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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fiftieth Meeting
New Delhi, 6-10 November 2006

PROJECT PROPOSAL: PANAMA

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

Phase-out

- National phase-out plan for Annex A Group I substances (third tranche) UNDP and UNEP

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.

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
PANAMA**

PROJECT TITLE **BILATERAL/IMPLEMENTING AGENCY**

National phase-out plan for Annex A Group I substances (second tranche)	UNDP and UNEP
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SUB-PROJECT TITLES

(a) Incentive program for retrofitting of fishing boat refrigeration systems	UNDP
(b) Complement of the customs officers training program and enhancement of national capacity to monitor trade and prevent illegal trade of CFCs	UNEP
(c) Technical assistance for refrigeration and air conditioning workshops and technicians – recovery equipment, and tools	UNDP
(d) Technical assistance for implementation and monitoring of the national CFC phase-out plan	UNDP

NATIONAL CO-ORDINATING AGENCY:	Ozone Technical Unit, Ministry of Health
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2006)**

CFC	134.73		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2006)

ODS	Aerosol	Foam	Ref.	ODS	Solvents	Process agent	Fumigant
CFC	0	0	135.21	CFC	0	0	0

CFC consumption remaining eligible for funding (ODP tonnes)	0
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CURRENT YEAR BUSINESS PLAN: Total funding US \$215,000: total phase-out 35.7 ODP tonnes.

PROJECT DATA		2004	2005	2006	2007	2008	2009	2010	Total
CFC (ODP tonnes)	Montreal Protocol limits	384.20	192.10	192.10	57.63	57.63	57.63	0.00	
	Annual consumption limit	168.42	131.97	65.98	37.22	18.61	0.00	0.00	
	Annual phase-out from ongoing projects	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Annual phase-out newly addressed	0.00	36.45	65.99	28.76	18.61	18.61	0.00	168.42
	Annual unfunded phase-out								
TOTAL ODS CONSUMPTION TO BE PHASED OUT		0.00	36.45	65.99	28.76	18.61	18.61	0.00	168.42
Total ODS consumption to be phased-in (HCFCs)									
Project cost as originally submitted (US \$)		354,600	267,600	219,600	193,600	80,600			1,116,000
Final project costs (US \$):									
Funding for UNDP		250,152	238,000	200,000	184,000	71,000	0	0	943,152
Funding for UNEP		25,000	15,000	10,000	0	0	0	0	50,000
Total project funding		275,152	253,000	210,000	184,000	71,000	0	0	993,152
Final support costs (US \$)									
Support cost for UNDP		18,762	17,850	15,000	13,800	5,325	0	0	70,737
Support cost for UNEP		3,250	1,950	1,300	0	0	0	0	6,500
Total support costs		22,012	19,800	16,300	13,800	5,325	0	0	77,237
TOTAL COST TO MULTILATERAL FUND (US \$)		297,164	272,800	226,300	197,800	76,325	0	0	1,070,389
Final project cost effectiveness (US \$/kg)									5.89

FUNDING REQUEST: Approval of funding for the third tranche (2006) as indicated above.

SECRETARIAT'S RECOMMENDATION	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Panama UNDP, as the lead implementing agency, has submitted to the 50th Meeting of the Executive Committee the request for a third tranche of the national phase-out plan for Annex A (Group I) substances (NPP) at a total cost of US \$210,000 plus agency support costs of US \$16,300. The NPP for Panama was approved at the 44th Meeting. The NPP will lead to the early final phase-out of CFCs in the country by the year 2009 and will assist the Government of Panama to meet its 2007 compliance targets for CFC consumption.

Background

2. The NPP was approved in December 2004 at the 44th Meeting of the Executive Committee. The total funds approved in principle amounted to US \$993,152 plus US \$77,237 in support costs. The implementation of this NPP supports the Government of Panama in meeting its Montreal Protocol obligations including the complete phase-out of CFCs ahead of schedule by 1 January 2009, and to sustain phase-out of CTC and TCA consumption. In order to achieve these targets, a series of investment, non-investment, technical assistance and capacity building activities will be, and are being, implemented by Panama with the assistance of UNDP and UNEP. The 2005 annual implementation programme (AIP) of this NPP was approved, and related funds were released at the 44th Meeting of the Executive Committee, and the 2006 AIP and related funds at the 47th Meeting.

Annual Implementation Plans

3. The achievements of the 2005 and ongoing 2006 implementation plan are detailed in the submission. The NPP is concentrating on four groups of activities: conversion of fishing boats, activities related to domestic and commercial refrigeration including training and equipment support, control and prevention of illegal trade, and monitoring of the plan. Achievements in the last month of 2005, after the last tranche request was submitted, were limited.

4. Activities in 2006 included four customs seminars at the beginning of the year; other scheduled activities with customs are progressing slower than planned. This refers in particular to the establishment of an Information/Enforcement Center at the Customs Department, an activity for which the MOU between the Customs Department and UNEP still remains to be signed. The conversion of fishing boats is progressing, while the selection and delivery of tools for refrigeration technicians is in danger of falling behind schedule, with no tools delivered as of yet. An important milestone in 2006 was the hiring in July of the national co-ordinator for the work under this plan.

5. The verification for the year 2005 provides a brief review of the legislation. The verification of consumption showed some deviation between customs and NOU data, the custom data being about 3 tonnes or 3.06 % higher than the data from the NOU. The customs data indicated a consumption of 95.67 ODP tonnes, well below the 131.97 ODP tonnes which are the maximum level of consumption allowed under the Agreement between Panama and the Executive Committee. No comparison with Article 7 data submitted to the Ozone Secretariat could be carried out since Panama had not submitted such data upon writing of this document. The verifier points out that in his view it is important that the NOU surpasses certain internal

and operative problems. UNDP informs in their annual implementation report that until August 2006, the total imports of CFC in 2006 were only 35.77 ODP tonnes, of the 65.98 ODP tonnes allowed under the Agreement for 2006.

6. The milestones proposed for 2007 are:
- (a) CFC consumption of no more than 37.22 ODP tonnes between 1 January and 31 December 2007, and no consumption of CTC and TCA in the same period;
 - (b) A total of 70% of active fishing boats retrofitted;
 - (c) After the establishment of the Information/Enforcement Center at the Customs Department, further strengthening of that institution and organisation of 5 to 7 workshops for customs and customs agents; and
 - (d) Organising at least 20 training workshops and delivering at least 80 tool kits.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. All activities are progressing, albeit somewhat slower than planned. The danger of serious delays is apparent. According to UNDP, the arrival of the co-ordinator is likely to lead to an acceleration of implementation. Independent of these difficulties in implementation, the consumption in the country is progressing fast towards phase-out. The verification has determined the consumption to be well within the limits established in the Agreement between the country and the Executive Committee.

RECOMMENDATION

8. The Fund Secretariat recommends blanket approval of the second tranche of the phase-out plan with associated support costs at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National phase-out plan for Annex A Group I substances (third tranche)	200,000	15,000	UNDP
(b)	National phase-out plan for Annex A Group I substances (third tranche)	10,000	1,300	UNEP