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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-second Meeting  
Montreal, 12-16 May 2014

**PROJECT PROPOSAL: VIET NAM**

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

Fumigant

- National methyl bromide phase-out plan (fifth and final tranche) World Bank

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

**Viet Nam**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
Methyl bromide	World Bank

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>					<b>Year: 2012</b>
CFC: 0	CTC: 0	Halons: 0	MB: 70.0	TCA: 0	

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)</b>											<b>Year: 2012</b>		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC													
CTC													
Halons												0	
Methyl Bromide										502.8	70.		572.8
Others													0
TCA													0

<b>(IV) PROJECT DATA</b>			<b>2006</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
<b>Montreal Protocol Consumption Limits</b>		MB		109.2	109.2	109.2	109.2	109.2	109.2	109.2	109.2
<b>Maximum Allowable Consumption (ODP Tonnes)</b>		MB		85.2	80.	80.	70.	70.	50.	35.	
<b>Project Costs (US\$)</b>	IBRD	Project Costs	230,000.	650,000.			120,000.		58,284.	40,000.	1,098,284.
		Support Costs	17,250.	48,750.			9,000.		4,371.	3,000.	82,371.
<b>Total Funds Approved in Principle (US\$)</b>		Project Costs	230,000.	650,000.			120,000.		58,284.	40,000.	1,098,284.
		Support Costs	17,250.	48,750.			9,000.		4,371.	3,000.	82,371.
<b>Total Funds Released by the ExCom (US\$)</b>		Project Costs	230,000.	650,000.			120,000.		58,284.	0.	1,058,284.0
		Support Costs	17,250.	48,750.			9,000.		4,371.	0.	79,371.
<b>Total Funds Requested for Current Year (US\$)</b>		Project Costs								40,000.	40,000.
		Support Costs								3,000.	3,000.

<b>(V) SECRETARIAT'S RECOMMENDATION:</b>	<b>FOR BLANKET APPROVAL</b>
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## PROJECT DESCRIPTION

1. On behalf of the Government of Viet Nam, the World Bank, as the designated implementing agency, submitted to the 72<sup>nd</sup> meeting a request for funding for the fifth and final tranche of the national methyl bromide (MB) phase-out plan for Viet Nam<sup>1</sup> at the amount of US \$40,000, plus agency support costs of US \$3,000. The submission included a progress report on the implementation of the fourth tranche of the project and the implementation plan for 2014.

### Progress report on the implementation of the 2012-2013 work programme

2. The MB consumption in Viet Nam for controlled uses in 2012 and 2013 did not exceed the country's allowable annual consumption under the Montreal Protocol of 109.2 ODP tonnes or the maximum allowable consumption set out in the Agreement between the Government of Viet Nam and the Executive Committee<sup>2</sup>. The annual consumption of MB for quarantine and pre-shipment (QPS) applications had increased by 66.44 ODP tonnes since 2009. This is due to increasing volumes of commodities for export requiring fumigation with MB; fumigation requirements in accordance with the International Standard for Phytosanitary Measure no. 15 (ISPM 15); and quarantine pests in imported agricultural products (Table 1).

**Table 1. MB consumption in Viet Nam (ODP tonnes)**

Year	2009	2010	2011	2012	2013*
Consumption (Article 7)	73.8	76.8	69.6	70.0	49.98
Maximum level of consumption for controlled uses	80.0	80.0	70.0	70.0	50.00
QPS uses (Article 7)	443.4	456.6	477.6	502.8	509.84

Note: Viet Nam's MB baseline is 136.5 ODP tonnes.

\*Estimated levels.

