



**United Nations  
Environment  
Programme**

Distr.  
LIMITED

UNEP/OzL.Pro/ExCom/41/24/Corr.1 and Add.1  
12 December 2003

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty first Meeting  
Montreal, 17 -19 December 2003

**Corrigendum and Addendum**

**PROJECT PROPOSALS: BOSNIA AND HERZEGOVINA**

Phase-out of methyl bromide in tobacco seedling vegetables and flower production sector

**Replace** paragraphs 13 and 14 **with** the following:

13. The Fund Secretariat and UNIDO subsequently agreed on the total incremental cost of the project (US \$229,000). A draft agreement between the Government of Bosnia Herzegovina and the Executive Committee on the modalities for implementation of the MB phase-out project is included in this document as Annex I.

14. The Executive Committee may wish to consider approval of the project proposal in light of the Fund Secretariat's comments and without prejudice to the operation of the Montreal Protocol's mechanism dealing with non-compliance issues.

National ODS phase-out plan

**Replace** paragraphs 47 and 48 **with** the following:

47. The draft Agreement between the Government of Bosnia and Herzegovina and the Executive Committee for the implementation of the national ODS phase out plan is included in this document as Annex II. A letter regarding justification for the use of HCFC technologies from the Government of Bosnia and Herzegovina is also included as Annex III.

48. The Fund Secretariat recommends that the Executive Committee approve in principle the national ODS phase-out plan for Bosnia and Herzegovina at a total cost of US \$864,160 plus US \$64,812 as agency support costs, on the understanding that approval is without prejudice to the operations of the Montreal Protocol's mechanism dealing with non-compliance and in accordance with the agreement between the Government of Bosnia and Herzegovina and the Executive Committee contained in Annex II to this document, and allocate US \$265,300 plus support cost of US \$19,898 to UNIDO for the first annual implementation programme.

## **Annex I**

### **AGREED CONDITIONS FOR PHASE-OUT OF METHYL BROMIDE IN HORTICULTURE: TOMATOES AND CUT FLOWERS IN BOSNIA AND HERZEGOVINA (DRAFT)**

1. The Executive Committee agrees to approve in principle US \$229,000 as the total funds that will be available to achieve commitments stipulated in this document for the phase-out of the use of methyl bromide in Bosnia and Herzegovina, subject to the following understandings and considerations.
2. As reported to the Ozone Secretariat, and consistent with information in the project document presented to the Executive Committee, the methyl bromide baseline for compliance for Bosnia and Herzegovina is 3.5 ODP tonnes, and the methyl bromide consumption for 2002 is 11.8 ODP tonnes. Therefore, Bosnia and Herzegovina will not be able to meet the 2002 methyl bromide freeze. However, the Government of Bosnia and Herzegovina commits to a permanent national reduction in aggregate consumption of controlled uses of methyl bromide to no more than the following levels:
  - 11.8 ODP tonnes in 2002
  - 5.6 ODP tonnes in 2005 and 2006 (reduction of 6.2 ODP tonnes)
  - 0.0 ODP tonnes in 1 January 2007 (reduction of 5.6 ODP tonnes)
3. In addition, Bosnia and Herzegovina commits to sustain the phase-out of methyl bromide by banning its use as a soil fumigant in tobacco seedlings, horticulture, cut flowers and other crops. The specific reductions in consumption noted above would be those achieved through this project. Reductions in accordance with the terms of this project, and the other commitments presented in the project document, will ensure that Bosnia and Herzegovina exceeds subsequent phase-out requirements of the Montreal Protocol.
4. The Government of Bosnia and Herzegovina has reviewed the consumption data identified in this project and is confident that it is correct. Accordingly, the Government is entering into this agreement with the Executive Committee on the understanding that, should further MB consumption in addition to that indicated in paragraph 2 above (11.8 ODP tonnes) be identified at a later date, the responsibility to ensure its phase-out will lie solely with the Government.
5. The Government of Bosnia and Herzegovina will have flexibility in implementing the project components which it deems more important in order to meet its phase-out commitment noted above.
6. UNIDO shall report annually to the Executive Committee on progress achieved in meeting the reductions required by this project. UNIDO agrees to manage the funding for this project in a manner designed to ensure that the specific annual reductions agreed are met.



## **Annex II**

### **DRAFT 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 in the sectors set out in Appendix 1-A (the “Substances”) prior to 31 December 2007 compliance with Protocol schedules.
2. The Country agrees to phase out the controlled use of the Substances in refrigeration, foam and solvent sectors in accordance with the annual phase-out targets set out in row 1A 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 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:
  - (1) That the Country has met the Target for the applicable year;
  - (2) That the meeting of these Targets has been independently verified as described in paragraph 9; and
  - (3) That the Country has substantially completed all actions set out in the last Annual Implementation Programme;
  - (4) 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:

- (1) The Country would use the flexibility available under this agreement to address specific needs that might arise during project implementation;
- (2) 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
- (3) 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 do not extend obligations beyond this Protocol. 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 first substance (ODP tonnes)	24.2	24.2	12.1	12.1	3.6	3.6	3.6	0
1A. Max agreed total consumption of first substance (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 first substance (ODP tonnes)		68.3	64.9	69.1	30.0	3.0	0	0
5. Max allowable total consumption of second substance/sector (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 second substance (ODP tonnes)	-	0.6	1.1	0	0	0	0	0
9. Lead I.A. agreed funding	265,300	295,860	303,000	0	0	0	0	0
10. Lead I.A. support costs	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

### Appendix 3-A: Funding disbursement schedule

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

### Appendix 4-A: Form 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			
	<b>Total (1)</b>			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	<b>Total (2)</b>			

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)
<b>Manufacturing</b>						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
Total						
<b>Servicing</b>						
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 Low 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 Implementation Agency (UNIDO)	- Council of Ministers - Executive Committee of the Multilateral Fond (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

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, Breko District, Cantons - Regions) in BiH and the type and frequency 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.

