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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-ninth Meeting
Port Ghalib, Egypt, 10-14 November 2009

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 (tranche V)

UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Costa Rica

(I) PROJECT TITLE	AGENCY
Methyl bromide	UNDP

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)					Year: 2008
CFC: 13.9	CTC: 0	Halons: 0	MB: 212.4	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)											Year: 2008		
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC				2.5	11.4								13.9
CTC													0
Halons													0
Methyl Bromide										212.4			212.4
Others													0
TCA													0

(IV) PROJECT DATA		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits	MB		342.5	342.5	342.5	274.	274.	274.	274.	274.	274.	
Maximum Allowable Consumption (ODP Tonnes)	MB		342.	342.	298.8	273.6	253.2	210.	174.	114.	0.	
Project Costs (US\$)	UNDP	Project Costs	1,211,321.		1,938,114.		969,057.		726,791.			4,845,283.
		Support Costs	143,245.		145,359.		72,679.		54,509.			415,792.
Total Funds Approved in Principle (US\$)		Project Costs	1,211,321.		1,938,114.		969,057.		726,791.			4,845,283.
		Support Costs	143,245.		145,359.		72,679.		54,509.			415,792.
Total Funds Released by the ExCom (US\$)		Project Costs	1,211,321.		1,938,114.		969,057.		0.			4,118,492.
		Support Costs	143,245.3		145,359.		72,679.		0.			361,283.3
Total Funds Requested for Current Year (US\$)		Project Costs								726,791.		726,791.
		Support Costs								54,509.		54,509.

(V) SECRETARIAT'S RECOMMENDATION:	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Costa Rica UNDP has submitted to the 59th Meeting of the Executive Committee a progress report on the implementation of the 4th tranche 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. UNDP has also submitted a request for US \$726,791 plus agency support costs of US \$54,509 for the implementation of the 5th and last tranche of the project.

Background

2. The project was approved in principle by the Executive Committee at its 35th Meeting, together with funding for the 1st tranche (US \$1,211,321) (decision 35/43). The 2nd and 3rd tranches, at a total cost of US \$1,938,114 plus agency support costs of US \$145,359, were approved at the 43rd Meeting (decision 43/26). The 4th tranche, at a total cost of US \$969,057 plus agency support costs of US \$72,679, was approved at the 49th Meeting.

3. At the 48th Meeting, upon a request by the Government of Costa Rica, the Executive Committee agreed to revise the phase-out schedule in the agreement and requested the Government and UNDP to include in all future work programme procedures for accelerating the introduction of full-scale alternative technologies in the melon sector (decision 48/16 (b) (ii)).

Progress report

4. For the cut flowers sector, MB has been completely phased out through the introduction of biological controls (using a laboratory established through the project) in the largest production areas, and steam generated by a mobile boiler in a relatively small production area. The use of MB has also been completely phased out in the tobacco sector through the introduction of an alternative fumigant (metham sodium) and relevant agricultural equipment.

5. Therefore, MB is currently used only in the production of melons. Various alternative technologies have been evaluated and assessed, including solarization alone or in combination with alternative fumigants, low-dose chemicals (metham sodium, metham potassium, 1,3-dichloropropene (1,3-D) alone or in combination with chloropicrin), and biological controls. In the 2007 and 2008 production seasons, excessive rain that flooded several melon production areas prevented solarization from being introduced. In these areas, the only viable option was to continue using MB to avoid any reduction in production.

6. Several specialized training workshops (i.e., biological controls, procedures for application of alternative fumigants, security standards) and awareness-raising activities have been implemented. Workshops on alternative technologies, application methods, dosage rates and safety-related issues linked to alternative fumigants have been provided to more than 600 stakeholders.

7. By the end of December 2008, of the total funding of US \$4,118,492 so far approved, US \$3,579,036 had been disbursed. It is estimated that the balance of US \$539,456 will be committed by the end of September 2009.

2009-2010 work programme

8. The proposed activities to achieve the complete phase-out of the remaining consumption of MB for controlled uses in Costa Rica include: providing technical assistance and relevant equipment to control weeds (*Cyperus rotundus*) and nematodes (through biological control); enhancing effectiveness in the application of alternative fumigants; providing training and awareness programmes on biofumigation and the production of biological controls, as well as on integrated pest/crop management systems.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

9. According to data reported by the Government of Costa Rica under Article 7 of the Montreal Protocol, the levels of MB consumption have been below that allowed under the Montreal Protocol. However, MB consumption levels in 2007 and 2008 were above those allowed under the agreement between the Government and the Executive Committee, as shown in the table below.

