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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-ninth Meeting
Port Ghalib, Egypt, 10-14 November 2009

PROJECT PROPOSALS: 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 (fourth tranche) UNIDO

Phase-out

- Terminal phase-out management plan (second tranche) UNEP/UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Honduras

(I) PROJECT TITLE	AGENCY
Methyl bromide	UNIDO

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2008
CFC: 23.4	CTC: 0	Halons: 0	MB: 172.2	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)										Year: 2008			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					23.4								23.4
CTC													0
Halons													0
Methyl Bromide										4.8	177.		181.8
Others													0
TCA													0

(IV) PROJECT DATA			2006	2007	2008	2009	2010	2011	2012	2013	Total
Montreal Protocol Consumption Limits		MB	207.5	207.5	207.5	207.5	207.5	207.5	207.5	207.5	207.5
Maximum Allowable Consumption (ODP Tonnes)		MB	295.8	255.	207.5	183.6	163.2	132.6	81.6	0.	
Project Costs (US\$)	UNIDO	Project Costs	600,000.	800,000.	300,000.	106,301.					1,806,301.
		Support Costs	45,000.	60,000.	22,500.	7,973.					135,473.
Total Funds Approved in Principle (US\$)		Project Costs	600,000.	800,000.	300,000.	106,301.					1,806,301.
		Support Costs	45,000.	60,000.	22,500.	7,973.					135,473.
Total Funds Released by the ExCom (US\$)		Project Costs	600,000.	800,000.	300,000.	0.					1,700,000.
		Support Costs	45,000.	60,000.	22,500.	0.					127,500.
Total Funds Requested for Current Year (US\$)		Project Costs				106,301.					
		Support Costs				7,973.					

(V) 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 third tranche of phase II of the national methyl bromide (MB) phase-out plan for Honduras, and a request for funding for the fourth and final tranche of the project, for consideration by the Executive Committee at its 59th Meeting. The level of funding requested is US \$106,301 plus agency support costs of US \$7,973.

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), as revised at its 42nd Meeting, and approved funding for phase I of the project amounting to US \$1,977,454. 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 approved the revised MB 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 \$135,473 for UNIDO. Under phase II of the project, the Government committed itself to achieving a 20 per cent reduction in its MB consumption by 2008 and completing the phase-out by 2012. Since then, the Executive Committee has approved three of the four tranches of the project at a total amount of US \$1,700,000 plus agency support costs of US \$127,500 for UNIDO.

Progress report

4. In 2008, UNIDO renewed the agreement on supply management, monitoring and support services with the Ozone Unit, and procured relevant equipment for the implementation of alternative technologies at the farm level.

5. The original project proposed to establish a focal point within the Department of Science and Technology (DICTA) responsible for the training programmes, laboratory work, and technology transfer to melon growers in order to ensure the sustainability of alternative technologies in Honduras. However, during project implementation, it was found that DICTA would not be able to operate as the focal point. Accordingly, the activities foreseen for DICTA, including training, were being implemented by each melon grower. Additional training activities were undertaken by the growers themselves using their own financial resources. Currently, the Ozone Officer is exploring the feasibility of entering into an agreement with the University of Honduras to provide the training programme to farmers and/or establishing a growers' association.

6. As of September 2009, of the total funding of US \$1,700,000 approved so far, US \$1,640,578 had been disbursed or obligated by UNIDO.

Plan of action

7. The Government of Honduras has committed to achieving the complete phase-out of MB by the end of 2012. This will be achieved through the activities implemented so far, supported by the following additional activities: procurement of additional equipment and farm material to be distributed among melon producers; implementation of training programmes for growers; and continued monitoring of MB users and of the performance of MB alternatives.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. The 2008 MB consumption reported by the Government of Honduras of 172.2 ODP tonnes is 35.3 ODP tonnes below the maximum allowable level for that year under the Agreement between the Government and the Executive Committee. Based on information provided by the Ozone Officer, for 2009, the MB consumption is estimated to be 165.0 ODP tonnes, which is 18.6 ODP tonnes below the allowable level of 183.6 ODP tonnes for that year under the agreement.

