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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fiftieth Meeting
New Delhi, 6-10 November 2006

PROJECT PROPOSAL: THAILAND

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

Fumigant

- National methyl bromide phase-out plan (second tranche) World Bank

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

PROJECT TITLE**BILATERAL/IMPLEMENTING AGENCY**

| | |
|---------------------------------------------------------|------------|
| National methyl bromide phase-out plan (second tranche) | World Bank |
|---------------------------------------------------------|------------|

NATIONAL CO-ORDINATING AGENCY:

Department of Agriculture (DOA)

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF SEPTEMBER 2006)**

| | | | |
|----------------|--------|--|--|
| Methyl bromide | 145.98 | | |
|----------------|--------|--|--|

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF SEPTEMBER 2006)

| ODS | Aerosol | Foam | Ref. | ODS | Solvents | Process agent | Fumigant |
|-----|---------|------|------|----------------|----------|---------------|----------|
| | | | | Methyl bromide | | | 145.98 |

CFC consumption remaining eligible for funding (ODP tonnes)

CURRENT YEAR BUSINESS PLAN: Total funding US \$1.518 million: total phase-out 117.7 ODP tonnes.

| PROJECT DATA | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2012 | 2013 | Total |
|------------------------------------------------|----------------------------------------|----------------|--------|------------------|--------|------------------|------|------|------|------|------------------|
| Methyl Bromide (ODP tonnes) | Montreal Protocol limits | 183.14 | 146.61 | | | | | | | | |
| | Annual consumption limit | 183.14 | 146.61 | 146.61 | 146.61 | 146.6 | 73.3 | 73.3 | 36.6 | 18.3 | |
| | Annual phase-out from ongoing projects | | | | | | | | | | |
| | Annual phase-out newly addressed | 58.66 | 36.53 | 0 | | | | | | | |
| | Annual unfunded phase-out | | | | | | | | | | |
| TOTAL ODS CONSUMPTION TO BE PHASED OUT | | 58.66 | 36.53 | 0 | | | | | | | |
| Total ODS consumption to be phased-in (HCFCs) | | | | | | | | | | | |
| Project cost as originally submitted (US \$) | | | | | | | | | | | |
| Final project costs (US \$): | | | | | | | | | | | |
| | Funding for the World Bank | 546,991 | | 1,412,214 | | 942,395 | | | | | 2,901,600 |
| | Total project funding | 546,991 | | 1,412,214 | | 942,395 | | | | | 2,901,600 |
| Final support costs (US \$): | | | | | | | | | | | |
| | Support cost for the World Bank | 41,024 | | 105,916 | | 70,680 | | | | | 217,620 |
| | Total support costs | 41,024 | | 105,916 | | 70,680 | | | | | 217,620 |
| TOTAL COST TO MULTILATERAL FUND (US \$) | | 588,015 | | 1,518,130 | | 1,013,075 | | | | | 3,119,220 |
| Final project cost effectiveness (US \$/kg) | | | | | | | | | | | US \$12/kg ODP |

FUNDING REQUEST: Approval of funding for the second tranche (2006) as indicated above.

SECRETARIAT'S RECOMMENDATION

Blanket approval

PROJECT DESCRIPTION

1. On behalf of the Government of Thailand, the World Bank has submitted a progress report on the implementation of the first annual programme of the national methyl bromide (MB) phase-out plan for Thailand and the request for funding for the 2007 annual programme at a total cost of US \$1,412,214, plus agency support costs of US \$105,916.

Background

2. The national methyl bromide phase-out plan for Thailand was approved by the Executive Committee at its 44th Meeting, to phase-out the total consumption of controlled uses of MB in the country (241.8 ODP tonnes) by 2013. Total funding of US \$2,901,600, excluding agency support costs, was approved in principle. At the same meeting, the Executive Committee approved US \$546,991, plus agency support cost for the World Bank, for the implementation of the first work programme.

Progress report on the implementation of the 2004-2005 work programme

3. The grant agreement between the Government of Thailand and the World Bank for the implementation of the national CFC phase-out plan was amended in 2005 to allow implementation of the national MB phase-out plan.

4. In the 2001-2002 period, MB consumption in the country exceeded the 2002 freeze level. In order to meet its commitments under the Montreal Protocol, the Government of Thailand set up an import quota system for non-quarantine and pre-shipment (QPS) applications of MB in 2003. The Pesticide Regulatory Sub-division of the Office of Agricultural Regulation has collected information on importers of MB, quantities of MB used for QPS and non-QPS applications, and copies of registration and license certificates.

