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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Ninety-second Meeting  
Montreal, 29 May to 2 June 2023  
Item 9(c) of the provisional agenda<sup>1</sup>

**PROJECT PROPOSAL: CUBA**

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) UNDP

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<sup>1</sup> UNEP/OzL.Pro/ExCom/92/1

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## Cuba

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>	<b>MEETING APPROVED</b>	<b>CONTROL MEASURE</b>
HCFC phase-out plan (stage II)	UNDP	86 <sup>th</sup>	100% phase-out by 2030

<b>(II) LATEST ARTICLE-7 DATA (Annex C Group I)</b>	Year: 2021	0.81 ODP tonnes
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2022</b>	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					1.39				1.39

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009-2010 baseline:	16.88	Starting point for sustained aggregate reductions:	30.23
<b>CONSUMPTION ELIGIBLE FOR FUNDING</b>			
Already approved:	30.23	Remaining:	0.0

<b>(V) ENDORSED BUSINESS PLAN</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
UNDP	ODS phase-out (ODP tonnes)	2.74	0.0	2.19	4.93
	Funding (US \$)	*369,760	0	222,560	*592,320

\*Including US \$91,560 for additional activities to maintain energy efficiency in the refrigeration servicing sector

<b>(VI) PROJECT DATA</b>		<b>2020</b>	<b>2021-2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026-2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>Total</b>
Montreal Protocol consumption limits (ODP tonnes)		10.97	10.97	10.97	10.97	5.49	5.49	5.49	5.49	0	n/a
Maximum allowable consumption (ODP tonnes)		10.97	10.97	10.97	10.97	5.49	5.49	5.49	5.49	0	n/a
Funding agreed in principle (US \$)	UNDP	Project costs	260,000	0	260,000	0	208,000	0	208,000	0	1,040,000
	UNDP	Support costs	18,200	0	18,200	0	14,560	0	14,560	0	72,800
Funds approved by ExCom (US \$)	UNDP	Project costs	260,000	0	0	0	0	0	0	0	260,000
	UNDP	Support costs	18,200	0	0	0	0	0	0	0	18,200
Total funds recommended for approval at this meeting (US \$)	UNDP	Project costs	0	0	260,000	0	0	0	0	0	260,000
	UNDP	Support costs	0	0	18,200	0	0	0	0	0	18,200

<b>Secretariat's recommendation:</b>	Blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of Cuba, UNDP 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 \$260,000, plus agency support costs of US \$18,200.<sup>2</sup> The submission includes a progress report on the implementation of the first tranche and the tranche implementation plan for 2023 to 2025.

### Report on HCFC consumption

2. The Government of Cuba reported under the country programme (CP) implementation report a consumption of 1.39 ODP tonnes of HCFC in 2022, which is 92 per cent below the HCFC baseline for compliance. The Article 7 data for 2022 has not been reported yet. The 2018-2022 HCFC consumption is shown in table 1.

**Table 1. HCFC consumption in Cuba (2018-2022 Article 7 data)**

HCFC	2018	2019	2020	2021	2022*	Baseline
<b>Metric tonnes (mt)</b>						
HCFC-22	177.22	113.32	23.46	14.74	25.36	259.05
HCFC-124	0.0	0.22	0.37	0.0	0.0	0.60
HCFC-141b	0.0	0.0	0.0	0.0	0.0	23.61
HCFC-142b	0.0	0.13	0.23	0.0	0.0	0.36
<b>Total (mt)</b>	<b>177.22</b>	<b>113.67</b>	<b>24.06</b>	<b>14.74</b>	<b>25.36</b>	<b>283.62</b>
<b>ODP tonnes</b>						
HCFC-22	9.75	6.23	1.29	0.81	1.39	14.25
HCFC-124	0.0	0.01	0.01	0.0	0.0	0.01
HCFC-141b	0.0	0.0	0.0	0.0	0.0	2.60
HCFC-142b	0.0	0.01	0.01	0.0	0.0	0.02
<b>Total (ODP tonnes)</b>	<b>9.75</b>	<b>6.25</b>	<b>1.31</b>	<b>0.81</b>	<b>1.39</b>	<b>16.88</b>

\* CP data

3. The only HCFC currently imported into Cuba is HCFC-22, used for servicing refrigeration and air-conditioning (RAC) equipment. Bans on imports of HCFC-141b in bulk and contained in pre-blended polyols were established on 1 January 2014 and 1 January 2016, respectively.