9. During the discussion on the investment project submitted to the 59th Meeting, and in particular on the long-term sustainability of the MB alternative technologies being implemented, UNIDO reported that the sustainability of phase-out is partially due to the current ODS regulations, which control MB imports according to the levels of allowable consumption in the phase-out plan. The Ozone Officer is drafting an amendment to the ODS legislation, to ensure compliance with the MB phase-out agreement. The melon growers are the stakeholders with the greatest interest in the project's long-term sustainability. Two growers are marketing their products that forbid the use of chemicals in the production process. The Ozone Unit has indicated that the growers are planning to certify production processes that use alternative technologies (the Government of Honduras is also requesting certification of the products by the growers). Furthermore, growers have also invested in their farms in addition to the equipment, farm material and training provided through the project. The Ozone Unit has also played a key role during project implementation, monitoring, and coordination. The Ozone Unit is providing technical, environmental, economic and social support to ensure project sustainability and complete phase-out of MB.

10. The issue of DICTA being unable to act as the focal point for training, laboratory tests and technology transfer was further discussed with UNIDO. It was pointed out that, while transferring those responsibilities to the melon producers avoided a disruption in the implementation of phase-out activities, it also forfeited the strengthening of a national institution to deal with the growers following completion of the project (i.e., an institution that would be able to provide technical assistance/support on MB alternative technologies to new farms in the future). Responding to this concern, UNIDO indicated that, in addition to exploring the possibility of a training agreement with the University of Honduras, the Ozone Unit, in cooperation with the Secretary of Agriculture, is considering updating the vocational centre for agriculture located in the production area, so that it can be used to implement technical assistance activities. This issue will be addressed during implementation of the project.

RECOMMENDATION

11. The Secretariat recommends blanket approval of the fourth tranche of phase II of the national methyl bromide phase-out plan in Honduras with the associated support costs at the funding level specified in the table below

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	National methyl bromide phase-out plan, phase II (fourth tranche)	106,301	7,973	UNIDO

on the understanding that:

- (a) 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 2009 was below 183.6 ODP tonnes, which represents the maximum allowable level of consumption in the Agreement between the Government of

Honduras and the Executive Committee;

- (b) UNIDO will submit an annual progress report on the implementation of the project until methyl bromide is completely phased out.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Honduras

(I) PROJECT TITLE	AGENCY
CFC phase out plan	UNEP, UNIDO

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2008
CFC: 23.4	CTC: 0	Halons: 0	MB: 172.2	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)										Year: 2008			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC					23.4								23.4
CTC													0
Halons													0
Methyl Bromide									4.8	177.			181.8
Others													0
TCA													0

(IV) PROJECT DATA		2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	49.7	49.7	0.
Maximum Allowable Consumption (ODP Tonnes)		CFC	39.7	39.7	0.
Project Costs (US\$)	UNEP	Project Costs	146,000.	52,000.	198,000.
		Support Costs	18,980.	6,760.	25,740.
	UNIDO	Project Costs	301,000.	37,500.	338,500.
		Support Costs	22,575.	2,813.	25,388.
Total Funds Approved in Principle (US\$)		Project Costs	447,000.	89,500.	536,500.
		Support Costs	41,555.	9,573.	51,128.
Total Funds Released by the ExCom (US\$)		Project Costs	447,000.	0.	447,000.
		Support Costs	41,555.	0.	41,555.
Total Funds Requested for Current Year (US\$)		Project Costs		89,500.	89,500.
		Support Costs		9,573.	9,573.

(V) SECRETARIAT'S RECOMMENDATION:	Blanket approval
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PROJECT DESCRIPTION

12. On behalf of the Government of Honduras, UNEP, as the lead implementing agency, has submitted to the 59th Meeting of the Executive Committee a request for funding for the second and final tranche of the terminal phase-out management plan (TPMP) at a total cost of US \$52,000 plus agency support costs of US \$6,760 for UNEP, and US \$37,500 plus agency support costs of US \$2,813 for UNIDO. The submission also includes a progress report on the implementation of the TPMP during 2008-2009 and the implementation programme for 2010.

