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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-sixth Meeting
Doha, 8-12 November 2008

PROJECT PROPOSAL: YEMEN

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

Fumigant

- Terminal phase-out of methyl bromide (first tranche) Germany

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

PROJECT TITLE	BILATERAL/IMPLEMENTING AGENCY
Terminal phase-out of methyl bromide (first tranche)	Germany

NATIONAL CO-ORDINATING AGENCY:	Ministry of Water and Environment, Environment Protection Authority
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2006, AS OF OCTOBER 2007)**

MB	35.7		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2007, AS OF OCTOBER 2008)

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
MB							35.7

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

PROJECT DATA		2008	2010	2012	2014	2015	Total
MB (ODP tonnes)	Montreal Protocol limits	43.6	43.6	43.6	43.6	0.0	
	Annual consumption limit	30.0	30.0	20.0	0.0	0.0	
	Annual phase-out newly addressed	5.9	10.0	10.0	10.0	0.0	35.9
TOTAL ODS CONSUMPTION TO BE PHASED OUT		5.9	10.0	10.0	10.0		35.9
Final project costs (US \$):							
Funding for Germany		201,450	200,000	200,000			601,450
Total project funding		201,450	200,000	200,000			601,450
Final support costs (US \$):							
Support cost for Germany		25,509	25,325	25,325			76,159
Total support costs		25,509	25,325	25,325			76,159
TOTAL COST TO MULTILATERAL FUND (US \$)		226,959	225,325	225,325			677,609
Cost effectiveness (US \$/kg)							16.75

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

SECRETARIAT'S RECOMMENDATION	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Yemen, the Government of Germany has submitted a project proposal for the terminal phase-out of methyl bromide (MB) in Yemen for consideration by the Executive Committee at its 56th Meeting. The total cost of the project, as originally submitted, is US \$750,100 plus agency support costs of US \$97,513. Approval of this project will result in the complete phase-out of all controlled uses of MB in Yemen.

Background

2. At its 41st Meeting, the Executive Committee considered a project proposed to phase out 52.8 ODP tonnes of MB in soil fumigation in Yemen and noted that the MB baseline for compliance was 1.1 ODP tonnes (in 2001, the Government of Yemen had requested the Parties, through the Implementation Committee, to change its MB baseline from 1.1 ODP tonnes to 54.5 ODP tonnes).

3. The Executive Committee noted that the Government of Germany and the Secretariat had concluded discussions on the project proposal and agreed that a first tranche of the project could be submitted, as a technical assistance programme to phase out of 9.3 ODP tonnes of MB in 2004. That would make it possible to achieve the 2005 phase-out compliance target if the Parties to the Montreal Protocol were to agree to change the MB baseline for Yemen. Subsequently, the Executive Committee approved through its decision 41/25, the proposal as a technical assistance programme at a cost of US \$250,000 plus agency support costs of US \$32,500 to phase out 9.1 ODP tonnes of MB, on the understanding that approval of the project was without prejudice to the operation of the Montreal Protocol's mechanisms dealing with non compliance issues (decision 41/25). During project implementation, Germany continued to assist Yemen in further discussing outstanding issues with the Implementation Committee to change the MB baseline (the request for the change of the baseline was approved by the 16th Meeting of the Parties (decision XVI/31).

4. Implementation of the technical assistance programme has resulted in the phase-out of 17 ODP tonnes of MB, i.e., 7.9 ODP tonnes more than the amount committed to by the Government of Yemen.

Project description

5. Based on a survey conducted in 2007, most MB consumption is used for the production of cucumbers (over 90 per cent of total consumption), tomatoes (5.6 per cent), peppers (3.2 per cent) and cut flowers (0.7 per cent). Remaining MB use is scattered over remote areas in several governorates of Yemen, making conversion logistically difficult.

6. The major MB alternatives acceptable to Yemeni farmers are soil solarization (hot areas) and biofumigation (in cooler locations), and alternative chemicals for the production of cucumber, tomato and pepper crops. In the case of cut flowers, the use of substrates will be introduced in the country. These technologies will be applied within an integrated soil pest management (IPM) approach and supported by training programmes to farmers and technicians. The project will also provide institutional activities, as well as legislative and policy approaches, to ensure sustainable phase-out of MB.

7. The total cost of the project is estimated at US \$750,100 with the following breakdown:

- (a) Equipment and farm material (US \$207,500), including field demonstration materials, farm equipment, audio-visual materials;
- (b) Local operations and services (US \$156,600) including training workshops and meetings

with farmers, production of information material, communications, local consultants and local transportation;

- (c) International and regional travel expenses (US \$42,000); and
- (d) Personnel (US \$344,000), including international and regional advisers, local advisers and expert farmers.

8. Yemen recently approved regulations prohibiting the import and re-export of MB unless duly registered and covered by an import quota and import/export licenses. All requirements of the National Pesticides Committee must also be fulfilled. The Government of Yemen proposes to complete phase-out of controlled uses of MB by 1 January 2015.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

9. The 2007 MB consumption reported by the Government of Yemen to the Fund Secretariat (progress report on the implementation of the country programme) of 35.7 ODP tonnes is 7.9 ODP tonnes below the maximum allowable level of consumption for that year.

