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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-third Meeting
Montreal, 26-30 November 2007

PROJECT PROPOSAL: HONDURAS

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

Fumigant

- National methyl bromide phase-out plan, phase II (second tranche)

UNIDO

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

PROJECT TITLES	BILATERAL/IMPLEMENTING AGENCY
National methyl bromide phase-out plan, phase II (second tranche)	UNIDO

NATIONAL CO-ORDINATING AGENCY	Ozone Unit
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT

A: ARTICLE-7 DATA (ODP TONNES, 2006, AS OF OCTOBER 2007)

Annex E, MB	284.6		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2006, AS OF OCTOBER 2007)

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity.
MB	Non QPS / 291.0	QPS / 6.4		

CFC consumption remaining eligible for funding (ODP tonnes)	
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding (US \$)	Phase-out (ODP tonnes)
	(a)	860,000	131.0

PROJECT DATA	2006	2007	2008	2009	2010	2011	2012	2013	Total
1. Max allowable level of consumption (ODP tonnes) *	295.8	255.0	207.5	183.6	163.2	132.6	81.6	-	
2. Annual reduction (ODP tonnes)	31.8	40.8	47.4	23.9	20.4	30.6	51.0	81.6	
3. Project Costs	600,000	800,000	300,000	106,301	0	0	0	0	1,806,301
4. Agency Support Costs	45,000	60,000	22,500	7,972					135,472
Total Cost to Multilateral Fund (US \$)	645,000	860,000	322,500	114,273					1,941,773
Final project cost effectiveness (US\$/kg)									8.7

* As per the agreement approved at the 50th meeting of the Executive Committee (decision 50/30)

FUNDING REQUEST: Approval of funding for the second tranche (2007) as indicated above.

SECRETARIAT'S RECOMMENDATION	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Honduras, UNIDO has submitted a progress report on the implementation of the first tranche of phase II of the national methyl bromide (MB) phase-out plan for Honduras, and a request for funding for the second tranche of the project, for consideration by the Executive Committee at its 53rd Meeting. The level of funding requested is US \$800,000 plus agency support costs of US \$60,000.

Background

2. At its 37th Meeting, the Executive Committee considered a project proposal to completely phase out the use of MB as a soil fumigant in melons, bananas and tobacco seedlings (i.e., 412.0 ODP tonnes) in Honduras (UNEP/OzL.Pro/ExCom/37/38 and Add.1). The total cost of the project, as agreed between the Secretariat and UNIDO, was US \$3,783,755. Funding for phase I of the project, also approved at the 37th Meeting, was US \$1,977,454 (decision 37/50). Since the approval of the project, the Parties to the Montreal Protocol have agreed to revise the MB phase-out schedule that was originally proposed by the Government of Honduras (decisions XV/35 and XVII/34). At its 48th Meeting, the Executive Committee decided to approve the revised phase-out schedule and allow UNIDO to submit an action plan and funding requirement accordingly.

3. At its 50th Meeting, the Executive Committee approved in principle the second phase of the MB phase-out plan for Honduras (UNEP/OzL.Pro/ExCom/50/32) at a total cost of US \$1,806,301, plus agency support costs of US \$135,472 for UNIDO. Under phase II of the project, the Government of Honduras committed itself to achieving a 20 per cent reduction in its methyl bromide consumption by 2008 and complete phase-out by 2012. The Committee also approved the first tranche of the project at the amount of US \$600,000 plus agency support costs of US \$45,000 for UNIDO (decision 50/30).

Progress report

4. In 2007, UNIDO concluded an agreement on supply management, monitoring and support services with the Ozone Unit, and agreed on a plan of action with the three main melon companies in Honduras. Activities under the project also included preparing the terms of reference and organizing international bidding for the procurement of biological agent production equipment, continuing to implement grafting technology, and supporting technician training in Cuba for the production of biological agents, since Cuba has major experience in the use of this technology. As of August 2007, of the total funding of US \$600,000 approved so far, US \$597,019 had been disbursed or obligated by UNIDO.

Plan of action

5. Phase-out of an additional 47.5 ODP tonnes of MB is proposed for 2008. This target will be achieved through the following specific activities:

- (a) Procurement of additional equipment and farm material to be distributed among the three melon producers (i.e., equipment for the production of biological agents, fertirrigation systems and tools for grafting);

- (b) Procurement of equipment and material for the Department of Science and Technology, which will be in charge of providing technical assistance and training through-out the implementation of the project;
- (c) Continued monitoring of MB users and of the performance of MB alternatives.

SECRETARIAT’S COMMENTS AND RECOMMENDATION

COMMENTS

6. The 2007 MB consumption estimated by the Government of Honduras of 254.7 ODP tonnes is slightly below the maximum allowable level of consumption for that year under the agreement between the Government and the Executive Committee. This consumption is still 47.2 ODP tonnes above the allowable level of consumption of 207.5 ODP tonnes under the Montreal Protocol

7. During the discussion of the investment project submitted to the 50th Meeting, the Secretariat raised several issues related to implementation modalities and the roles of major stakeholders in the country. The project proposal identified the following major issues: the lack of local expertise to implement different components of the project, and the need to strengthen the National Commission for Montreal Protocol Programmes, in particular for phasing out MB consumption. On this basis, the Secretariat requested additional information on the activities undertaken since the approval of the project to strengthen the National Commission in Honduras to phase out MB. UNIDO indicated that it has already contacted the Department of Science and Technology to start the training programme, field and laboratory analyses and technology consolidation. The procurement process for the required laboratory equipment has already begun.

RECOMMENDATION

8. The Secretariat recommends blanket approval of the second tranche of phase II of the national methyl bromide phase-out plan in Honduras as specified in the table below.

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	National methyl bromide phase-out plan, phase II (second tranche)	800,000	60,000	UNIDO

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