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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fifth Meeting
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Addendum

**REPORT ON IMPLEMENTATION OF APPROVED PROJECTS WITH SPECIFIC
REPORTING REQUIREMENTS**

This document is issued to: add paragraphs 16(bis), 16(ter), 16(qua), to replace paragraph 17 with the attached paragraph, and add Annex I:

16(bis) The following discrepancies in the reported MB consumption in Argentina have been noted:

- (a) According to the progress report on the implementation of the two MB phase-out projects in Argentina (under current implementation by UNDP and UNIDO) submitted for the consideration of the Executive Committee at its 43rd Meeting in July 2004 (UNEP/OzL.Pro/ExCom/43/26), total MB consumption in Argentina in 2003 was 245.7 ODP tonnes. This consumption was 10.7 ODP tonnes below the maximum allowable MB consumption agreed by the Government of Argentina (i.e., 256.4 ODP tonnes). On this basis, the Executive Committee approved additional funding for the implementation of the 2004-2005 work programme (fourth tranche) of the project for the phase-out of all remaining soil uses of MB in tobacco seedbeds and open field seedbeds of vegetables;

- (b) In 2003, however, the Government of Argentina reported under Article 7 of the Montreal Protocol a total MB consumption of 353.1 ODP tonnes. This consumption was 96.7 ODP tonnes over the maximum allowable limit specified in the Agreement between the Government of Argentina and the Executive Committee.

16(ter) Subsequently, on behalf of the Government of Argentina, UNIDO submitted the following explanation for the apparent data discrepancy:

- (a) The MB consumption data that had been submitted in April 2004 to the Secretariat was provisional data. The final data was only available in September 2004, when the Government of Argentina submitted its report to the Ozone Secretariat under Article 7 of the Montreal Protocol. The MB consumption data was also submitted to the Fund Secretariat on 4 October 2004. It is to be noted that the licensing system in Argentina became fully operational as of 1 January 2005; therefore, data discrepancies will not arise in future reports;
- (b) The increased amount of MB imported in 2003 was not detected until July 2004, when consumption data gathered from different official sources (the Customs Office, the National Institute of Statistics and Census, and the National Service of Agriculture and Food Health and Quality) was made available. In spite of the total increase in the amount of MB imported, 2003 consumption in the tobacco sector remained at the same level reported in the progress report submitted to the 43rd Meeting of the Executive Committee;
- (c) The main reasons for the increase in the amount of MB imported are the following: an increase in the consumption of MB for the production of strawberries where MB is applied as a soil fumigant in February and March. To address this demand, MB had been imported in December 2003 (i.e., counted as part of 2003 consumption). Also, additional amounts of MB were imported for stockpiling to address the mandatory 20 per cent reduction in consumption in 2005 and the import quotas assigned under the licensing system that also started in 2005 (importers were aware that the licensing system would attribute quotas based on the average amount of MB imported over the last three years by each company);
- (d) Based on the reasons presented in the report prepared by the Government of Argentina and submitted for consideration by the Executive Committee (attached to document UNEP/OzL.Pro/ExCom/45/14), Argentina is unable to comply with the conditions agreed with the Executive Committee for the phase-out of MB in the strawberry and greenhouse sectors.

16(qua) The revised draft agreement between the Government of Argentina and the Executive Committee for the phase-out of MB in Argentina is attached to this document as Annex I.

Secretariat's recommendation

17. Based on the above comments, the Executive Committee may wish:
- (a) To take note of the reports for the request to change the phase-out schedule in the project for the complete phase-out of MB used in strawberries, flowers and protected vegetables submitted by the Government of Argentina; and
 - (b) To consider approving the revisions to the agreement between the Government of Argentina and the Executive Committee as contained in Annex I to the present document, which would include a revised completion date of 2015.

Annex I

Draft revised agreed conditions for funding methyl bromide phase-out project in Argentina

1. The Executive Committee:
 - (a) at its 30th Meeting in March 2000, approved US \$3,183,390 as the total funds that will be available to Argentina to achieve the complete phase-out of methyl bromide (MB) used in strawberries, flowers and protected vegetables (331 ODP tonnes);
 - (b) at its 36th Meeting in March 2002, approved in principle, an additional US \$3,588,000 as the total funds that will be available to Argentina to achieve the complete phase-out of MB used in tobacco and non-protected vegetable seedbeds, excluding quarantine and pre-shipment applications (additional 178.8 ODP tonnes).
 - (c) at its 45th Meeting, approved a revised schedule to achieve the phase-out of 192 ODP tonnes of MB representing the remaining consumption used in strawberries, flowers and protected vegetables, on the understanding that no additional funding will be requested from the Multilateral Fund to phase out the 59.6 ODP tonnes of MB representing the increase in MB consumption since the phase-out project (331 ODP tonnes) had been approved by the Executive Committee at its 30th Meeting.

