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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-third Meeting  
Montreal, 26-30 November 2007

**PROJECT PROPOSAL: CUBA**

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

Phase-out

- National ODS phase-out plan for CFCs: 2006-2007 annual implementation plans

UNDP

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## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Cuba

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
ODS phase out plan	Canada, France, Germany, UNDP

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)</b>					Year: 2006								
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					67.2			172.4					239.5
CTC									0.				0
Halons													0
Methyl Bromide										1.2	10.8		12
TCA													0

<b>(IV) PROJECT DATA</b>			2004	2005	2006	2007	2008	2009	2010	Total
<b>Maximum Allowable Consumption (ODP Tonnes)</b>	CFC		499	313	<b>260</b>	<b>94</b>	0	0	0	
	CTC		3	0	<b>0</b>	<b>0</b>	0	0	0	
<b>Project Costs (US\$)</b>	Canada	Project Costs	400,000	62,000						462,000
		Support Costs	52,000	8,060						60,060
	France	Project Costs	80,319							80,319
		Support Costs	10,441							10,441
	Germany	Project Costs	43,453							43,453
		Support Costs	5,649							5,649
	UNDP	Project Costs	196,228	566,000	<b>461,000</b>	<b>180,000</b>	106,000	50,000		1,559,228
		Support Costs	14,717	42,450	<b>34,575</b>	<b>13,500</b>	7,950	3,750		116,942
<b>Total Funds Approved in Principle (US\$)</b>	Project Costs		720,000	628,000	<b>461,000</b>	<b>180,000</b>	106,000	50,000		2,145,000
	Support Costs		82,807	50,510	<b>34,575</b>	<b>13,500</b>	7,950	3,750		193,092
<b>Total Funds Released by the ExCom (US\$)</b>	Project Costs		720,000	628,000		<b>0</b>	0	0		1,860,228
	Support Costs		93,600	67,890		<b>0</b>	0	0		199,907
<b>Total Funds Requested for Current Year (US\$)</b>	Project Costs				<b>461,000</b>	<b>180,000</b>				641,000
	Support Costs				<b>34,575</b>	<b>13,500</b>				48,075

<b>(V) SECRETARIAT'S RECOMMENDATION:</b>	Individual consideration
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## PROJECT DESCRIPTION

1. On behalf of the Government of Cuba, UNDP submitted a request for the third tranche of the national ODS phase-out plan for CFCs (NPP) in Cuba, together with the verification report required by the Agreement, for consideration by the Executive Committee at its 51<sup>st</sup> Meeting. Noting that the implementation of phase-out activities by UNDP in Cuba had just commenced, and given the level of resources still available, the Executive Committee decided (decision 51/16 (b)), *inter alia*, to allow the joint submission of the third and fourth tranches of the NPP to the 53<sup>rd</sup> Meeting of the Committee on the condition that phase-out activities were being implemented and the funding available had been disbursed.

2. Pursuant to the above decision, UNDP has submitted on behalf of the Government of Cuba, a request for the third and fourth tranches of the national ODS phase-out plan for CFCs (NPP) in Cuba, to the 53<sup>rd</sup> Meeting of the Executive Committee together with the updated progress report.

### Background

3. The NPP for Cuba was approved at the 43<sup>rd</sup> Meeting of the Executive Committee at a total cost of US \$2,145,000 plus agency support costs for the Governments of Germany (lead agency), Canada and France, and for UNDP. The first and second funding tranches were approved at the 43<sup>rd</sup> and 45<sup>th</sup> Meetings of the Executive Committee.

4. At the 47<sup>th</sup> Meeting of the Executive Committee, the representative of Cuba presented a request to transfer the projects assigned to Germany and France under its NPP to UNDP, and to appoint UNDP as the lead agency for implementation of the NPP. This transfer was approved at the 48<sup>th</sup> Meeting, with US \$550,645 including agency support costs being assigned to UNDP and a revised agreement between the Government and the Executive Committee.

5. At its 52<sup>nd</sup> Meeting, the Executive Committee considered a request by the Government of Cuba for the procurement of two vehicles to be utilized in the implementation of the NPP. Subsequently, the Committee decided (decision 52/20) to approve the request by the Government on the understanding that future progress reports and the project completion report would advise on the final disposal of the vehicles.

