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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-first Meeting
Montreal, 19-23 March 2007

PROJECT PROPOSAL: BAHAMAS

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

Phase-out

- Terminal phase-out management plan: 2006-2007 biennial programme World Bank

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
BAHAMAS**

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

Terminal phase-out management plan: 2006-2007 biennial programme	World Bank
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NATIONAL CO-ORDINATING AGENCY:

The Bahamas Environment, Science and
Technology (BEST) Commission

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF JANUARY 2007)**

CFC	13.0		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF JANUARY 2007)

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC-12				12.99			

CFC consumption remaining eligible for funding (ODP tonnes)

CURRENT YEAR BUSINESS PLAN: Total funding US \$136,000: total phase-out 14.0 ODP tonnes.

PROJECT DATA		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total**
CFC (ODS tonnes)	Montreal Protocol limits	64.9	64.9	64.9	64.9	32.45	32.45	9.735	9.735	9.735	0	66
	Data reported under Article 7	63	55	24.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	Data reported under this Agreement	n/a	29.88	29.62	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	Annual consumption limit under this Agreement	66	58	48	36	25	14	0	0	0	0	66
	Annual phase-out newly addressed	n/a	8	10	12	11	11	14	0	0	0	66
TOTAL ODS CONSUMPTION TO BE PHASED OUT		n/a	8	10	12	11	11	14	0	0	0	66
Project costs (US \$) as approved in principle (Multiyear Agreement)												
Funding for World Bank		240,000		200,000		120,000						560,000
Support cost for World Bank		31,200		26,000		15,600						72,800
TOTAL COST TO MULTILATERAL FUND (US \$)		271,200		226,000		135,600						632,800
Project costs (US \$) approved / requested:												
Funding for World Bank		240,000			200,000	n/a						n/a
Support cost for World Bank		31,200			26,000	n/a						n/a
TOTAL COST TO MULTILATERAL FUND (US \$)		271,200			226,000	n/a						n/a
Project cost effectiveness (US \$/kg)												US \$8.23/kg ODP

(**) Totals include consumption and phase out from 2001 to 2009.

FUNDING REQUEST: Approval of funding for delayed third tranche (2005).

SECRETARIAT'S RECOMMENDATION	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of the Bahamas, the World Bank has submitted to the 51st Meeting of the Executive Committee a funding request for the third and final tranche of the terminal phase-out management plan (TPMP) for the Bahamas, at a total cost of US \$120,000 plus agency support costs of US \$15,600.

Background

2. The TPMP for the Bahamas was approved at the 35th Meeting of the Executive Committee, with the World Bank as the implementing agency. The implementation of this TPMP supports the Government of the Bahamas in meeting its Montreal Protocol obligations, including the complete phase-out of CFCs by the end of 2007. 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 the Bahamas with the assistance of the World Bank. The total funds approved in principle for the TPMP amounted to US \$560,000 plus agency support costs of US \$72,800.

3. The Bahamas is neither a producer nor an exporter of ozone-depleting substances (ODS). The country has to import all the CFCs and HCFCs required for domestic consumption. The increasing use of modern technology has led to a move away from the use of CFC-12 in the Bahamas, resulting in decreasing market demand for this substance. There were no reported imports of CFC-11 in 2005.

4. At the 44th Meeting of the Executive Committee, the World Bank had submitted the 2002-2003 progress report, the 2004-2005 implementation programme and a request for funding of the second tranche of the TPMP for the Bahamas. It had been verified that the country maintained a level of consumption that was lower than the maximum allowable limits for both 2002 and 2003, and therefore met the commitments of its Agreement with the Executive Committee.

Issues related to previous year(s) implementation

5. The agreement between the Government of the Bahamas and the Multilateral Fund contains the stipulation that payments will only be released if it has been verified that the activities planned for the previous year were undertaken in accordance with the annual implementation plan. A comparison between the planned activities and those implemented is shown in table 1 below.

Table 1

Comparison between activities planned and implemented

Activity planned for 2004/2005		Expenditures planned [US \$ (% of total)]	Detailed implemented as planned	Actual expenditures [US \$ (% of total)]
General	Detailed activities			
Government actions	Implementation of the new law, establishment of quotas	30,000 (15%)	No / Legislation delayed	60,855 (42%)
	Documentation of CFC exports to other countries		No / Legislation delayed	
	Assessment of the refrigeration sector		No / postponed	
MAC and refrigeration sector phase-out	CFC recovery and recycling program	106,000 (53%)	No / no demand	24,150 (17%)
Technical assistance	Training expanded to family Islands	40,000 (20%)	No / no demand	18,201 (13%)
	Additional training equipment to be provided		No / no demand / taken up by RMP implemented in parallel	
	Government sponsored certification programme		No / no demand	
	Refresher training courses for customs agents, fire department, police		No / taken up by RMP implemented in parallel	
	General awareness programs		Yes	
	Development and update of training material		1000 pamphlets	
	Bahamas environmental handbook update		300 copies	
	National ozone calendar published		No information	
Support for PMU		24,000 (12%)		41,650 (29%)
Total		200,000 (100%)		144,856 (100%)
Remaining (of planned)		N/A		55,144 (28%)

6. It is apparent that the activities planned had largely not been implemented. The World Bank provided in their report full information on the challenges encountered in implementation, which were mainly related to the competing parallel implementation of the RMP by a different entity in the same ministry. This eliminated the need for the predominant part of recovery and recycling activities as well as customs trainings. In addition, a number of ODS users undertook phase-out activities at their own expense.

