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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 PROPOSAL: VIET NAM

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Viet Nam

(I) PROJECT TITLE	AGENCY
Methyl bromide	IBRD

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2008	
CFC: 20.4	CTC: 0	Halons: 0	MB: 83.4	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					20.4								20.4
CTC													0
Halons													0
Methyl Bromide										417.6	83.4		501
Others													0
TCA													0

(IV) PROJECT DATA			2006	2008	2009	2010	2011	2012	2013	2014	2015	Total
Montreal Protocol Consumption Limits		MB		109.2	109.2	109.2	109.2	109.2	109.2	109.2	0.	
Maximum Allowable Consumption (ODP Tonnes)		MB		85.2	80.	80.	70.	70.	50.	35.	0.	
Project Costs (US\$)	IBRD	Project Costs	230,000.	650,000.			120,000.		58,284.	40,000.		1,098,284.
		Support Costs	17,250.	48,750.			9,000.		4,371.	3,000.		82,371.
Total Funds Approved in Principle (US\$)		Project Costs	230,000.	650,000.			120,000.		58,284.	40,000.		1,098,284.
		Support Costs	17,250.	48,750.			9,000.		4,371.	3,000.		82,371.
Total Funds Released by the ExCom (US\$)		Project Costs	230,000.	0.			0.		0.	0.		230,000.
		Support Costs	17,250.	0.			0.		0.	0.		17,250.
Total Funds Requested for Current Year (US\$)		Project Costs			650,000.							650,000.
		Support Costs			48,750.							

(V) SECRETARIAT'S RECOMMENDATION:	FOR BLANKET APPROVAL
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PROJECT DESCRIPTION

1. On behalf of the Government of Viet Nam, 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 Viet Nam and a request for funding for the second tranche of the project for consideration by the Executive Committee at its 59th Meeting. The level of funding requested is US \$650,000 plus agency support costs of US \$48,750.

Background

2. The national MB phase-out plan for Viet Nam was approved by the Executive Committee at its 50th Meeting to phase out the total consumption of controlled uses of MB in the country (85.2 ODP tonnes) by 2015, at the total level of funding in principle of US \$1,098,284, plus agency support costs. The Executive Committee has also approved the first tranche of US \$230,000 at the same meeting.

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

3. For both 2007 and 2008, non-QPS MB consumption in the country was below the country's allowable consumption under the Montreal Protocol of 109.2 ODP tonnes. Its actual consumption in 2008 was 83.4 ODP tonnes which was below that of 85.2 ODP tonnes stipulated in the agreement between Viet Nam and the Executive Committee for the MBPP. In order to meet its commitments under the Montreal Protocol, the Government of Viet Nam required importers and fumigation companies to register with the Plant Protection Department (PPD). The current policy also includes an import quota system, although this does not yet break down the imports between non-QPS and QPS applications of MB. The PPD of the Ministry of Agriculture is responsible for issuing import licenses as well as monitoring actual imports into the country, in close cooperation with the Customs Department. Two technical workshops were held in the North and South of Viet Nam to inform importers of the consumption targets set out in the Methyl Bromide Phase-out plan (MBPP).

4. A technical workshop to describe the activities of the MBPP and its targets was held with MB importers as well as the PPD at the end of 2008. A second similar workshop was held for the regional plant quarantine sub-departments at around the same time. Public awareness measures have been conducted by the PPD in cooperation with the National Ozone Unit (NOU) which has been instrumental to achieving the required MB consumption reduction.

5. For the training component, the PPD selected 5 regional plant quarantine sub-departments located mostly in the North and South of the country to serve as the authorised training centres for both pre-and post-harvest applications.

6. By June 2009, US \$54,345 has been disbursed, and US \$145,055 is expected to be disbursed by the middle of 2010.

Plan of action for the 2009-2010 work programme

7. The Government of Viet Nam 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) Training and capacity building for PPD staff;

- (c) Building capacity and establishing the insect resistance control unit to study the phosphine resistance of local pests as well as develop pest control standards;
- (d) Completing the development of specific material for the training programmes, procuring equipment for the five training centres, and completing the training programmes for both pre and post-harvest operations;
- (e) Designing and implementing field demonstration projects to show alternatives to MB in soil fumigation; and
- (f) Continuing the operation of the project management unit.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. The Secretariat noted that, as reported by the Government of Viet Nam under Article 7 of the Montreal Protocol, MB consumption has been reduced from 92.4 ODP tonnes in 2007 to 83.4 ODP tonnes in 2008. The 2008 consumption is slightly below the allowable level under the Montreal Protocol as well as the maximum allowable level in the agreement between the Government of Viet Nam and the Executive Committee (i.e. 85.20 ODP tonnes).

9. The Secretariat pointed out that despite the reduction in MB consumption so far achieved in Viet Nam, the current quota system still does not account for a differentiation in imports of MB for QPS and non-QPS applications. The World Bank explained that the Government had focused on the implementation of a strong regulatory control system in the form of import quotas to bring the country into compliance with its MB obligations. To strengthen this control the PPD is in the process of issuing a new decision on Pest Management and Fumigation Authorization whereby importers and fumigation companies are required to submit their actual import documents including the breakdown of consumption for QPS and non-QPS applications to PPD on a quarterly basis. This new decision is expected to be approved not later than the end of 2009.

10. Public awareness and training programmes implemented by the Department of Agriculture had also resulted in a more conservative use of MB across the country.

11. The Secretariat also noted that for the coming tranche, the project will initiate the assessment of integrated approaches for MB replacements in soil fumigation through field demonstration projects. The World Bank has indicated that they have already received expressions of interest for the assessment exercise, and these contracts could be awarded in the beginning of 2010.

