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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-seventh Meeting
Montreal, 21-25 November 2005

PROJECT PROPOSAL: PANAMA

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

Phase out

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

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PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
COUNTRY: 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 programme for retrofitting of fishing boat refrigeration systems	UNDP
(b) Complement of the custom officers training programme 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 30 SEPTEMBER 2005)**

CFC 11	14.32	CFC115 (as part of R502)	0.714
CFC 12	119.70		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF 1 MAY 2005)

ODS	Foam	Ref.	Aerosol	ODS	Solvents	Process agent	Fumigant
CFC 11		14.32					
CFC 12		119.70					
CFC115 (as part of R502)		0.714					

CFC consumption remaining eligible for funding (ODP tonnes)	
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CURRENT YEAR BUSINESS PLAN: Total funding US\$ 272,800: total phase-out 65.99 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	n.a.
	Annual consumption limit	168.42	131.97	65.98	37.22	18.61	0.00	0.00	n.a.
	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Final Project costs (US \$):									
Funding for lead agency 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 lead agency 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 2nd tranche (2005) as indicated above.

SECRETARIAT'S RECOMMENDATION	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Panama, UNDP has submitted to the 47th Meeting of the Executive Committee the request for a second tranche of the "National Phase Out Plan for Annex A (Group I) Substances for Panama (NPP)". 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.
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 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.
3. The request for the second tranche of the NPP amounts to US \$253,000 plus agency support costs. Since the first tranche covering the year 2005 is presently under implementation, UNDP could only report on 2004 consumption data and progress during the first month of implementation, covering the time including August 2005. The final information regarding the implementation of the 2005 Annual Implementation Plan will be only available in Autumn/Winter 2006, when the 2007 tranche is expected to be requested.
4. The activities planned for 2005 have been subject to some delays, in particular the signing of a memorandum of understanding with the Government, presently expected for October. The activities planned for this year have commenced, but apparently not gained a significant momentum. However, since the reporting ends in August 2005, i.e. four months before the end of the year, it is presently premature to conclude a final assessment of the accomplishments of 2005. A full time local technical expert for backstopping and implementation support has been identified, but not yet hired because of the delayed finalisation of the Memorandum of Understanding.
5. Although no verification of the consumption figures was necessary for this tranche request, since it is still within the first year of implementation, UNDP submitted a verification report for the 2004 consumption figures and established the verification system. The verification shows a consumption of 134.73 ODP tonnes, which is below the non-binding 2004 target of 168.42 ODP tonnes.
6. The milestones proposed for 2006 are:
 - (a) CFC consumption of no more than 65.98 ODP tonnes between 1 January and 31 December 2006, and no consumption of CTC and TCA in the same period;
 - (b) 30% of fishing boats retrofitted;

- (c) Establishment of the Information/Enforcement Center at the Customs Department, organization and delivery of at least five seminars/workshops for more than 100 customs officers and/or customs agents from companies; and
- (d) Finalizing identification and selection of 150 workshops for equipment supply, of which 100 workshops are to receive their equipment in 2006.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The Secretariat noted positively the completeness and thoroughness of the information provided by UNDP. In particular that Panama and UNDP were proactive in starting the verification process, which is often a challenging undertaking when performed for the first time. The delays compared to the original planning are so far minor, are related to start-up difficulties, and might well be compensated for in the next 12 months.

8. The CFC consumption in Panama has been reduced from 168.5 ODP tonnes in 2003 to 134.73 ODP tonnes in 2004 (verified), with a consumption of 64.85 ODP tonnes recorded for the first eight months of 2005, which equals 49.2% of the annual 2005 target of 131.97 ODP tonnes. It appears therefore that the country is progressing well in its phase out.

RECOMMENDATION

9. 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 (second tranche)	238,000	17,850	UNDP
(b)	National phase-out plan for Annex A (Group I) substances (second tranche)	15,000	1,950	UNEP