### Progress report on the implementation of the second and third work programmes

6. During 2007, implementation of the NPP in Cuba focused on the commercial refrigeration and air conditioning sub-sectors. A number of activities were carried out, including training programmes for refrigeration technicians in retrofitting and good servicing practices, raising the total proportion of qualified technicians trained to 95 per cent. The customs training programme is ongoing. Two dedicated utility vehicles were procured and are being adapted for the retrofit programme in the commercial refrigeration sub-sector. The equipment to be retrofitted was identified, the programme's implementation methodology was designed, and the second batch of materials, tools and spare parts is being procured. A group of CFC-11 chillers has also been identified for retrofitting in 2008. In domestic refrigeration, more than 1.5 million CFC-based refrigerators and 50,000 domestic air conditioning systems have been replaced with non-CFC systems, as well as some 45 refrigerant recovery centres have been set up, as part of a

Government programme. Awareness activities are ongoing, and the legal system regulating ODS consumption and imports has been improved.

7. In regard to the NPP component, supported through bilateral cooperation by the Government of Canada, the recovery and recycling scheme became operational in 2005. The Ozone Unit estimates that between 8 to 10 ODP tonnes of CFC-12 have been recovered annually; in many instances the same refrigerant is reused after servicing equipment (these amounts are not included in the above calculation). Servicing tools will be provided by the end of 2007 to the refrigeration teams to be used for the retrofit programme in the commercial sector. A public awareness strategy is being implemented to support the implementation of the NPP.

8. The Secretariat reviewed the verification report submitted by UNDP and noted that total CFC imports (i.e., 208,814 ODP tonnes) had been verified through examination of import licenses and actual imports based on customs reports.

9. Of the US \$1,348,000 so far approved, US \$844,272 has been disbursed and an additional US \$180,000 has been committed. The balance of US \$323,728 is proposed to be disbursed in 2008, covering US \$41,500 for additional training and public awareness activities, and US \$282,228 to purchase materials for the commercial retrofit programme and participation in international training workshops and South-South cooperation initiatives.

#### **Plan of action associated with the third and fourth tranches**

10. The following activities are proposed for implementation in 2008:

- (a) Training of an additional 200 technicians in retrofitting techniques; implementation of the retrofitting methodology and utilization of the manuals that have been developed to be tested and improved based on the acquired experience;
- (b) Retrofit of additional commercial refrigeration equipment; procurement of additional spare parts and tools for the retrofit programme; and promoting the use of natural refrigerants and technologies; and
- (c) Continued public awareness campaigns; and the organization of meetings with enterprises to facilitate the implementation of the retrofit programme.

11. Annex I contains the overview tables for this multi-year project.

### **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

#### **COMMENTS**

12. The 2006 CFC consumption of 239.5 ODP tonnes reported by the Government of Cuba under Article 7 of the Montreal Protocol is already 73.1 ODP tonnes below the allowable level of CFC for that year of 312.6 ODP tonnes. According to preliminary consumption data so far collected, it appears that the Government of Cuba might be able to achieve the 2007 allowable level of consumption of 93.8 ODP tonnes.

13. Considering that the levels of CFC consumption in the chiller and MDI sub-sectors in Cuba are greater than the 2007 allowable level of consumption, the Secretariat requested UNDP to provide a short report on the status of implementation of these two projects. In regard to the MDI project, UNDP reported that the equipment has been shipped by the supplier and is expected to arrive in Cuba soon. The HFA technology is currently being tested and the actual production of HFA-MDIs could possibly start in early 2008. In regard to the chiller demonstration project, UNDP reported that the first mission took place in August 2007, where all the chillers to be replaced were visited. The replacement of the first four chillers is expected to take place in the first half of 2008, and the remaining ones by the end of 2008.

### Issues with the current agreement

14. During the discussion of this project, UNDP brought to the Secretariat's attention an error in the table contained in the Agreement between the Government of Cuba and the Executive Committee. As indicated in the Agreement, the maximum allowable total consumption of CFCs for 2008 and 2009 is zero, as shown in the table below:

	2004	2005	2006	2007	2008	2009	2010	Total
1. Montreal Protocol Reduction Schedules	625.1	312.6	312.6	93.8	93.8	93.8	-	
1A. Max allowable total consumption of CFCs (ODP tonnes)	498.5	312.6	260.0	93.8	-	-	-	
2. Reduction from on-going projects (MDI and Aerosols) (ODP tonnes)	-	-	28.2	70.0	39.1	-	-	137.3
3. New reduction under plan (ODP tonnes)	-	185.9	24.4	96.2	54.7	-	-	361.2
4. Total annual reduction (ODP tonnes)	-	185.9	52.6	166.2	93.8	-	-	498.5

