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 (third tranche)  

World Bank
## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

### Viet Nam

#### (I) PROJECT TITLE
Methyl bromide

#### (II) LATEST ARTICLE 7 DATA (ODP Tonnes)

<table>
<thead>
<tr>
<th>Year: 2010</th>
<th>CFC</th>
<th>CTC</th>
<th>Halons</th>
<th>MB</th>
<th>TCA</th>
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<tr>
<td></td>
<td>0</td>
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#### (III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)

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<tr>
<th>Year: 2010</th>
<th>Foam</th>
<th>Halon</th>
<th>Refrigeration</th>
<th>Solvent</th>
<th>Process Agent</th>
<th>MDI</th>
<th>Lab Use</th>
<th>Methyl Bromide</th>
<th>Tobacco Fluffing</th>
<th>Total Sector Consumption</th>
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<tbody>
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#### (IV) PROJECT DATA

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<tr>
<td>Maximum Allowable Consumption (ODP Tonnes)</td>
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<tr>
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<td>BRD</td>
<td>Project Costs</td>
<td>230,000</td>
<td>650,000</td>
<td>120,000</td>
<td></td>
<td>58,284</td>
<td>40,000</td>
<td>1,098,284</td>
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<tr>
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<td></td>
<td>Support Costs</td>
<td>17,250</td>
<td>48,750</td>
<td>9,000</td>
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<td>4,371</td>
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<td>Project Costs</td>
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<td>40,000</td>
<td>1,098,284</td>
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<td>3,000</td>
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<td>Total Funds Released by the ExCom (US$)</td>
<td>BRD</td>
<td>Project Costs</td>
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<td>650,000</td>
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<td>Support Costs</td>
<td>17,250</td>
<td>48,750</td>
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<td>Total Funds Requested for Current Year (US$)</td>
<td>BRD</td>
<td>Project Costs</td>
<td>120,000</td>
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<td></td>
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<td>Support Costs</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>9,000</td>
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#### (V) SECRETARIAT’S RECOMMENDATION:
FOR BLANKET APPROVAL
PROJECT DESCRIPTION

1. On behalf of the Government of Viet Nam, the World Bank has submitted a progress report on the implementation of the second annual programme of the national methyl bromide (MB) phase-out plan for Viet Nam and a request for funding for the third tranche of the project for consideration by the Executive Committee at its 65th Meeting. The level of funding requested is US $120,000 plus agency support costs of US $9,000.

Background

2. The national MB phase-out plan (MBPP) 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 also approved the first tranche of US $230,000 at the same meeting. At the 59th Meeting, the second tranche for this project was approved, at a level of funding of US $650,000. The current request for the third tranche is supported by a progress report of the implementation for the period 2009-2010, as well as part of 2011. It also included a work programme for 2011-2012.

Progress report on the implementation of the 2009-2010 work programme

3. The MB consumption in Viet Nam for non-quarantine and pre-shipment (QPS) uses in 2009 and 2010 was below the country’s allowable consumption under the Montreal Protocol of 109.20 ODP tonnes. Further, the actual consumption in 2010 of 76.80 ODP tonnes was below the maximum allowable consumption under the agreement between Viet Nam and the Executive Committee for the MBPP of 80 ODP tonnes. It was noted however that consumption for QPS applications had increased and was attributed primarily to increasing exports of commodities requiring fumigation with MB as officially requested by the importing countries, and the sudden increase in incidence of quarantine pests from imported farming products, especially cattle food from India.

4. In 2010, a new circular on pesticide management was adopted by the Ministry of Agriculture and Rural Development (MARD) which was legally more effective than the current policy governing MB imports and exports. This new circular separately regulates MB imports using new formats for the import license as well as the report on fumigation activities and sale of MB, requiring importers to provide more detailed information on such activities thereby helping the Plant Protection Department (PPD) to track the use of MB more closely. The PPD of the MARD is responsible for issuing import licenses as well as monitoring actual imports into the country, in close cooperation with the customs department.

5. During this period, the proposed management information system (MIS) had been set up at 9 Regional Plant Quarantine Sub-Departments facilitating more efficient recording of information on MB flow from import to final end-users regarding registration, licensing, imports, consumption, monitoring and enforcement. The database also contains names of users, importers, specific shipments, quantities of MB used for QPS and non-QPS consumption, remaining import quota for the relevant year, sales information and stock quantity, financial management of MBPP, and database of assistance provided to enterprises under the project. The MIS also includes research results on any pest resistance to phosphine, demonstrations for methyl bromide replacement as well as any amendment or supplements to current MB management regulations. A consultant has also been appointed to develop pest control standards and hygiene requirements for storage facilities. Draft standards have been developed and are currently being finalized through consultations.

6. With regards to the technical assistance and training component, demonstration projects to show efficacy of identified MB alternatives for pre- and post-harvest operations were completed in ten demonstration sites around the country. Reports showing detailed procedures of specific soil treatment
applications based on current farmer’s practice and proposed alternatives have also resulted in successful outcomes.

