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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Item 9(c) of the provisional agenda¹

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 II, second tranche)

UNIDO

¹ UNEP/OzL.Pro/ExCom/94/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Bosnia and Herzegovina

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNIDO (lead)	87 th	100% phase-out by 2026

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2023	0.00 ODP tonnes

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)							Year: 2023		
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.00				0.00
HCFC-141b in imported pre-blended polyols					0.00				0.00

(IV) CONSUMPTION DATA (ODP tonnes)			
2009-2010 baseline:	4.70	Starting point for sustained aggregate reductions:	8.17
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	8.17	Remaining:	0.00

(V) ENDORSED BUSINESS PLAN		2024	2025	2026	Total
UNIDO	ODS phase-out (ODP tonnes)	1.00	0.00	0.00	1.00
	Funding (US \$)	318,640	0	0	318,640

(VI) PROJECT DATA			2021	2022	2023	2024	2025	2026	Total
Montreal Protocol consumption limits (ODP tonnes)			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	0.00	n/a
Funding agreed 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
Funds approved by ExCom (US \$)		Project costs	126,140						126,140
		Support costs	8,830						8,830
Total funds recommended for approval at this meeting (US \$)		Project costs				297,794*			297,794
		Support costs				20,846*			20,846

* The second tranche was expected to be submitted in 2023.

Secretariat's recommendation:	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 second tranche of stage II of the HCFC phase-out management plan (HPMP), in the amount of US \$297,794, plus agency support costs of US \$20,846.² The submission includes a progress report on the implementation of the first tranche; the verification of HCFC consumption for 2018 through 2022; and the tranche implementation plan for 2024 to 2026.

Report on HCFC consumption

2. The Government of Bosnia and Herzegovina reported a consumption of zero ODP tonnes in 2023. The 2019-2023 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in Bosnia and Herzegovina (2019-2023 Article 7 data)

HCFC	2019	2020	2021	2022	2023	Baseline
Metric tonnes (mt)						
HCFC-22	27.47	23.98	0.00	0.00	0.00	57.15
HCFC-141b	0.00	0.00	0.00	0.00	0.00	13.50
HCFC-142b	0.40	0.55	0.00	0.00	0.00	0.00
Total (mt)	27.87	24.53	0.00	0.00	0.00	70.65
HCFC-141b in imported pre-blended polyols*	0.00	0.00	0.00	0.00	0.00	31.55*
ODP tonnes						
HCFC-22	1.51	1.32	0.00	0.00	0.00	3.20
HCFC-141b	0.00	0.00	0.00	0.00	0.00	1.50
HCFC-142b	0.03	0.04	0.00	0.00	0.00	0.00
Total (ODP tonnes)	1.54	1.35	0.00	0.00	0.00	4.70
HCFC-141b in imported pre-blended polyols*	0.00	0.00	0.00	0.00	0.00	3.47*

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

3. Since 2021, HCFC consumption in Bosnia and Herzegovina has been zero. Imports of HCFC-141b pure and contained in pre-blended polyols were banned as of 1 January 2015 and 1 January 2016, following the implementation of the foam investment projects. HCFC-22 was phased out in the commercial refrigeration manufacturing sector in 2018. HCFC-22 continued to be used to service equipment until 2020, as was HCFC-142b, which was consumed as a component of R-406A,³ a drop-in for CFC-12-based equipment. The elimination of HCFC consumption from 2021 onwards can be attributed to HPMP activities, including improved servicing practices, the retirement of CFC-based equipment, and the increasing adoption of alternative refrigerants; the impact of the COVID-19 pandemic also resulted in reduced servicing demands. After 2020, the country used stocks of previously imported HCFC-22 and recovered HCFC-22 to meet the servicing needs of remaining HCFC-based refrigeration and air-conditioning (RAC) equipment.

Country programme implementation report

4. The Government of Bosnia and Herzegovina reported HCFC sector consumption data under the 2023 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

² As per the letter of 22 February 2024 from the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina to UNIDO.

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

Verification report

5. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports, and that Bosnia and Herzegovina had achieved the targets specified in the Agreements between the country and the Executive Committee for the years 2018 to 2022. The report confirmed that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2020 to 2022 was correct (as shown in table 1 above). The report indicated small differences between the verified consumption of HCFCs and that reported under Article 7 of the Montreal Protocol for the years 2018 and 2019. Those discrepancies occurred because the national ozone unit (NOU) had, due to a delay in receiving data from customs, based the reported consumption for those years assuming that importers had fully utilized their allocated quotas, which was not the case; and there was an inadvertent error in calculating the amounts of HCFC-142b and HCFC-22 derived from R-406A. The Government of Bosnia and Herzegovina will request the Ozone Secretariat to revise the reported Article 7 data for 2018 and 2019.⁴

6. The verification report recommended *inter alia* updating and harmonizing the relevant legislation of the administrative entities in the country with regard to certification, record keeping, equipment replacement, recovery and recycling (R&R), uses of ODS alternatives, and banning of disposable cylinders; updating the current decision of the Council of Ministers to comply more closely with European Union (EU) regulations on ODS and fluorinated gases (F-gases);⁵ and strengthening the R&R scheme. These recommendations are being or will be addressed under the second tranche of stage II of the HPMP. Consideration will also be given as to how to implement two further recommendations, monitoring of the R&R scheme and the challenge of separating new and second-hand equipment in the tariff code system. The ban on disposable refrigerant cylinders will be implemented by 1 January 2026, in line with decision 87/37(b)(iii)c.

