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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-third Meeting
Geneva, 5-9 July 2004

Corrigendum

PROJECT PROPOSALS: CUBA

Replace paragraph 32 **with** the following:

32. Subsequent to the dispatch of the document to members of the Executive Committee, the Government of Germany and the Secretariat continued their discussions on the level of ODS consumption to be addressed through the phase-out plan and the total cost of the proposal. The Secretariat noted that, on the basis of officially reported data, the remaining ODS consumption in Cuba that has not been covered by approved projects consists of 361 ODP tonnes of CFC-11 and CFC-12 used in the refrigeration servicing sector and 0.5 ODP tonnes of CFC-113 and CTC used as solvents, which were not included in the phase-out plan as submitted.

32 (bis) On this basis, the Secretariat indicated to the Government of Germany (as the lead implementing agency) that it would be able to support the revised incremental cost of the phase-out plan for Cuba of US \$2,145,300 taking into consideration the current level of ODS consumption in the country, with the following cost breakdown:

- (a) US \$1,805,000 for the phase-out of 361 ODP tonnes of CFCs used in the refrigeration servicing sector (including training and certification programmes for refrigeration servicing technicians) (US \$5/kg);
- (b) US \$10,300 for the phase-out of CFC-113 and CTC used as solvents;

- (c) US \$100,000 as technical assistance (including further development of ODS regulations, public awareness and information dissemination among major stakeholders); and
- (d) US \$230,000 for monitoring and management unit (12 per cent of project costs).

32 (ter) The Government of Germany indicated that it understood the basis for the Secretariat's calculation of incremental costs. However, the Government of Germany subsequently informed the Secretariat that the Government of Cuba had agreed to adjust the cost of the project from the US \$4.4 million in the original proposal to US \$2,733,500, i.e., US \$588,200 over the funding level calculated by the Secretariat. This was based on a cost-effectiveness of US \$7/kg being applied to the ODS consumption in the servicing sector, rather than the figure of US \$5/kg used by the Secretariat.

32 (qua) The draft agreement for the complete phase-out of Annex A (Group I) and Annex B (Group II) substances in Cuba, excluding the funding level, is attached to this document where applicable.

Annex I

DRAFT AGREEMENT BETWEEN CUBA AND THE EXECUTIVE COMMITTEE FOR THE NATIONAL PHASE-OUT OF ANNEX A (GROUP I) AND ANNEX B (GROUP II) SUBSTANCES

1. This Agreement represents the understanding of Cuba (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 2010 compliance with Protocol schedules.
2. The Country agrees to phase out the controlled use of the Substances in accordance with the annual phase-out targets set out in rows 1 and 5 of Appendix 2-A (the “Targets, and Funding”) 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 17 of Appendix 2-A (the “Targets, and 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 Approval 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 8 of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least [number] days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Target for the applicable year;
 - (b) That the meeting of these Targets has been independently verified as described in paragraph 10;
 - (c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme; and
 - (d) 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 “Form of Annual Implementation Programme”) 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 Institutions and Roles”) 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 execution of the activities in the servicing sector, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The technician-licensing programme for the refrigeration and air conditioning service sector would be implemented in stages so that resources can be diverted to other activities, such as additional training or procurement of service tools, if the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement.

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. Germany (the “Lead IA”) under the mandate of the Multilateral Fund has agreed to be the lead implementing agency in respect of the Country’s activities under this Agreement regulations. The Lead IA under the mandate of the Multilateral Fund will be responsible for carrying out the activities listed in Appendix 6-A (the “Role of the Lead Implementing Agency”) 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 [and the Cooperating IAs] with the fees set out in rows 10, 12, 14 and 16 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances [in the Sector] 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 Approval Schedule. In the discretion of the Executive Committee, Funding will be reinstated according to a revised Funding Approval 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 Approval Schedule. The Country

acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A (the “Reductions in Funding for Failure to Comply”) 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 as specified in this Agreement 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.

APPENDIX 1-A: THE SUBSTANCES

Annex A	Group I	CFC-11, CFC-12, CFC-113 CFC-114 and CFC-115
Annex B	Group II	CTC

APPENDIX 2-A: THE TARGETS, AND FUNDING

	2004	2005	2006	2007	2008	2009	2010	Total
1. Max allowable total consumption of Annex A Group I substances (ODP tonnes)	491	312	195	150	93	0	0	
2. Reduction from MDI project	0	50	72					122.0
3. New reduction under plan	0	129	45	45	57	85.5		361.5
4. Total annual reduction Annex A Group I substances (ODP tonnes)	0	179	117	45	57	85.5	0	483.5
5. Max allowable total consumption of Annex B Group II substances (ODP tonnes)	2.7	0.4	0.4	0.4	0.4	0.4	0	
6. Reduction from ongoing projects								
7. New reduction under plan			0.1					0.1
8. Total annual reduction of Annex B Group II substances (ODP tonnes)			0.1					0.1
9. Lead I.A. agreed funding (Germany)								
10. Lead I.A. support costs (Germany)								

