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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-eighth Meeting  
Montreal, 6-10 July 2009

**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 (third tranche)

UNDP

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**  
**Costa Rica**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
CFC phase out plan	UNDP

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>				<b>Year: 2008</b>
CFC: 11.4	CTC: 0	Halons: 0	MB: 212.4	TCA: 0

<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP Tonnes)</b>											<b>Year: 2008</b>		
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

<b>(IV) PROJECT DATA</b>			2007	2008	2009	2010	Total
<b>Montreal Protocol Consumption Limits</b>		CFC	37.5	37.5	37.5	0.	
<b>Maximum Allowable Consumption (ODP Tonnes)</b>		CFC	37.5	37.5	37.5	0.	
<b>Project Costs (US\$)</b>	UNDP	Project Costs	200,000.	200,000.	165,000.		565,000.
		Support Costs	15,000.	15,000.	12,375.		42,375.
<b>Total Funds Approved in Principle (US\$)</b>		Project Costs	200,000.	200,000.	165,000.		565,000.
		Support Costs	15,000.	15,000.	12,375.		42,375.
<b>Total Funds Released by the ExCom (US\$)</b>		Project Costs	200,000.	200,000.	0.		400,000.
		Support Costs	15,000.	15,000.	0.		30,000.
<b>Total Funds Requested for Current Year (US\$)</b>		Project Costs			165,000.		165,000.
		Support Costs			12,375.		12,375.

<b>(V) SECRETARIAT'S RECOMMENDATION:</b>	<b>Blanket approval</b>
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## **PROJECT DESCRIPTION**

1. On behalf of the Government of Costa Rica, UNDP, as the lead implementing agency, has submitted to the 58<sup>th</sup> Meeting of the Executive Committee a request for funding for the third tranche (2009) of the terminal phase-out management plan for Annex A Group I Substances (TPMP) at a total cost of US \$165,000, plus agency support costs of US \$12,375 for UNDP. The submission also includes a progress report on the implementation of the TPMP during 2008 and the implementation programme for 2009.

### **Background**

2. The TPMP for Costa Rica was approved by the Executive Committee at its 52<sup>nd</sup> Meeting, to completely phase out CFC consumption in the country by 2009. Total funding of US \$565,000 plus agency support costs of US \$42,375 was approved in principle by the Executive Committee. At the same meeting, the Executive Committee approved US \$200,000 plus agency support costs of US \$15,000 for UNDP to implement the first tranche. The Committee approved, at its 55<sup>th</sup> Meeting, the second tranche of the TPMP at a total cost of US \$200,000, plus agency support costs of US \$15,000 for UNDP.

### Progress report on the implementation of the first tranche of the TPMP

3. Following the approval of the second tranche of the TPMP, the ODS import licensing system is operational and registers imports of several HCFCs without setting, at present, import limits for these ODS; six training workshops on alternative refrigerants have been completed, resulting in 125 technicians trained; 200 servicing tools and 200 training kits have been purchased. Since the approval of the TPMP, all systems except for five fishing vessels with CFC-based refrigeration systems have been converted to HCFC-22. Users of CFC-based cooling systems in the agro-industrial sector have been identified, and several awareness activities have been conducted. Regular monitoring exercises are being carried out with major stakeholders on a quarterly basis.

4. As of July 2009, of the US \$400,000 approved for the first two tranches, US \$315,000 had been disbursed or committed for disbursement. The balance of US \$85,000 will be disbursed before the end of 2009.

### Plan of action for the third tranche of the TPMP

5. The Government of Costa Rica commits to implementing the following activities under the third work programme of the TPMP: continue strengthening the CFC import licensing system and raising awareness and commitment among Customs authorities towards ozone issues, and providing additional training to Customs officers and other staff directly related to ODS imports; provide technical assistance to the commercial, domestic and MAC refrigeration servicing sectors to facilitate the adoption of drop-in refrigerants and CFC containment practices; procure additional recovery units and service tools, basic equipment and training kits for technicians; provide assistance to retrofit five CFC-based refrigeration systems in fishing vessels to HCFC-22 refrigerant; organize five workshops on good servicing practices including recovery/recycling operations for remaining CFC users; implement a training and awareness programme for remaining CFC users in the commercial and industrial sub-sectors; convert 50 milk cooling systems to alternative refrigerants; and continue with monitoring and verification activities.

## **SECRETARIAT'S COMMENTS AND RECOMMENDATION**

### **COMMENTS**

6. The 2008 CFC consumption reported by the Government of Costa Rica under Article 7 of the Montreal Protocol of 11.4 ODP tonnes was already 26.1 ODP tonnes below that of 37.5 ODP tonnes

allowed for that year.

7. In regard to the proposal for retrofitting the five remaining CFC-based fishery vessels to HCFC-22, the Secretariat suggested that UNDP consider the feasibility of selecting another non-ODS refrigerant in replacement of CFC-12, even if the conversion costs are higher than those associated with the HCFC-22 option. UNDP reported that the retrofit project for the fishery fleets was part of the RMP for Costa Rica. Since then, the infrastructure established and the training provided to technicians focused on the conversion of systems to HCFC-22 as the most cost-effective and sustainable technology. There are only five more systems that remain to be retrofitted. Furthermore, the only currently available non-ODS refrigerant is HFC-134a. However, due to the high level of humidity in the environment, HFC-134a has important technical limitations, taking into account that the oil used is highly hygroscopic and represents a source of contamination to the interior of the system. Therefore, conversion to HCFC-22 continues to be the best technical and economic option for the sector.

8. Additional information was requested regarding the incentive programme for converting CFC-based milk cooling systems. UNDP reported that there are some 180 CFC-based milk cooling systems still in operation in three dairies. Some of the cooling systems are in the process of being replaced, as their condensing units have become damaged and are not worth repairing. The incentive programme is to retrofit one cooling system in each dairy to HFC-134a refrigerant and assist in the conversion of an additional 50 systems. Although HCFC-22 is much cheaper than HFC-134a, it has not been selected for these systems considering the accelerated phase-out schedule agreed by the Parties.

9. The Secretariat also sought a clarification from the implementing agencies on whether the Government of Costa Rica will be able to achieve the complete phase-out of CFCs by the end of 2009 and sustain that level of consumption through the activities proposed in the final tranche of the TPMP. UNDP strongly believes that, with the implementation of the activities proposed in the final tranche of the TPMP, Costa Rica will be able to achieve complete phase-out of CFCs by the end of 2009.

10. Noting that funding for the preparation of the HPMP was approved by the Executive Committee at its 55<sup>th</sup> and 57<sup>th</sup> Meetings, the Secretariat also suggested that, during the implementation of the final tranche of the TPMP, UNDP consider advising the Government on undertaking some preliminary actions to facilitate the phase-out of HCFCs in due time.

## RECOMMENDATION

11. The Fund Secretariat recommends that the Executive Committee:

- (a) Takes note of the progress report on the implementation of the second tranche of the terminal phase-out management plan in Costa Rica; and
- (b) Approves the 2009-2010 annual implementation programme.

12. The Secretariat further recommends blanket approval of the third tranche (2009-2010) of the TPMP for Costa Rica, with associated support costs at the funding level shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US\$)</b>	<b>Support Cost (US\$)</b>	<b>Implementing Agency</b>
(a)	Terminal phase-out management plan for Annex A Group I Substances (third tranche)	165,000	12,375	UNDP

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