



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/55/28
10 June 2008



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fifth Meeting
Bangkok, 14-18 July 2008

PROJECT PROPOSAL: COSTA RICA

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

Phase-out

- Terminal phase-out management plan for Annex A Group I substances (second tranche) UNDP

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Costa Rica

(I) PROJECT TITLE	AGENCY
CFC phase out plan	UNDP

(II) LATEST ARTICLE 7 DATA (ODP Tonnes)				Year: 2007	
CFC: 27.9	CTC: 0	Halons: 0	MB: 238.1	TCA: 0	

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)										Year: 2007			
Substances	Aerosol	Foam	Halon	Refrigeration		Solvent	Process Agent	MDI	Lab Use	Methyl Bromide		Tobacco fluffing	Total Sector Consumption
				Manufacturing	Servicing					QPS	Non QPS		
CFC	27.9												27.9
CTC													0
Halons													0
Methyl Bromide											238.1		238.1
TCA													0

(IV) PROJECT DATA			2007	2008	2009	2010	Total
Montreal Protocol Consumption Limits		CFC	37.5	37.5	37.5	0.	
Maximum Allowable Consumption (ODP Tonnes)		CFC	37.5	37.5	37.5	0.	
Project Costs (US\$)	UNDP	Project Costs	200,000.	200,000.	165,000.		565,000.
		Support Costs	15,000.	15,000.	12,375.		42,375.
Total Funds Approved in Principle (US\$)		Project Costs	200,000.	200,000.	165,000.		565,000.
		Support Costs	15,000.	15,000.	12,375.		42,375.
Total Funds Released by the ExCom (US\$)		Project Costs	200,000.	0.	0.		200,000.
		Support Costs	15,000.	0.	0.		15,000.
Total Funds Requested for Current Year (US\$)		Project Costs		200,000.			200,000.
		Support Costs		15,000.			15,000.

(V) SECRETARIAT'S RECOMMENDATION:	Blanket approval
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PROJECT DESCRIPTION

1. On behalf of the Government of Costa Rica, UNDP has submitted to the 55th Meeting of the Executive Committee a progress report on the implementation of the first work programme of the Costa Rica terminal phase-out management plan (TPMP). This is accompanied by a request for funding for the second work programme at a total cost of US \$200,000 plus agency support cost of US \$15,000.

Background

2. The TPMP for Costa Rica was approved in principle at the amount of US \$565,000 plus agency support costs of US \$42,375 for UNDP by the Executive Committee at its 52nd Meeting, to completely phase out CFC consumption in the country by 2009. At the same meeting, the Executive Committee approved US \$200,000, plus agency support costs of US \$15,000 for the implementation of the first work programme.

Progress report on the implementation of the first work programme

3. A number of activities were implemented during the first work programme; namely: ODS regulations and standards were reviewed; the quota system is under full implementation; the contract with the trainers that will conduct training workshops on alternative refrigerants has been signed, and the selection process for the technicians is in progress; the selection and bidding of service tools and equipment to be distributed as an incentive for good practices is ongoing. Also, the training programme for the fishing, industrial and commercial sub-sectors has been organized and 30 technicians have already been trained. A total of 35 vessels, equivalent to 58 per cent of the fishing fleet in Costa Rica, have been retrofitted to HCFC-22 refrigerant since the first incentive program was approved. Finally, the project management unit has been set up and staffed.

4. By the end of 2007, US \$151,952 will have been disbursed or committed, with a balance of US \$48,048 to be utilized in 2008.

Plan of action for the second work programme

5. The Government of Costa Rica commits to implementing a number of activities under the second work programme of the TPMP. These include: technical workshops and the distribution of tools to the technicians trained; redistribution of the recovery and recycling equipment, based on the feedback from the monitoring activities; technical and financial assistance to retrofit CFC-based refrigeration equipment in fishing ships to HCFC-22 refrigerants; and eight workshops on good servicing and recovery/recycling for the remaining CFC-based fishing sector. Enforcement of the import quota system and prevention of illegal CFC trade through continuous inspection of warehouses of ODS importers and distributors and training of enforcement officers will also be covered. Monitoring, reporting and control activities will continue.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

6. The 2007 CFC consumption reported by the Government of Costa Rica under Article 7 of the Protocol of 27.9 ODP tonnes was already 9.6 ODP tonnes below the Protocol's maximum allowable level of consumption of 37.5 ODP tonnes for that year. The reduction in CFC consumption achieved in 2007 was a result of the consistent phase-out strategy implemented by the Government, reinforced by the established licensing system.

7. When asked by the Secretariat, UNDP pointed out that the licensing system also registers imports of several HCFCs, (HCFC-22, HCFC-124; HCFC-141b and HCFC 142b). However, the system, at this time, does not set any import limit on these substances.

8. The objective of the end-user incentive programme is to convert the CFC-based refrigeration systems of the fisheries fleet mainly to HCFC-22 refrigerant. This project component is a continuation of a similar project that was approved under the RMP for Costa Rica, when HCFCs were to be phased-out only in 2040. However, at their 19th Meeting in September 2007, the Parties to the Protocol agreed to accelerate the phase-out of HCFCs with a freeze in baseline consumption by 2013 and a 10 per cent reduction of the baseline by 2015. Noting that the project proposes to retrofit 13 CFC-based refrigeration systems to HCFC-22, the Secretariat suggested that UNDP further consider the technical feasibility and economic viability of selecting other non-ODS refrigerants to replace CFC-12.

9. On this issue, UNDP indicated that it has been assessing other alternative refrigerants besides HCFC-22 for several years, but even more so since the Parties' adoption of the revised HCFC phase-out schedule in September 2007. In the case of the incentive programme for the fishing fleet included in the TPMP, non-ODS alternative refrigerants were extensively investigated, and HCFC-22 was determined to be the best alternative refrigerant for the existing conditions and equipment in Costa Rica. At present even though conversion using drop-in refrigerant is already being tested in the country, HCFC-22 remains end-users' preferred choice due to its lower cost.

RECOMMENDATION

10. The Fund Secretariat recommends blanket approval of the second tranche of the plan with associated support costs at the funding level shown in the table below.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Terminal phase-out management plan for Annex A Group I substances (second tranche)	200,000	15,000	UNDP

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