7. For the training, the specifications of the equipment to be provided to the training centres have been identified since June 2010, but are yet to be purchased. The technical training manuals and handbooks for fumigation service companies and owners of storage facilities were completed in November 2010. Updated research results from the Insect Resistance Control Unit (IRCU) were also included in these training materials to raise fumigators’ awareness on proper phosphine fumigation practices to reduce insect resistance which seems to be widespread in the country. Different advanced fumigation and protection equipment was also briefly introduced to help the fumigators and storage owners consider alternative techniques.

8. By June 2011, US $337,922 has been disbursed, and US $302,836 is expected to be disbursed by the end of the year from the first two tranches approved. The balance from the first two tranches is US $239,242.

Plan of action for the 2011-2012 Work Programme

9. The Government of Viet Nam commits to implementing the following activities under the third work programme of the MBPP:

(a) Completing policy and regulatory actions for a revised plant protection law that will be submitted to the National Assembly by 2012 to specifically include Montreal Protocol’s provisions on methyl bromide;

(b) Completing the pest control standards and hygiene requirements for storage facilities and disseminating these to users before the end of 2012;

(c) Continuing the operation of the MIS for MB to facilitate registration, licensing, imports, consumption, monitoring and enforcement of MB controls;

(d) Training and capacity building for PPD staff;

(e) Sustaining the capacity of the established insect resistance control unit (ICRU) to study the phosphine resistance of local pests as well as develop pest control standards;

(f) 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;

(g) Building capacity of fumigation service companies to encourage use of non-MB alternatives and ensure their knowledge about the Montreal Protocol and the phase-out of MB;

(h) Completing remaining field demonstration projects to show alternatives to MB in soil fumigation and develop demonstration protocols for alternatives; and

(i) Continuing the operation of the project management unit.
SECRETARIAT’S COMMENTS AND RECOMMENDATION

COMMENTS

10. The Secretariat noted that while the country had met its maximum allowable consumption under the agreement for this MBPP and Vietnam is in compliance with the Montreal Protocol control measures, it observed that the volume for QPS use has increased, and so has the use for non-QPS (although still within the maximum allowed) between 2009 and 2010. It also observed that the quotas for QPS given to the registered importers were higher in 2011 as compared to 2010 and sought clarification on this. The World Bank reiterated that this growth was due to increased volume of commodities exported. It also indicated that the current licensing system does allow for differentiation of QPS and non-QPS uses; however, the MBPP had focused all activities for non-QPS uses to meet compliance. The World Bank also indicated that QPS quotas were set at levels that would allow for export of commodities without any problems, and these may increase as they are adjusted to respond the actual demand.

11. With regard to MB policy and regulations, it was also noted that the circular on pest management adopted in 2010, along with the completion of the MIS system, has contributed to a better monitoring of the imports and the distribution of MB in the country. The World Bank indicated that this would be further strengthened in 2012 when a new policy is put in place which would require more stringent reporting and inspection.

12. With regard to the financial report, the Secretariat noted that disbursements made under the project were quite low, and requested the World Bank to clarify disbursements per tranche and per activity in order to determine how much progress has been made for each tranche. While the total disbursements could be taken as a cumulative amount, it is important to understand what specific activities will be covered by the present tranche being requested, and how the activities remaining from the earlier tranches would be carried over to the next year in terms of proposed disbursements and activities.

13. The Secretariat also sought clarification on to a policy review workshop planned for September 2011 and requested an update on the outcomes. It also asked the World Bank to provide more information on the alternatives used for the field demonstrations, as well as an explanation on why the equipment on for the training centres had not yet been provided.

14. The World Bank provided the Secretariat with additional information responding to the observations and comments made on the issues raised above including a list of alternatives used in the demonstration plots. It also explained that the objectives of the policy workshop were to introduce the new MB regulations and the penalties for violations as well as provided updated information on alternatives. It also provided a revised financial plan taking into account the Secretariat’s observations on the tranche distribution as well as a revised annual implementation plan. The Secretariat reviewed these plans and found them satisfactory. It reminded the World Bank that its disbursement had to considerably increase before the next tranche is requested. These tables are attached to this document as Annex I.

RECOMMENDATION

15. Noting that Viet Nam’s level of MB consumption for 2010 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 2009-2010 progress report on the implementation of the second tranche of the national methyl bromide phase-out plan for Viet Nam;

(b) Approves the 2011-2012 annual implementation programme;
(c) Requests the Government of Viet Nam and the World Bank to continue monitoring the phase-out of methyl bromide in Viet Nam and report back to the Executive Committee annually on the progress in meeting the reductions required by this project.

16. The Secretariat further recommends blanket approval of the third 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:

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Project Funding (US$)</th>
<th>Support Cost (US$)</th>
<th>Implementing Agency</th>
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<tbody>
<tr>
<td>(a) National methyl bromide phase-out plan (third tranche)</td>
<td>120,000</td>
<td>9,000</td>
<td>World Bank</td>
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