4. The overall level of HCFC consumption had been maintained below the control limits in previous years due to the well-functioning licensing and quota system, and to the gradual introduction of alternative technologies. Consumption of HCFC-22 decreased sharply in the last years due to financial strain caused by *inter alia* the COVID-19 pandemic, inflation, slowdown in the tourism sector and the increasing freight and insurance costs. It is expected that in the coming years, following worldwide economic recovery, HCFC-22 imports will increase slightly, as they already did in 2022, however without returning to pre-pandemic levels.

### *Country programme implementation report*

5. The Government of Cuba reported HCFC sector consumption data under the 2021 CP implementation report that differs slightly from the data reported under Article 7 of the Montreal Protocol. The difference is attributed to the deduction of a small quantity of destroyed HCFC-22 from the data reported under Article 7.

<sup>2</sup> As per the letter of 22 March 2023 from the Ministry of Science, Technology and the Environment of Cuba to UNDP.

*Verification report*

6. The verification of HCFC consumption for 2020 to 2022 was still under preparation at the time of issuance of the present document as the 2022 consumption data only became available on 28 April 2023. The verification is expected to be submitted by June 2023, and no later than 12 weeks before the 93<sup>rd</sup> meeting.

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

7. Stage I of the HPMP was completed in December 2021 and the project completion report was submitted on 20 April 2023.

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

*Legal framework*

8. The Government of Cuba ratified the Kigali Amendment to the Montreal Protocol on 20 June 2019. Since the approval of stage II of the HPMP, the Ministry of Science, Technology and the Environment (CITMA) has introduced three resolutions to regulate the management (i.e., handling, transportation, and destruction) of hazardous chemicals, including refrigerants, to establish the procedure for the implementation of HFC licensing and quota system, and to apply the new World Customs Organization's Harmonized System of tariff headings for imports of refrigerants.

9. Training was provided to 35 customs officers (30 of them women) and 75 investors and planners (including 42 women) on regulations related to ozone-depleting substances (ODS), and a workshop was conducted for 73 importers of refrigerants and RAC equipment (including 30 women) regarding the requirements of RAC systems around the country, their planned imports and the status and trends of technologies.

*Refrigeration servicing sector*

10. The following activities have been implemented in the RAC servicing sector since January 2021:

- (a) *Application of good servicing practices:* A total of 588 technicians, including 24 women, and 58 trainers, including eight women, received hands-on training on good servicing practices including for flammable refrigerants, and 45 specialists received advanced training on good servicing practices; preparation of a complementary manual on good refrigeration servicing practices was started;
- (b) *Strengthening of technical education institutes:* Visits were made to 16 training institutes teaching good servicing practices in RAC in the five provinces to assess their refrigeration programmes and their facilities and needs for tools, equipment and training, and to share information about HPMP activities; the first three institutes were strengthened with equipment and tools<sup>3</sup> while additional ones will be equipped during the second tranche;
- (c) *Strengthening of the refrigerant recovery, recycling and reclaiming (RRR) network:* Due to a change in the governing body for the RRR network, meetings were held at the ministerial level to determine a new institution to which the RRR equipment could be transferred;

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<sup>3</sup> Including *inter alia* electronic leak detectors, gas sensors, vacuum pumps, hose and manifold sets with gauges, hose repair sets, depressors, scales, vent hoses, quick-pierce refrigerant recovery tools, AC split units (18,000 BTU), flint lighters, tube cutters, deburring tools, tube benders, pinch-off tools, flaring tools, adjustable wrenches and safety gear.

- (d) *Public awareness activities:* The technician training in good servicing practices has been promoted through a television commercial, radio interviews and published material; a manual on the use of HCs was produced and 2,000 copies were printed; and a technical advisory group of specialists and engineers received training on the assessment and promotion of alternatives to HCFCs and HFCs in the RAC sector and participated in three international fairs in Chile, Mexico and Germany;
- (e) *Complementary activities outside of the HPMP:* The Government of Cuba also continued implementing with its own funds additional activities related to the refrigeration servicing sector, including the destruction of 260 kg of refrigerants at a cement plant, and demonstrative conversion of RAC systems to alternative refrigerants; and
- (f) *Project implementation and monitoring:* Annual progress reports were prepared; bimonthly meetings were held with stakeholders, including CITMA; and the monitoring of project activities was combined with implementation visits, with funds associated to monitoring accounted under those activities.

#### Level of fund disbursement

11. As of April 2023, of the US \$260,000 approved so far, US \$106,309 (41 per cent) had been disbursed for UNDP. The balance of US \$153,691 will be disbursed in 2023.

