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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-fourth Meeting
Prague, 29 November-3 December 2004

PROJECT PROPOSAL: CHILE

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

Fumigant

- Phase-out of all the remaining uses of methyl bromide in soil application pest control (first tranche) UNIDO

PROJECT DESCRIPTION

1. The Government of Chile has submitted for consideration by the Executive Committee at its 44th Meeting a project proposal for the phase-out of all remaining uses of methyl bromide (MB) in soil applications. The total cost of the project, as submitted, is US \$4,179,074 to phase-out 136 ODP tonnes of MB.

MB projects so far approved for Chile

2. The Executive Committee has approved the following non-investment MB projects in Chile:

- (a) Bromosorb technology in commodity fumigation, approved at the 15th Meeting of the Executive Committee, at a total cost of US \$317,000 implemented by the Government of Canada (bilateral cooperation);
- (b) Demonstration project to test alternatives to MB in soil fumigation for the production of tomatoes and peppers, approved at the 25th Meeting of the Executive Committee, at a total cost of US \$348,130 implemented by the World Bank; and
- (c) Enhancing the capability of local agricultural organizations and non-governmental organizations in MB communication, approved at the 30th Meeting of the Executive Committee, at a total cost of US \$25,000 implemented by UNEP.

3. Additionally, at its 32nd Meeting the Executive Committee approved a demonstration and phase-out project for MB soil fumigation for fruit-tree production and replant, at a total cost of US \$805,000, under current implementation by UNDP. The project was approved with agreed conditions for the phase-out of 76.2 ODP tonnes of MB which stipulated, *inter alia*, that the maximum allowable levels of MB consumption in Chile would be 198.0 ODP tonnes in 2002; 170.0 ODP tonnes in 2003; and, 121.8 ODP tonnes in 2006.

Report on the implementation of the phase-out project

4. At its 43rd Meeting, the Executive Committee considered a progress report on the implementation of the phase-out project for MB in fruit-tree production and replant submitted by UNDP (UNEP/OzL.Pro/ExCom/43/18). According to preliminary figures included in the report, a total of 274.3 ODP tonnes of MB for use as a soil fumigant were imported in 2003 (additionally, 68.6 ODP tonnes were also imported for quarantine and pre-shipment (QPS) applications). Accordingly, the 2003 consumption in Chile was 61.8 ODP tonnes above the MB compliance baseline (i.e., 212.5 ODP tonnes), and 104.3 ODP tonnes above the maximum allowable consumption of controlled uses of MB for that year (170 ODP tonnes) as stipulated in the agreement between the Government of Chile and the Executive Committee.

5. Subsequently, the Executive Committee, noting the commitment of the Government of Chile to return to compliance and its undertaking to present a plan of action for that purpose to the 44th Meeting, decided to continue with the implementation of the MB phase-out project for

fruit-tree production and replant in accordance with the agreement between the Government of Chile and the Executive Committee that was approved at the 32nd Meeting (Decision 43/13).

6. Pursuant to Decision 43/13, the Government of Chile developed a strategy and an action plan for a prompt return to compliance with its set MB consumption levels. The action plan dealt with information management, technology transfer, regulations and investments. The action plan also took into consideration the competitiveness of the agricultural sector in Chile compared to other countries that could also use MB. The Government of Chile also requested assistance from the World Bank to prepare a phase-out project to support the proposed MB phase-out strategy and action plan.

7. On behalf of the Government of Chile, the World Bank submitted to the 44th Meeting the strategy and the action plan that has been developed by the Government of Chile together with a project proposal for the phase-out of all remaining uses of MB in soil applications.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. The Secretariat noted that pursuant to Decision 43/13, the Government of Chile submitted to the 44th Meeting of the Executive Committee a strategy and an action plan for a prompt return to compliance with Chile's MB consumption. The Secretariat also noted that the World Bank assisted the Government of Chile in the preparation of a project proposal to phase-out all the remaining controlled uses of MB in the country which was also being submitted to the 44th Meeting.

9. In discussions with the World Bank, the Secretariat pointed out to a number of significant issues related to both the strategy and the project proposal that required additional clarification. These issues included: the level of MB consumption in soil fumigation in Chile and its sectoral distribution by type of crop; the strategy and action plan proposed by the Government to achieve compliance with its 2002 Montreal Protocol limit (212.5 ODP tonnes) as well as with the maximum level of consumption agreed between the Government and the Executive Committee (170.0 ODP tonnes in 2003); and the integration of the demonstration and phase-out project for MB soil fumigation for fruit tree production and replant under current implementation by UNDP.

10. Based on further discussions, the World Bank advised the Secretariat that it would require additional time to address the outstanding issues raised by the Secretariat and, in consultation with the Government of Chile, agreed to withdraw the strategy and action plan together with the project proposal. The World Bank, on behalf of the Government of Chile and in close coordination with UNDP, also agreed to finalize the project proposal and re-submit it to the 45th Meeting of the Executive Committee, together with Chile's MB strategy and action plan to return to compliance, integrating the approved investment project under current implementation by UNDP.

RECOMMENDATION

11. The Executive Committee may wish to consider:
- (a) Taking note of the progress report on the status of development of the MB phase-out plan by the Government of Chile;
 - (b) Requesting the World Bank to submit to the 45th Meeting, a national plan for complete phase-out of controlled uses of MB in Chile, including the demonstration and phase-out project for MB soil fumigation for fruit tree production and replant under current implementation by UNDP;
 - (c) Agreeing that the non-submission of the project proposal for the phase-out of all the remaining uses of MB in soil application should not be taken into consideration in assessing performance against the relevant World Bank's business plan targets for 2004, and that the project could be submitted as a national plan for complete phase-out of controlled uses of MB in Chile as part of the World Bank's 2005 business plan.
