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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-sixth Meeting  
Doha, 8-12 November 2008

**PROJECT PROPOSAL: PANAMA**

Phase-out

- National phase-out plan for Annex A (Group I) substances (fourth and fifth tranches)

UNDP

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

**Panama**

<b>(I) PROJECT TITLE</b>		<b>AGENCY</b>
CFC phase out plan		UNDP, UNEP

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>		<b>Year: 2007</b>		
CFC: 28.4	CTC: 0	Halons: 0	MB: 0	TCA: 0

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)</b>											<b>Year: 2007</b>		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Service					QPS	Non QPS		
CFC					28.4								28.4
CTC													0
Halons													0
Methyl Bromide										7.4			7.4
TCA													0

<b>(IV) PROJECT DATA</b>			2004	2005	2006	2007	2008	2009	Total
<b>Montreal Protocol Consumption Limits</b>			CFC	384.2	192.1	192.1	57.6	57.6	57.6
<b>Maximum Allowable Consumption (ODP Tonnes)</b>			CFC	168.4	132	66	37.2	18.6	0
<b>Project Costs (US\$)</b>	UNDP	Project Costs	250,152	238,000	200,000	184,000	71,000		943,152
		Support Costs	18,762	17,850	15,000	13,800	5,325		70,737
	UNEP	Project Costs	25,000	15,000	10,000				50,000
		Support Costs	3,250	1,950	1,300				6,500
<b>Total Funds Approved in Principle (US\$)</b>			Project Costs	275,152	253,000	210,000	184,000	71,000	993,152
			Support Costs	22,012	19,800	16,300	13,800	5,325	77,237
<b>Total Funds Released by the ExCom (US\$)</b>			Project Costs	275,152	253,000	210,000	0	0	738,152
			Support Costs	22,012	19,800	16,300	0	0	58,112
<b>Total Funds Requested for Current Year (US\$)</b>			Project Costs				184,000	71,000	255,000
			Support Costs				13,800	5,325	19,125

<b>(V) SECRETARIAT'S RECOMMENDATION:</b>	<b>For blanket approval</b>
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## PROJECT DESCRIPTION

1. On behalf of the Government of Panama UNDP, as the lead implementing agency, has submitted to the 56<sup>th</sup> Meeting of the Executive Committee a request for the fourth and fifth tranches of the national phase-out plan for Annex A (Group I) substances (NPP) at a total cost of US \$255,000 plus agency support costs of US \$19,125. The fifth tranche is the final tranche under the agreement. The request is accompanied by an annual implementation report for 2008, detailed implementation data for 2007 and the first nine months of 2008, and a verification of the consumption in 2007. In addition, an annual implementation report for 2007 and a verification of the consumption in 2006 were provided as part of a submission to the 53<sup>rd</sup> Meeting, which was subsequently withdrawn. The NPP aims at assisting the Government of Panama in meeting its compliance targets for CFC consumption, achieving the early final phase-out of CFCs in the country by 1 January 2009, and sustaining phase-out of CTC and TCA consumption.

### Background

2. The NPP was approved in December 2004 at the 44<sup>th</sup> Meeting of the Executive Committee. The total funds approved in principle amounted to US \$993,152 plus US \$77,237 in support costs. The NPP comprises a series of policy actions, public awareness activities and technical assistance, and is being implemented with the assistance of UNEP, which has already received all allocated funds as part of previous tranches. To date, total funds approved by the Executive Committee amount to US \$738,152 plus US \$58,112 in support costs.

3. The implementation report that was submitted to the 53<sup>rd</sup> Meeting described a number of activities, such as public awareness initiatives, and the modification of regulations to increase the number of institutions providing training in good refrigeration practices. It also reported on the retrofitting of 62 fishing boats, the partial distribution of equipment to refrigeration technicians, and the delay in training of refrigeration technicians due to insufficient capacity of the selected training institution.

4. Following its review of the submission, the Secretariat however concluded that several important implementation targets had been missed. For instance, customs training had not commenced, while activities in support of good refrigeration practices, originally planned to be completed in 2006, had by 2007 attained only 20 per cent of the target. Similarly, the activities in support of retrofitting fishing boats, originally also planned to be completed in 2006, had by the end of 2007 only attained a 50 per cent status of implementation with respect to the target. Due to the slow progress of the implementation of the annual plan at the time of the 53<sup>rd</sup> Meeting, the request for the fourth tranche was withdrawn, based on a suggestion of the Secretariat, to be resubmitted once substantial progress in the implementation had been made.