Status of implementation of stage I of the HCFC phase-out management plan

7. Stage I of the HPMP was completed by 31 December 2022, in line with the extension approved by the Executive Committee in decision 87/28. The project completion report was submitted on 26 June 2023.

Progress report on the implementation of the first tranche of stage II of the HCFC phase-out management plan

Legal framework

8. Bosnia and Herzegovina ratified the Kigali Amendment on 26 May 2021.

9. Training workshops in four regional centres trained a total of 97 customs officers⁶ (approximately 20 per cent female) on the Montreal Protocol and its Kigali Amendment, the legal framework for controlled substances, prevention of illegal trade, and the use of refrigerant identifiers. Online training was provided for 18 participants (seven female) from nine importers on the implementation of the Kigali Amendment, including the national obligations for the phase-down of HFCs. The database/registry of appliances and equipment containing ODS was developed and populated in coordination with stakeholders, and a web-based application is expected to be finalized by 31 December 2024.

⁴ The verified HCFC consumption for 2018 and 2019 is 1.90 ODP tonnes and 1.49 ODP tonnes.

⁵ EU regulations 1005/2009 and 517/2014.

⁶ Institutional strengthening funds were used to support this customs training.

Refrigeration servicing sector

10. The following activities were completed:
- (a) Workshops at two technical schools in Sarajevo and Banja Luka trained 18 RAC trainers (12 male and 6 female) on good refrigerant practices; and six tool kits were distributed to technical/vocational schools in Sarajevo and Banja Luka under the fifth tranche of stage I;
 - (b) Consultations took place on the procedures for the collection, recycling, and recovery of refrigerants development, and the list of R&R centres; and
 - (c) A workshop was held at the Foreign Trade Bureau for 65 participants which included RAC stakeholders from the RAC association, industry, supermarkets, vocational schools, and decision-makers. Topics included implementation of the Kigali Amendment, the national certification scheme for RAC servicing enterprises, the importance of training centres, and experiences from other countries including Serbia and Tunisia. The NOU also prepared promotional leaflets on the RAC association and HPMP activities.

Project implementation and monitoring

11. Of the US \$4,505 allocated to project monitoring and coordination, US \$2,030 was disbursed for travel.

Level of fund disbursement

12. As of March 2024, of the US \$126,140 approved so far, US \$121,154 (96 per cent) had been disbursed. The balance of US \$4,986 will be disbursed in 2024.

Implementation plan for the second tranche of stage II of the HCFC phase-out management plan

13. The following activities will be implemented between June 2024 and December 2026:
- (a) Policy and legislation: Update and harmonize administrative entity level regulations for certified service providers to require mandatory record keeping, timely equipment replacement, refrigerant collection and recycling, and the use of ODS alternatives (US \$27,072);
 - (b) Capacity-building related to enforcement and RAC sector activities: Training of 16 customs officers; two workshops to train 20 trainers on good refrigeration practices, the safe use of low-global-warming-potential (GWP) alternatives, energy efficiency, and regulations on F-gases; four workshops to train and certify 100 RAC technicians on good refrigeration practices; and training of four environmental inspectors on ODS legislation and equipment (US \$58,656);
 - (c) R&R scheme: From 2025, annual training of 25 RAC technicians on the R&R of refrigerants; support for R&R centres, including training of operators and maintenance of equipment; provision of technical equipment for training centres in Sarajevo and Banja Luka (determined in consultation with the RAC association) (US \$157,019); and training of trainers/lecturers in vocational schools on good servicing practices, R&R, safe handling of low-GWP refrigerants, and energy efficiency (US \$23,463);
 - (d) Public awareness activities: An annual stakeholder seminar on stage II of the HPMP; and support for the RAC association, including upgrading the code of good practices (US \$18,048); and

- (e) Project monitoring: US \$13,536 for monitoring travel.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

HCFC verification report

14. The verification report submitted to the present meeting did not verify the country's 2023 consumption, as that data was not available at the time of submission. UNIDO confirmed that in line with decision 82/51, the subsequent HCFC verification report submitted by the country would address all the years since the approval of the present tranche and the year 2023.

