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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-eighth Meeting
Montreal, 6-10 July 2009

PROJECT PROPOSAL: HAITI

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

Phase-out

- Terminal phase-out management plan for Annex A Group I substances (first tranche)

UNDP/UNEP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Haiti

(I) PROJECT TITLE	AGENCY
CFC phase out plan Proposal	UNDP, UNEP

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2007
CFC: 9	CTC: 0	Halons: 0	MB: 0	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)											Year: 2008		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC						2.3							2.3
CTC													0
Halons													0
Methyl Bromide													0
Others													0
TCA													0

(IV) PROJECT DATA			2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	25.4	25.4		
Maximum Allowable Consumption (ODP Tonnes)		CFC		25		
Project Costs (US\$)	UNEP	Project Costs		125,000.	65,000.	190,000.
		Support Costs		16,250.	8,450.	24,700.
	UNDP	Project Costs		150,000.		150,000.
		Support Costs		13,500.		13,500.
Total Funds Requested for Current Year (US\$)			275,000.		275,000.	
			29,750.		29,750.	

(V) SECRETARIAT'S RECOMMENDATION:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Haiti, UNEP, as the lead implementing agency, has submitted a terminal CFC phase-out management plan (TPMP) for consideration by the Executive Committee at its 58th Meeting. The total cost of the Haiti TPMP as originally submitted is US \$560,000 (US \$230,000 plus agency support costs of US \$29,900 for UNEP and US \$330,000 plus agency support costs of US \$24,750 for UNDP). The CFC baseline for compliance is 169.0 ODP tonnes.

Background

2. In regard to the phase-out of CFCs in the refrigeration servicing sector, the Executive Committee allocated, at its 39th Meeting, US \$356,956 (excluding agency support costs) to UNDP and UNEP for the implementation of the refrigerant management plan (RMP), comprising training programmes for refrigeration service technicians and customs officers, a recovery/recycling programme, and a programme for monitoring the activities included in the RMP.

3. Subsequently, a progress report on the implementation of the RMP project in Haiti was submitted for consideration by the Committee at its 51st Meeting. At that Meeting, the Committee noted that, since the approval of the RMP in 2003, major changes had occurred in the use of CFCs in the refrigeration servicing sector in Haiti. The Committee therefore requested the implementing agencies to review the phase-out strategy proposed in the original RMP project (decision 51/16 (e)). In response to the Committee's request, UNEP submitted a revised plan of action for the RMP for Haiti to the 52nd Meeting. In noting the revised plan of action, the Committee requested UNDP and UNEP to accelerate the implementation of the RMP and report back on progress achieved in the actual implementation of activities to its 54th Meeting (decision 52/17 (b)). The TPMP for Haiti has included a report on the implementation of phase-out activities in the refrigeration servicing sector in the country.

4. Implementation of the activities in the refrigeration servicing sector resulted in the training of 93 refrigeration service technicians in good servicing practices, and 132 customs officers. However, activities for the establishment of the recovery and recycling programme have not yet commenced. As of April 2008, of the US \$356,956 approved for the RMP, US \$142,017 had been disbursed, with an unspent balance of US \$214,939.

Policy and legislation

5. In October 2008, the Minister of the Environment sent an official document to the Minister of Finances regarding the establishment of an ODS licensing system. This document was presented during a meeting of the Council of Ministers in the presence of the Prime Minister and received full approval of the Council. Through this process, this document acquired the validity of a Decree under the responsibility of the Minister of Finances who oversees the Customs Department. This Decree includes provisions to subject all CFCs and HCFCs to an import license and also stipulates that the border will be closed to CFC imports on 31st December 2009.

Refrigeration servicing sector

6. In 2008, about 2.3 ODP tonnes of CFC were used for servicing mainly domestic refrigerators and MAC units and a few commercial and industrial refrigeration systems. There are approximately 900 refrigeration technicians in the country, about 55 per cent of whom operate in the informal sector. All new refrigeration equipment entering the country is non-CFC-based. As of April of 2009, any refurbished refrigeration systems imported into the country will require a license.

7. The 2008 prices of refrigerants per kg are: US \$10.25 for CFC-12; US \$13.00 for HFC-134a, US \$17.50 for R-502, US \$5.50 for HCFC-22, US \$9.65 for R-404a, and US \$14.00 for R-410.

