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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-eighth Meeting
Montreal, 3-7 April 2006

Addendum

**REPORT ON IMPLEMENTATION OF APPROVED PROJECTS WITH SPECIFIC
REPORTING REQUIREMENTS**

This addendum is issued to reflect additional information received from UNDP on the National CFC Phase-out Plan of Cuba, and to replace the original text in paragraphs 55 and 56 with the following text:

55. Further to its discussion with all stakeholders involved in the phase-out plan for Cuba, UNDP reported to the Fund Secretariat that of the US \$718,680 so far approved by the Executive Committee for the Governments of France and Germany, US \$139,863 has been disbursed, and US \$578,817 is being returned to the Multilateral Fund, as shown in the table below. UNDP has also drafted a revised Agreement between the Government of Cuba and the Executive Committee, which is attached to this document as Annex I.

Agency	First tranche (US\$)*			Second tranche (US \$)*			Total to be returned (US \$)*
	Approved	Disbursed	To be returned	Approved	Disbursed	To be returned	
France	226,000	90,761	135,239	226,000	-	226,000	361,239
Germany	135,600	49,102	86,498	131,080	-	131,080	217,578
Totals	361,600	139,863	221,737	357,080	-	357,080	578,817

(*). Including agency support costs.

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

Secretariat's recommendation

56. The Executive Committee may wish to:
- (a) Approve the transfer to UNDP of US \$550,645 including agency support costs, as the new lead implementing agency selected by the Government of Cuba; and
 - (b) Approve the revised draft Agreement between the Government of Cuba and the Executive Committee attached as Annex I to this document.

Annex I**REVISED 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 (“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 9 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 30 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 9;
 - (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 (“Format for 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 (“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 have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the goals prescribed under this agreement. Reallocations categorized as major changes must be documented in advance in the next annual implementation programme and endorsed by the Executive Committee as described in sub-paragraph 5(d). Reallocations not categorized as major changes may be incorporated in the approved annual implementation programme, under implementation at the time, and reported to the Executive Committee in the report on implementation of the annual programme.

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; and
- (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 fulfil the obligations under this Agreement. UNDP under the mandate of the Multilateral Fund has agreed to be the lead implementing agency (“Lead IA”) 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 (“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 identified in Appendix 1-A 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 instalment 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 (“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 the Lead IA with access 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. All terms used in this Agreement have the meaning ascribed to them in the Protocol unless otherwise defined herein.

14. This revised Agreement supersedes the Agreement reached between the Government of Cuba and the Executive Committee at the 43rd Meeting of the Executive Committee.

APPENDIX 1-A: THE SUBSTANCES

Annex	Group	Chemical
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 CFCs (ODP tonnes)	491	312	195	150	93	0	0	
2. Reduction from on-going projects (MDI and Aerosols) (ODP tonnes)	0	65	72					137.0
3. New reduction under plan (ODP tonnes)	0	129	45	45	57	85.5		361.5
4. Total annual reduction (ODP tonnes)	0	194	117	45	57	85.5	0	498.5
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			0.1					0.1
9. Lead IA agreed funding (UNDP) (US \$)	196,228 (i)	566,000 (iii)	461,000	180,000	106,000	50,000	0	1,559,228
10. Lead IA support costs (UNDP) (US \$)	14,717 (i)	42,450 (iv)	34,575	13,500	7,950	3,750	0	116,492
11. Cooperating IA agreed funding (Canada) (US \$)	400,000	62,000	0	0	0	0	0	462,000
12. Cooperating IA support costs (Canada) (US \$)	52,000	8,060	0	0	0	0	0	60,060
13. Cooperating IA agreed funding (Germany) (US \$)	43,453 (ii)	0	0	0	0	0	0	43,453
14. Cooperating IA support costs (Germany) (US \$)	5,649 (ii)	0	0	0	0	0	0	5,648
15. Co-operating IA agreed funding (France) (US \$)	80,319 (ii)	0	0	0	0	0	0	80,319
16. Co-operating IA support costs (France) (US\$)	10,441 (ii)	0	0	0	0	0	0	10,441
17. Total agreed funding (US \$)	720,000	628,000	461,000	180,000	106,000	50,000	0	2,145,000
18. Total agency support costs (US \$)	82,807	50,510	34,575	13,500	7,950	3,750	0	193,092
19. Total agreed grant for tranche (US\$)	802,807	678,510	495,575	193,500	113,950	53,750	0	2,338,092

(i) No funding was approved for UNDP for the 2004 work programme (this funding level has been transferred at the 48th Meeting of the Executive Committee).

(ii) Funding levels reduced at the 48th Meeting of the Executive Committee to reflect the funds transferred to UNDP as the lead implementing agency being the funds not utilized by the Governments of France and Germany for the 2004 and 2005 work programmes.

(iii) US \$250,000 approved at the 45th Meeting of the Executive Committee.

(iv) US \$18,750 approved at the 45th Meeting of the Executive Committee.

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: FORMAT FOR ANNUAL IMPLEMENTATION PROGRAMMES

This format is proposed for use by the Article 5 country to prepare the annual implementation programme for the implementation of performance-based ODS phase-out plans; however, it should be modified to suit the specific needs of each plan.

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	_____
Co-operating agency(ies)	_____

2. **Targets**

Target:				
Indicators		Preceding Year	Year of Plan	Reduction
Supply of ODS	Import			
	Production*			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

* For ODS-producing countries

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)
Manufacturing						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
Total						
Servicing						
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

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

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA¹ 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 of the preceding year and the Annual Implementation Programme for the year are to be prepared and submitted to the first meeting of the Executive Committee of the 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;

¹ Upon a request by the Government of Cuba, the Lead IA was changed from the Government of Germany to UNDP at the 48th Meeting of the Executive Committee.

- (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. The Cooperating IAs will be responsible for:
 - (a) Assisting the Country in the implementation and verification of the activities to be undertaken by Canada as funded in rows 11 and 12 of Appendix 2-A and as specified in the project document;
 - (b) Ensuring that disbursements are made to the Country in a timely and effective manner;
 - (c) Reporting to the Lead Agency on these activities; and
 - (d) Providing assistance relating to the activities being undertaken when required.

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 \$11,860 per ODP tonne of reductions in consumption not achieved in the year.