Progress report on the implementation of the first tranche of stage II of the HCFC phase-out management plan

Legal framework

15. The Government of Bosnia and Herzegovina has already issued HCFC import quotas for 2024 at 0.94 ODP tonnes, which is in line with the maximum allowable consumption in the Agreement and lower than the Montreal Protocol control targets.

Policy and legislation

16. With regard to the legal framework for the licensing and quota system for the control of HCFC imports and exports, UNIDO clarified that the decision of the Council of Ministers to allow the import of HCFC-22 in line with the targets specified in the Agreement between the country and the Executive Committee had been agreed but not yet adopted by the Council due to political circumstances in the country, which resulted in delays in the adoption of legal acts. Similarly, the regulations requiring the recovery of HCFCs during the servicing of RAC equipment and the establishment of penalties for contravention of the prohibition of venting of HCFCs during the installation, servicing, and decommissioning of RAC equipment, which should have been in place by 31 December 2022 (decision 87/37(b)(i)-(ii)), were also delayed. UNIDO informed that the regulations will be in place by 31 December 2024.

Refrigeration servicing sector

17. The submission of the second tranche of stage II of the HPMP was delayed due to the impact of the COVID-19 pandemic and internal political challenges. In-person activities, including the training of customs officers and RAC technicians, were delayed due to the COVID-19 pandemic restrictions. Despite those challenges, UNIDO informed that Bosnia and Herzegovina is committed to submitting the third and final tranche of stage II as scheduled in 2026.

18. With regard to the delivery of six refrigerant identifiers, which has been delayed as the sole manufacturer has been unable to meet global demands, UNIDO informed that there was yet no indication of the delivery date and UNIDO's procurement department was following the matter.

19. The verification report noted that the R&R scheme is not fully functioning yet and that the 20 mobile centres for R&R that were established in 2013 had not been efficient. An update to the list of R&R centres and consultations on the implementation of the R&R scheme have been completed, and the procedures for the collection, recycling, and recovery of refrigerants are expected to be finalized by 31 December 2024. Efforts are continuing to establish a structured reporting system to track and manage the R&R of refrigerants.

Gender policy implementation

20. In Bosnia and Herzegovina, the majority of NOU staff and consultants are women, but female representation in the RAC sector is less than 10 per cent and about 10 to 20 per cent in the customs administration. In line with decisions 84/92(d) and 90/48(c), activities to be implemented under the second tranche of stage II of the HPMP will mainstream gender issues. The NOU plans to recruit an expert (using institutional strengthening funds) to develop and implement gender mainstreaming strategies; launch awareness campaigns on women in the RAC sector; develop an informal RAC mentorship programme for women new to the field; advocate for gender-responsive policies within training programmes and workplaces; collect and analyze gender-disaggregated data; and include gender components in training sessions.

Sustainability of the HCFC phase-out and assessment of risks

21. The sustainability of the HCFC phase-out continues to be supported by the enforcement of the licensing and quota system, 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, and the implementation of activities under the HPMP. Policy and legislation is based on an open dialogue with the NOU and stakeholders which ensures their specific needs and challenges are incorporated into the HCFC phase-out strategy, thus maximizing its effectiveness and stakeholder buy-in. Direct consultation with industry experts ensures the economic viability of activities and a smooth transition to non-ODS technologies. Customs training is part of the regular annual programme of the Indirect Taxation Authority but still requires organizational support from the NOU to ensure its sustainability. Likewise, NOU support to equip vocational schools, support trainer training, and develop curriculum promotes the sustainability of education for RAC technicians. Some potential risks have been identified regarding the timely implementation of HPMP activities, the commitment of partners, and the availability of alternative technologies, and can be controlled by monitoring activities, enhancing communication, and raising awareness on new technologies. Risks associated with the political circumstances are difficult to mitigate.

Conclusion

22. The Government of Bosnia and Herzegovina continued to effectively implement its HCFC import and export licensing and quota system, achieving zero consumption of HCFCs since 2021, as corroborated by the independent verification report. The legislation banning the import of HCFC-based equipment and HCFC-141b are being enforced. Despite the challenges of the COVID-19 pandemic and political circumstances, the NOU has ensured the continued implementation of HPMP activities. Of the total funds approved for the first tranche of stage II of the HPMP, 96 per cent have been disbursed. The implementation of the second tranche and submission of the third tranche are expected to take place according to schedule.

RECOMMENDATION

23. The Fund Secretariat recommends that the Executive Committee note the progress report on the implementation of the first tranche of stage II of the HCFC phase-out management plan (HPMP) for Bosnia and Herzegovina.

24. The Fund Secretariat further recommends blanket approval of the second tranche of stage II of the HPMP for Bosnia and Herzegovina and the corresponding 2024-2026 tranche implementation plan at the funding level shown in the table below.

	Project title	Project funding (US \$)	Support costs (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage II, second tranche)	297,794	20,846	UNIDO
