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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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**REPORT ON IMPLEMENTATION OF APPROVED PROJECTS WITH SPECIFIC
REPORTING REQUIREMENTS**

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

Introduction

1. UNIDO submitted for the consideration of the Executive Committee at its 42nd Meeting progress reports on the implementation of the methyl bromide (MB) projects in Guatemala and Honduras, both with a request for an amendment to their corresponding agreed conditions for the implementation of the projects:

- (a) Guatemala: Phase out MB in the cultivation of melons, tomato, flowers and ornamentals, and strawberries (468 ODP tonnes), approved by the Executive Committee at its 38th Meeting at a total cost of US \$3,257,377; and
- (b) Honduras: Phase out of MB in melon and banana production sector and tobacco seedlings (213 ODP tonnes), approved by the Executive Committee at its 37th Meeting at a total cost of US \$1,977,454.

2. The Secretariat reviewed the progress reports in light of the original project proposals and MB data reported by the Governments concerned to the Ozone Secretariat under Article 7 of the Montreal Protocol.

Guatemala: Phase out MB in the cultivation of melons, tomato, flowers and ornamentals, and strawberries (UNIDO)

Background

3. The Government of Guatemala submitted to the 38th Meeting of the Executive Committee a project proposal to phase out 468 ODP tonnes of MB used for soil fumigation in cut flowers, melon, ornamentals, tomato and strawberry crops in Guatemala, representing 60 per cent of the total MB consumption in the country. Implementation of the project would achieve the 20 per cent reduction in MB baseline consumption (e.g., 400.7 ODP tonnes) by 2005.

4. The Executive Committee, after considering the project proposal, decided, *inter alia*, to agree that, notwithstanding the reported 2001 MB consumption level of 788.6 ODP tonnes, and without prejudice to the operation of the Montreal Protocol's mechanisms dealing with non-compliance issues, funding of US \$3,257,377, plus agency support costs, is approved on the basis that the implementation schedule proposed in the project is planned to achieve a total reduction in consumption of 468 ODP tonnes in 2005; of this amount 100 ODP tonnes would be reduced by non-Article 5 companies. Furthermore, 388 ODP tonnes would be reduced in the calendar year of 2004 and additional 80 ODP tonnes in the calendar year 2005 in order to enable Guatemala to meet the MB freeze and 2005 reduction targets, respectively (Decision 38/42).

5. Subsequently, the Parties to the Montreal Protocol at their 15th Meeting noted, *inter alia*, that for 2002 Guatemala was in non-compliance with its obligations under Article 2H of the Montreal Protocol, and Guatemala's submission of a plan of action to ensure a prompt return to

compliance with the control measures for Annex E substances. Under the plan, without prejudice to the operation of the financial mechanism of the Montreal Protocol, Guatemala specifically commits itself to reducing MB consumption from 709.4 ODP tonnes in 2002, as follows:

- (a) to 528 ODP tonnes in 2003;
- (b) to 492 ODP tonnes in 2004;
- (c) to 360 ODP tonnes in 2005;
- (d) to 335 ODP tonnes in 2006;
- (e) to 310 ODP tonnes in 2007;
- (f) to 286 ODP tonnes in 2008; and
- (g) to phasing out MB consumption by 1 January 2015, as required under the Montreal Protocol, save for critical uses that may be authorized by the Parties (Decision XV/34).

Request by the Government of Guatemala

6. Through an official communication signed by the Under-Minister of the Environment of the Ministry of Environment and Natural Resources, the Government of Guatemala is proposing the MB phase-out schedule based on that agreed by the Parties to the Montreal Protocol as indicated in the table below:

ODP tonnes of MB	2002	2003	2004	2005	2006	2007	2008	Total
Existing agreement between the Government of Guatemala and the Executive Committee								
Consumption	788.6	788.6	400.6	320.6				
Phase out schedule	-	-	388.0	80.0				468.0
Agreed conditions by the Parties to the Montreal Protocol (15th Meeting)								
Consumption	709.4	528.0	492.0	360.0	335.0	310.0	286.0	
Phase out schedule	79.2	181.4	36.0	132.0	25.0	25.0	24.0	502.6

