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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-seventh Meeting
Montreal, 17-19 July 2002

ADDENDUM PROJECT PROPOSAL: HONDURAS

This addendum is issued to add the following paragraphs 18 bis, 18 ter and 18 quar; and replace paragraph 19:

18 bis. The Fund Secretariat and UNIDO concluded their discussion on the project proposal. The project cost was agreed at US \$3,783,755 to phase out 407.5 ODP tonnes of MB (US \$9.28/kg), which covers the equipment (greenhouses for the grafting technology for melons and micro-tunnels with floating trays for tobacco seedbeds) and training (in grafting operations, use of micro-tunnels for the tobacco seedbeds and the use of alternative chemicals to control the moko disease in banana crops). This cost excludes US \$373,670 relating to the foreign ownership component of one of the companies involved in the production of melons, and US \$315,342 for operating costs in the banana crop.

Agreement between the Executive Committee and the Government of Honduras

18 ter. UNIDO assisted the Government of Honduras in drafting a proposal for an agreement between the Government and the Executive Committee with the proposed commitments and action plan for the phase out of MB in Honduras. The draft agreement is attached to this document as Annex I.

18 quar. The MB baseline for Honduras has been established at 259.4 ODP tonnes and MB consumption in 2001 was 407.5 ODP tonnes. According to the figures indicated in the project document, the consumption in 2002 will not decrease. On the basis of this information, Honduras will not be able to meet the 2002 freeze. The Secretariat further noted that according to the MB phase-out schedule in the original project proposal, the assistance proposed by UNIDO would not enable Honduras to be in compliance before the year 2007, by which time the

20% reduction in the MB baseline was proposed to be achieved. After further discussion about the speed of project implementation, UNIDO agreed to accelerate the phase-out targets. Under the implementation schedule now proposed, Honduras would be in compliance with the 2005 reduction target, but would remain non-compliant with the freeze up to 2005.

RECOMMENDATION

19. The Executive Committee may wish to consider the project proposal on the basis of the comments presented in document UNEP/OzL.Pro/ExCom/37/38 and Add.1.

Annex I

**AGREED CONDITIONS FOR PHASE OUT OF METHYL BROMIDE IN HONDURAS
(DRAFT)**

1. [The Executive Committee at its 37th Meeting, approved in principle US \$3,783,755 as the total funds that will be available to Honduras to phase out 407.5 ODP tonnes of methyl bromide used for soil fumigation in melons, bananas and tobacco seedlings, representing the total methyl bromide use excluding quarantine and pre-shipment applications (additional 4.6 ODP tonnes).]

2. [As reported to the Ozone Secretariat, the MB baseline for Honduras has been established at 259.4 ODP tonnes. Honduras has also reported a MB consumption of 407.5 ODP tonnes for the year 2001, excluding quarantine and pre-shipment applications. As established by the Montreal Protocol, Honduras must reduce its consumption of MB by 199.9 ODP tonnes in 2005 to achieve compliance with the Protocol's 20 per cent reduction target.]

3. [Reductions in accordance with the terms of the above-mentioned project and other commitments presented in the project document will ensure that Honduras will meet the reduction-schedule listed below. In that regard Honduras commits, through the implementation of this 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:

2002	407.5 ODP tonnes
2003	370.0 ODP tonnes
2004	305.0 ODP tonnes
2005	207.0 ODP tonnes
2006	115.0 ODP tonnes
2007	0.0 ODP tonnes]

4. [Funding for the project will be disbursed by UNIDO on an annual basis as indicated:

2002	US \$1,000,000 (initial disbursement)
2003	US \$900,000
2004	US \$900,000
2005	US \$750,000
2006	US \$225,755]

5. [Funding disbursement for the project will be conditional upon achieving its milestone and the reduction-schedule listed above. In case of unjustified delays, UNIDO will inform the Executive Committee and will cancel any further release of funds until problems are solved and the schedule is brought back on track. If unjustified delays continue, the project may be cancelled].

6. [The Government of Honduras, in agreement with UNIDO, will have the flexibility in organising and implementing the project components which it deems more important in order to meet MB phase-out commitments noted above. UNIDO agrees to manage the funding for the project in a manner designed to ensure the achievement of the specific MB reductions agreed upon.]