Activities proposed in the TPMP

8. The following activities are proposed to be implemented through the TPMP project: additional training for 300 refrigeration technicians and for 300 customs officers; developing and distributing a code of good refrigeration practices; a technical assistance and equipment programme for providing basic servicing tools for some 300 technicians; upgrading the training facility; and establishing monitoring and evaluation component. The Government of Haiti plans the complete phase-out of CFCs by 1 January 2010.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

9. Pursuant to decision XIX/26 of the Parties to the Montreal Protocol, the Government of Haiti was requested to submit to the Ozone Secretariat, no later than 29 February 2008, a plan of action to ensure the prompt establishment and operation of an ODS import and export licensing system. UNEP reported that the Ozone Secretariat has classified Haiti as a Party with established ODS licensing system effective 6 April 2009.

10. The 2007 CFC consumption reported by the Government of Haiti under Article 7 of the Montreal Protocol of 9.0 ODP tonnes was already 16.4 ODP tonnes below that of 25.4 ODP tonnes allowed for that year. CFC consumption in 2008 has been estimated at 2.3 ODP tonnes. The implementing agencies reported that the decrease in CFC consumption is partly due to limited use of the refrigeration equipment due to its old age and natural catastrophes that were responsible for major disruptions of the power generation and electricity grid (currently, only 10 per cent of the total population of Haiti has a regular supply of electricity). It is expected that there will be an increase in the use of refrigeration systems owing to the political stabilization of the country, improvements in electrical supply and foreseen economic growth.

11. The Secretariat discussed with UNEP and UNDP the activities proposed in the TPMP in light of the current status of implementation of the activities approved under the RMP and the large percentage of funds not yet used. Accordingly, the activities proposed in the TPMP were modified and the project cost was adjusted to US \$340,000. The revised activities are:

- (a) Additional training for 300 customs officers, establishment of an illegal trade prevention network, and continued support for the enforcement of ODS regulations (US \$58,000 for UNEP);
- (b) Additional training for 300 refrigeration servicing technicians, development of a code of good practice, implementation of a licensing and certification programme for technicians and establishment of an association of technicians (US \$92,000 for UNEP);
- (c) Technical assistance programme to upgrade the training facilities in the country and implement an incentive scheme to retrofit CFC-based refrigeration systems (US \$150,000 for UNDP). This activity is complementary to the establishment of a recovery/recycling network approved under the RMP;
- (d) Establishment of the project monitoring unit (US \$40,000 for UNEP).

12. Noting that funding for the preparation of the HPMP was approved by the Executive Committee at its 57th Meeting, UNEP and UNDP agreed to advise the Government on undertaking certain actions during the implementation of the TPMP related to training to facilitate the phase-out of HCFCs in due

time. The agencies also indicated that information would be provided to technicians on non-HCFC refrigerants and technologies.

Agreement

13. The Government of Haiti submitted a draft agreement between the Government and the Executive Committee with the conditions for the complete phase-out of CFCs in Haiti, which is contained in the annex to the present document.

RECOMMENDATION

14. The Secretariat recommends that the Executive Committee:

- (a) Approves, in principle, the terminal phase-out management plan (TPMP) for Haiti, at the amount of US \$190,000 plus agency support costs of US \$24,700 for UNEP and US \$150,000 plus agency support costs of US \$13,500 for UNDP;
- (b) Approves the draft agreement between the Government of Haiti and the Executive Committee for the implementation of the terminal phase-out management plan as contained in Annex I to this document;
- (c) Approves the 2009 annual implementation programme (first tranche);
- (d) Urges UNDP and UNEP to take full account of the requirements of decisions 41/100 and 49/6 of the Executive Committee during the implementation of the terminal phase-out management plan; and

15. The Secretariat further recommends blanket approval of the first tranche (2009 annual plan) of the TPMP for Haiti at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan (first tranche)	125,000	16,250	UNEP
(b)	Terminal phase-out management plan (first tranche)	150,000	13,500	UNDP

**DRAFT AGREEMENT BETWEEN THE REPUBLIC OF HAITI AND THE EXECUTIVE
COMMITTEE OF THE MULTILATERAL FUND FOR THE PHASE-OUT OF
OZONE-DEPLETING SUBSTANCES**

1. This Agreement represents the understanding of the Government of Haiti (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone-depleting substances set out in Appendix 1-A (the “Substances”) prior to 1 January 2010 in compliance with Protocol schedules.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 2 of Appendix 2-A (the “Targets, and Funding”) in this Agreement. 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 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 6 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 of the Substances 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 sub-paragraph 5(b) 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 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
 - (a) That the Country has met the Targets for the applicable year;
 - (b) That the meeting of these Targets will be independently verified, if requested by the Executive Committee consistent with paragraph (d) of decision 45/54;
 - (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 “Format of Annual Implementation Programme”) in respect of the year for which tranche 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 sub-paragraph 5(b).
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

Annex I

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 implementation programme.