7. Therefore, the Government of Guatemala is requesting the Executive Committee to consider adopting the following modification to the phase out schedule proposed in Decision 38/42 (b):

- (a) The implementation schedule proposed in the project is planned to achieve a total reduction in consumption of 502.6 ODP tonnes by 2008; of this amount 100 ODP tonnes would be reduced by non-Article 5 companies. Furthermore, 181.4 ODP tonnes would be reduced in 2003, 36 ODP tonnes in 2004, 132 ODP tonnes in 2005, 25 ODP tonnes in 2006, 46 ODP tonnes in 2007, and an additional 52.1 ODP tonnes in 2008, in order to enable Guatemala to meet the MB freeze and the 20 per cent reduction targets in 2005 and 2007, respectively.

Progress report on the implementation of the project

8. The Government of Guatemala submitted a progress report on the implementation of the MB project (February 2004). Since the commencement of the implementation of the project in January 2003; the following activities were undertaken:

- (a) A study tour for representatives from melon companies to Almería, Spain was conducted (2-9 March 2003), to become acquainted with the grafting technology;
- (b) A regional workshop on MB alternatives in the melon production was held in Honduras (5-8 May 2003), with the participation of main stakeholders from Costa Rica, Dominican Republic, Guatemala, Honduras, Mexico, Nicaragua and Panama;
- (c) A working arrangement was signed with two of the six main melon producers in Guatemala to ensure the MB phase out target through the provision of equipment and technical assistance for the implementation of the grafting technology. The other four companies received technical assistance to achieve a reduction in MB consumption. One transnational enterprise (Coagro Del Monte) had participated in technical meetings (at no cost to the Fund). In addition, 2 of the 5 nursery greenhouses for the production of grafted melon seedlings have been built (the facilities are fully operational and the first grafted melon seedlings were delivered in February 2004). The other three modules will be operational by September 2004 (e.g., at the beginning of the September 2004-April 2005 season). It is to be noted, however, that due to a delay in the installation of the equipment, the amount of MB to be phased out in the 2003-2004 season might be lower than the amount previously estimated;
- (d) A working arrangement had been made for the complete phase out of MB at one enterprise in the flower and ornamental sector (the phase out will be achieved in 2005);
- (e) The total phase out of MB in the tomato sector (45.2 ODP tonnes) will be achieved by the end of 2005 by providing equipment (e.g., bedding-mulching machine, metam sodium injector machine and a rotary tiller) and technical assistance to the tomato association.

9. In 2004, the Government of Guatemala is proposing to undertake the following activities:

- (a) Complete the installation of the five greenhouses, and reach an agreement with the two remaining melon producers for the provision of 4 nursery units against the commitment to phase out 60 per cent of their 2001 MB consumption by 2006;
- (b) Deliver all equipment for the phase out of MB in the tomato sector; and
- (c) Sign a working arrangement for the total phase out of MB in the flower and ornamental sector.

10. The 2001 and 2002 MB consumption reported by the Government of Guatemala to the Ozone Secretariat was 786.6 and 709.4 ODP tonnes, respectively.

Fund Secretariat's recommendation

11. In the light of agreed conditions for the implementation of the MB phase-out project, the revised schedule proposed by the Government of Guatemala in the plan of action submitted to the Meeting of the Parties, and the latest MB consumption data reported by Guatemala, the Executive Committee may consider whether it wishes to revise the phase out schedule in the approved project to be consistent with the schedule in Decision XV/34.

Honduras: Phase out of MB in melon and banana production sector and tobacco seedlings (UNIDO)

Background

12. The Government of Honduras submitted to the 37th Meeting of the Executive Committee a project proposal to phase out 213 ODP tonnes of MB used for soil fumigation in melon, banana and tobacco seedlings in Honduras.

13. The Executive Committee, after considering the project proposal, decided, *inter alia*, to approve US \$1,977,454, excluding agency support costs, for the phase-out of 213 ODP tonnes of MB, to achieve a 25 per cent reduction in the MB baseline consumption by 2005 and to note that the Government of Honduras undertook to permanently sustain this reduction in the consumption of MB through implementation of the project and the use of import restrictions and other policies that it might deem necessary (Decision 37/50).