3. A breakdown of the MB consumption for controlled uses and QPS applications is presented in Table 2.

**Table 2: Breakdown of MB for controlled uses and QPS applications in 2013**

QPS applications				Controlled uses		
Export	ISPM 15	Import	Total	Soil treatment	Storage and other treatment	Total
402.75	92.32	14.77	509.84 <sup>3</sup>	39.27	10.70	49.98

4. The main highlights of progress in the implementation period are listed below:

- (a) The regulations on pesticide management were updated in January 2013<sup>4</sup> and the draft Law of Plant Protection and Quarantine, citing Viet Nam's international commitments, was approved by the National Assembly in November 2013;
- (b) In cooperation with the Government of Australia fumigators in Viet Nam were trained on correct fumigation practices. Twenty-five fumigation companies accredited under the Australian Fumigation Accreditation Scheme are now subject to annual audits by the Governments of Australia and Viet Nam;

<sup>1</sup> The national MB phase-out plan for Viet Nam was approved at the 50<sup>th</sup> meeting to phase out the total consumption of controlled uses of MB (85.2 ODP tonnes) by 2015, at a total funding of US \$1,098,284, plus agency support costs of US \$82,371 for the World Bank.

<sup>2</sup> Annex XIV of document UNEP/OzL.Pro/ExCom/50/62.

<sup>3</sup> The total import quota for QPS uses in 2013 based on import permits to 12 registered companies was 532.8 ODP tonnes.

<sup>4</sup> Circular no. 03/2013/TT-BNNPTNT.

- (c) Four technical staff from the Plant Quarantine Diagnostic Centre (PQDC) were trained in phosphine resistance management at the Cooperative Research Center for National Plant Biosecurity in Australia;
- (d) Viet Nam's MB management information system (MIS) was expanded to include information on fumigation activities (treated commodities, doses, time, places and contractors) and on MB sales and stock quantities. Any reported QPS uses are being checked against phytosanitary certifications;
- (e) Information materials on pest control standards and hygiene requirements were distributed to fumigation service companies and storage facilities for internal training purposes;
- (f) A procedure involving the use of a template to report cases of fumigation failure, resistance or appearance of new insects, was implemented; based on reports the PQDC has reported that the number of fumigation failures has dropped significant and hygiene in storage facilities has improved;
- (g) All MB alternatives demonstrated at sites in Dalat and Sapa (biofumigation, powder lime, Trichoderma, saponins, Mocap, iprodion) were assessed to be relatively effective, and are being applied by growers. Extension workers from local plant protection and plant quarantine stations have provided support to farmers;
- (h) Seventeen training workshops for a total of 402 participants from fumigation service companies and storage facilities were carried out in 2013; thus in 2012 and 2013, 718 fumigators were trained in five Regional Plant Quarantine Sub-Departments;
- (i) Public awareness materials produced were widely disseminated, and four training MB alternative workshops were held bringing the total trained in all eight workshops to 467 farmers and local technicians;
- (j) The project management unit (PMU) and the World Bank agreed on a revised procurement plan for 2014 using savings from other activities to carry out a survey on potential new MB alternatives, two follow-up workshops, and a replacement laptop for the PMU; and
- (k) In anticipation of the MB ban in 2015, fumigation companies have independently tested new MB alternatives and provided free training to farmers and storage facility owners.

5. As at December 2013, of the total funding of US \$1,058,284 approved so far US \$1,037,698 has been disbursed with a balance of US \$20,586. A total of US \$7,903 has been disbursed for activities in 2014 as at the end of February 2014.

#### Plan of action for the 2014 work programme

6. The Government of Viet Nam commits to implementing the following activities under the fifth and final work programme:

- (a) Completion of decrees and circulars to implement the new Law of Plant Protection and Quarantine which should come into force on 1 January 2015;
- (b) A survey to identify and evaluate the effectiveness and cost-efficiency of new MB alternatives compared to those tested under the MB phase-out plan in order to assist

companies commercialize the best MB alternatives<sup>5</sup>. Two dissemination workshops are planned for October 2014 following completion of the survey and in conjunction with MB phase-out plan completion workshops;

- (c) Annual training and technical assistance activities for new and experienced fumigators;
- (d) Continued international cooperation with the Australian Department of Agriculture;
- (e) Continued operation of the MB MIS to facilitate registration, licensing, imports, consumption, monitoring and enforcement of MB controls; and
- (f) Continued operation of the project management unit until the end of 2014.

7. The 2014 budget amounting to \$60,586, consisting of a balance of US \$20,586 from earlier tranches and US \$40,000 from the fifth tranche, has been proposed comprising US \$10,550 for the survey of potential new MB alternatives, related workshops, financial audit, and US \$50,036 for PMU activities.

