Annex III

AGREED REVISED CONDITIONS FOR THE PHASE-OUT OF METHYL BROMIDE IN KENYA

1. The Executive Committee agrees:

(a) At its 38th Meeting, to approve in principle US $1,595,811 (of which US $574,492 is to be allocated to the Government of Germany and US $1,021,319 is to be allocated to UNDP) as the total funds that will be available to Kenya to achieve the complete phase out of 97 ODP tonnes of methyl bromide (MB) used for soil fumigation in the cut flower sector (63 ODP tonnes), vegetables, fruit, seedbeds and nurseries (34 ODP tonnes); and

(b) At its 53rd Meeting, to approve the request by the Government of Kenya to transfer responsibility for implementation of all remaining activities associated with the completion of the phase-out of methyl bromide in the cut-flower sector from UNDP to UNIDO.

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 Kenya is 202 ODP tonnes, and MB consumption in 2001 was 111 ODP tonnes, excluding 21 ODP tonnes which Kenya states that it uses for quarantine and pre-shipment applications.

3. Reductions resulting from the implementation of the project will ensure that Kenya will meet the reduction schedule listed below. In this regard, Kenya commits, through the implementation of the project, to reduce total national consumption of controlled uses of MB to no more than the following levels of consumption in the years listed below:

Year	**Methyl bromide to be phased out per year (ODP tonnes)**			**Maximum levels of MB consumption excluding QPS (ODP tonnes)**(b)
	Cut flowers (UNDP/UNIDO)	**Horticulture (Germany)**	**Total**(a)	
2001	-	-	-	111
2004	10	5	15(a)	96
2006	21	12	33	63
2008	22	12	34	29
2009	10	5	15	14
2010	0	0	0	14 (b, c)

(a) The project will aim to achieve faster reductions if feasible. The Government of Kenya may choose to speed up the MB reduction schedule if it wishes, without penalty to the project budget.
(b) Excluding MB imports for quarantine and pre-shipment uses
(c) For non-soil uses such as stored grain, structures

4. The project will phase out all soil uses of MB in Kenya. Kenya commits to permanently sustaining the consumption levels indicated above through the use of import restrictions and other policies it may deem necessary.

5. Funding for the project will be disbursed by the Government of Germany, UNDP and UNIDO in line with the following yearly budget breakdown:

Year	Germany	UNDP	UNIDO	Total
2002	0	510,660		510,660
2003	287,247			287,247
2004	172,347			172,347
2005				
2006	114,898			114,898
2007			510,659*	510,659
Total	574,491	510,660	510,659	1,595,811

* Transferred from UNDP to UNIDO at the 53rd Meeting.

6. The Government of Kenya has reviewed the consumption data identified in this 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 MB consumption be identified in soil fumigation at a later date, the responsibility to ensure its phase-out will lie solely with the Government. The remaining consumption of 14 ODP tonnes, noted in the schedule above, is used for stored products, artefacts and structures. This remaining consumption will be addressed through a separate, future phase-out project.

7. The Government of Kenya, in agreement with the Government of Germany, UNDP and UNIDO, will have flexibility in organising and implementing the project components it deems more important in order to meet the MB phase-out commitments noted above. The Government of Germany, UNDP and UNIDO agree to manage the funding for the project in a manner designed to ensure the achievement of the specific MB reductions agreed upon. The Government of Germany, UNDP and UNIDO shall also report back to the Executive Committee annually on progress made in meeting the reductions required by the project.

8. The present Agreed Conditions between the Government of Kenya and the Executive Committee have been updated as a result of the change in implementing agency as indicated in paragraph 1 (b) above, without impact on the project signed by the Permanent Secretaries of the Ministry of Agriculture and the Ministry of Environment, Natural Resources and Wildlife at project inception.