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

12. The following activities will be implemented by UNDP between June 2023 and May 2025:
- (a) *Strengthening of policies and legal framework:* Holding meetings with governmental stakeholders<sup>4</sup> to identify areas to strengthen current ODS regulations, holding meetings with customs and importers to ensure compliance, and producing awareness materials addressed to importers (US \$9,000);
  - (b) *Application of good servicing practices:* Continue training of 1,200 additional technicians in good refrigeration practices and the safe use of flammable refrigerants (US \$23,000);
  - (c) *Strengthening of technical education institutes:* Procurement of seven additional tool and equipment kits for training laboratories;<sup>5</sup> visits to selected technical education institutes (US \$108,000);
  - (d) *Strengthening of the RRR network:* Procurement of equipment and tools<sup>6</sup> to strengthen three RRR centres; organization of three workshops and regional visits to share experiences on the implementation of RRR networks (US \$90,000);
  - (e) *Public awareness activities:* Development of three outreach and awareness-raising campaigns on good servicing practices and alternatives to HCFCs, including television and radio spots and leaflets with information on the programme; dissemination of HPMP activities on the CITMA website; building awareness during workshops and face-to-face meetings with end-users, customs inspectors and importers (US \$17,500); and
  - (f) *Project implementation and monitoring:* Local travel (US \$5,000), operational costs (US \$4,000), meetings with stakeholders (US \$3,000), and miscellaneous costs (US \$500) (total US \$12,500).

<sup>4</sup> Including CITMA and the Environmental Safety and Regulation Office.

<sup>5</sup> Similar to those procured under the first tranche (see footnote #3).

<sup>6</sup> One reclaiming unit, cylinders, vacuum pumps, precision scales, manifolds, refrigerant identifiers, and protection equipment.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### Report on HCFC consumption

##### *Verification report*

13. The request for the second tranche of stage II of the HPMP for Cuba required the submission of a verification report of HCFC consumption in the country for the years 2020-2022.<sup>7</sup> As the tranche request is being submitted to the first Executive Committee meeting of the year, and noting that the HCFC consumption reported between 2020 and 2022 under the CP implementation and Article 7 reports is around 90 per cent below the country's maximum eligible consumption under its Agreement with the Executive Committee, the Secretariat recommends approval of this funding tranche request in line with decision 72/19(b)<sup>8</sup> and without setting a precedent, on the understanding that:

- (a) The Treasurer will be requested to transfer the approved funds to UNDP only after receipt by the Secretariat of the verification report confirming that the country is in compliance;
- (b) UNDP has committed to submitting the verification report at the earliest by June 2023, and no later than 12 weeks prior to the 93<sup>rd</sup> meeting;
- (c) The recommendations included in the verification report will be addressed during the implementation of the second tranche and the actions implemented towards that end will be included in the progress report of the second tranche of stage II of the HPMP to be submitted with the country's third tranche request; and
- (d) In the unlikely event of non-compliance by the Government of Cuba with its Agreement with the Executive Committee, relevant actions will be taken by the Executive Committee.

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

##### *Legal framework*

14. The Government of Cuba has already issued HCFC import quotas for 2023 at 7.15 ODP tonnes (130 mt), which is lower than the Montreal Protocol control targets. UNDP reported that the actual import values were expected to remain significantly lower than the quotas issued, due to the difficult economic context.

##### *Refrigeration servicing sector*

15. While acknowledging progress in the implementation of stage II of the HPMP, the Secretariat followed up on the status of some of the less advanced activities. Regarding the establishment of a national certification scheme for technicians, expected to be fully operational in five years, UNDP reported that it was still in an early development stage, with a plan of action to be submitted to the Government underway. One study visit was conducted to review and learn from a parallel experience in Chile, and cases of certification schemes being introduced with positive results in Colombia and Mexico were analyzed. Discussions with the Ministry of Education have been initiated to establish a system adapted to conditions

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<sup>7</sup> Decision 87/27

<sup>8</sup> Decision 72/19(b) states that, should the verification reports not be ready in time for the first meeting of the year, transfer of approved funds to the agencies would occur only after receipt by the Secretariat of the verification report confirming that the country was in compliance with the Montreal Protocol and the Agreement between its Government and the Executive Committee.

in Cuba, where all RAC technicians are currently obliged to graduate from a Government-accredited technical institute. UNDP also provided reassurance that the target of 5,000 technicians to be trained during stage II would be accomplished with the participation of technical institutes, which are being continuously strengthened and updated under the plan. The planned number of technicians to be trained per tranche was also shared with the Secretariat.

16. Regarding the procurement of additional equipment and tools for the training institutes and technicians, UNDP reported difficulties associated with high import freight rates, which necessitated a reduction in the quantities required in the offers, and in some cases, a cancelation of bids. Difficulties were also encountered in finding suppliers of HC-based equipment, for which assistance from the regional UNDP office was required to finalize the imports. The first three training institutes will receive equipment and tool kits in June 2023, and additional ones will follow during the second tranche. In addition, a nationwide survey of servicing enterprises and technicians is currently underway to select beneficiary recipients of equipment in the sector.

