



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/50/53
9 October 2006

ORIGINAL: ENGLISH



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

PROJECT PROPOSAL: ZIMBABWE

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

Fumigant

- Total phase-out of methyl bromide used in grain fumigation

UNIDO

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issue of the document.

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**PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECTS
ZIMBABWE**

PROJECT TITLES **BILATERAL/IMPLEMENTING AGENCY**

(a) Total phase out of methyl bromide used in grain fumigation	UNIDO
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NATIONAL CO-ORDINATING AGENCY	Ministry of the Environment and Tourism
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT

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

Annex E, MB	93.24		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF SEPTEMBER 2006)

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity.
MB	QPS / 0.36			
MB	Non-QPS / 155.40			

CFC consumption remaining eligible for funding (ODP tonnes)	
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$ million	Phase-out ODP tonnes
	(a)	-	-

PROJECT TITLE:	(a)
ODS use at enterprise (ODP tonnes):	10.2
ODS to be phased out (ODP tonnes):	10.2
ODS to be phased in (ODP tonnes):	
Project duration (months):	48
Initial amount requested (US \$):	
Final project cost:	
Incremental Capital Cost (US \$)	174,612
Contingency (10%) (US \$)	17,461
Incremental Operating Cost (US \$)	0
Total Project Cost (US \$)	192,073
Local ownership (%):	100%
Export component (%):	N/A
Requested grant (US \$):	
Cost-effectiveness (US \$/kg):	18.8
Implementing agency support cost (US \$):	17,287
Total cost of project to Multilateral Fund (US \$):	209,360
Status of counterpart funding (Y/N):	N/A
Project monitoring milestones included (Y/N):	Yes

SECRETARIAT'S RECOMMENDATION	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Zimbabwe, UNIDO submitted a project proposal to phase out 10.2 ODP tonnes of methyl bromide (MB) used in the fumigation of commodities, for the consideration of the Executive Committee at its 50th Meeting. The total cost of the project, as submitted, is US \$219,396 plus agency support costs of US \$19,746. Approval of this project will result in the complete phase-out of all controlled uses of MB in Zimbabwe.

MB projects and activities already approved for Zimbabwe

2. So far the Executive Committee has approved two demonstration projects on alternative technologies to the use of MB at a total cost of US \$583,500. Based upon the results of these demonstration projects, the Executive Committee approved two investment projects for the complete phase-out of MB in the fumigation of cut flowers (US \$904,200) and for the fumigation of tobacco seedlings (US \$3,724,972). The project for the phase-out of MB in cut flowers was completed in July 2005, resulting in the total phase-out of 132 ODP tonnes of MB. The project to phase out MB in tobacco seedbeds is currently ongoing and is expected to phase out 170 ODP tonnes.

The grain (maize) fumigation sector

3. Maize is the staple food for Zimbabwe. The annual national production averages 1.5 to 4 million tonnes. During highly productive years, the country exports up to 300,000 tonnes per year. The Grain Marketing Board (GMB) has been the traditional buyer of maize and boasts a storage capacity of 5 million tonnes, in 84 grain storage facilities. However, only half of this capacity is used since the volume stocked varies annually according to harvest and rainfall.

MB consumption in the grain fumigation sector

4. The use of MB in the storage of maize is mainly during droughts or low yields, where long term storage is necessary for future consumption. MB fumigation is carried out outdoors under traditional bagged stacks of 400 tonne capacity each. The stacks are covered with PVC tarpaulin, secured at the bottom with sand tubes to keep the tarps in place. MB is delivered from a 100 kg cylinder. On average, every stack is fumigated at least 1.25 times per year with MB.

Description of the project proposal

5. The project is proposing to completely phase out all MB used in the fumigation of stored maize in stacks by conducting training programmes in alternatives for fumigators and other MB users, particularly the GMB. It will also provide equipment in the form of tarpaulins, detectors and monitoring equipment to enable efficient transition from methyl bromide to the chosen alternative. Integrated Pest Management (IPM) programmes will also be implemented in the depositories.

6. The project will use phosphine as an alternative to MB for stacked maize. The technology choice is based on the results of a demonstration project implemented in the country on Alternatives to methyl bromide for stacked maize in Zimbabwe (ZIM/FUM/27/DEM/17) which identified phosphine as the number one alternative.

7. The total cost of the project has been estimated at US \$239,142 which is the amount being requested by the Government of Zimbabwe from the Multilateral Fund. Incremental operating costs are calculated at US \$11,043, and the cost effectiveness of the project at US \$19.75/kg.

