



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/56/52
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: 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 (third tranche)

World Bank

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

PROJECT TITLE	BILATERAL/IMPLEMENTING AGENCY
National methyl bromide phase-out plan (third tranche)	World Bank

NATIONAL CO-ORDINATING AGENCY:	Department of Agriculture (DOA)
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT

A: ARTICLE-7 DATA (ODP TONNES, 2007, AS OF SEPTEMBER 2008)

Methyl bromide	0.0		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2007, AS OF SEPTEMBER 2008)

ODS	Aerosol	Foam	Ref.	ODS	Solvents	Process agent	Fumigant
				Methyl bromide			121.9

CFC consumption remaining eligible for funding (ODP tonnes)	
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CURRENT YEAR BUSINESS PLAN: Total funding US \$1.01 million: total phase-out 124.1 ODP tonnes.

PROJECT DATA	2002	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Montreal Protocol limits		183.1	146.6									
Annual consumption limit	241.8	183.1	146.6	146.6	146.6	146.6	73.3	73.3	36.6	18.3	0	
MB consumption to be phased out		58.7	36.5				73.3		36.7	18.3	18.3	241.8
Project costs (US \$):												
Funding for World Bank (US \$):		546,991		1,412,214		942,395						2,901,600
Support cost (World Bank) (US \$):		41,024		105,916		70,680						217,620
Total cost to Fund (US \$)		588,015		1,518,130		1,013,075						3,119,220
Project cost effectiveness (US \$/kg)												12.00

FUNDING REQUEST: Approval of funding for the third tranche (2008) as indicated above.

SECRETARIAT'S RECOMMENDATION	To be deferred
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PROJECT DESCRIPTION

1. On behalf of the Government of Thailand, the World Bank has submitted a progress report on the implementation of the second annual programme of the national methyl bromide (MB) phase-out plan for Thailand 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 \$942,395 plus agency support costs of US \$70,680.

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. The Executive Committee has also approved the first and second tranches at its 44th and 50th Meetings.

Progress report on the implementation of the 2007-2008 work programme

3. The Government of Thailand has implemented several activities to ensure compliance with the reductions in MB consumption as stipulated in its agreement with the Executive Committee, namely:

- (a) The Government has established import controls and developed regulatory incentives to reduce unnecessary MB consumption (MB import quotas have been established since 2004; the use of MB for processed commodities has been discouraged; accreditation scheme for manufacturers of processed commodities was set up in early 2008 as an incentive to reduce the use of MB; national pest control standards and hygiene requirements are under current development; and the development of management information and the mandatory procedures for information reporting and monitoring will be completed in early 2009;
- (b) Several meetings have taken place between the Government and industry associations, fumigation servicing companies, and owners of the largest storage facilities, to discuss the most effective means to provide assistance to all MB stakeholders;
- (c) Several train-the-trainer programmes have been conducted and overseas training has been provided to different stakeholders; a pest resistance control laboratory was established in September 2008 and resistance mapping across the country is currently underway; a website on the MB phase-out plan has been completed and several public awareness activities are under implementation;
- (d) Procurement of equipment for fumigation servicing companies commenced in August 2008, including a workshop with fumigation servicing companies to discuss the terms of the conversion subproject.

Plan of action for the 2009 work programme

4. The Government of Thailand commits to implementing the following activities under the 2009 work programme of the national MB phase-out plan: operation of the insect resistance laboratory; preparation and implementation of individual proposals for owners of large storage facilities with in-house fumigation capacity, and fumigation servicing companies with associated training programmes; preparation of a project implementation plan for owners of facilities without in-house fumigation capacity; completion and launching of the information management system for MB; and issuance of national pest control and accreditation standards.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

5. As reported by the Government of Thailand under the progress report on the implementation of the country programme submitted to the Fund Secretariat, MB consumption has been reduced from 470.52 ODP tonnes in 2002 to 121.9 ODP tonnes in 2007. The 2007 consumption is 24.7 ODP tonnes below the allowable level under the Montreal Protocol (i.e., 146.6 ODP tonnes) and the maximum allowable level in the agreement between the Government and the Executive Committee.

6. According to the financial report presented in the proposal, of the total funding of US \$1,959,205 so far approved only US \$227,112 (representing 12 per cent of the total amount) has been disbursed as of August 2008. Furthermore, it is estimated that by the end of 2009, US \$1,346,029 will be disbursed with a balance still remaining of US \$386,064 from the first two tranches (or almost 20 per cent of the total funds approved so far).

7. In view of the level of funding still available for disbursement until the end of 2009 and beyond, the Secretariat is not able to recommend approval of the third tranche of the MB phase-out project in Thailand at this time. Therefore, the Secretariat requested the World Bank to defer consideration of the project to a future meeting of the Executive Committee, once the activities initiated with the previously approved tranches had been implemented and all available funding had been fully disbursed or committed.

8. In response, the World Bank indicated that the agreement between the Government of Thailand and the Executive Committee stated the Government's commitment to permanently sustain consumption of MB at the levels specified in the agreement, in exchange for funds received according to a defined funding schedule agreed to by all Parties at the time of approval of the agreement. The Government of Thailand has fulfilled its commitments to reduce controlled uses of MB consumption since 2004, and as a result expects the final tranche of funding to be released in 2008, according to the schedule stated in the agreement. According to the World Bank the Secretariat's recommendation is not consistent with the terms of the agreement, and might actually put at risk the work that has been done by the Government over the past three years. This work includes awareness-raising about the need to phase-out MB and building consensus amongst stakeholders on the most effective and sustainable way to achieve this goal, while reducing the impacts of phase-out on a sector that has tremendous political and economic influence. A project management unit was established earlier in 2008 and significant progress has been made since. The subsequent action plans have been designed for parallel implementation. Therefore, activities financed with resources from an earlier tranche will not necessarily be completed before subsequent tranches are requested. Substantial financial commitments have been planned by the Government on the assumption that the funds would be released upon meeting agreed consumption reduction targets, and according to an agreed schedule.

9. The Secretariat notes that in several similar situations, when a request for funding a tranche of a multi-year project where a low level of disbursement has been reported, the Secretariat has requested the relevant bilateral and/or implementing agencies to defer such a request, regardless of whether the reported level of ODS consumption was in accordance with agreed levels of ODS consumption in the agreement. Usually, the bilateral and/or implementing agencies concerned agree to defer the proposal. Also, as in the case of the TPMP for Nepal, at its 55th Meeting the Executive Committee considered a request for approval of a tranche of the TPMP which had a low level of disbursement, and the Committee decided to defer its approval until substantial progress in implementation of the approved activities has been demonstrated (decision 55/38).

RECOMMENDATION

10. In consideration of the above, the Fund Secretariat is unable to recommend the approval of the third tranche of the national methyl bromide phase-out plan for Thailand, and the Executive Committee may wish to defer the request to a future meeting, once the activities initiated with the previously approved tranches had been implemented and all available funding had been fully disbursed or committed.

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