



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/49/25
8 June 2006

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-ninth Meeting
Montreal, 10-14 July 2006

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 (fourth tranche)

UNDP

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.

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

**PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECTS
COSTA RICA**

PROJECT TITLES**BILATERAL/IMPLEMENTING AGENCY**

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

NATIONAL CO-ORDINATING AGENCY	Ministry of Environment and Energy
--------------------------------------	------------------------------------

LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2004, AS OF MARCH 2006)**

Annex E, methyl bromide	288.21		
-------------------------	--------	--	--

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

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity.
Methyl bromide	273.96			

CFC consumption remaining eligible for funding (ODP tonnes)	n/a
--	-----

CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$	Phase-out ODP tonnes
	(a)	1,823,000	63.6

PROJECT TITLE:	(a)
ODS use at enterprise (ODP tonnes):	
ODS to be phased out (ODP tonnes):	63.6
ODS to be phased in (ODP tonnes):	
Project duration (months):	24
Initial amount requested (US \$):	969,057
Final project cost:	
Incremental Capital Cost (US \$)	880,960
Contingency (10%) (US \$)	88,097
Incremental Operating Cost (US \$)	0
Total Project Cost (US \$)	969,057
Local ownership (%):	n/a
Export component (%):	n/a
Requested grant (US \$):	969,057
Cost-effectiveness (US \$/kg):	11.35
Implementing agency support cost (US \$):	72,679
Total cost of project to Multilateral Fund (US \$):	1,041,736
Status of counterpart funding (Y/N):	n/a
Project monitoring milestones included (Y/N):	Y

SECRETARIAT'S RECOMMENDATION	Blanket approval at the costs indicated above
-------------------------------------	---

PROJECT DESCRIPTION

1. On behalf of the Government of Costa Rica, UNDP has submitted a progress report on the implementation of the second and third tranches of the project 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. UNDP has also submitted a request of US \$969,057 (excluding agency support costs) for the implementation of the fourth tranche of the project.
2. 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) (decision 35/43). The second and third tranches of the project, at a total cost of US \$1,938,114, were approved at the 43rd Meeting of the Executive Committee (decision 43/26).
3. At the 48th Meeting of the Executive Committee, the Government of Costa Rica requested a modification to the phase-out schedule agreed with the Committee (from 2008 to 2010). This modification was requested for the following reasons: an underestimation of the level of MB consumption in the country at the time the project was developed; a delay of over two years in commencing implementation of the project; and external pressures from competing melon producers in the Central American region.
4. Subsequently, the Executive Committee approved the request by the Government of Costa Rica to revise the methyl bromide phase-out schedule in the agreement. The Committee also requested the Government and UNDP to include in all future work programmes procedures for accelerating the introduction of full-scale alternative technologies in the melon sector (decision 48/16 (b) (ii)).

Progress report

5. Since 2001 MB consumption has steadily decreased despite significant expansion of the melon sector (from some 8,000 ha in 2001 to 11,500 ha in 2004). This implies that melon yields and productivity have increased overall, which reflects successful production without the use of MB.
6. Various alternatives for replacing MB in melon production have been evaluated and assessed as viable (i.e., solarization, low-dose chemicals such as metham sodium, 1,3-dichloropropene with chloropicrin and methyl iodide, virtually impermeable film and biological controls). These technologies are currently implemented on a large commercial scale. In the 2004-2005 season, approximately 11,600 ha were cropped (including a second harvest in various farms) and MB was applied in only 17 per cent of the cultivated area.
7. For the flowers sector, recommendations on soil management and reduction of pest pressures have been provided, as well as training to farmers in the use of alternative technologies. Alternatives to MB uses for tobacco and vegetable seedling production have been validated. Awareness-raising activities have also been implemented.
8. As of December 2005, US \$1,813,308 of the total funding so far approved (US \$3,149,435) has been disbursed, of which US \$849,000 has been committed against 2006 activities, and the remaining US \$487,127 allocated for future activities.

2006-2007 work programme

9. The phase-out of the remaining consumption of MB for controlled uses will be more difficult to achieve, since MB is used in areas with high pest pressures. Therefore, activities to be carried out in 2006-2007 include: introducing cultural and chemical alternatives as complements to solarization; completing the registration process for certain alternative fumigants; improving application techniques of the alternatives being introduced; monitoring and controlling pests; training trainers, farmers, technicians and field workers and conducting awareness-raising activities; implementing policy actions and undertaking environmental marketing of MB use elimination in Costa Rica.

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**

10. The Secretariat noted that the 2005 MB consumption reported by the Government of Costa Rica in its progress report on the implementation of the country programme (submitted to the Fund Secretariat) was 273.96 ODP tonnes, which is similar to the maximum allowable level of consumption for 2005 under the Montreal Protocol and slightly below the level of MB consumption in the agreement between the Government and the Executive Committee.

11. Together with the description of the phase-out activities proposed for 2006-2007, the Government of Costa Rica submitted a detailed programme of activities at the farm level indicating the equipment and farm materials to be procured. UNDP confirmed to the Secretariat that this programme has been prepared in response to decision 48/16 (b)(ii) of the Executive Committee.

MB consumption in Costa Rica

12. During the implementation of the phase-out project, MB consumption data reported by the Ministry of Agriculture, the Ministry of the Environment and the Customs Department was analyzed. This analysis revealed discrepancies between the levels of MB consumption reported by the Government of Costa Rica under Article 7 and those reported in the project proposal, as shown in the table below.

Data (ODP tonnes)	1994	1995	1996	1997	1998	1999	2000	2001	2002
Article 7	300.0	251.6	275.9	405.6	436.7	454.1	390.0	390.0	280.0
Project	327.6	391.8	420.6	507.0	516.6	636.0	483.0	488.4	385.2
Difference	27.60	140.20	144.70	101.40	79.90	181.90	93.00	98.40	105.20

13. Upon a request from the Secretariat UNDP confirmed that, in spite of data discrepancies, the Government of Costa Rica was not considering the submission of a request to the Parties to the Montreal Protocol for a review of its historical MB consumption data and/or its calculated MB baseline.

Comments on the 2006-2007 work programme

14. The Secretariat and UNDP discussed specific issues related to the activities being proposed for the 2006-2007 season, including the amounts of MB that will be phased out by type of activity; the eligibility of requests for the establishment of laboratories for the production of beneficial organisms; the need for testing and validating alternative chemicals (in spite of the US \$3,149,435 already disbursed for implementing the phase-out project); and the request for tractors. UNDP indicated that the project would continue to introduce cost-effective and sustainable alternative technologies on farms. Production of beneficial organisms and laboratory analysis is required to ensure the sustainability of solarization as the main alternative to MB. The project is only proposing to procure accessories and additional instruments required to enhance existing irrigation systems installed on farms. The request for tractors was considered not to be an eligible incremental cost.

Project expenditures

15. Of the total level of funding that the Executive Committee has already allocated to UNDP for the implementation of the MB phase-out project in Costa Rica (US \$3,149,435), US \$2,662,308 has been disbursed or has been committed against phase-out activities in 2006. In this regard, the Secretariat sought a clarification from UNDP on the balance of US \$487,127 that is still available and which has not been accounted for, and on the need for requesting an additional US \$969,057. Subsequently, UNDP submitted a detailed disbursement schedule for 2006-2007.

RECOMMENDATION

16. The Secretariat recommends blanket approval of the fourth tranche 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, at the level of funding indicated in the table below:

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Total methyl bromide phase-out used as a fumigant in melons, cut flowers, bananas, tobacco seedbeds and nurseries, excluding QPS applications (fourth tranche)	969,057	72,679	UNDP