10. Upon a request for additional information on the introduction of alternative chemicals and grafting as a replacement of MB used by tribal farmers living in very remote areas, the Government of Germany indicated that the use of alternative chemicals had been proposed by international and regional consultants, given the prevailing climate, and would be used in hands-on training. The chemicals can be obtained from local pesticide dealers, if needed, to deal with severe nematode and fungal infestations that cannot be controlled by non-chemical alternatives. Regarding grafting, considerable interest has been generated among local farmers after hearing about the successes of this technology in other countries. Therefore, it is proposed to establish a pilot nursery in cooperation with a local agricultural research centre. The first grafted plants would be prepared at this pilot nursery and other interested entities would be encouraged to start their own nurseries.

11. Given the relatively small amount of MB to be phased out (35.9 ODP tonnes) and the experience so far gained with the introduction of at least two alternative technologies, the project duration of 80 months appears to be very long. On this issue, Germany pointed to the need to reach all farmers in Yemen's vast territory, and to monitor the continued use of MB alternatives up until the end of the period of its legal use. An early end to project activities would invite reverting back to illegal use of MB.

12. The Secretariat also discussed a number of cost issues with the Government of Germany, including the costs of international and regional consultants, transportation costs and office maintenance costs. Subsequently, Germany revised the project proposal addressing the issues raised by the Secretariat. The total cost agreed with the Government of Germany amounts to US \$601,450.

Agreement between the Government of Yemen and the Executive Committee

13. A draft agreement between the Government of Yemen and the Executive Committee on the modalities for implementing the MB phase-out project is contained in Annex I to the present document.

RECOMMENDATION

14. The Executive Committee may wish to consider:
- (a) Approving the project for the terminal phase-out of methyl bromide in Yemen at a total cost of US \$601,450 plus agency support costs of US \$76,159 for Germany, on the understanding that no additional funding will be provided for Yemen for the phase-out of controlled uses of methyl bromide in the country;
 - (b) Approving the draft agreement between the Government of Yemen and the Executive Committee for the phase-out of controlled uses of methyl bromide contained in Annex I;
 - (c) Further approving the first tranche of the terminal phase-out of methyl bromide in Yemen, at a total cost of US \$201,450 plus agency support costs of US \$25,509 for Germany.

Annex I

**AGREED CONDITIONS FOR THE PHASE-OUT OF METHYL BROMIDE
IN YEMEN**

1. The Executive Committee:
 - (a) At its 41st Meeting, approved US \$250,000 as the total funds available to Yemen in order to achieve the 2005 allowable level of methyl bromide consumption (phase-out of 9.1 ODP tonnes); and
 - (b) At its 56th Meeting, approved in principle an additional US \$601,450 as the total funds that will be available to Yemen to achieve the complete phase-out of controlled uses of methyl bromide in soil fumigation (35.9 ODP tonnes).
2. As reported to the Ozone Secretariat, the methyl bromide baseline for compliance for Yemen is 54.5 ODP tonnes; the 2007 methyl bromide consumption was 35.7 ODP tonnes. Accordingly, Yemen has achieved compliance with the Montreal Protocol's 20 per cent reduction in 2005.

3. Reductions in accordance with the terms of the above-mentioned projects and other commitments presented in the project document will ensure that Yemen meets the reduction schedule presented below. In this regard, Yemen will reduce the national consumption of controlled uses of methyl bromide, excluding quarantine and pre-shipment applications, to no more than the following levels of consumption in the years listed below:

Year	MB phase out (ODP tonnes)	Allowable consumption (ODP tonnes)
2008 - 2009	5.9	30.0
2010 - 2011	10.0	20.0
2012 - 2013	10.0	10.0
2014 - 2015	10.0	0

4. Yemen commits to permanently sustaining the consumption levels indicated above through the use of import quotas and other policies it may deem necessary.
5. Funding for the project will be disbursed by the Government of Germany in line with the following budget breakdown:

Year	Project (US \$)	Agency fee (US \$)
2008	201,450	25,509
2010	200,000	25,325
2012	200,000	25,325
Total	601,450	76,159

6. The Government of Yemen has reviewed the consumption data identified in all sectors covered by the projects and is confident that it is correct. Accordingly, the Government is entering into this agreement with the Executive Committee on the understanding that, in case any additional methyl bromide consumption is identified at a later date, the responsibility to ensure its phase-out will lie solely with the Government of Yemen.

7. The Government of Yemen, in agreement with the Government of Germany, will have flexibility in organizing and implementing the project's components that it deems more important in order to meet the methyl bromide phase-out commitments noted above. The Government of Germany agrees to manage

the funding for the project in a manner designed to ensure the achievement of the specific MB reductions agreed upon. The Government of Yemen may choose to accelerate the methyl bromide reduction schedule without penalty to the project budget.

8. The Government of Germany shall report annually to the Executive Committee on the progress achieved in meeting the methyl bromide reductions required in all sectors, as well as on annual costs related to the use of the alternative technologies selected and the inputs purchased with the project funds.

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