	2004	2005	2006	2007	2008	2009	2010	Total
11. Cooperating I.A. agreed funding (France)								
12. Cooperating I.A. support costs (France)								
13. Cooperating I.A. agreed funding (Canada)								
14. Cooperating I.A. support costs (Canada)								
15. Cooperating I.A. agreed funding (UNDP)								
16. Cooperating I.A. support costs (UNDP)								
17. Total agreed funding (US \$ million)								
18. Total agency support costs (US \$ million)								
19. Total agreed costs (US \$million)								

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding will be considered for approval at the first (exception this first annual programme) meeting of the year of the annual plan.

APPENDIX 4-A: FORM OF ANNUAL IMPLEMENTATION PROGRAMME

This first annual implementation programme for the ODS phase out plan for Cuba covers the year 2004 activities from the project proposal.

1. Data

Country	Cuba
Year of plan	2004
# of years completed	0
# of years remaining under the plan	5
Target ODS consumption of the preceding year	483.6
Target ODS consumption of the year of plan	483.6
Level of funding requested	
Implementing agency support cost	
Total cost of project to Multilateral Fund	
Lead implementing agency	Germany
Co-operating agencies	France and Canada (UNDP will join for 2005)

2. Targets

Indicators		Preceding year	Year of plan	Reduction
Supply of ODS	Import	483.6	483.6	0
	Production	0	0	0
	Total (1)	483.6	483.6	0
Demand for ODS	Refrigeration	361	361	0
	MDI	122	122	0
	Solvents	0.1	0.1	0

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 (ODP tonnes)
Servicing						
Refrigeration	361	361	0	0	1	0
Total						0
Grand Total						0

4. Technical assistance

Germany

Proposed activity	Preparation for no emission training programme Technical assistance
Objective	Emission reduction
Target Group	Refrigeration sector
Impact	0

France

Proposed activity	Engineering and field test of CFC substitute
Objective	Emission reduction
Target Group	Air conditioning sector
Impact	0

Canada

Proposed activity	Preparation of recovery and recycling programme
Objective	Emission reduction
Target Group	Commercial refrigeration
Impact	0

5. Government Action

Policy/Activity Planned	Schedule of Implementation
Type of policy control on ODS import: servicing, etc	Introduction of standards for emission reduction
Public awareness	Publication of new standards and technical information
Others	Introduction of labeling and inspection system for cold room

6. Annual Budget

Activity	Planned Expenditures (US \$)
1. Domestic refrigeration	
2. Air conditioning	0
Pilot field test 134a/isobutene mixture and start up of incentive programme	
3. Commercial refrigeration	
Nomination of brigades	
Preparation for no emission training programme	
Preparation for R&R programme	
4. Monitoring	
National monitoring	
International technical support unit	
Total	

7. Administrative Fees

Implementing agency support cost for 2004:	
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APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

Institution involved	Role	Responsibility type and frequency of reporting	Evaluation
CITMA, Ozone Office	Overall monitoring	Meetings with IA Meeting reports, MoU	by Germany
Germany (Proklima)	IA	Expenditure Report Quarterly Report	by Germany
Germany (Proklima)	IA	Progress report (annual) Quarterly Report	by Ozone Office

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA under the mandate of the Multilateral Fund will be responsible for a range of activities to be specified in the project document along the lines of the following:

- (a) 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;
- (b) 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
- (c) Assisting the Country in preparation of the Annual Implementation Programme;
- (d) Ensuring that achievements in previous Annual Implementation Programme are reflected in future Annual Implementation Programmes;
- (e) Reporting on the implementation of the Annual Implementation Programme commencing with the Annual Implementation Programme for the [year] year to be prepared and submitted in [year];
- (f) Ensuring that technical reviews undertaken by the Lead IA are carried out by appropriate independent technical experts;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
- (i) Verification for the Executive Committee that consumption of the Substances have been eliminated in accordance with the Targets;
- (j) Coordinate the activities of the Coordinating IAs, if any;
- (k) Ensuring that disbursements made to the Country are based on the use of the Indicators; and
- (l) Providing assistance with policy, management and technical support when required.

APPENDIX 6-B: ROLES OF COOPERATING IMPLEMENTING AGENCIES

1. In 2004 Germany under the mandate of the Multilateral Fund will begin with the implementation of the TPMP. France and Canada will start their activities in 2004 and UNDP in 2005. Germany as Lead IA will negotiate the contribution of each agency.

APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 10 of the Agreement, the amount of funding provided may be reduced by US \$10,000 per ODP tonne of reductions in consumption not achieved in the year.