### Verification of consumption

5. The verification of consumption in 2006 was undertaken using a comparison of data registered by the National Ozone Unit and the National Customs Department. While the data on Annex A Group I substances reported by the two agencies was found to differ by 1.08 metric tonne, the verification concluded that the data reported was reasonably reliable, and that Panama had met its compliance requirements for 2006 with a consumption of 45.68 ODP tonnes (69.2 per cent of the maximum allowable consumption in the Agreement).

6. The verification of consumption in 2007 was carried out by comparing data provided by the National Ozone Unit and the National Customs Department, and concluded that the consumption of 28.42 ODP tonnes reported by the country for 2007 was accurate; this is 76 per cent of the maximum allowable consumption under the agreement. In its review of policies and procedures in Panama, the verification report recommends a number of measures to strengthen CFC import controls, and, as in the

previous report, also notes that internal administrative and operative problems in the NOU led to limited performance during 2007.

#### Achievements during 2007

7. The main focus during this period was on the NPP's technical assistance components, namely: 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. A coordination centre for the prevention of illegal CFC trade was established within the National Customs Authority, and two courses on the subject were organized for customs officials. In the refrigeration sector, 37 fishing boats were retrofitted to non-CFC alternatives, and 50 toolkits for good refrigeration practices distributed to refrigeration technicians. A monitoring system was established to ensure effective management of the plan.

8. The submission indicates that internal problems within the Ministry of Health affected implementation during this period. It also reports that the relocation of the project PMU to the National Ozone Unit substantially improved performance in 2008.

#### Achievements during 2008

9. The additional progress reported for 2008 includes the conversion of 58 additional boats and the provision of a further 50 toolkits to technicians. Fishing boat companies continue to receive technical assistance on retrofitting of the boats' refrigeration systems, while refrigeration technicians have received training on the installation of compressors. The training and certification for refrigeration technicians has however been delayed owing to competing needs at the selected training institution, and alternatives are being sought.

10. A number of policy and public awareness activities have also been undertaken, including the Government's reorganization of the customs sector, by its decree of 13 February 2008, to create an autonomous entity, the National Customs Authority.

11. Submitted MYA data indicate that expenditures to date, including those during 2008, amount to US \$368,000, or 37.1 per cent of the funds approved in principle, and 53.5 per cent of the funding already approved as part of previous tranches.

	Expenditures (US \$)						
	Overall Budget	2004-2006	2007	2008	Total to date	% of overall	2009 (plan)
Legislation	50,000	0	12,500	12,500	25,000	50%	0
Ref. service / investment	842,100	40,000	110,000	156,300	306,300	36%	218,948
PMU	101,052	10,000	15,000	11,700	36,700	36%	36,052
Total	993,152	50,000	137,500	180,500	368,000	37.05%	255,000

#### Annual work plan for 2009

12. In addition to continued government action in support of the NPP, the following activities are proposed for 2009:

- (a) Completion of the incentive programme for retrofit of the fishing boat refrigeration systems, and continued technical assistance to fishing boat owners and local refrigeration technicians;

- (b) Continued technical assistance for the prevention of illicit CFC trade through training seminars for customs officers and strengthening the coordination centre;
- (c) Continued technical assistance for refrigeration and air-conditioning workshops and service technicians including training and certification programmes, and distribution of recovery equipment and toolkits; and
- (d) Continued implementation and monitoring of the NPP.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

13. The Secretariat had previously been concerned with the progress in the implementation of the NPP in Panama. While the original plan had a number of innovative approaches, implementation was for a prolonged period of time very slow. UNDP submitted the plan to the 53<sup>rd</sup> Meeting and subsequently withdrew its request including a report on implementation in 2006, in which year hardly any implementation activity had taken place. In the second half of 2007 and in 2008 implementation has been fundamentally faster, therefore UNDP decided to submit the tranche request to this meeting.

14. UNDP informed the Secretariat that the head of the PMU had been replaced, the new one having a significantly better rapport with the NOU. The implementation activities have taken off and achieved significant momentum in a short period of time. Presently, the implementation of investment activities in particular progresses rapidly.

15. The project has gained considerable momentum, the progress to achieve the objectives of previous annual implementation plans appears sufficient, and the consumption in Panama has been verified to be below the maximum level allowable under the agreement.

### RECOMMENDATION

16. Taking into account all of the above, the Secretariat recommends the fourth and fifth tranches of the NPP for Panama for approval, on the understanding that Panama will continue to submit for the remaining years until 2010 a verification, a report on progress in implementation, and, when relevant, a new annual plan:

	<b>Project title</b>	<b>Project Funding (US \$)</b>	<b>Support Cost (US \$)</b>	<b>Implementing Agency</b>
(a)	National phase-out plan for Annex A (Group I) substances (fourth tranche)	184,000	13,800	UNDP
(b)	National phase-out plan for Annex A (Group I) substances (fifth tranche)	71,000	5,325	UNDP

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