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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fiftieth Meeting
New Delhi, 6-10 November 2006

PROJECT PROPOSALS: KENYA

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

Fumigant

- Technology transfer leading to methyl bromide phase-out in soil fumigation in all other horticulture (third tranche) Germany
- Technology transfer leading to methyl bromide phase-out in soil fumigation in cut flowers (third tranche) UNDP

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**PROJECT EVALUATION SHEET - MULTI-YEAR PROJECTS
KENYA**

PROJECT TITLE	BILATERAL/IMPLEMENTING AGENCY
(a) Technology transfer leading to methyl bromide phase-out in soil fumigation in all other horticulture (third tranche)	Germany
(b) Technology transfer leading to methyl bromide phase-out in soil fumigation in cut flowers (third tranche)	UNDP
NATIONAL CO-ORDINATING AGENCY:	
	Ministry of Environment

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT

A: ARTICLE-7 DATA (ODP tonnes, 2005, AS OF SEPTEMBER 2006)

Annex E, methyl bromide	112.20		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes, 2005, AS OF SEPTEMBER 2006)

ODS	Foam	Ref.	Aerosol	ODS	Solvents	Process agent	Fumigant
				Methyl bromide			73.02

CFC consumption remaining eligible for funding (ODP tonnes)	n/a
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CURRENT YEAR BUSINESS PLAN: Total funding US \$360,000: Total phase-out 24.6 ODP tonnes.

PROJECT DATA		2002	2003	2004	2006	2008	2009	2010	Total
ODS UNDP (ODP tonnes)	Montreal Protocol limits	217.5	217.5	217.5	174.0	174.0	174.0	174.0	
	Annual consumption limit	111	111	96	63	29	14	14	
	Annual phase-out from ongoing projects			10	21	22	10		
	Annual phase-out newly addressed								
	Annual unfunded phase-out								
ODS GERMANY (ODP tonnes)	Montreal Protocol limits								
	Annual consumption limit								
	Annual phase-out from ongoing projects			5	12	12	5		
	Annual phase-out newly addressed								
	Annual unfunded phase-out								
TOTAL ODS CONSUMPTION TO BE PHASED OUT				15	33	34	15		
Project cost as originally submitted (US \$)									
Final project costs (US \$):									
	Funding for UNDP	510,660		306,396	204,263				1,021,319
	Funding for Germany		287,247	172,347	114,898				574,492
	Total project funding	510,660	287,247	478,743	319,161				1,595,811
Final support costs (US \$)									
	Support cost for UNDP	66,173		22,980	15,320				104,473
	Support cost for Germany		37,342	22,405	14,937				74,684
	Total support costs	66,173	37,342	45,385	30,257				179,157
TOTAL COST TO MULTILATERAL FUND (US \$)		576,833	324,589	524,128	349,418				1,774,968
Final project cost effectiveness (US \$/kg)									

FUNDING REQUEST: Approval of funding for third tranche (2006) as indicated above.

SECRETARIAT'S RECOMMENDATION	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Kenya, the Government of Germany and UNDP have submitted a progress report on the implementation of the project on technology transfer leading to methyl bromide (MB) phase-out in soil fumigation in Kenya, and a request for funding for the third and last tranche of the project for consideration by the Executive Committee at its 50th Meeting. The total amount requested is US \$319,161 plus US \$30,257 in agency support costs.

Background

2. At its 38th Meeting, the Executive Committee approved in principle US \$1,595,811 to achieve the complete phase-out of MB used for soil fumigation in Kenya and an agreement with the Government of Kenya on project implementation modalities. Of this amount, US \$574,492 was allocated to the Government of Germany for the phase-out of MB used in horticulture and US \$1,021,319 was allocated to UNDP for the phase-out of MB used in cut flowers (UNEP/OzL.Pro/ExCom/38/38 and Add.1). At the same meeting, the Executive Committee approved US \$510,660 plus agency support costs for UNDP for the first tranche covering the cut flower component.

3. Since then, the Executive Committee has approved the following tranches of the project:
- (a) At its 39th Meeting, US \$287,247 to the Government of Germany for the first tranche of the horticulture component (UNEP/OzL.Pro/ExCom/39/34 and Add.1);
 - (b) At its 42nd Meeting, US \$172,347 to the Government of Germany for the second tranche of the horticulture component (UNEP/OzL.Pro/ExCom/42/36); and
 - (c) At its 44th Meeting, US \$306,396 for UNDP for the second tranche of the cut flower component (UNEP/OzL.Pro/ExCom/44/41).