8. Specific attention will be paid to the execution of the activities in the refrigeration-servicing sub-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 technical assistance programme for the refrigeration-servicing sub-sector will be implemented in stages so that remaining resources can be diverted to other phase-out activities such as additional training or procurement of service tools in cases where the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement; and
- (c) The Country and the implementing agencies will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

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. The United Nations Environment Programme (UNEP) has agreed to be the lead implementing agency (the "Lead IA") and The United Nations Development Programme (UNDP) has agreed to be cooperating implementing agency (the "Cooperating IA") under the lead of the Lead IA 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 as per sub-paragraph 5(b). The Country also agrees to periodic evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. (The Cooperating IA will be responsible for carrying out the activities listed in Appendix 6-B.) The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 7 and 8 of Appendix 2-A.

10. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in Appendix 2-A of the Montreal Protocol 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. At 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 tranche 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 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 (and the Cooperating IA) to facilitate implementation of this Agreement. In particular, it will provide the Lead IA (and the Cooperating 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.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Annex A:	Group I	CFC-11; CFC-12; CFC-115
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APPENDIX 2-A: THE TARGETS, AND FUNDING

		2009	2010	Total
1	Montreal Protocol reduction schedule of Annex A, Group I substances (ODP tonnes)	25	0	
2	Max. allowable total consumption of Annex A, Group I substances (ODP tonnes)	25	0	
3	New reduction under plan (ODP tonnes)	2.0	0.0	2.0
4	Lead IA agreed funding (US \$)	125,000	65,000	190,000
5	Cooperating IA agreed funding (US \$)	150,000	0	150,000
6	Total agreed funding (US \$)	275,000	65,000	340,000
7	Lead IA support costs (US \$)	16,250	8,450	24,700
8	Cooperating IA support costs (US \$)	13,500	0	13,500
9	Total agreed support costs (US \$)	29,750	8,450	38,200
10	Grand total agreed funding (US \$)	304,750	73,450	378,200

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Following approval of the first tranche in 2009, funding for the second tranche will be considered for approval not earlier than the first meeting of 2010.

APPENDIX 4-A: FORMAT 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	_____
Cooperating agency(ies)	_____

2. **Targets**

Indicators		Preceding year	Year of plan	Reduction
Supply of ODS	Import			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

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						
Total						
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**

1. The Government will establish a project monitoring mechanism (PMM) to monitor project implementation, report on progress, monitor the impact of projects and recommend remedial actions if project implementation is delayed or impacts not achieved. UNEP, as the lead IA will be responsible for establishing this mechanism and UNDP, as the cooperating IA will support UNEP in executing this function

Verification and reporting

2. In accordance to decision 45/54 (d), the Executive Committee reserves the right for independent verification in case the Executive Committee selects Haiti for related auditing. Based on discussion with the Lead IA, Haiti should select the independent organization (auditing) to carry out the verification of the TPMP results and this independent monitoring programme.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities to be specified in the project document as follows:

- (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) Assisting Haiti in preparation of the Annual Implementation Programme;
- (c) 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 consistent with Appendix 5-A. In case the Executive Committee selects Haiti consistent with paragraph (d) of decision 45/54, separate funding will be provided by the Executive Committee to the Lead IA for this undertaking;
- (d) Ensuring that the achievements in previous annual implementation programmes are reflected in the future annual implementation programme;
- (e) Reporting on the implementation of the current Annual Implementation Programme and preparing for the annual implementation programme for the following year, for submission to the Executive Committee;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;
- (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) Providing verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets, if requested by the Executive Committee;
- (j) Coordinating the activities of the Cooperating IA;
- (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: ROLE OF COOPERATING IMPLEMENTING AGENCY

1. The Cooperating IA will:
 - (a) Provide policy development assistance when required;
 - (b) Assist Haiti in the implementation and assessment of the activities funded for by the Cooperating IA; and
 - (c) Provide reports to the Lead IA on these activities, for inclusion in the consolidated reports.

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.
