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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-second Meeting  
Montreal, 3-7 December 2018

**PROJECT PROPOSAL: BOSNIA AND HERZEGOVINA**

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

Phase-out

- HCFC phase-out management plan (stage I, fourth tranche)

UNIDO

## 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: 2017	2.37 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2017	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					2.3				2.3
HCFC-142b					0.07				0.07

(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		2018	2019	2020	Total
UNIDO	ODS phase-out (ODP tonnes)	0.21	0.0	0.21	0.42
	Funding (US \$)	33,170	0	32,100	65,270

(VI) PROJECT DATA		2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits		n/a	4.7	4.7	4.23	4.23	4.23	4.23	4.23	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	n/a
Agreed funding (US \$)	UNIDO Project costs	631,282	0	143,310	0	117,692	0	31,000	0	30,000	953,284
	Support costs	47,346	0	10,032	0	8,238	0	2,170	0	2,100	69,886
Funds approved by ExCom (US \$)	Project costs	631,282	0	128,979*	0	117,692	0	0	0	0	877,953*
	Support costs	47,346	0	9,029*	0	8,238	0	0	0	0	64,613*
Total funds requested for approval at this meeting (US \$)	Project costs							31,000			31,000
	Support costs							2,170			2,170

\*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).

<b>Secretariat's recommendation:</b>	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 fourth tranche of stage I of the HCFC phase-out management plan (HPMP), at the amount of US \$31,000, plus agency support costs of US \$2,170 for UNIDO.<sup>1</sup> The submission includes a progress report on the implementation of the third tranche, the verification report on HCFC consumption for 2016 and 2017, and the tranche implementation plan for 2018 to 2020.

### Report on HCFC consumption

2. The Government of Bosnia and Herzegovina reported a consumption of 2.37 ODP tonnes of HCFC in 2017, which is 50 per cent below the HCFC baseline for compliance. The 2013-2017 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in Bosnia and Herzegovina (2013-2017 Article 7 data)**

HCFC	2013	2014	2015	2016	2017	Baseline
<b>Metric tonnes</b>						
HCFC-22	88.73	59.23	37.19	41.53	41.80	57.15
HCFC-141b	0	0	0	0	0	13.5
HCFC-142b	3.86	1.72	0.94	0.94	1.14	0
<b>(Sub-total) (mt)</b>	<b>92.59</b>	<b>60.95</b>	<b>38.13</b>	<b>42.47</b>	<b>42.94</b>	<b>70.65</b>
HCFC-141b in imported pre-blended polyols*	30.00	11.00	0	0	0	31.55**
Total (mt)	122.59	71.95	38.13	42.47	42.94	111.65
<b>ODP tonnes</b>						
HCFC-22	4.88	3.26	2.05	2.28	2.30	3.2
HCFC-141b	0	0	0	0	0	1.5
HCFC-142b	0.25	0.11	0.06	0.06	0.07	0
<b>(Sub-total) (ODP tonnes)</b>	<b>5.13</b>	<b>3.37</b>	<b>2.11</b>	<b>2.34</b>	<b>2.37</b>	<b>4.7</b>
HCFC-141b in imported pre-blended polyols*	3.3	1.21	0	0	0	3.47**
Total (ODP tonnes)	8.43	4.58	2.11	2.34	2.37	8.17

\* Country programme data.

\*\* Average consumption between 2007 and 2009.

3. The steep reduction on HCFC consumption is due to the implementation of activities in the HPMP, particular the investment projects in the foam and refrigeration assembly sectors, which reduced the demand for HCFCs. HCFC-22 is only used for servicing equipment and there was zero consumption of HCFC-141b pure and contained in imported pre-blended polyols due to the completion of the foam investment projects and the bans on HCFC-141b pure and contained in imported pre-blended polyols effected 1 January 2015 and 1 January 2016, respectively.

### *Country programme (CP) implementation report*

4. The Government of Bosnia and Herzegovina reported HCFC sector consumption data under the 2017 CP implementation report which is consistent with the data reported under Article 7 of the Montreal Protocol.

<sup>1</sup> As per the letter of 14 September 2018 from the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina to UNIDO.

### *Verification report*

5. The verification report confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports, and that the total consumption of HCFCs for 2016 and 2017 was 2.34 and 2.37 ODP tonnes, respectively. The verification concluded that the country has met the consumption targets specified in the Agreement for 2016 and 2017.

### Progress report on the implementation of the third tranche of the HPMP

#### *Legal framework*

6. Bosnia and Herzegovina has established a legal framework to support a licensing and quota system for the control of HCFC imports and exports and it is effectively enforced. A ban on the import of pure HCFC-141b (as of 1 January 2015), and a ban on HCFC-141b contained in imported pre-blended polyols (as of 1 January 2016) have already been implemented. Legislation was updated to include HCFCs in the customs tariff and classification of goods. The country started the procedure to ratify the Kigali Amendment, expected by the end of 2019 at the earliest.