Parameter	CFC consumption (ODP tonnes)						
	2002	2003	2004	2005	2006	2007	2008
Montreal Protocol levels	342.5	342.5	342.5	274.0	274.0	274.0	274.0
Agreement levels	342.5	342.5	298.8	273.6	253.2	210.0	174.0
Consumption (Article 7)	280.0	337.3	288.2	258.0	251.3	238.1	212.4
Consumption over Agreement						28.1	38.4

10. It is to be noted that, unlike CFC phase-out plans, agreements for the phase-out of MB do not have a specific penalty clause. The Agreement for the phase-out of MB in Costa Rica only stipulates that the subsequent year's funding will not be disbursed until the Committee has favourably reviewed the prior year's progress report.

11. Although levels of MB consumption have been decreasing since the approval of the project, the total area cultivated with MB for the production of melons, as reported in the proposal, has increased almost fourfold between 2004 (829 ha) and 2008 (3,097 ha). The reduction in MB consumption is due to a more effective use of the fumigant (lower application rates through, possibly, the use of virtual impermeable films). However, the expansion of the area cultivated with MB calls into question the soundness and sustainability of the alternative technologies used so far (i.e., bio-controllers, solarization in combination with alternative fumigants and/or alternative fumigants).

12. UNDP reported that melon production in Costa Rica is mainly for export markets, represents significant income for the country, and is a major source of employment. Production occurs between November and May, when other larger melon producers in Europe and the United States are not producing. Accordingly, export quotas and production surface areas are established each year based on markets and customer needs. Over the last production season, severe floods in the producing area had a major impact on the production of melons. To mitigate this impact, additional amounts of MB (above those allowed under the agreement) were applied. Melon growers attempted to reduce MB consumption by introducing good agricultural practices, including crop rotation; however, in some production areas MB cannot yet be completely phased out. To further reduce dependence of MB consumption, UNDP is assisting the Government in the registration of iodine methane, a product with similar characteristics to MB, so that it can be used in the 2010-2011 production season. The Ministry of Agriculture sent an official communication to the project team indicating its commitment to get this product registered as quickly as possible (a request for importing one tonne of this chemical for additional tests has been submitted by major stakeholders, including the growers, the project team and commercial enterprises). Given the current situation, the Government of Costa Rica is requesting to extend the MB phase-out date from 2010 to 2013.

13. In regard to the long-term sustainability of the phase-out of MB in the production of tobacco and cut flowers, UNDP indicated that no MB has been used in these two sectors since the selected alternative technologies were introduced (i.e., metham sodium in the preparation of tobacco seedbeds in 2005 and steam fumigation in cut flowers in 2008). Both technologies have been implemented steadily in these sectors. Through the assistance provided so far, melon growers have acquired the capacity to effectively implement different alternative technologies, and are fully aware of international market trends toward non-chemical alternatives, which the project promotes. However, growers need to have at least one

effective chemical that can be used in extraordinary cases (e.g., in case of adverse climate effects). The Ministry of Agriculture of Costa Rica is assisting in the registration of iodine methane.

14. Noting that the Government of Costa Rica was requesting, for the second time, a change to the agreement it entered into with the Executive Committee, UNDP indicated that the Government had initially proposed a very ambitious phase-out schedule for MB, partly due to an expectation that cost-effective alternative technologies would become available worldwide. However, the availability of alternatives that can be applied under various climatic and soil conditions has been very limited. Accordingly, the complete phase-out of MB in 2010, as proposed, would have major implications for the melon sector and the country's economy. For this and all other reasons previously mentioned, the Government of Costa Rica is requesting an extension of the MB phase-out date.

RECOMMENDATION

15. The Secretariat is unable to recommend blanket approval for the 5th 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, as MB consumption levels in 2007 and 2008 were over the maximum allowable levels under the Agreement between the Government and the Executive Committee. However, the Executive Committee may wish to consider:

- (a) Approving the following revised methyl bromide phase-out schedule in its agreement with Costa Rica:

Year	Maximum level of MB consumption (ODP tonnes)	
	Original	Revised
2006	253.2	253,2
2007	210.0	210.0
2008	174.0	174.0
2009	114.0	174.0
2010	0.0	170.0
2011		140.0
2012		85.0
2013		0.0

- (b) Approving the 5th tranche of the project at a total cost of US \$726,791 plus agency support costs of US \$54,509 for UNDP, taking into account that methyl bromide has been completely phased out in the production of cut flowers and tobacco, and the Government of Costa Rica has provided assurance that the phase-out of all controlled uses of methyl bromide in Costa Rica will be achieved by 2013;
- (c) Requesting UNDP to present an annual progress report on the implementation of the project, including financial reports, until the project is completed.
