



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/56/33
10 October 2008

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-sixth Meeting
Doha, 8-12 November 2008

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 (third tranche)

UNIDO

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

PROJECT TITLES**BILATERAL/IMPLEMENTING AGENCY**

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

NATIONAL CO-ORDINATING AGENCY	Ozone Unit
--------------------------------------	------------

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES), 2007, AS OF SEPTEMBER 2008**

Annex E, MB	248.2		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2007, AS OF SEPTEMBER 2008)

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity.
MB	Non QPS / 252.4			

CFC consumption remaining eligible for funding (ODP tonnes)	
--	--

CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding (US \$)	Phase-out (ODP tonnes)
	(a)	322,500	49.1

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 third tranche (2008) as indicated above.

SECRETARIAT'S RECOMMENDATION	Blanket approval
-------------------------------------	------------------

PROJECT DESCRIPTION

1. On behalf of the Government of Honduras, UNIDO has submitted a progress report on the implementation of the second tranche of phase II of the national methyl bromide (MB) phase-out plan for Honduras, and a request for funding for the third tranche of the project, for consideration by the Executive Committee at its 56th Meeting. The level of funding requested is US \$300,000 plus agency support costs of US \$22,500.

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) and approved funding for phase I of the project amounting to 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 allowed UNIDO to submit a proposal to achieve the complete phase-out of MB.

3. At its 50th Meeting, the Executive Committee approved in principle the second phase of the MB phase-out plan for Honduras 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 Executive Committee has also approved the second (50th Meeting) and third (53rd Meeting) tranches of the project at a total amount of US \$1,400,000 plus agency support costs of US \$105,000 for UNIDO.

Progress report

4. In 2007, UNIDO renewed the 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 the procurement of biological agent production equipment, continuing to implement grafting technology (including trays, inserts for grafting and grafting clips), and supply of substrates. As of September 2008, of the total funding of US \$1,400,000 approved so far, US \$1,306,261 had been disbursed or obligated by UNIDO.

Plan of action

5. Phase-out of an additional 23.9 ODP tonnes of MB is proposed for 2009. 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;
- (b) Sub-contract with the Department of Science and Technology (DICTA), the local training institution that will be in charge of providing technical assistance and training throughout implementation of the project; and
- (c) Continued monitoring of MB users and of the performance of MB alternatives.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

6. The 2007 MB consumption reported by the Government of Honduras of 248.2 ODP tonnes is 6.8 ODP tonnes below the maximum allowable level for that year under the Agreement between the Government and the Executive Committee. For 2008, the level of MB consumption estimated by the Government is 204 ODP tonnes, which is 3.5 ODP tonnes below the allowable level for that year under the Montreal Protocol and under the agreement.

7. During the discussion on the investment project submitted to the 56th Meeting, UNIDO reported that melon growers in Honduras have selected the use of bio-antagonists, and grafting as MB alternative technologies, to be introduced with integrated pest management (IPM) systems. Growers have also enhanced the chemical and physical conditions of production soils by applying organic material. The results achieved so far indicate that the technologies are performing well. The international market is also forcing growers to move away from chemical-based technologies.

8. UNIDO also pointed out that the training activities are of utmost importance to ensure the long-term sustainability of the phase-out. Technical support for the production and application of bio-antagonists has been an important component of the project. Several growers have received training on bio-antagonist production and its use in the production of melons in Spain and Cuba and an international expert in the production of bio-antagonists will be hired to improve the production process. Other subjects covered by the training programme include grafting, irrigation and IPM. At present, the laboratory equipment required for the production of bio-antagonists is being installed at the premises of DICTA, and the staff is receiving the necessary training on the operation of the laboratory. It is expected that DICTA will be fully operational by the end of 2008. Funding for the operation of DICTA in 2008 and 2009 will be covered by the project. After this period, the melon growers will be responsible for sustaining DICTA.

RECOMMENDATION

9. The Secretariat recommends blanket approval of the third tranche of phase II of the national methyl bromide phase-out plan in Honduras as specified in the table below, on the understanding that disbursement is conditional on the submission to the Fund Secretariat of an official communication from the Government of Honduras stating that the level of methyl bromide consumption in 2008 was below 207.5 ODP tonnes, which represents the maximum allowable level of consumption in the Agreement between the Government of Honduras and the Executive Committee.

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	National methyl bromide phase-out plan, phase II (third tranche)	300,000	22,500	UNIDO

- - -