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

PROJECT PROPOSALS: YEMEN

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

Refrigeration:

- Total phase-out of the use of methyl bromide in agriculture Germany

**PROJECT EVALUATION SHEET
YEMEN**

SECTOR: Fumigant ODS use in sector (2002): 52.8 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Title:

(a) Total phase-out of the use of methyl bromide in agriculture.

Project Data	Phase-out of Methyl Bromide
Enterprise consumption (ODP tonnes)	
Project impact (ODP tonnes)	52.8
Project duration (months)	60
Initial amount requested (US \$)	400,000
Final project cost (US \$):	
Incremental capital cost (a)	
Contingency cost (b)	
Incremental operating cost (c)	
Total project cost (a+b+c)	1,445,630
Local ownership (%)	
Export component (%)	
Amount requested for first tranche (US \$)	400,000
Cost effectiveness (US \$/kg.)	
Counterpart funding confirmed?	
National coordinating agency	Ministry of Water and Environment
Implementing agency	Germany

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 \$)	

1. The Government of Yemen is submitting a project to phase out 52.8 ODP tonnes of methyl bromide (MB) in soil fumigation for production of cucumber, tomato, ornamental trees, onion, okra, eggplant, pepper and others. The MB baseline for compliance is 1.1 ODP tonnes.
2. On the basis of a survey conducted in 2002, it is estimated that around 505 farmers with more than 167 ha, including greenhouses and open field, are using about 52.8 ODP tonnes of MB in Yemen annually. These MB users are mostly tribal farmers living in very remote border areas, as shown in the following table:

Region	MB (ODP tonnes)	Area (Ha)	No. farms	No. greenhouses
Sa'ada Governorate	42.2	115.0	371	2690
Dhamar governorate	0.6	3.2	7	63
Sana'a governorate	0.5	2.8	4	52
Hadramout governorate	9.4	46.3	122	open field
Total	52.8	167.2	504	2,805

3. The major importers of MB are located in Sa'ada's governorate from where MB is also supplied to other Yemeni governorates. MB is not imported from the country of origin (Belgium) but the needed quantities are purchased from other companies located in Jordan and Saudi Arabia.
4. Yemen is still at an early stage of development of ODS regulations. The Regulation of Handling Pesticides for Plant Pests, and its executive by-laws, is considered the relevant part of the Law No. 25 related to MB (it aims at organizing the circulation of agricultural pesticides by establishing registration procedures, as well as monitoring and inspection of pesticides to minimize the risks of pesticide usage and its toxic impacts on the health of human beings, animals and the environment). A Pesticide Registration Committee was established under the law; the Committee announced to the pesticide importers to register not later than 31 December 2002 (any importer applying for registration after this date would be considered as a new importer).
5. The project will assist farmers to apply alternative technologies to MB, including solarization in combination with bio-fumigation, alternative chemicals within an integrated soil pest management (IPM) approach. The technologies will be selected mainly on the basis of discussions as well as limited demonstrations with the concerned farmers themselves.
6. Strategic proposals for policy, legislative and regulatory action concerning the trade and use of MB will be worked out in close cooperation with the government of Yemen as well as the authorities in governorates and tribal areas. Implementation and success of these policies will be pre-requisites for a sustainable reduction and phase-out of the use of MB.
7. The Government of Yemen is committed to phase out the entire consumption of MB by the end of 2008, with a proposed phase out of 52.8 ODP tonnes. At the end of the project, use of MB for soil fumigation should have ceased because farmers would have adopted effective alternatives on a large scale. Customs personnel will be aware of the ban and will know how to identify the substance.

8. The total cost of the project has been estimated at US \$1,293 million, excluding agency's support costs. The estimated time for the implementation of the project is 5 years.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

MB baseline for Yemen

9. The Government of Yemen submitted a request to the Parties of the Montreal Protocol to change of Yemen's consumption baselines for CFCs, halons, MB and methyl chloroform. For MB, Yemen is requesting a change from 1.05 ODP tonnes to 54.4 ODP tonnes. This request was first submitted to the Parties through the Implementation Committee, at its 27th Meeting in October 2001 (UNEP/OzL.Pro/ImpCom/27/4). Since then, the Implementation Committee had considered the request by the Government of Yemen at each of its subsequent meetings.

10. At its 30th Meeting, the Implementation Committee noted that Yemen was present on three separate occasions at the Implementation Committee meetings and had agreed to request the President and Vice-President of this committee to work intersessionally, together with the Ozone and Fund Secretariats, to review the available information and to gather further data to justify revision of Yemen's baselines and to report back to the 31st Meeting of the Implementation Committee.

11. Subsequently, the Government of Germany informed the Secretariat that the Implementation Committee at its 31st Meeting in November 2003 did not make a recommendation on the request for change in the baseline data for Yemen.

Specific issues related to the project proposal

12. The Secretariat pointed out that according to the 2003-2005 phase-out plan of the Multilateral Fund, the total amount of MB that can be funded for phase-out during the 2003-2005 period would be 9.2 ODP tonnes and not 52.8 ODP tonnes as requested in the project. Subsequently, the Government of Germany agreed to revise the project proposal to phase out only 9.2 ODP tonnes of MB.

13. The Secretariat noted that for the level of consumption the total project cost was very high (US \$1,293 million) and all the costs were associated with salaries (international and national personnel), office equipment, meetings, transportation, training materials and maintenance related costs. In this regard, the Secretariat was unable to determine the incremental cost of the project proposal. The Government of Germany indicated that no MB activities have been approved for Yemen. Therefore, it was essential to include funding for a small demonstration component for promising alternatives during the initial stages of the project. The Yemeni agriculture is quite different from any other country where demonstration or investment projects have been conducted.

14. Furthermore, in the absence of recognized appropriate MB alternatives for the Yemeni farming situation, Germany was not able to provide a detailed calculation of the capital incremental cost of the project. Based on the above considerations, Germany agreed to present the main part of the project as a technical assistance to enable Yemen to achieve compliance (e.g. to phase out at least 9.2 ODP tonnes, the amount required to achieve the 2005 phase out target).

15. The Government of Germany and the Secretariat are still discussing issues related to MB consumption and incremental costs. Results of the discussions will be communicated to the Executive Committee prior to its 41st Meeting.

RECOMMENDATION

16. Pending.
