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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-second Meeting
Montreal, 29 March - 2 April 2004

PROJECT PROPOSAL: KENYA

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

Fumigant

- Technology transfer leading to methyl bromide phase-out in soil fumigation in all other horticulture (second tranche) Germany

**PROJECT EVALUATION SHEET
KENYA**

SECTOR: Fumigant ODS use in sector (2003): 18.84 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Title:

- (a) Technology transfer leading to methyl bromide phase-out in soil fumigation in all other horticulture (second tranche)

| Project Data | Fumigant |
|-------------------------------------|---|
| Enterprise consumption (ODP tonnes) | |
| Project impact (ODP tonnes) | 12 |
| Project duration (months) | 24 |
| Initial amount requested (US \$) | 172,347 |
| Final project cost (US \$): | |
| Incremental capital cost (a) | 172,347 |
| Contingency cost (b) | |
| Incremental operating saving (c) | |
| Total project cost (a+b-c) | 172,347 |
| Local ownership (%) | 100% |
| Export component (%) | 0% |
| Amount requested (US \$) | 172,347 |
| Cost effectiveness (US \$/kg.) | |
| Counterpart funding confirmed? | |
| National coordinating agency | National Environment Management Authority |
| Implementing agency | Germany |

| Secretariat's Recommendation | |
|--|---------|
| Amount recommended (US \$) | 172,347 |
| Project impact (ODP tonnes) | 12 |
| Cost effectiveness (US \$/kg) | |
| Implementing agency support cost (US \$) | 22,405 |
| Total cost to Multilateral Fund (US \$) | 194,752 |

PROJECT DESCRIPTION

1. At its 38th Meeting, the Executive Committee approved in principle US \$1,595,811 to achieve the complete phase-out of MB used for soil fumigation in Kenya. Of this amount, US \$574,492 was allocated to the Government of Germany for the phase-out of MB used in horticulture and US \$1,021,319 was allocated to UNDP for the phase-out of MB used in cut flowers. At its 39th Meeting, the Executive Committee approved the first tranche of US \$287,247 for the horticulture component.
2. The Government of Germany has submitted for the consideration of the Executive Committee the second tranche of the project for a total cost of US \$172,347.
3. According to the progress report, submitted by the Government of Germany, the agreement between the Government of Kenya and the bilateral agency was signed in July 2003. Subsequently, a national technical team was constituted.
4. The technical team visited several farms during 2003 and 2004. The team provided technical assistance and direct training to several farmers, and procured alternative equipment/materials. Field visits are scheduled for May 2004, so that growers' associations and representatives from relevant Ministries can learn more about the project and the results so far achieved. To date, 40 per cent of the farmers have been trained.
5. Some farms have already adopted MB alternatives on parts of their farms; as a result 7.8 ODP tonnes of MB have been phased out. The importation of MB is controlled by the national Pest Control Products Board. Licenses have to be issued by the Board before MB imports can be made.
6. Through the implementation of the second tranche of the project, at least 12 ODP tonnes of MB should be phased out by 2006, thus reducing the national MB consumption to no more than 63 ODP tonnes. The main activities proposed are:
 - (a) Continue to provide on-farm technical assistance to the groups of farmers who were trained during the first period. Visit additional farms to discuss technical options, make contracts with farmers setting up conditions for participation in the activities included in the project, and specify equipment for procurement;
 - (b) Install additional equipment, continue to provide training and technical assistance to farmers, and assist farmers to set up monitoring systems so they can maintain regular surveillance of the results;
 - (c) Follow-up farm visits to ensure that alternatives are being applied/used effectively. Continue to provide technical support to earlier groups. Organize field visits to those farms where phase-out activities have been (or are being) implemented (scheduled for May 2004), and other activities to inform relevant Ministries, growers, growers associations and other stakeholders about project progress and cases where farms have adopted alternatives successfully;

- (d) Provide assistance in the development of cheap local substrates and other local products which would help to make alternatives more affordable to farmers in the future; and
- (e) Keep relevant officials and growers' associations informed, and ensure the project has the full participation and support of the Ministry of Agriculture, growers and growers' associations and other relevant stakeholders.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The starting point for reduction in consumption of MB in Kenya as specified in the agreement is 111 ODP tonnes, reported in 2001. Maximum allowable levels were not specified for 2002 and 2003. The maximum level for 2004 is 96 ODP tonnes.

8. The Secretariat noted that the Government of Kenya reported under Article 7 of the Montreal Protocol, a MB consumption of 90 ODP tonnes for 2001 and 139 ODP tonnes for 2002 (i.e., 28 ODP tonnes over the level reported for 2001). In this regard, the Government of Germany indicated that the 139 ODP tonnes imported in 2002 were based on an assumption made by importers that MB use would be greater than the consumption in previous years. However, the actual amount of MB used in 2002 was about 100 ODP tonnes; the additional 40 ODP tonnes included in the consumption figure was carried forward as stocks for 2003.

9. Based on a preliminary estimate by the Pest Control Products Board (which regulates MB imports) about 63 ODP tonnes of MB were imported in 2003. The Government of Germany advised that this preliminary figure of the amount imported in 2003 is not expected to vary greatly from the final figure. In this regard, the total MB use in 2003 (including the amount carried over from 2002) is 104 ODP tonnes (i.e., 63 ODP tonnes imported in 2003 and 40 ODP tonnes carried forward from 2003).

RECOMMENDATION

10. The Fund Secretariat recommends blanket approval of the second tranche of the project with associated support costs at the funding levels shown in the table below:

| | Project Title | Project Funding (US\$) | Support Cost (US\$) | Implementing Agency |
|-----|---|-----------------------------------|--------------------------------|--------------------------------|
| (a) | Technology transfer leading to methyl bromide phase-out in soil fumigation in all other horticulture (second tranche) | 172,347 | 22,405 | Germany |

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