15. However, the correct levels of consumption are 85.0 ODP tonnes for 2008 and 45.0 ODP tonnes for 2009. The Secretariat notes that the distribution of the annual amounts of CFCs to be phased-out within the aerosol and refrigeration sectors would have minor changes; however, the total amount of 498.5 ODP tonnes will be completely phase-out by 2010, as shown in the table below:

	2004	2005	2006	2007	2008	2009	2010	Total
1. Montreal Protocol Reduction Schedules	625.1	312.6	312.6	93.8	93.8	93.8	-	
1A. Max allowable total consumption of CFCs (ODP tonnes)	498.5	312.6	260.0	93.8	85.0	45.0	-	
2. Reduction from on-going projects (MDI and Aerosols) (ODP tonnes)	-	27.3	-	70.0	-	40.0	-	137.3
3. New reduction under plan (ODP tonnes)	-	158.6	52.6	96.2	8.8	-	45.0	361.2
4. Total annual reduction (ODP tonnes)	-	185.9	52.6	166.2	8.8	40.0	45.0	498.5

16. UNDP informed the Secretariat that the Government of Cuba agrees with the minor modifications proposed to the Agreement.

### RECOMMENDATION

17. The Executive Committee may wish to consider:

- (a) Approving the revised table on the phase-out schedule contained in the Agreement between the Government of Cuba and the Executive Committee as follows:

	2004	2005	2006	2007	2008	2009	2010	Total
1. Montreal Protocol Reduction Schedules	625.1	312.6	312.6	93.8	93.8	93.8	-	
1A. Max allowable total consumption of CFCs (ODP tonnes)	498.5	312.6	260.0	93.8	85.0	45.0	-	
2. Reduction from on-going projects (MDI and Aerosols) (ODP tonnes)	-	27.3	-	70.0	-	40.0	-	137.3
3. New reduction under plan (ODP tonnes)		158.6	52.6	96.2	8.8	-	45.0	361.2
4. Total annual reduction (ODP tonnes)	-	185.9	52.6	166.2	8.8	40.0	45.0	498.5

- (b) Approving the third and fourth tranches of the national CFC phase-out plan for the refrigeration sector for Cuba in the amount of US \$641,000 plus agency support costs of US \$48,075 for UNDP (US\$ 461,000 plus agency support costs US\$ 34,575 for the 2006 annual implementation plan and US\$ 180,000 plus agency support costs of US\$ 13,500 for the 2007 annual implementation plan).

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**Overview Tables for Multi-Year Agreements**

**Cuba**

**(1) PROJECT TITLE: ODS phase out plan**

**(2) EXECUTIVE COMMITTEE APPROVALS AND PROVISIONS**

Code	Agency	Excom Provision	Fulfilled? (Yes/No)	Comments
CUB/PHA/43/TAS/25	Germany	The Executive Committee approved in principle the national phase-out management plan for Cuba at a total level of funding of US \$ 2,145,000 plus agency support costs of US\$ 256,245 for Germany, Canada, France and UNDP and the Agreement between the Government of Cuba and the Executive Committee.		
CUB/PHA/43/TAS/26	Canada	The Executive Committee approved in principle the national phase-out management plan for Cuba at a total level of funding of US \$ 2,145,000 plus agency support costs of US\$ 256,245 for Germany, Canada, France and UNDP and the Agreement between the Government of Cuba and the Executive Committee.		
CUB/PHA/43/TAS/27	France	The Executive Committee approved in principle the national phase-out management plan for Cuba at a total level of funding of US \$ 2,145,000 plus agency support costs of US\$ 256,245 for Germany, Canada, France and UNDP and the Agreement between the Government of Cuba and the Executive Committee.		
CUB/PHA/45/INV/30	Germany	Upon a request by the Government of Cuba, the project was transferred to UNDP at the 48th Meeting of the Executive Committee.		
CUB/PHA/45/INV/31	France	Upon a request by the Government of Cuba, the project was transferred to UNDP at the 48th Meeting of the Executive Committee.		
CUB/PHA/45/INV/32	Canada			
CUB/PHA/45/INV/33	UNDP			
CUB/PHA/48/INV/37	UNDP	Upon a request by the Government of Cuba, funds transferred from the balance of the two previous tranches approved for the Governments of France and Germany.		