Progress report

4. The project works primarily with locally owned small-scale growers to medium- and large-scale farms that use MB. The specific tasks of the project have continued as in previous years, namely:

- (a) Follow-up farm visits continued in the farmers' fields at each stage of the project;
- (b) Evaluation of the cost-effectiveness of alternative technologies proposed to ensure long-term sustainability to the farmer;
- (c) Favouring the transfer of technologies and their adaptation to local conditions for specific crops for which alternatives have not yet been identified in Kenya;
- (d) Implementation of training programmes for major stakeholders on the application of alternative technologies (training programmes are also provided at the project's training facility at the University of Nairobi Field Station); and

- (e) Procurement and installation, where applicable, of equipment and materials to MB users.

5. In August 2006, the Minister for Environment and Natural Resources signed ODS regulations that control the imports, exports, and other aspects of ODS, including MB. These regulations, which will soon be published in the Kenya Gazette, will be implemented and enforced by the Compliance and Enforcement Department in close consultation with the Pest Control Products Board of Kenya and the Ozone Office. Currently, all MB imports are controlled by the Pest Control Products Board and importers are required to obtain permission before they can import batches of MB.

6. In addition to the direct activities of the project, other farms not locally owned have adopted alternatives and have also contributed to the MB reductions achieved in Kenya, supported where appropriate by technical advice and information from the project.

7. As of the end of August 2006:

- (a) A total of 48.630 ODP tonnes of MB have been phased out (27.786 ODP tonnes in the cut flower sector and 20.844 ODP tonnes in the horticulture sector);
- (b) Of the total funding so far approved (US \$1,276,650) for the implementation of the two project components, only US \$24,536 has not been disbursed (US \$2,373 by the Government of Germany and US \$22,163 by UNDP).

Plan of action for 2006-2007

8. Through the implementation of the third tranche of the project, all controlled uses of MB for soil fumigation will be phased out, resulting in a remaining national MB consumption of 14 ODP tonnes used for the fumigation of grains and structures.

9. In 2006-2007, the Project Team will carry out more work on farm implementation of MB alternative technologies and will continue with ongoing training of farmers, specifically:

- (a) Providing training workshops for additional MB users, extension personnel, agricultural students and other relevant personnel;
- (b) Providing follow-up technical assistance on farms, continue monitoring of pilots installed in earlier stages and their adaptation to suit additional crops;
- (c) Continuing the implementation of appropriate alternative technologies to MB by each farmer, including agreements between farmers and MB project and procurement and installation of equipment and farm materials;
- (d) Setting-up of further pilots at the training centre that has been established and continue with the production and dissemination of additional information; and
- (e) Continuing cooperation with major stakeholders (i.e., the Ministry of Agriculture, growers associations, agricultural training institutions, and the Ozone Office).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

10. The 2005 MB consumption reported to the Fund Secretariat under the progress report on the implementation of the country programme of Kenya is 73.02 ODP tonnes.

11. The starting point for reduction in consumption of MB in Kenya, as specified in the agreement, is 111 ODP tonnes. Maximum allowable levels in 2004 and 2006 were established at 96 ODP tonnes and 63 ODP tonnes, respectively. However, no level was established for 2005. In this regard, the Secretariat sought advice on whether or not the actual 2006 level of MB consumption in Kenya will not exceed the 63 ODP tonnes established in the agreement. Subsequently, the Secretariat was informed that Kenya MB consumption level in 2006 for soil fumigation is likely not to exceed 63 ODP tonnes if the current activities to phase-out MB used in the production of cut flowers and horticulture are sustained. The Government of Kenya will encourage use of available cost-effective MB alternative technologies.

12. At the Secretariat's request, the Government of Germany and UNDP provided a satisfactory report on the long-term sustainability of the alternative technologies selected, on the major problems encountered and on how those problems have been addressed.

RECOMMENDATION

13. The Fund Secretariat recommends blanket approval of the third tranche of the project with associated support costs at the funding levels shown in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Technology transfer leading to methyl bromide phase-out in soil fumigation in all other horticulture (third tranche)	114,898	14,937	Germany
(b)	Technology transfer leading to methyl bromide phase-out in soil fumigation in cut flowers (third tranche)	204,263	15,320	UNDP

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