12. In response to an observation made by the Secretariat on the changes in the original costs of the various components of the project as approved at the 50th Meeting and how these were justified, the World Bank explained that in order to ensure a sustainable methyl bromide phase-out management capacity in PPD, technical activities (drafting of terms of reference for various activities including monitoring of implementation progress, design of field demonstration activities, etc.) are being implemented by the Project Management Unit (PMU), instead of contracting out to independent consultants. The PMU also receives additional technical support from the World Bank's Pest Management Specialist. This adjustment to the design of the methyl bromide phase-out project is essential for ensuring effective coordination of all activities and long-term capacity of PPD. In addition, further resources are required for conducting financial audits for the whole implementation period to

ensure fiduciary compliance and the effective use of the Multilateral Fund resources. The Bank indicates that these justify the changes in the costs for each component where the country has flexibility to adjust according to its needs.

13. According to the financial report, by the end of June 2009 only US \$54,345.13 was disbursed, with a balance of US \$175,654 remaining (i.e., 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. They have however indicated that the balance of the first tranche of US \$175,654 will be carried over as part of this current approval. They are confident that this could be disbursed by the middle of 2010. As requested by the Secretariat, the World Bank also provided a revised 2009-2010 budget and planned disbursement table which shows more clearly how the first and second tranche funds are to be used. This table is attached to this document as Annex 1.

RECOMMENDATION

14. Noting that Viet Nam’s level of MB consumption for 2008 is below the allowable level of consumption stipulated in its Agreement with the Executive Committee, the Secretariat recommends that the Executive Committee:

- (a) Takes note of the 2007-2008 progress report on the implementation of the first tranche of the national methyl bromide phase-out plan for Viet Nam;
- (b) Approves the 2009-2010 annual implementation programme;
- (c) Requests the Government of Viet Nam and the World Bank to continue monitoring the phase-out of MB in Viet Nam and report back to the Executive Committee annually on the progress in meeting the reductions required by this project; and
- (d) Urges the Government of Viet Nam and the World Bank to prioritize the strengthening of the licensing system to identify and allow reporting of MB imported for QPS and non-QPS uses separately.

15. The Secretariat further recommends blanket approval of the second tranche of the national methyl bromide phase-out plan for Viet Nam with associated support costs, at the level of funding indicated in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National methyl bromide phase-out plan (second tranche)	650,000	48,750	World Bank

Annex I

Proposed 2009 - 2010 Budget and Planned Disbursement (by December 31, 2010)

	Description	Original Approved Amount (US\$)	Revised Budget (US\$)	1st Funding Tranche (US\$)	2nd Funding Tranche (US\$)	1st Tranche Actual Disbursement as of 6/30/2009	1st Tranche Planned Disbursement	2nd Tranche Planned Disbursement	Planned Disbursement for this period (US\$)	Cumulative Commitments by end of 2009	Expected Cumulative Disbursement by end of 2010 (US\$)	Remark
	Component 1: Regulation and Capacity Building	206,954	206,140	100,800	105,340	30,202	70,598	90,300	160,898	146,600	191,100	
1	Establishment of the MIS for Monitoring MB Consumption	44,000	33,000	33,000			33,000	-	33,000	32,000	33,000	
2	Training of MARD Officials	17,600	27,000	27,000		17,197	9,803	-	9,803	10,000	27,000	
3	Insect Resistance Control Unit	145,354	135,140	29,800	105,340	11,005	18,795	90,300	109,095	100,100	120,100	
4	Policy Review and Development of MB Regulation	-	11,000	11,000		2,000	9,000	-	9,000	4,500	11,000	Instead of renewal of Joint Circular for MB monitoring and control. MARD agrees to amend Plant Protection Law.
	Component 2: Technical Assistance for Post Harvest Applications	537,670	491,491	-	373,976	-	-	373,976	373,976	103,976	373,976	
5	Capacity Strengthening of 5 Training Centers	212,603	115,976		103,976			103,976	103,976	103,976	103,976	
6	Capacity Building of Fumigation Service Companies	325,067	375,515		270,000			270,000	270,000	-	270,000	
	Component 3: Technical Assistance for Pre-Harvest Applications	252,460	212,508	79,200	104,508	2,026	46,574	104,508	151,082	18,000	153,108	
7	Consultant of Assessment of Integrated Approaches as Replacement to MB	55,000	38,000	38,000			38,000	-	38,000	10,000	38,000	Design of pilot integrated pest management approaches was done by PMU with assistance from the World Bank Pest Management Specialist.
8	Consultant for Development of Technical Training Manuals	-	5,000	5,000			5,000		5,000	5,000	5,000	Activities 8, 9 and 10 are part of the original activity 12
9	Consultant for Development and Production of Leaflets and Videos	-	20,000	20,000			3,000		3,000	3,000	3,000	
10	Brochures, awareness, training materials	-	8,000	8,000		2,026	574		574	-	2,600	
11	Field Demonstration	114,960	104,508	-	104,508			104,508	104,508	-	104,508	
12	Workshop and Training: Demonstration for Pre-Harvest	82,500	37,000	8,200					-	-	-	
	Component 4: Project Implementation Unit	101,200	188,145	50,000	66,176	22,117	27,883	36,192	64,075	30,000	86,192	
13	Project Implementation Unit	101,200	188,145	50,000	66,176	22,117	27,883	36,192	64,075	30,000	86,192	
	Total	1,098,284	1,098,284	230,000	650,000	54,345	145,055	604,976	750,031	298,576	804,376	