Issues related to Verification and Article 7 data reporting

7. The previous tranche of the TPMP was discussed at the 44th Meeting of the Executive Committee. At that time, data reported by the World Bank deviated significantly from the reports submitted by the Bahamas under Article 7. The World Bank had advised that 2002 and 2003 reporting discrepancies were caused by miscommunication between Government offices, and it is understood that the Bahamas had already initiated the process of revising their reporting under

Article 7. At the time of issuing of this document, the Ozone Secretariat had not advised the Secretariat that revised Article 7 data had been received from the Bahamas for the years 2002 and 2003.

8. In the submission to the 44th Meeting, the World Bank reported that a licensing system for ODS imports has been prepared, but has not yet been approved. Such approval was foreseen in the project document for the year 2001. Before the 44th Meeting in 2004, the World Bank indicated the likely date of entry into force for such legislation should be the end of 2004. Subsequently, the Bahamas have accepted in March 2005 the Montreal Amendment to the Montreal Protocol, which mandates the establishment and implementation of a licensing system. The licensing system was actually established only in February 2006. At the time of the original agreement between the Bahamas and the Executive Committee, the understanding given to the Committee was that accurate verification on the basis of a licensing system or information of similar accuracy would be possible.

9. The verifications have been based on importers data from a list of known importers rather than customs information, i.e. the reliability and, in particular, the completeness of the data on which the verification is based remains questionable, although the significant difference between the reported data and the target in the agreement seems to provide confidence that the condition of the agreement in terms of maximum consumption had been achieved in the years 2004 and 2005. The description of a licensing and importation scheme does not exist since none was in operation during 2004 and 2005. The tranche in front of the Committee is the last tranche under this agreement, and the verification of imports as well as the effectiveness of a licensing scheme remains elusive. As part of the verification, customs data collected from the NOU has also been reviewed and some issues of incorrect reporting have been identified.

Issues related to the biennial plan 2006/2007

10. The biannual plan for 2006 and 2007 was originally intended for approval at the end of 2005. The plan foresees training of technicians, recovery and recycling equipment for equipment at its end-of-life, and MAC sector activities. These directly phase-out related activities amounting to 42% of the available budget, which consists of the remaining balance of the previous biennium and the funding requested. The remaining 58%, or US \$106,000, are for government actions, PMU, additional consultant support, and awareness activities.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

11. The Secretariat raised a significant number of issues with the World Bank on their submission. Among them were the substantial deviation from the approved 2004/2005 work programme, the deviation between verified consumption for 2002 and 2003 as compared to the Article 7 data, the remaining uncertainties and limitations in the verification, and the institutional focus of the 2006/2007 work plan where the Secretariat had expected a stronger focus on activities directly related to ODS phase-out.

12. After a number of exchanges, the World Bank and the Secretariat agreed on a proposal to the Executive Committee which would allow it to address the shortcomings of the submission,

while recognising with sufficient certainty that the Bahamas has complied with the consumption targets in the agreement for the years 2004 and 2005, and is in the position to control imports during 2007 and future years.

RECOMMENDATION

On the basis of the above comments, the Executive Committee may wish to consider:

- (a) Noting the report on implementation of the 2004/2005 tranche of the terminal phase-out management plan for the Bahamas;
- (b) Noting that the verification of the consumption in 2004 and 2005 provides sufficient certainty that the consumption of CFCs in the Bahamas in those years remained under the limit specified in the Agreement between the Government of the Bahamas and the Executive Committee;
- (c) Approving the plan for the years 2006 and 2007;
- (d) Approving the third tranche of the plan at the amount indicated in the table below, on the condition that:
 - (i) No funds will be disbursed by the World Bank until the World Bank has submitted to the Secretariat the following documentation:
 - a) A verification report for 2006, detailing the legal and institutional set-up of the import and export control regime and how it is implemented, as well as verifying the 2006 consumption data;
 - b) A verification report for, as a minimum, the first 8 months of the year 2007, showing that in this time frame there has been no consumption of CFCs in the Bahamas; and
 - c) An implementation report of the 2006/2007 tranche;
 - (ii) The Secretariat has informed the World Bank that it has accepted this documentation as sufficient, consistent with the consumption limits specified in the Agreement, and in fulfilment of the requirements specified in the “Guidelines for the verification of national consumption targets of multi-year agreements”;
- (e) Noting that the World Bank agreed to deliver such reports not later than the 54th Meeting of the Executive Committee.

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	Terminal phase-out management plan: 2006 -2007 biennial programme	120,000	15,600	World Bank