**(3) ARTICLE 7 DATA (ODP TONNES)**

Substances	Baseline	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
CFC	625.1	546.2	663.8	665.4	531.4	571.4	533.7	504.	488.8	481.	445.1	208.6	239.5
CTC	2.7	0.	6.4	0.	0.	0.1	8.	1.3	3.5	0.1	0.5	0.	0.
Halons	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
Methyl Bromide	50.5	48.	63.3	19.8	70.8	62.1	22.8	15.2	21.1	23.7	19.4	16.2	10.8
TCA	0.	0.1	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.

**(4) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES)**

Year: 2006

Chemical	Aerosol	Foam	Fire Fighting	Refrigerating		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					67.2			172.4					239.5
CTC									0.				0
Halons													0
Methyl Bromide										1.2	10.8		12
TCA													0

**(5) PHASE-OUT (ODP TONNES)**

Substances		2004	2005	2006	2007	2008	2009	2010	Total	Decision
CFC	Maximum Allowable Consumption (Agreement: per	498.5	312.6	260	93.8	0	0	0		
	Compliance Action Target (MOP)									
	Consumption Reported in Implementation Report									
	Consumption Reported in the Verification Report									
	Canada									
	Reduction Under Plan			30					30	
	Approved Phase-Out			30					30	
	Actual Phase-Out									
	Remaining Phase-Out to be Achieved									
	UNDP									
Reduction Under Plan			155.9	24.4	96.2	54.7			331.2	
Approved Phase-Out			30	79.7					109.7	
Actual Phase-Out			30	0					30	
Remaining Phase-Out to be Achieved										
CTC	Maximum Allowable Consumption (Agreement: per	2.7	0.4	0.4	0.4	0.4	0.4	0		
	Compliance Action Target (MOP)									
	Consumption Reported in Implementation Report									
	Consumption Reported in the Verification Report									
	UNDP									
	Reduction Under Plan				0.1					0.1
	Approved Phase-Out									
Actual Phase-Out										
Remaining Phase-Out to be Achieved										

<b>(6a) PROJECT COSTS (US\$)</b>								
Calendar year		2004	2005	2006	2007	2008	2009	Total
Canada	Funding as per Agreement	400,000	62,000					462,000
	Support Costs as per Agreement	52,000	8,060					60,060
	Funds Approved (Inventory)	400,000	62,000					462,000
	Estimated Disbursement in Previous Progress Report	250,222	40,000					290,222
	Funds Disbursed in Current Progress Report	371,000						371,000
	Funds Obligated in Current Progress Report							
	Estimated Disbursement in Current Progress Report	29,000	50,000					79,000
	Disbursement as per Annual Plan							
	Funds Requested							
	Support Costs Requested							
Comments								
France	Funding as per Agreement	80,319						80,319
	Support Costs as per Agreement	10,441						10,441
	Funds Approved (Inventory)	200,000	200,000					400,000
	Estimated Disbursement in Previous Progress Report							
	Funds Disbursed in Current Progress Report	80,319						80,319
	Funds Obligated in Current Progress Report							
	Estimated Disbursement in Current Progress Report							
	Disbursement as per Annual Plan							
	Funds Requested							
	Support Costs Requested							
Comments								
Germany	Funding as per Agreement	43,453						43,453
	Support Costs as per Agreement	5,649						5,649
	Funds Approved (Inventory)	120,000	116,000					236,000
	Estimated Disbursement in Previous Progress Report							
	Funds Disbursed in Current Progress Report	43,453						43,453
	Funds Obligated in Current Progress Report							
	Estimated Disbursement in Current Progress Report							
	Disbursement as per Annual Plan							
	Funds Requested							
	Support Costs Requested							
Comments								
UNDP	Funding as per Agreement	196,228	566,000	461,000	180,000	106,000	50,000	1,559,228
	Support Costs as per Agreement	14,717	42,450	34,575	13,500	7,950	3,750	116,942
	Funds Approved (Inventory)		250,000	512,228				762,228
	Estimated Disbursement in Previous Progress Report		87,500					87,500
	Funds Disbursed in Current Progress Report							
	Funds Obligated in Current Progress Report							
	Estimated Disbursement in Current Progress Report		100,000	204,891				304,891
	Disbursement as per Annual Plan							
	Funds Requested							
	Support Costs Requested							
Comments								