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 Argentina is 411.3 ODP tonnes, and the MB consumption in 1998 was 505 ODP tonnes, excluding about 31 ODP tonnes which Argentina states that it uses for quarantine and pre-shipment applications. Accordingly, Argentina must reduce its consumption of MB to 411.3 ODP tonnes to achieve compliance with the Montreal Protocol's 2002 freeze obligation, and to 329 ODP tonnes to achieve compliance with the Protocol's 20 per cent reduction in 2005.

3. Reductions resulting from the implementation of this project, together with reductions agreed in the approved project in strawberry, protected vegetable and cut flower production (30th Meeting of the Executive Committee), will ensure that Argentina will meet the reduction schedule listed below. In this regard, Argentina commits, through the implementation of these projects, 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 phased out per year (ODP tonnes)			Maximum remaining national MB consumption excluding QPS applications (ODP tonnes) (c)
	Strawberries, flowers, vegetables (UNIDO)(a)	Tobacco, non-protected vegetables (UNDP) (b)	Total phased out per year	
				505.0
2001	33.2		33.2	471.8
2002	66.2	29.0	95.2	376.6

Year	MB phased out per year (ODP tonnes)			Maximum remaining national MB consumption excluding QPS applications (ODP tonnes) (c)
	Strawberries, flowers, vegetables (UNIDO)(a)	Tobacco, non-protected vegetables (UNDP) (b)	Total phased out per year	
2003	99.2	21.0	120.2	256.4
2004		16.0	16.0	354.8(d)
2005		33.5	33.5	321.3
2006		56.5	56.5	264.8
2007	-	22.8	-	242.0
2009	57.6		57.6	184.4
2014				184.4
2015	134.4		50.0(e)	0.0

(a) 59.6 ODP tonnes to be phased out without the assistance from the Multilateral Fund.

(b) 22.8 ODP tonnes to be phased out without the assistance from the Multilateral Fund.

(c) 18 ODP tonnes is used for post-harvest fumigation of cotton and citrus.

(d) This amount includes: 192 ODP tonnes in the strawberry and greenhouse sector; 112.8 ODP tonnes in the tobacco sector (including 22.8 ODP tonnes to be eliminated without the assistance from the Multilateral Fund), 32 ODP tonnes for stocks and 18 ODP tonnes for cotton and citrus post-harvest sector.

(e) This amount includes: 32 ODP tonnes for stocks and 18 ODP tonnes for cotton and citrus post-harvest sector.

4. The projects will phase out all remaining soil uses of MB in strawberries, flowers, tobacco and vegetables in Argentina, excluding quarantine and pre-shipment applications. Argentina commits to permanently sustain the consumption levels indicated above through the use of import restrictions and other policies it may deem necessary. UNDP and UNIDO shall report back annually to the Executive Committee on the progress achieved in meeting the MB reductions required in the strawberry, flower, tobacco and vegetable sectors.

5. In the context of the extensive training that is being carried out in the implementation of the project on strawberries, flowers and vegetable crops, UNIDO agrees to educate the farmers concerned on ways to limit the use of metam sodium through the enhanced use of IPM techniques. UNIDO shall also report back to the Executive Committee on annual costs related to metam sodium and the use of the steam boilers being purchased with the project funds.

6. Funding for the projects will be disbursed by UNIDO and UNDP in line with the following yearly budget breakdown:

Year	Level of funding (US \$)		
	Strawberries/vegetables/flowers	Tobacco	Total level of funding
2001	1,050,500	220,000	1,270,500
2002	1,050,500	1,500,000	2,550,500
2003	1,082,390	467,000	1,549,390
2004		467,000	467,000
2005		467,000	467,000
2006		467,000	467,000

7. The Government of Argentina has reviewed the consumption data identified in this project 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 (in these sectors) be identified at a later date, the responsibility to ensure its

phase-out will lie solely with the Government. The remaining consumption of 18 ODP tonnes which figures in the reduction schedule listed above, is used for post-harvest fumigation of cotton and citrus. This remaining consumption, if eligible, will be addressed through a separate, future phase-out project.

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

9. These agreed conditions between the Government of Argentina and the Executive Committee have taken into account the already approved methyl bromide phase-out projects in strawberries, flowers and protected vegetable crops. Subsequently, they supersede the conditions agreed at the 30th Meeting of the Executive Committee.
