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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-third Meeting
Geneva, 5-9 July 2004

PROJECT PROPOSAL: COSTA RICA

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

Fumigant

- Total methyl bromide phase-out used as a fumigant in melons, cut flowers, bananas, tobacco seedbeds and nurseries, excluding QPS applications (tranches II and III)

UNDP

**PROJECT EVALUATION SHEET
COSTA RICA**

SECTOR: Fumigant ODS use in sector (2003): 332.4 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Title:

- (a) Total methyl bromide phase-out used as a fumigant in melons, cut flowers, bananas, tobacco seedbeds and nurseries, excluding QPS applications (tranches II and III)

Project Data	Fumigant
Enterprise consumption (ODP tonnes)	
Project impact (ODP tonnes)	130.8
Project duration (months)	18
Initial amount requested (US \$)	1,938,114
Final project cost (US \$):	1,938,114
Incremental capital cost (a)	
Contingency cost (b)	
Incremental operating cost (c)	
Total project cost (a+b+c)	
Local ownership (%)	
Export component (%)	
Amount requested (US \$)	1,938,114
Cost effectiveness (US \$/kg.)	n/a
Counterpart funding confirmed?	
National coordinating agency	Ministerio del Ambiente y Energia
Implementing agency	UNDP

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

PROJECT DESCRIPTION

1. The Government of Costa Rica has submitted a progress report on the implementation of the first tranche of the project proposal for the total phase-out of methyl bromide (MB) used as a fumigant in melons, cut flowers, bananas, tobacco seedbeds and nurseries, excluding QPS applications in Costa Rica. The project was approved in principle by the Executive Committee at its 35th Meeting together with funding for the first tranche (US \$1,211,321). The project has five funding tranches planned for completion in 2008. UNDP has also submitted the work programme associated with both the second and third tranches of the project, at a total cost of US \$1,938,113 (the 2nd and 3rd tranches correspond to the 2002 and 2003 work programmes in the Agreement).

Progress report

Background

2. Two demonstration projects on the phase-out of MB in melons and cut flowers were approved by the Executive Committee at its 27th Meeting and have now been implemented. The progress report indicates that the two projects had a limited awareness-raising component with minimum participation from farmers. The Ministry of the Environment promoted the approval and enforcement of regulations for accelerated MB phase-out, without sufficient consultation with stakeholders. This situation provoked strong opposition by farmers associations to ban the use of MB given that there had been no extensive technology transfer and training process.

3. There is intense competition among growers in the Central American region, so farmers have a strong incentive to use MB, which is still the cheapest available soil treatment. Also, a strong on-going MB producer's lobbying campaign promoting the continued use of MB and the issue of requests for critical use exemptions for MB by several non-Article 5 countries, increased farmers unwillingness to phase-out MB. Conversely, the European markets are requesting some farmers to adopt cleaner technologies, including crop production without MB fumigation, which is exerting pressure on growers to implement more environmentally friendly methods.

4. Based on the above situation, implementation of the investment phase-out project that was approved at the end of 2001 commenced only in July 2003 when the agreement with major national stakeholders was signed; field work started in November 2003. However, through negotiations and discussions with several stakeholders, the total amount of MB consumed in 2003 remained below the maximum allowable consumption agreed by the Government (i.e., 342.5 ODP tonnes).

Results so far achieved

5. The results so far achieved since project implementation started, are summarized below:
- (a) The 2004 strategic plan is operational; ODS legislation is in place and drafting of new ODS regulations to permanently sustain the phase-out is under consideration;

- (b) All melon farms using MB have been identified and made aware of the project phase-out objectives and activities; close communication links have been established;
- (c) Through farmer consultations, specific needs depending on topography, climate conditions and type of soils have been identified. Trials of alternative technologies (solarization, metam sodium, telone, iodine methane and use of virtual impermeable film with different doses of chemical alternatives) were conducted in 25 areas; however, conclusions on the most effective alternative technology are not yet available;
- (d) Workshops with technical experts and representatives from companies providing alternative products were conducted resulting in the training of field workers and technicians in the use of alternative chemical products. In addition, virtual impermeable films were purchased and distributed among interested farmers to test doses of alternatives to MB (results are still pending);
- (e) The two steam boilers that were purchased through the demonstration projects, are being used to test the effectiveness of steam as an alternative on cut flower farms (negotiations are still pending to start working on phase-out activities in this sector);
- (f) Two cut flower growers and seven melon farms have signed agreements through the project committing themselves to adopt alternatives and inform other stakeholders of their experience with regard to the effectiveness of available alternatives;
- (g) Several activities related to communication and awareness raising campaigns have been undertaken; and
- (h) A report on the issue of MB imports and the relationship of public agencies involved in imports and consumption of MB was submitted to the “Contraloría General de la República” (an independent office of the Congress responsible for overseeing public sector activities and use of public funds). This issue will continue to be analyzed to enhance the coordination among institutions responsible for MB imports.