8. The project will be implemented by UNIDO, under national co-ordination by the Ozone Office, in close co-operation with the Grain Marketing Board of Zimbabwe. The estimated time for the implementation of the project is four years.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

9. The Secretariat notes the well prepared project as submitted by the Government of Zimbabwe and UNIDO, and also that several equipment items from the relevant demonstration project funded under the Multilateral Fund will be used in the phase-out project.

10. During the project review process, the Secretariat pointed out that some of the costs that are associated with the proposed training component appeared to be higher compared to similar requests in other projects already approved. Since the Secretariat also indicated that the replacement of MB with phosphine results in operational savings rather than in operating costs, UNIDO agreed to adjust the cost of the project including operating costs, accordingly. The revised project cost amounts to US \$192,073.

Agreement between the Government of Zimbabwe and the Executive Committee

11. UNIDO assisted the Government of Zimbabwe in drafting a revised agreement between the Government and the Executive Committee, taking into account the current agreement covering the phase-out of MB used in soil fumigation (cut flowers and tobacco seedlings). The draft agreement is attached to this document as Annex I.

RECOMMENDATIONS

12. The Executive Committee may wish to consider:

- (a) Approving the project for the phase-out of methyl bromide used in grain fumigation at a total cost US \$192,073 plus agency support costs of US \$17,287 for UNIDO, on the understanding that no additional funding will be provided for Zimbabwe for the phase-out of controlled uses of methyl bromide in the country; and
- (b) Approving the draft revised agreement between the Government of Zimbabwe and the Executive Committee for the phase-out of controlled uses of methyl bromide contained in Annex I.

Annex I

**AGREED CONDITIONS TO PHASE-OUT METHYL BROMIDE IN ZIMBABWE
(DRAFT)**

1. The Executive Committee:
 - (a) At its 31st Meeting, approved US \$904,200 as the total funds that will be available to Zimbabwe to achieve the complete phase out of methyl bromide used in cut flowers (132 ODP tonnes);
 - (b) At its 47th Meeting, approved in principle US \$3,724,972 as the total funds that will be available to Zimbabwe to achieve the complete phase out of methyl bromide used in tobacco seedbeds (additional 170 ODP tonnes);
 - (c) At its 50th Meeting, approved in principle US \$192,073 as the total funds that will be available to Zimbabwe to achieve the complete phase out of methyl bromide used in grain fumigation (additional 10.2 ODP tonnes).

2. As reported to the Ozone Secretariat, the methyl bromide baseline for compliance for Zimbabwe is 557 ODP tonnes; the 2005 methyl bromide consumption was 155.4 ODP tonnes. Accordingly, Zimbabwe has achieved compliance with the Montreal Protocol's 2002 freeze obligation and it is in compliance with the Protocol's 20 per cent reduction in 2005.

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

Year	ODP tonnes
2005	180.0
2006	170.0
2007	130.0
2008	65.0
2009	0.0

4. The projects will phase out all remaining controlled uses of methyl bromide in Zimbabwe, excluding quarantine and pre-shipment applications. Zimbabwe commits to permanently sustain the consumption levels indicated above through the use of import restrictions and other policies it may deem necessary.

5. Funding for the remaining tranches of the project to phase-out methyl bromide in tobacco seedbeds will be disbursed by UNIDO in line with the following yearly budget breakdown:

Year	Flowers (US\$)	Tobacco (US\$)	Grain (US\$)	Total funding (US \$)
2001	298,320			298,320
2002	298,320			596,640
2003	307,560	0		904,200
2004	0	0		0
2005	0	1,862,486		2,766,686
2006	0		192,073	2,958,759
2007	0	1,862,486		4,821,245
2008	0			

6. The Government of Zimbabwe has reviewed the consumption data identified in the grain fumigation project and is confident that it is correct. Accordingly, the Government is entering into this agreement with the Executive Committee on the understanding that, should additional methyl bromide consumption for controlled uses be identified at a later date, the responsibility to ensure its phase-out will lie solely with the Government.

7. The Government of Zimbabwe, in agreement with UNIDO, will have the flexibility in organizing and implementing the projects' components that it deems more important in order to meet methyl bromide phase-out commitments noted above. UNIDO agrees to manage the funding for the project in a manner designed to ensure the achievement of the specific MB reductions agreed upon.

8. UNIDO shall report back annually to the Executive Committee on the progress achieved in meeting the methyl bromide reductions required in the cut flowers, tobacco seedbeds and grain fumigation sectors, as well as on annual costs related to the use of the alternative technologies selected and the inputs purchased with the project funds.

9. These agreed conditions between the Government of Zimbabwe and the Executive Committee have taken into account the already approved methyl bromide phase-out projects in cut flowers and tobacco seedbeds. Subsequently, they supersede the conditions agreed at the 31st and 47th Meetings of the Executive Committee.