5. Two technical training programmes for fumigation service companies have been conducted (technicians who pass the examination will be certified by the Department of Agriculture), and a lecture on the use of sulfuranyl fluoride as an alternative to MB fumigation was provided to Government staff. Public awareness measures have been conducted by the Department of Agriculture, which have been instrumental to achieving the required MB consumption reduction. Three seminars were also conducted on issues related to the Montreal Protocol and on QPS and non-QPS applications of MB for officials of the Department of Agriculture and MB fumigators and users.

6. By the end of 2006, US \$130,990 is expected to be disbursed; and additional US \$1,023,066 will be disbursed by the end of 2007.

Plan of action for the 2006-2007 work programme

7. The Government of Thailand commits to implementing the following activities under the second work programme of the national MB phase-out plan:

- (a) Establishing an information management system for MB that will include information on registration, licensing, imports, consumption, monitoring and enforcement;

- (b) Developing national standards for control of pests in storage facilities;
- (c) Establishing an insect resistance control unit to study the phosphine resistance of local pests;
- (d) Overseas training aimed at building the capacity of Government officials with regard to the implementation, monitoring and enforcement of regulations; developing specific material for the training programmes; and procuring equipment for 10 training centres;
- (e) Providing specific financial support, technical assistance and training to four groups of MB users that were identified in the phase-out plan;
- (f) Completing the establishment of the project management unit.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. The Secretariat noted that, as reported by the Government of Thailand under Article 7 of the Montreal Protocol, MB consumption has been reduced from 470.52 ODP tonnes in 2002 to 145.98 ODP tonnes in 2005. The 2005 consumption is slightly below the allowable level of consumption under the Montreal Protocol (i.e., 146.37 ODP tonnes) and also a little below the maximum allowable level of consumption in the agreement between the Government of Thailand and the Executive Committee (i.e., 146.6 ODP tonnes).

9. The Secretariat pointed out that the reduction in MB consumption so far achieved in Thailand has been met only through the import quota system. The World Bank explained that the Government had focused on the implementation of a strong regulatory control in the form of import quotas to bring the country into compliance with its MB obligations by the end of 2004. Public awareness and training programmes implemented by the Department of Agriculture had also resulted in a more conservative use of MB across the country.

10. Noting that training on the use of sulfuryl fluoride as a fumigant is being proposed in the second work programme, the Secretariat asked for an estimate of the time required for complete registration of this chemical in Thailand. The World Bank indicated that the registration process for this fumigant is underway and has been given high priority by the Department of Agriculture. However, knowing that certification of sulfuryl fluoride would involve a comprehensive and lengthy process and being aware of the need for an alternative to MB that was available on the market, the main alternative selected by the Government was phosphine. Training on the use of alternatives will focus on phosphine, and sulfuryl fluoride will only be promoted as a substitute fumigant once its registration process has been completed.

11. In regard to the overseas training programme, the Secretariat suggested that the resources involved could be used to select several local and/or internationally recruited fumigation experts to train a much larger number of persons in different topics related to fumigation. The World Bank indicated that the curriculum of the overseas training programme has been designed to provide selected, high-level officers from the Department of Agriculture with first-hand

knowledge of a comprehensive system for the management of MB. These officers will go on to become trainers of trainers, thus disseminating the information and knowledge acquired.

12. In response to a comment by the Secretariat that the training of MB users is proposed to be launched only in the first quarter of 2008, the World Bank indicated that the training programme will be launched as soon as feasible. This involves having the project management unit fully set up (since it will be responsible for coordinating the training programme), completing an adequate training programme for trainers, developing training material for MB users, and certifying authorized training centres. These activities will be carried out during 2007. If they are completed ahead of schedule, then the training of users may begin sooner than currently expected.

13. According to the financial report presented in the report, it is expected that by the end of 2006 only US \$130,990 would be disbursed, with a balance of US \$416,001 (i.e., more than 76 per cent of the total funding approved). The World Bank indicated that the low rate of disbursement reflects some of the difficulties associated with the setting up of new implementation mechanisms under existing agreements between the World Bank and Article 5 countries. Given the urgency to conduct training and dissemination activities to support the new MB import quota system, all activities conducted in 2005 and 2006 were financed by the Government of Thailand. The pace of activities, and therefore the rate of disbursement are expected to increase considerably by the end of 2006 and especially in 2007 and 2008.

RECOMMENDATION

14. The Fund Secretariat recommends blanket approval of the project with associated support costs at the funding level shown in the table below.

| | Project Title | Project Funding (US\$) | Support Cost (US\$) | Implementing Agency |
|-----|---------------------------------------------------------|-------------------------------|----------------------------|----------------------------|
| (a) | National methyl bromide phase-out plan (second tranche) | 1,412,214 | 105,916 | World Bank |

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