#### *Manufacturing sector*

7. As of the 76<sup>th</sup> meeting, all conversions in the manufacturing sector had been completed except the conversion of HCFC-141b contained in imported pre-blended polyols to methyl formate in two enterprises manufacturing insulation foam for commercial refrigeration. The conversion at Frigoklima, with a consumption 1.0 mt of HCFC-141b, was delayed as the foam dispenser was damaged in a flood and a complete overhaul was needed. That overhaul was undertaken in September 2018 and the conversion has now been completed. The conversion at SOKO, with a consumption of 4.0 mt of HCFC-141b, originally planned through a retrofit using the original software for controlling dosage, was not feasible. The overhaul of the foaming machine will be completed by the end of 2018.

#### *Refrigeration servicing sector*

8. Following consultations with the refrigeration and air-conditioning (RAC) association in May 2018, the national ozone unit (NOU) is drafting terms of reference for a national consultant for the establishment of the national code of good practice in the RAC sector, which is expected to be implemented by March 2019. The certification system for refrigeration service technicians has been in effect since 2016 and the certification system for refrigeration service workshops was being finalized. In particular, one of the administrative entities in the country, the Republika Srpska, adopted a new law with a provision making certification mandatory, while the second administrative entity in the country, the Federation of Bosnia and Herzegovina, was still finalizing a new law with this provision.

9. A five-day training workshop for 40 service technicians and representatives of enterprises importing RAC equipment that focused on good servicing practices, updates to the European Union F-gas regulation, the Kigali Amendment, market trends and natural refrigerants, and other topics. A total of 16 refrigerant identifiers were provided to environmental inspectors (four), customs (10), and training centers (two). Training of 40 customs officers, inspectors and shipping agents on the National Legislative Act on HCFC phase-out, HCFC import control, and the identification of refrigerants was achieved.

#### *Project implementation and monitoring*

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

Level of fund disbursement

11. As of September 2018, of the US \$877,953<sup>2</sup> approved so far, US \$802,655 had been disbursed for UNIDO as shown in Table 2. The balance of US \$75,298 will be disbursed in 2018-2019.

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

Tranche		UNIDO	Disbursement rate (%)
First tranche	Approved	631,282	100
	Disbursed	630,973	
Second tranche	Approved	128,979*	59
	Disbursed	76,026	
Third tranche	Approved	117,692	81
	Disbursed	95,656	
<b>Total</b>	<b>Approved</b>	<b>877,953</b>	<b>91</b>
	<b>Disbursed</b>	<b>802,655</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 fourth tranche of the HPMP

12. The following activities will be implemented between December 2018 and December 2019:
- Two training workshops for 30 customs officers to control HCFC trade (US \$10,000);
  - National consultancy to provide technical support and training of service technicians to assist with refrigerant recovery, good practices and emission prevention in the refrigeration sector as part of the certification scheme (US \$16,000); and
  - Monitoring and coordination of activities to ensure efficient implementation (US \$5,000).

**SECRETARIAT'S COMMENTS AND RECOMMENDATION****COMMENTS**Progress report on the implementation of the third tranche of the HPMP*Legal framework*

13. The Government of Bosnia and Herzegovina has already issued HCFC import quotas for 2018 at 1.98 ODP tonnes, which is lower than the Montreal Protocol control targets.

*Manufacturing sector*

14. The conversion at Alternativa, resulting in a phase-out of 43.5 mt (4.78 ODP tonnes) of HCFC-141b, was completed in 2015 at a total cost of US \$397,170, resulting in savings of US \$28,191. Noting that the fourth tranche was only US \$31,000, and that this limited funding was required to undertake the planned activities in the servicing sector in 2018-2019, and recalling the penalty of US \$14,331 associated with the second tranche, it was agreed that the remaining balance of US \$13,860 would be deducted only when the second stage of the HPMP would be submitted.

<sup>2</sup> In line with decision 72/31(d), 10 per cent of the second tranche (i.e., US \$14,310) was withheld as the country was in non-compliance in 2013.

Conclusion

15. Since 2013, when the country was temporarily not in compliance, Bosnia and Herzegovina has been in compliance with the Montreal Protocol and the control targets specified in its Agreement with the Executive Committee. The 2017 consumption and the 2018 quota are already 50 and 58 per cent below the country's baseline. An enforceable licensing and quota system has been established to enable compliance with the Montreal Protocol control targets. The bans on HCFC-141b in pure and in pre-blended polyols have been implemented since 1 January 2015 and 1 January 2016, respectively. Of the seven enterprises to be converted in the manufacturing sector, conversions at six have been completed, and the conversion at the remaining refrigeration enterprise will be completed by the end of 2018. The certification system for refrigeration service workshops is in place, training has been provided to customs officers and technicians, and further training planned under the fourth tranche will ensure the long-term sustainability of stage I of the HPMP. Eighty-one per cent of the third tranche has been disbursed, and the overall level of disbursement is 91 per cent.

**RECOMMENDATION**

16. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the third tranche of stage I of the HCFC phase-out management plan of (HPMP) for Bosnia and Herzegovina; and further recommends blanket approval of the fourth tranche of stage I of the HPMP for Bosnia and Herzegovina, and the corresponding 2018-2020 tranche implementation plan, at the funding level shown in the table below, noting 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:

	<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, fourth tranche)	31,000	2,170	UNIDO