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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-fifth Meeting
Bali, Indonesia, 13-17 November 2011

PROJECT PROPOSAL: KENYA

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

Phase-out

- Technical assistance for the final elimination of methyl bromide in post harvest sector in Kenya

UNIDO

PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECT**KENYA****PROJECT TITLE(S)****BILATERAL/IMPLEMENTING AGENCY**

(a) Technical assistance for the final elimination of methyl bromide in post harvest sector in Kenya	UNIDO
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NATIONAL CO-ORDINATING AGENCY	Ministry of Environment and Mineral Resources
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2010, AS OF SEPTEMBER 2011)**

Annex E, MB	6.60		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2010, AS OF SEPTEMBER 2011)

ODS	Subsector/quantity	Subsector/quantity	Subsector/quantity	Subsector/quantity
MB	QPS/0.0	Non QPS/6.60		

CURRENT YEAR BUSINESS PLAN ALLOCATIONS	Funding US \$ million	Phase-out ODP tonnes
	153,000	14.0

PROJECT TITLE:	
ODS use at enterprise (ODP tonnes):	6.60
ODS to be phased out (ODP tonnes):	6.60
ODS to be phased in (ODP tonnes):	0
Project duration (months):	12
	UNIDO
Initial amount requested (US \$):	563,750
Final project costs (US \$):	287,700
Incremental Capital Cost:	267,700
Contingency:	20,000
Incremental Operating Cost:	0
Total Project Cost:	287,700
Local ownership (%):	100%
Export component (%):	N/A
Requested grant (US \$):	N/A
Cost-effectiveness (US \$/kg):	N/A
Implementing agency support cost (US \$):	21,578
Total cost of project to Multilateral Fund (US \$):	309,278
Status of counterpart funding (Y/N):	N/A
Project monitoring milestones included (Y/N):	Y

SECRETARIAT'S RECOMMENDATION[S]	For individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Kenya, UNIDO has submitted to the 65th meeting of the Executive Committee a request for funding for technical assistance for the final elimination of methyl bromide (MB) in the post-harvest sector, at a total cost of US \$563,750 plus agency support costs of US \$42,281.
2. The main cereal crop grown in Kenya is white maize. Other cereal crops include wheat, rice, sorghum and millet, and legume crops comprised of beans, cowpeas, green gram and pigeon peas. The grain storage sub-sector falls under the Crop Development Division of the Ministry of Agriculture and is regulated and controlled by the National Cereals Protection Board (NCPB). The NCPB has storage capacity of 1.80 million tonnes, of which only 0.17 million tonnes is fumigated with MB for protection against pests.
3. The NCPB holds much of its total maize stock in bags in warehouses. A proportion of that stock is held for several years, as strategic and famine reserve. Current controlled use of MB in Kenya is restricted to its use as a fumigant to control pests in silo bins containing stored white maize. Since 2011, the NCPB is the only authorized user of controlled MB in Kenya.
4. The project proposes to replace MB fumigant with phosphine gas integrated with grain cooling. The project is designed to utilize the existing fumigation infrastructure in the silos that currently use MB. The phosphine system provides effective disinfestations and fits well with the existing infrastructure and with the technical expertise of the NCPB's pest-control personnel. It includes the procurement of cradles for phosphine application, four grain chillers (at US \$60,000 each), recirculation systems and monitors for the use of phosphine; safety-related equipment; and training, at a total cost of US \$512,500. Incremental operating costs have not been requested.
5. Upon completion of the project by 1 January 2013, controlled uses of MB will be completely phased out in Kenya. Regulations are already in place to control the import and use of MB; to monitor consumption; and to ensure compliance with the requirements of the Montreal Protocol. The Government of Kenya will inform the relevant authorities, stakeholders, and the general public about the ban on imports for controlled uses of MB coming into effect on 1 January 2013.
6. The estimated time for the implementation of the project is one year.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

7. At its 38th meeting, the Executive Committee approved a project proposal for the complete phase out of 97.0 ODP tonnes of MB used for soil fumigation, reducing the remaining MB consumption eligible for funding to 14.0 ODP tonnes used in post-harvest applications. However, in 2010 only 6.60 ODP tonnes of MB were imported as shown in Table 1. The aim of the project is to achieve a full phase-out of MB by eliminating the remaining use in grain storage by 1 January 2013.

Table 1. MB consumption reported by the Government under Article 7 of the Montreal Protocol

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010
MB (ODP t)	139.10	74.10	41.10	73.20	34.20	17.40	10.20	3.60	6.60

8. Upon a request for clarification on the introduction of grain cooling technology, UNIDO explained that this technology in combination with phosphine would be useful for storage of white maize with very high moisture content. It is important to put in place a strategy for managing pest resistance to

phosphine. Grain cooling would avoid the need for repeat fumigations, manage pest resistance development risk and provide better storage conditions. Without cooling, even with good phosphine fumigation, it is likely that grain heating will limit storage time in the silo, and the grain would need to be bagged off to limit heat damage.

9. The Secretariat discussed with UNIDO cost-related issues which were successfully addressed. With regard to grain chillers, it was agreed to introduce this technology at one of the warehouses (instead of four) to demonstrate its long-term feasibility and economic viability over the timeframe for project implementation. If this approach proves to be cost-effective and sustainable, the NCPB will purchase additional chiller systems with its own resources for use at other warehouses. Otherwise, the grain will continue to be fumigated with phosphine. The total level of funding agreed between the Secretariat and UNIDO is US \$287,700 including 10 per cent contingency costs.