17. UNDP also explained that, due to a change in the governing and implementing body of the RRR network, instead of procuring additional equipment during the first tranche, efforts were focused on selecting a new implementing entity, to which equipment and tools would be transferred and training provided. UNDP expects this issue to be resolved and is planning the procurement of equipment for the second tranche.

#### Gender policy implementation<sup>9</sup>

18. The number of women in the refrigeration servicing sector was included in all statistics and models, with analyses proposing that at least 20 per cent of participants in all project activities be women. In February 2022, project staff participated in a webinar on gender organized by the regional office of UNDP. The incorporation of women in the sector is targeted through the dissemination activities and incentives. The participation of women in training workshops organized under the first tranche of stage II ranged from 5 to 75 per cent.

#### Sustainability of the HCFC phase-out and assessment of risks

19. The Government of Cuba has established a strong legal framework for controlling the consumption of HCFCs, with the Environment Safety and Regulation Office monitoring it and ensuring that the Government meets its reduction commitments. Updated CITMA Resolution 253/2021 specifically states the reduction targets and control dates.

20. During stages I and II of the HPMP, RAC training centres around the country have been strengthened to ensure uniformly high educational standards, *inter alia* by including good refrigeration practices and alternative technologies in the syllabus for RAC technicians. The Ministry of Education oversees the technical training institutes.

21. Potential risks to the timely and successful implementation of stage II include delays in the procurement of equipment and tools and in the policy-making process regarding the assignment of roles and responsibilities in the management of the RRR network. To mitigate these risks, the national ozone unit (NOU) will plan the procurement needs and processes in advance, using the regional long-term agreement with UNDP to facilitate and speed them up, and it will conduct meetings and follow up with decision makers to maintain the political will and foster timely decisions. Potential risks related to the market availability of alternative technologies that are being promoted are the lack of suppliers, the high cost of new technologies, and trade issues. The NOU will search for suppliers during its participation in field visits, fairs and technical

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<sup>9</sup> In line with decision 84/92(d), decision 90/48(c) encouraged bilateral and implementing agencies to continue ensuring that the operational gender mainstreaming policy was applied to all projects, taking into consideration the specific activities presented in table 2 of document UNEP/OzL.Pro/ExCom/90/37.

training, and it will attempt to diversify its offer of tools and equipment. As for the incidence of factors external to the project, the political and economic situation of the country can potentially impact the success of the project. To mitigate this risk, the NOU will plan and budget its activities in advance to minimize the impact of external factors.

### Conclusion

22. The estimated consumption of HCFC-22 in 2022 was 1.39 ODP tones, which is 92 per cent below the Montreal Protocol target and the maximum allowable consumption as per the Agreement. The reduction in consumption over the last three years was due to the impact of the COVID-19 pandemic on the local industry. Activities implemented during the first tranche of stage II include updates to ODS-related regulations; training provided to customs officers and refrigeration technicians; visits and assessment of training institutes, with the procurement of equipment for three of them; and public-awareness activities. The overall disbursement rate is 41 per cent. The plan of action for the second tranche aims at expanding the activities implemented during the first tranche and sustaining the results achieved so far. UNDP has committed to submitting the verification report for the period 2020-2022 by June 2023; the Secretariat recommends *inter alia* that the Treasurer transfer the approved funds to UNDP only after receipt by the Secretariat of the verification report confirming that the country was in compliance for that period.

### **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 Cuba, and further recommends blanket approval of the second tranche of stage II of the HPMP and the corresponding 2023-2025 tranche implementation plan for Cuba at the funding level shown in the table below, on the understanding that:

- (a) The Treasurer will be requested to transfer the approved funds to UNDP only after receipt by the Secretariat of the verification report confirming that the country is in compliance;
- (b) UNDP has committed to submitting the verification report by June 2023, and no later than 12 weeks prior to the 93<sup>rd</sup> meeting;
- (c) The recommendations included in the verification report will be addressed during the implementation of the second tranche and the actions implemented towards that end will be included in the progress report of the second tranche of stage II of the HPMP to be submitted with the country's third tranche request; and
- (d) In the unlikely event of non-compliance by the Government of Cuba with its Agreement with the Executive Committee, relevant actions will be taken by the Executive Committee.

	<b>Project title</b>	<b>Project funding (US \$)</b>	<b>Support costs (US \$)</b>	<b>Implementing agency</b>
(a)	HCFC phase-out management plan (stage II, second tranche)	260,000	18,200	UNDP