<b>(6b) SUBMISSION SCHEDULES (planned and actual)</b>							
Submission Year as per Agreement	2004	2005	2006	2007	2008	2009	
Canada	Planned Submission	Jul-2004	Apr-2005				
	Tranche Number	I	II				
	Revised Planned Submission						
	Date Approved	Jul-2004	Apr-2005				
France	Planned Submission	Jul-2004					
	Tranche Number	I					
	Revised Planned Submission						
	Date Approved	Jul-2004					
Germany	Planned Submission	Jul-2004					
	Tranche Number	I					
	Revised Planned Submission						
	Date Approved	Jul-2004					
UNDP	Planned Submission	Jul-2004	Apr-2005	Apr-2006	Mar-2007	Mar-2008	Mar-2009
	Tranche Number		I	I and II	III and IV		
	Revised Planned Submission				Mar-07		
	Date Approved		Apr-2005	Apr-2006			



(7) INFORMATION ON POLICIES FROM COUNTRY PROGRAMME AND VERIFICATION REPORTS

TYPE OF ACTION / LEGISLATION	Country Programme 2006		Verification Report(Yes/No)
	(Yes/No)	Since when (Date)	
1.			
REGULATIONS:			
1.1	Establishing general guidelines to control import (production and export) of ODSs		
1.1.1	ODS import/export licensing or permit system in place for import of bulk ODSs		
1.1.1.1	ODS import licensing system in place for import of bulk ODSs	Yes	01/01/1999
1.1.1.2	ODS export licensing system in place for export of bulk ODSs	Yes	01/01/1999
1.1.1.3	Permit System in place for import of bulk ODSs	Yes	01/01/1999
1.1.1.4	Permit System in place for export of bulk ODSs	Yes	01/01/1999
1.1.2	Regulatory procedures for ODS data collection and reporting in place		
1.1.2.1	Regulatory procedures for ODS data collection in place	Yes	01/01/1999
1.1.2.2	Regulatory procedures for ODS data reporting in place	Yes	01/01/1999
1.1.3	Requiring permits for import or sale of bulk ODSs		
(7) INFORMATION ON POLICIES FROM COUNTRY PROGRAMME AND VERIFICATION REPORTS			
1.1.3.1	Requiring permits for import of bulk ODSs	Yes	01/01/1999
1.1.3.2	Requiring permits for sale of bulk ODSs	Yes	01/01/1999
1.1.4	Quota system in place for import of bulk ODSs	Yes	01/01/1999
1.2	Banning import or sale of bulk quantities of:		
1.2.1	Banning import of bulk quantities of:		
1.2.1.1	CFCs	Yes	01/01/1999
1.2.1.2	Halons	Yes	01/01/1998
1.2.1.3	CTC	Yes	01/01/1999
1.2.1.4	TCA	Yes	01/01/1999
1.2.1.5	Methyl Bromide	Yes	01/01/1999
1.2.2	Banning sale of bulk quantities of:		
1.2.2.1	CFCs	Yes	01/01/1999
1.2.2.2	Halons	Yes	01/01/1998
1.2.2.3	CTC	Yes	01/01/1999
1.2.2.4	TCA	Yes	01/01/1999
1.2.2.5	Methyl Bromide	Yes	01/01/1999
1.3	Banning import or sale of:		
1.3.1	Banning import of:		
1.3.1.1	Used domestic refrigerators using CFC	Yes	01/01/1999
1.3.1.2	Used freezers using CFC	Yes	01/01/1999
1.3.1.3	MAC systems using CFC	Yes	01/01/1999
1.3.1.4	Air conditioners using CFC	Yes	01/01/1999
1.3.1.5	Chillers using CFC	Yes	01/01/1999
1.3.1.6	CFC-containing aerosols except for metered dose inhalers	Yes	01/01/1999
1.3.1.7	Use of CFC in production of some or all types of foam	Yes	01/01/2000
1.3.2	Banning Sale of:		
1.3.2	MAC systems using CFC		
1.3.2.1	Used domestic refrigerators using CFC	Yes	01/01/1999
1.3.2.2	Used freezers using CFC	Yes	01/01/1999
1.3.2.3	MAC systems using CFC	Yes	01/01/1999
1.3.2.4	Air conditioners using CFC	Yes	01/01/1999
1.3.2.5	Chillers using CFC	Yes	01/01/1999
1.3.2.6	CFC-containing aerosols except for metered dose inhalers	Yes	01/01/1999
1.3.2.7	Use of CFC in production of some or all types of foam	Yes	01/01/2000
2.	ENFORCEMENT OF ODS IMPORT CONTROLS		
2.1	Registration of ODS importers (Yes/No)	Yes	01/01/1999
D:	Qualitative assessment of the operation of RMP		
	The ODS import licensing scheme functions:	Very well	
	The CFC recovery and recycling programme functions:	Satisfactorily	