Background

13. The TPMP for Honduras was approved by the Executive Committee at its 55th Meeting, to completely phase out CFC consumption in the country by 2009. Total funding of US \$536,500 plus agency support costs of US \$51,128 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$146,000 plus agency support costs of US \$18,980 for UNEP, and US \$301,000 plus agency support costs of US \$22,575 for UNIDO, for the implementation of the first tranche of the TPMP.

Progress report on the implementation of the first tranche of the TPMP

14. Following approval of the TPMP by the Executive Committee, over 160 Government officers were trained in control of ODS and ODS based equipment; over 2,000 technicians were trained in good refrigeration servicing practices and 100 additional technicians from the vocational institution were trained in servicing and retrofitting procedures using hydrocarbon-based refrigerants; and retrofitting of CFC-based refrigeration equipment in the main hospital got under way. A technical commission was also created to help apply the code of good practice; recovery and recycling equipment and service tools were distributed, resulting in a total of 27 tonnes of CFC-12 being recycled since 1999; and monitoring and reporting activities were carried out.

15. By December 2009, of the US \$447,000 approved for the first tranche, US \$157,326 will have been disbursed. The balance of US \$289,674 will be combined with the funding from the second tranche and will be disbursed in 2010. The funding that remains to be disbursed is mainly for retrofitting CFC-based domestic refrigerators to hydrocarbons, and retrofitting other systems (including those in some hospitals) to alternative refrigerants.

Plan of action for the second tranche of the TPMP

16. The Government of Honduras commits to implementing the following activities under the second work programme of the TPMP including: continuation of technical assistance activities to prevent illegal trade of ODS; train an additional 1,500 technicians in good refrigeration servicing practices; and finalize and implement the code of good practice for the refrigeration and air conditioning service sector. Retrofitting of CFC-based equipment will also take place and deliver recovery and servicing equipment; and conduct project monitoring, evaluation and reporting activities.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

17. The 2008 CFC consumption reported by the Government of Honduras under Article 7 of the Montreal Protocol of 23.4 ODP tonnes was already 26.3 ODP tonnes below that of 49.7 ODP tonnes allowed for that year. CFC consumption in 2009 has been estimated at 13.0 ODP tonnes.

18. The Secretariat discussed technical and cost issues with UNEP and UNIDO related to the reclamation and recycling centres being proposed; whether the recovery and recycling machines are multi-refrigerant; and the prices and availability of alternative refrigerants. These issues were addressed as follows: since 1999, nearly 27 ODP tonnes of CFC-12 have been recycled; additional amounts of refrigerants (which have not been quantified) have been reused without using the recycling facilities. The recovery/recycling equipment purchased is for multi-refrigerant use, and has been selected based on a thorough analysis of the refrigeration servicing sector in Honduras. In addition, the Ozone Unit is systematically monitoring the recovery/recycling network, and reassigning equipment which is not being used properly. The price of CFC-12 (US \$17.00/kg) is higher than most of the refrigerants available in Honduras.

19. The Secretariat also sought clarification from the implementing agencies on whether the Government of Honduras will be able to achieve the complete phase-out of CFCs by the end of 2009 and sustain that level of consumption through the activities proposed in the final tranche of the TPMP. UNEP reported that substantial reductions in CFC consumption have been possible thanks to the ODS legislation in place and the support provided by the Ozone Unit.

20. Noting that funding for the preparation of the HPMP was approved by the Executive Committee at its 55th Meeting, the Secretariat also suggested that, during the implementation of the final tranche of the TPMP, UNEP and UNIDO consider advising the Government on undertaking some preliminary action to facilitate the phase-out of HCFCs in due time. UNEP pointed out that the Ozone Unit has been advised on the appropriateness of preparing a HCFC quota system to meet the 2013 and 2015 HCFC reduction levels.

RECOMMENDATION

21. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the first tranche of the terminal phase-out management plan in Honduras; and
- (b) Approves the 2010 annual implementation programme.

22. The Secretariat further recommends blanket approval of the second tranche of the TPMP for Honduras, with associated support costs at the funding level shown in the table below, on the understanding that UNEP and UNIDO will submit a progress report on the 2010 annual implementation programme to the 62nd Meeting of the Executive Committee:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan (second tranche)	52,000	6,760	UNEP
(b)	Terminal phase-out management plan (second tranche)	37,500	2,813	UNIDO
