



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/41/40
22 November 2003

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty first Meeting
Montreal, 17 -19 December 2003

PROJECT PROPOSAL: KYRGYZSTAN

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

Fumigant:

- Technical assistance project to install alternatives and phase-out methyl bromide

UNDP

**PROJECT EVALUATION SHEET
KYRGYZSTAN**

SECTOR: Fumigant ODS use in sector (2002): 14.2 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Title:

(a) Technical assistance project to install alternatives and phase-out methyl bromide

Project Data	Fumigant
	Methyl bromide
Enterprise consumption (ODP tonnes)	
Project impact (ODP tonnes)	14.2
Project duration (months)	48
Initial amount requested (US \$)	
Final project cost (US \$):	
Incremental capital cost (a)	638,150
Contingency cost (b)	63,815
Incremental operating cost (c)	
Total project cost (a+b+c)	701,965
Local ownership (%)	100%
Export component (%)	0%
Amount requested (US \$)	701,965
Cost effectiveness (US \$/kg.)	29.7
Counterpart funding confirmed?	
National coordinating agency	Ministry of Ecology and Emergency Situations
Implementing agency	UNDP

Secretariat's Recommendations	
Amount recommended (US \$)	
Project impact (ODP tonnes)	
Cost effectiveness (US \$/kg)	
Implementing agency support cost (US \$)	
Total cost to Multilateral Fund (US \$)	

PROJECT DESCRIPTION

1. The project is to phase out 14.2 ODP tonnes of methyl bromide (MB) used for grain fumigation and fumigation of mills, warehouses and museum artefacts in Kyrgyzstan. The MB baseline for compliance is 14.2 ODP tonnes.
2. Before 1991, all fumigations were carried out by state employees under a common programme across the Soviet Union. At that time, MB consumption was estimated at 72 ODP tonnes per year. The 2002 MB consumption reported by the Government of Kyrgyzstan to the Ozone Secretariat was 12 ODP tonnes. However, the MB consumption reported in the project proposal was 60 ODP tonnes; this consumption included MB used in fumigations carried out by state employees and MB used by unregistered fumigators. It is expected that the consumption of MB will further increase to levels prior to 1991 taking into account the current agricultural growth experienced in Kyrgyzstan.
3. MB is mainly used for fumigation of stored wheat to control insect infestations and, to a lesser extent, in flour mills, dried fruit and nut storage, museums and other non-food locations.
4. The project proposes the transfer of alternative MB technologies from other countries and their adaptation to local conditions complemented with awareness raising, policy development and training for customs officers. For the second phase, the project proposes training for the remaining MB users and assistance to install alternative technologies.
5. The project will be implemented with assistance of the Ozone Centre's workers, the Expedition for Protection of Cereal Reserves and involvement of experts from other organizations.
6. The total project cost is US \$701,965, with a cost effectiveness of US \$49.57/kg. The project implementation time is four years.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The Government of Kyrgyzstan ratified the Copenhagen amendment to the Montreal Protocol in May 2003.
8. Because Kyrgyzstan ratified the Copenhagen amendment only recently, no MB phase out for Kyrgyzstan was included in the 2003-2005 phase-out plan of the Multilateral Fund. However, a technical assistance programme for the phase out of 12 ODP tonnes of MB in Kyrgyzstan was still included in the UNDP business plan for 2003, at a total cost of US \$196,000. Therefore, the Secretariat reviewed the proposal as a technical assistance programme rather than an investment project.
9. According to the project proposal, in 2002 the amount of MB used for non-QPS applications was 60 ODP tonnes. However, the MB consumption reported by the Government

under Article 7 was 12 ODP tonnes. In this regard, the Secretariat sought a clarification on whether or not the Government of Kyrgyzstan had requested changes to the reported consumption of MB to the Ozone Secretariat. Subsequently, UNDP indicated that the consumption reported to the Ozone Secretariat included only the official fumigations carried out by state employees and official data from Customs. UNDP provided the following table which it said reflects the actual situation in Kyrgyzstan:

Year	MB consumption (ODP tonnes)				
	Official reported consumption	Actual consumption	QPS	Other	Total
1995	13.8	33.2	0.6	5.7	39.5
1996	15.4	51.3	0.6	5.7	57.6
1997	13.8	67.7	0.6	5.7	74.0
1998	13.7	64.0	0.6	5.7	70.3
1999	15.4	59.0	0.6	5.7	65.3
2000	13.8	55.3	0.6	5.7	61.6
2001	7.2	60.7	0.6	5.7	67.0
2002	10.8	69.4	0.6	5.7	75.7

10. UNDP also said that the Government of Kyrgyzstan does not wish to present a request to the Implementation Committee for changes to its official consumption figures because it is impossible to obtain customs receipts for unregistered imports and moreover, users of unofficial imports are generally not willing to reveal import sources. UNDP suggested that the unreported consumption highlights the need for strong policy support and customs training at a national and regional level.

11. The Secretariat and UNDP discussed issues related to existing baseline in storage facilities where MB is used, and the eligibility of several equipment items requested in the project, including: polyethylene sheets; insecticide sprayers and detecting kits; impact machines (used in flour mills irrespective of the fumigant applied to clean up grain before it is pulverized into flour); MB detection equipment for border control; face masks, and; vacuum pumps for cocoons. UNDP indicated that MB fumigations are currently carried out under primitive conditions without safety equipment due to the prevailing economic situation in the country.

12. UNDP's international expert visited Kyrgyzstan during project preparation and reviewed all the technical options for phasing out MB. Given the complexity of using phosphine and phosphine-carbon dioxide products in the particular situation in the country, the UNDP international and national experts concluded that the combination of increased sanitation, destruction of insects in the final flour stream and physical removal provided the most sustainable approach for the phase out of MB in flour mills in Kyrgyzstan.

13. The Secretariat and UNDP also discussed issues related to the high level of costs proposed for training, coordination and consultants (at US \$157,350) not all of which were incremental (e.g., training for local experts abroad, office equipment and computers, operational costs of cars, a 4-wheel drive used vehicle, technical assistance for completion of installation of alternatives, national experts fees).

14. The Secretariat and UNDP are still discussing outstanding issues. Outcomes of the discussion will be communicated to the Executive Committee prior to the 41st Meeting.

RECOMMENDATION

15. Pending.

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