2004-2005 work programme

6. The Government of Costa Rica is proposing to undertake the following activities in the 2004-2005 production season:

- (a) Implementation of alternative technologies and follow-up on trials conducted in different areas to assess the effectiveness of the alternatives tested. Provide equipment and farm material to distribute among growers for the 2005 season;

- (b) Implementation of a training programme on the use of alternative technologies for trainers, farmers, technicians and field workers in melon and cut flower sectors;
- (c) Develop a more reliable system for monitoring MB imports, reporting and registration procedures (identifying MB QPS and non-QPS applications) and provide training to relevant personnel;
- (d) Implementation of awareness-raising and education programmes through mass media campaigns, information dissemination from training workshops, and a project web page;
- (e) Draft and enact national legislation to sustain the permanent phase-out of MB;
- (f) Strengthen the communication channels amongst farmers, Government authorities and UNDP staff; and
- (g) Establishment of a monitoring system to assess phase-out activities being implemented, identify and address problems as they arise, and report progress on implementation to UNDP and Montreal Protocol authorities.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

7. The Secretariat noted that in spite of the delay in the implementation of the project, the MB consumption in 2003 (332.4 ODP tonnes) was 10 ODP tonnes below the maximum level agreed by the Government of Costa Rica (342.5 ODP tonnes).

8. The progress report suggested that the Government of Costa Rica was considering extending the duration of the project to compensate for the extraordinary time needed to sign the agreement with major stakeholders in the country. Upon a request by the Secretariat, UNDP indicated that at this time, the Government of Costa Rica does not propose to make a formal request for extension of the project's duration. It is, however, a signal that special considerations that exist in the agricultural sector may, in future, lead the Government to open this discussion with the Executive Committee.

9. The Secretariat noted that during the first phase of the project, several alternatives to MB had been tested in 25 different areas, and a report was requested on the results of the different alternatives tested in the field. The Secretariat was informed that as a result of the positive results yielded from using solarization and metham sodium, during the 2004 growing season the project would continue to use these alternatives to MB while also exploring the viability of grafted plants in the melon production sector. In the cut flower sector, steam pasteurization would be the principal alternative used to replace MB use. Furthermore, the phase-out of MB consumption resulting from the adoption of these alternatives would be supported by the development of regulatory mechanisms, such as import permit and use quota systems, that would

be formulated through full national stakeholder consultation and endorsed by the project's National Steering Committee.

10. To compensate for the additional time taken to complete the signing of the internal agreement with national stakeholders, the Government of Costa Rica is requesting the simultaneous approval of the second and third tranches of the project to achieve the originally planned phase-out of 130.8 ODP tonnes of MB by 2005. The Secretariat pointed out to UNDP that if no major investment in equipment and farm material is foreseen for the 2004 season (commencing in October) then, there would be no need to request approval at this time for the third funding tranche of the project. Subsequently, UNDP reported that beginning in 2003, strong support for the project's objectives was created among stakeholders; the Government recognize that the request for the approval of the 2nd and 3rd tranches of funding calls for sustained implementation of project activities and achieving the target of 130.8 OPD tonnes phase-out. The funding received in the first tranche has been fully obligated for activities in the 2004 growing season; approval of the next two tranches of funding would support a comprehensive work plan, including full procurement of materials and equipment required through 2005.

11. According to the advice received from the Government of Costa Rica, the simultaneous approval of two funding tranches would restore the original implementation schedule and achieve the phase-out of an additional 130.8 ODP tonnes by the end of 2005, consistent with the agreement between the Government and the Executive Committee.

RECOMMENDATION

12. The Executive Committee might wish to consider approving funding for the second and third tranches of the project for the total MB phase-out used as a fumigant in melons, cut flowers, bananas, tobacco seedbeds and nurseries, excluding QPS applications in Costa Rica.