14. Subsequently, the Parties to the Montreal Protocol at their 15th Meeting noted, *inter alia*, that for 2002 Honduras was in non-compliance with its obligations under Article 2H of the Montreal Protocol, and also noted Honduras's submission of a plan of action to ensure a prompt return to compliance with the control measures for Annex E substances. Under the plan, Honduras specifically commits itself: to reducing MB consumption from 412.52 ODP tonnes in 2002 as follows:

- (a) To 370.0 ODP tonnes in 2003;
- (b) To 306.1 ODP tonnes in 2004; and
- (c) To 207.5 ODP tonnes in 2005 (Decision XV/35).

Request by the Government of Honduras

15. Through an official communication signed by the Coordinator of the Ozone Unit, under the Ministry of Natural Resources and the Environment, the Government of Honduras is proposing the following MB phase out schedule:

ODP tonnes	2002	2003	2004	2005	Total
Existing agreement between the Government of Honduras and the Executive Committee					
Consumption	412.1	365.4	199.1	199.1	
Phase out schedule	-	42.5	170.5		213.0
Agreed conditions by the Parties to the Montreal Protocol (15th Meeting)					
Consumption	412.5	370.0	306.1	207.1	
Phase out schedule		42.5	63.9	99.1	205.5
Phase out schedule proposed by Honduras (1)		42.5	63.9	106.6	213.0

(1) Revised to phase out the same amount of MB as agreed with the Executive Committee.

16. Therefore, the Government of Honduras is requesting the Executive Committee to consider the following modification to the phase out schedule proposed in Decision 37/50:

- (a) The implementation schedule proposed in the project is planned to achieve a total reduction in consumption of 213 ODP tonnes by the end of 2005. Furthermore, 47.3 ODP tonnes would be reduced in the calendar year 2003, 64.0 ODP tonnes in 2004 and additional 98.6 ODP tonnes in 2005, in order to enable Honduras to meet the MB freeze and the 20 per cent reduction target by the end of 2005.

Progress report on the implementation of the project

17. The Government of Honduras submitted a progress report on the implementation of the MB project (as of February 2004). Since the commencement of the implementation of the project in September 2002; the following activities were undertaken:

- (a) A study tour for representatives from melon companies to Almería, Spain was conducted (2-9 March 2003), to become acquainted with the grafting technology;
- (b) A regional workshop on MB alternatives in the melon production was held in Honduras (5-8 May 2003), with the participation of main stakeholders from Costa Rica, Dominican Republic, Guatemala, Honduras, Mexico, Nicaragua and Panama;
- (c) A working arrangement was signed with two of the three melon producers in Honduras to ensure the MB phase out target through the provision of equipment and technical assistance for the implementation of the grafting technology. The other company (with 50 per cent foreign ownership component) received technical assistance to achieve a reduction in MB consumption. The first six nursery greenhouses for the production of grafted melon seedlings have been constructed (the facilities are fully operational and the first grafted melon

seedlings were delivered in January 2004). The other modules will be operational by September 2004 (e.g., at the beginning of the September 2004-April 2005 season); and

- (d) Several rootstock and other alternatives were tested in the field during the crop cycles (January-April 2003 and September-December 2003). However, due to a delay in the installation of the equipment, the first greenhouse was only completed at the end of December 2003. Therefore a substantial MB reduction during the course of 2003 was not possible. However, a considerable area will be transplanted with grafted plants during the second crop cycle in 2003/2004.

18. In 2004, the Government of Honduras is proposing to complete the installation of the greenhouses and increase the surface area transplanted with grafted plants.

19. The 2001 and 2002 MB consumption reported by the Government of Honduras to the Ozone Secretariat were 510.9 and 412.5 ODP tonnes, respectively.

Fund Secretariat's recommendation

20. In the light of agreed conditions for the implementation of the MB phase out project, the revised schedule proposed by the Government of Honduras in the plan of action submitted to the meeting of the Parties, and the latest MB consumption data reported by Honduras, by Guatemala, the Executive Committee may consider whether it wishes to revise the phase out schedule in the approved project to be consistent with the schedule in Decision XV/35.