## **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

### **COMMENTS**

#### Progress of the 2013 work programme

8. In response to a question from the Secretariat the World Bank advised that level of MB consumption in 2013 (49.98 ODP tonnes) was accurate, and that Viet Nam's country programme data would be submitted in advance of the 72<sup>nd</sup> meeting provided that the ongoing verification of HCFC data was completed in time.

9. The Secretariat asked the World Bank whether the number of registered MB importers had increased and was informed that the number of registered importers for controlled uses remained the same, but that for QPS applications, some new firms had occasionally requested permits to import MB due to the increasing amounts required for export and ISPM 15 treatments. The Secretariat noted that at the 70<sup>th</sup> meeting it was mentioned that in the revised Plant Protection Law, there is a provision limiting the import of MB for QPS use to only a few of the largest fumigation companies. It therefore encouraged the Government of Viet Nam through the World Bank to initiate actions that would limit as much as possible the import of MB for QPS in the country, so as not to endanger the phase-out achieved in controlled uses.

10. In response to a question on adopting heat treatment for wood packaging, an ISPM 15 alternative to MB fumigation, the World Bank responded that the main barrier was its investment and operating costs. In addition, using the ISPM 15 stamp on wood pallets that are heat treated require very close supervision and management.

11. The Secretariat noted that there were frequent demands for updated information on pest control standards and hygiene requirements, and phosphine fumigation procedures and requested more information on how continuing demands would be satisfied and whether the information on phosphine included health and safety related issues. The World Bank responded that the Plant Quarantine Division and the PQDC were updating documents and also providing updated information on pest distribution and resistance. Information on health and safety guidance regarding the toxicity of phosphine was included in

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<sup>5</sup> A contract with a consultant was signed on 23 March 2014.

documents distributed and also in the DVDs on best practice of phosphine fumigation techniques as part of the national strategy for phosphine pest resistance management.

12. The Secretariat noted the successful cooperation between Viet Nam's Plant Protection Department (PPD) and the Australian Department of Agriculture, Fishery and Forestry (DAFF) particularly in terms of the capacity of PPD officials to monitor and audit fumigation companies, the accreditation of 25 fumigation companies and the annual audits of those companies, and the training in fumigation practices for quarantine treatment of exported/imported goods. The World Bank subsequently informed the Secretariat that DAFF had made a commitment to maintain this cooperation including an annual joint system review to ensure compliance by the fumigation industry and help to PPD vis-à-vis its management of the Australian Fumigation Accreditation Scheme (AFAS), which will also be applied to heat treatment, and considered for application to other treatments as well.

2014 work programme

13. The Secretariat requested clarification on how the Government of Viet Nam will ensure sustainability of the project activities and outputs, taking into account that only one tranche of the project remained, that no further funding would be provided for phase-out of MB consumption for controlled uses, and that increasing consumption of MB for QPS uses could endanger the successful phase-out of controlled MB uses. The World Bank informed that the Government will monitor MB use for QPS applications and the sustained phase-out of controlled uses of MB through: national laws and regulations by which any violation could lead to revocation of import licenses or fumigation permits, as well as financial penalties; inspections of fumigation companies that had controlled uses before 2015 to ensure that MB for QPS-application is being appropriately utilized; continued training and international cooperation on best practices in fumigation, on accreditation, and on new developments in alternatives for both QPS and controlled uses; research, testing of new alternatives with local companies; and continued pest resistance studies.

**RECOMMENDATION**

14. The Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the fourth tranche of the national methyl bromide (MB) phase-out plan for Viet Nam; and
- (b) Requests the Government of Viet Nam and the World Bank to submit the project completion report to the last meeting of the Executive Committee in 2015.

15. The Secretariat further recommends blanket approval of the 2014 annual implementation programme associated with the fifth and final tranche of the national MB phase-out plan for Viet Nam, with associated support costs at the level of funding shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	National methyl bromide phase-out plan (fifth and final tranche)	40,000	3,000	World Bank

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