For the 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 these 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 center,
- Amount of recycled CFC refrigerants at recycling centers,
- 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 can not 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 etc.).

### Cost information

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

### **Appendix 6-A: Role of the lead implementing agency**

UNIDO will be responsible for a range of activities to be specified in the project document along the lines of the following:

- (1) 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;
- (2) 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
- (3) Assisting the Country in preparation of the Annual Implementation Programme;
- (4) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Annual Implementation Programmes;
- (5) 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;
- (6) Ensuring that technical reviews undertaken by the Lead IA are carried out by

- appropriate independent technical experts;
- (7) Carrying out required supervision missions;
  - (8) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
  - (9) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;
  - (10) Ensuring that disbursements made to the Country are based on the use of the Indicators; and
  - (11) Providing assistance with policy, management and technical support when required.

**Appendix 7-A: Reductions in funding for failure to comply**

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 in the Plan.

- - -

## Annex III



**BOSNIA AND HERZEGOVINA**  
**Council of Ministers**  
**Ministry of Foreign Trade and Economic Relations**  
**National Ozone Unit**

**GOVERNMENT NOTE OF TRANSMITTAL OF INVESTMENT PROJECTS TO THE  
EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION  
OF THE MONTREAL PROTOCOL**

**PROJECTS OF THE GOVERNMENT OF BOSNIA AND HERZEGOVINA**

The Government of BOSNIA AND HERZEGOVINA requests UNIDO to submit the project listed in Table 1 below/attached Table 1 to the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol for consideration at its 41<sup>th</sup> Meeting.

**Section I: ODS Consumption Data**

1. The ODS consumption figure of the project has been validated by the National Ozone Unit (NOU).
2. The consumption data have been retained in the records of the NOU for reference and/or future verification.
3. The Government has been advised by the NOU that the agreement to the project(s) provides a commitment to ensure that the phase-out of the validated consumption indicated in Table 1 below is realized and yields a sustained permanent aggregate reduction in the country's consumption of Annex A Group I substances. Accordingly, BOSNIA AND HERZEGOVINA acknowledges that its remaining consumption of Annex A Group I substances calculated in accordance with Decision 35/S7 will be reduced by the amount of the phase-out realized

**Table 1: Projects Submitted to the 41<sup>th</sup> Meeting of the Executive Committee**

Project Title/Sector	Type of ODS	Validated Consumption (ODP Tonnes), (Year)	ODP to be Phased Out (ODP Tonnes), (Year)	Residual ODP (ODP Tonnes)	Implementing Agency
Multi sector					
National ODS Phase-out Plan	CFC-11; CFC-12; TCA Halon 1211; Halon.1301	124.5	124.5	0	UNIDO
<b>Total</b>		<b>124.5</b>	<b>124.5</b>		

Remaining amount of Annex A Group I substances prior to submission of the above project(s) calculated according to Decision 35/57	61.4 ODP tonnes
Remaining amount of Annex A Group I substances following approval of the above projects	0 ODP tonnes

**Section II: Other Relevant Actions Arising from Decision 33/2**

4. It is understood that, in accordance with the relevant guidelines, the funding received for a project would be partly or fully returned to the Multilateral Fund in cases where technology was changed during implementation of the project without informing the Fund Secretariat and without approval by the Executive Committee;
5. The National Ozone Unit undertakes to monitor closely, in cooperation with customs authorities and the environmental protection authorities, the importation and use of CFCs and to combine this monitoring with occasional unscheduled visits to importers and recipient manufacturing companies to check invoices and storage areas for unauthorized use of CFCs, in view of the instances of equipment purchased by the Multilateral Fund not being used or being reverted to the use of CFCs.
6. The National Ozone Unit will cooperate with the relevant implementing agencies to conduct safety inspections where applicable and keep reports on incidences of fires resulting from conversion projects.

**Section III: Projects Requiring the Use of HCFCs for Conversion**

7. In line with Decision 27/13 of the Executive Committee and in recognition of Article 2F of the Montreal Protocol, the Government
  - (a) has reviewed the specific situations involved with the project(s) (*insert names of enterprises*) as well as its HCFC commitments under Article 2F; and
  - (b) has nonetheless determined that, at the present time, the projects needed to use HCFCs for an interim period with the understanding that no funding would be available for the future conversion from HCFCs for the company/companies involved.

Name and signature of responsible Officer:

Mr. Ibro Čengić

Designation: Head of Environment Promotion and Protection Department and NOU Manager

Telephone: +387 33 211 852

Fax: + 387 33 211 852

E-mail: vetcon@bih.net.ba