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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-fourth Meeting
Montreal, 18-20 July 2001

PROJECT PROPOSAL: UGANDA

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

Fumigant:

- Phase-out of methyl bromide in cut flowers

UNIDO

**PROJECT EVALUATION SHEET
UGANDA**

SECTOR: Fumigant ODS use in sector (2000): 12 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Title:

(a) Phase-out of methyl bromide in cut flowers

Project Data	Methyl bromide
Enterprise consumption (ODP tonnes)	12.00
Project impact (ODP tonnes)	12.00
Project duration (months)	48
Initial amount requested (US \$)	239,007
Final project cost (US \$):	
Incremental capital cost (a)	208,000
Contingency cost (b)	20,800
Incremental operating cost (c)	
Total project cost (a+b+c)	228,800
Local ownership (%)	90%
Export component (%)	0%
Amount requested (US \$)	228,800
Cost effectiveness (US \$/kg.)	19.90
Counterpart funding confirmed?	
National coordinating agency	National Environment Management Authority
Implementing agency	UNIDO

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

PROJECT DESCRIPTION

Phase-out of methyl bromide in cut flowers

1. The Government of Uganda is submitting a project to phase out 12 ODP tonnes of methyl bromide (MB) used for soil disinfestation in cut flowers, representing the total consumption in the country. This is the first activity in the fumigation sector (MB) submitted by the Government of Uganda for consideration by the Executive Committee.
2. MB consumption in Uganda increased from 3.9 ODP tonnes in 1999 to 12 ODP tonnes in 2000. The cut flowers sector started in 1993 with the production of roses; since then, the sector expanded with the production of other flowers. The total production of cut flowers is exported to Article 2 countries.
3. The markets in Europe are demanding flowers grown without MB and with limited use of other chemicals such as metam sodium, dichloropropene and dazomet. Several growers in Uganda have been requested to either join a flower-labelling programme and/or produce following the Code of Practice developed by the Ugandan Flower Exporters Association (UFEA), which also limits the use of pesticides.
4. The project is to replace MB with steam pasteurisation in combination with an integrated pest management (IPM) system. The steam technology requires the use of three steam generators (at a cost of US \$42,000/unit). Operating costs were estimated at US \$10,207, but were not claimed by the Government of Uganda.
5. The Government of Uganda has already established an import licensing system preventing the increase in the use of MB. Once the project is fully implemented, the Government will ban the use of MB.
6. The project will be implemented by UNIDO in cooperation with UFEA, under the coordination of the Ozone Unit. The Ministry of Agriculture will be involved in the implementation of the training programme.
7. The estimated time for the implementation of the project is 4 years.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. The MB baseline consumption has been established at 1.9 ODP tonnes and the 2000 consumption at 12 ODP tonnes. Therefore, Uganda would not be able to meet the 2002 freeze, since it requires to phase out 10.1 ODP tonnes by the end of 2001. In this regard, it is stated in the project that the Government is aware that it would not be possible to comply with the MB

freeze; however, expects to phase out the use of MB in soil fumigation by the end of 2005, through the implementation of this project.

9. The export component has not been considered in the calculation of the eligible cost of the project.

10. The Secretariat discussed with UNIDO the sustainability of steam as an alternative technology. UNIDO reported that markets are imposing the use of steam as the only viable alternative to MB for the production of cut flowers. The project proposes the use of only three boilers that have been strategically located for servicing all growers; it is also expected that in the future, growers will purchase additional boilers as needed.

11. The Fund Secretariat and UNIDO have agreed on the total cost of the project (US \$228,800).

12. The project proposal included a proposal for an agreement between the Executive Committee and the Government of Uganda with the commitments proposed and action plan for the phase out of MB in Uganda (attached).

RECOMMENDATION

13. This project is submitted for individual consideration by the Executive Committee.

**AGREED CONDITIONS FOR PHASE-OUT OF METHYL BROMIDE IN CUT
FLOWERS IN UGANDA (DRAFT)**

1. The Executive Committee agrees to approve in principle US \$228,800 as the total funds that will be available to achieve commitments stipulated in this document for the phase out of MB in Uganda, subject to the following understandings and considerations:

2. As reported to the Ozone Secretariat, and consistent with information in the project document presented to the Executive Committee, the MB baseline for compliance for Uganda is 1.9 ODP tonnes, and the MB consumption for 2000 is 12.0 ODP tonnes. Therefore, Uganda will not be able to meet the 2002 MB freeze. However, the Government of Uganda proposes to phase out 12.0 ODP tonnes of MB by 2005, according to the following schedule:

2001-2002	10.0 ODP tonnes (reduction of 2.0 ODP tonnes)
2002-2003	8.0 ODP tonnes (reduction of 2.0 ODP tonnes)
2003-2004	4.0 ODP tonnes (reduction of 4.0 ODP tonnes)
2004-2005	0.0 ODP tonnes (reduction of 4.0 ODP tonnes)

3. In addition, Uganda commits to sustain the phase out of MB by banning its use as a soil fumigant in the production of cut flowers. The specific reductions in consumption noted above would be those achieved through this project. Reductions in accordance with the terms of this project, and the other commitments presented in the project document, will ensure that Uganda exceeds subsequent phase out requirements of the Montreal Protocol.

4. UNIDO shall report annually to the Executive Committee on the progress in meeting the reductions required by this project, as well as on annual costs related to equipment being purchased with the project funds. UNIDO agrees to manage the funding for this project in a manner designed to ensure that the specific annual reductions agreed are met.