of the Environmental Legislation Framework Law on Environmental Protection	- State Ministry of Foreign Trade and Economic Relations (MoFTER) - Entity Ministries of Environment (EMoE)	- State Government (Council of Ministers) - State Parliament
Monitoring and ODS consumption control system	- National Ozone Unit (NOU) - MoFTER	- Entity Governments - Council of Ministers
ODS License and Quota system	- NOU - EMoE - MoFTER	- MoFTER - Council of Ministers
Regulation on import and export of equipment containing the ODSs	- NOU - EMoE - MoFTER	- MoFTER - Council of Ministers - Entity Parliaments - State Parliament
Preparation and implementation of ODS phase-out investment projects	- NOU - Projects beneficiaries - International Implementing Agency (UNIDO)	- Council of Ministers - Executive Committee of the Multilateral Fund (Ex-Com)
Implementation of refrigerant management plan project	- NOU - Projects beneficiaries - EMoE - UNIDO	
Awareness development	- NOU - EMoE - MoFTER - Cantonal Ministries of Environment	
Reporting on ODS consumption and implementation of the Montreal Protocol and NPP	- NOU on behalf of the BiH State	- National Sub-committee for Ozone Layer Protection - National Ozone Focal Point - National Steering Committee for Environment and Sustainable Development (information)

Monitoring and evaluation

1. The above table provides a clear description of the management structure for the implementation of the NPP and tasks/responsibilities of each institutional and organizational unit (department or division of the government administration at all levels - State, Entities, Brcko District, Cantons - Regions) in Bosnia and Herzegovina and the type of reporting, as well as provision of independent evaluation/confirmation of the achievement of performance targets/goals specified in the NPP for Bosnia and Herzegovina - local and international evaluations and confirmations proposed.

2. For the refrigeration servicing sector programme, the following information will be collected from recycling centers and workshops. Data and information collected will be analyzed to check the adequate operations of the scheme.

CFC quantity

- Number of appliances subjected to refrigerant recovery and type of appliances at every service workshop
- Amount of recovered CFC refrigerants at every workshop
- Amount of recovered CFC refrigerants sent to the recycling centers at every workshop
- Amount of recovered CFC refrigerants stored at every workshop
- Amount of recovered CFC refrigerants received from service workshops at every recycling centre
- Amount of recycled CFC refrigerants at recycling centres
- Amount of recycled CFC refrigerants returned (sold) to workshops
- Amount of recycled CFC refrigerants used in workshops and its application
- Amount of CFC refrigerants, which cannot be recycled and are subject to further treatment (e.g., sent to reclaiming plants, or decomposition plants abroad)
- Other data relevant for monitoring the scheme (amount of imported CFC refrigerants)

Cost information

- Cost of recovery at every service workshop and parties who bear the cost
- Cost of recycling at every recycling centre and parties who bear the cost
- Price of recycled CFC refrigerants
- Other financial information relevant for monitoring the recovery and recycling scheme

Appendix 6-A: Role of the Lead IA

1. UNIDO will be responsible for a range of activities specified in the project document along the lines of 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 phase-out plan;

- (b) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the annual implementation programme;
- (c) Assisting the Country in preparation of the Annual Implementation Programme;
- (d) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Annual Implementation Programmes;
- (e) Reporting on the implementation of the Annual Implementation Programme commencing with the Annual Implementation Programme for the 2004 year to be prepared and submitted in 2005;
- (f) Ensuring that technical reviews undertaken by the Lead IA are carried out by appropriate independent technical experts;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
- (i) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;
- (j) Ensuring that disbursements made to the Country are based on the use of the Indicators; and
- (k) Providing assistance with policy, management and technical support when required.

Appendix 7-A: Reductions in Funding for Failure to Comply

1. In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US \$10,010 per ODP tonne of reductions in consumption not achieved.