RECOMMENDATIONS

10. The Executive Committee may wish to consider:

- (a) Approving the technical assistance for the final elimination of methyl bromide in post harvest sector in Kenya at a total cost of US 287,700 plus agency support costs of US \$21,578 for UNIDO, on the understanding that no additional funding will be provided for Kenya for the phase-out of controlled uses of methyl bromide in the country; and
- (b) Approving the draft revised Agreement between the Government of Kenya and the Executive Committee for the phase-out of controlled uses of methyl bromide, contained in Annex I.

Annex I

AGREED REVISED CONDITIONS FOR THE PHASE-OUT OF METHYL BROMIDE IN KENYA

1. The Executive Committee agrees:

- (a) At its 38th meeting, to approve in principle US \$1,595,811 (of which US \$574,492 is to be allocated to the Government of Germany and US \$1,021,319 is to be allocated to UNDP) as the total funds that will be available to Kenya to achieve the complete phase out of 97.0 ODP tonnes of methyl bromide (MB) used for soil fumigation in the cut flower sector (63.0 ODP tonnes), vegetables, fruit, seedbeds and nurseries (34.0 ODP tonnes);
- (b) At its 53rd meeting, to approve the request by the Government of Kenya to transfer responsibility for implementation of all remaining activities associated with the completion of the phase-out of methyl bromide in the cut-flower sector from UNDP to UNIDO; and
- (c) At its 65th meeting, to approve an additional US \$287,700 to be allocated to UNIDO as the total funds that will be available to Kenya to achieve the complete phase-out of 6.6 ODP tonnes of MB used in post-harvest applications.

2. As reported to the Ozone Secretariat, and consistent with information in the project document presented to the Executive Committee, the MB baseline for compliance for Kenya is 217.5 ODP tonnes, and MB consumption in 2001 was 111.0 ODP tonnes, excluding 21 ODP tonnes which Kenya states that it uses for quarantine and pre-shipment applications.

3. Reductions resulting from the implementation of the projects will ensure that Kenya will meet the reduction schedule listed below. In this regard, Kenya commits, through the implementation of the project, to reduce total national consumption of controlled uses of MB to no more than the following levels of consumption in the years listed below:

Year	MB to be phased out per year (ODP tonnes)				Maximum levels of MB consumption excluding QPS (ODP tonnes)(b)
	Cut flowers (UNDP/UNIDO)	Horticulture (Germany)	Grain (UNIDO)	Total(a)	
2001	0.0	0.0	0.0	0.0	111.0
2004	10.0	5.0		15.0(a)	96.0
2006	21.0	12.0		33.0	63.0
2008	22.0	12.0		34.0	29.0
2009	10.0	5.0		15.0	14.0
2010				-	14.0
2011				-	6.6
2012			6.6	6.6	6.6
2013				-	0.0

- (a) The project will aim to achieve faster reductions if feasible. The Government of Kenya may choose to speed up the MB reduction schedule if it wishes, without penalty to the project budget.
- (b) Excluding MB imports for quarantine and pre-shipment uses.

5. The project will phase out all soil uses of MB in Kenya. Kenya commits to permanently sustaining the consumption levels indicated above through the use of import restrictions and other policies it may deem necessary.

6. Funding for the project will be disbursed by the Government of Germany, UNDP and UNIDO in line with the following yearly budget breakdown:

Year	Germany	UNDP	UNIDO	Total
2002		510,660		510,660
2003	287,247			287,247
2004	172,347			172,347
2005				-
2006	114,898			114,898
2007*		(510,660)	510,660	-
2011			287,700	287,700
Total	574,492	-	798,360	1,372,852

* Transferred from UNDP to UNIDO at the 53rd Meeting.

7. The Government of Kenya has reviewed the consumption data identified in these projects and is confident that it is correct. Accordingly, the Government is entering into this agreement with the Executive Committee on the understanding that, should additional MB consumption be identified in soil fumigation or in post-harvest applications at a later date, the responsibility to ensure its phase-out will lie solely with the Government.

8. The Government of Kenya, in agreement with the Government of Germany, UNDP and UNIDO, will have flexibility in organising and implementing the projects components it deems more important in order to meet the MB phase-out commitments noted above. The Government of Germany, UNDP and UNIDO agree to manage the funding for the projects in a manner designed to ensure the achievement of the specific MB reductions agreed upon. The Government of Germany, UNDP and UNIDO shall also report back to the Executive Committee annually on progress made in meeting the reductions required by the projects.

9. The present Agreed Conditions between the Government of Kenya and the Executive Committee have been updated as a result of the change in implementing agency and the project in post-harvest applications as indicated in paragraphs 1 (b) and 1 (c) above respectively, without impact on the project signed by the Permanent Secretaries of the Ministry of Agriculture and the Ministry of Environment, Natural Resources and Wildlife at project inception.

10. These agreed conditions between the Government of Kenya and the Executive Committee have taken into account the already approved methyl bromide phase-out project in soil fumigation in the cut flower sector, vegetables, fruit, seedbeds and nurseries. Subsequently, they supersede the conditions agreed at the 53rd meeting of the Executive Committee.
