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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninetieth Meeting
Montreal, 20-23 June 2022
Items 9(a) and 9(d) of the provisional agenda¹

PROJECT PROPOSAL: MEXICO

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

Phase-out

- HCFC phase-out management plan (stage II, fourth tranche)

UNIDO, UNEP,
Germany, Italy and Spain

¹ UNEP/OzL.Pro/ExCom/90/1

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 issuance of the document.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Mexico

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	Germany, Italy, Spain, UNEP, UNIDO (lead)	73 rd	67.5% in 2022

(II) LATEST ARTICLE-7 DATA (Annex C Group I)	Year: 2020	119.96 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2021	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					125.57				125.57
HCFC-123			0.28						0.28
HCFC-141b		4.52							4.52

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	1,148.8	Starting point for sustained aggregate reductions:	1,214.8
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	950.9	Remaining:	263.9

(V) BUSINESS PLAN		2022	2023	2024	Total
UNIDO	ODS phase-out (ODP tonnes)	75.2	21.0	0.0	96.2
	Funding (US \$)	1,725,000	482,000	0	2,207,000
UNEP	ODS phase-out (ODP tonnes)	1.9	0.0	0.0	1.9
	Funding (US \$)	45,000	0	0	45,000

(VI) PROJECT DATA		2014	2015	2016	2018	*2020	2022	Total	
Montreal Protocol consumption limits (ODP tonnes)		1,148.80	1,033.92	1,033.92	1,033.92	746.72	746.72	n/a	
Maximum allowable consumption (ODP tonnes)		1,148.80	1,033.92	1,033.92	746.72	574.40	373.36	n/a	
Agreed funding (US \$)	UNIDO	Project costs	2,404,412	0	1,165,509	2,139,719	1,612,350	450,600	7,772,590
		Support costs	168,309	0	81,586	149,780	112,865	31,542	544,082
	Germany	Project costs	325,000	0	325,000	0	0	0	650,000
		Support costs	40,750	0	40,750	0	0	0	81,500
	Italy	Project costs	458,191	0	0	0	0	0	458,191
		Support costs	59,565	0	0	0	0	0	59,565
	Spain	Project costs	0		1,056,991	1,070,000	0	0	2,126,991
		Support costs	0		121,238	122,731	0	0	243,969
	UNEP	Project costs	0	0	40,000	0	40,000	0	80,000
		Support costs	0	0	5,200	0	5,200	0	10,400
Funds approved by ExCom (US \$)	Project costs	3,187,603	0	2,587,500	3,209,719	0		8,984,822	
	Support costs	268,624	0	248,774	272,511	0		789,909	
Total funds requested for approval at this meeting (US \$)	Project costs						1,652,350	1,652,350	
	Support costs						118,065	118,065	

*Tranche initially planned for 2020 is being requested in 2022. Tranche initially planned for 2022 will be requested in 2023.

Secretariat's recommendation:	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of Mexico, UNIDO as the lead implementing agency has submitted a request for funding for the fourth tranche of stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$1,770,415, consisting of US \$1,612,350, plus agency support costs of US \$112,865 for UNIDO, and US \$40,000, plus agency support costs of US \$5,200 for UNEP.² The submission includes a progress report on the implementation of the third tranche, verification reports on HCFC consumption for 2019 to 2021, and the tranche implementation plan for 2022 to 2024.

Report on HCFC consumption

2. The Government of Mexico reported under the country programme (CP) implementation report a consumption of 130.34 ODP tonnes of HCFC in 2021, which is 89 per cent below the HCFC baseline for compliance. The Article 7 data for 2021 has not been reported yet. The 2017-2021 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in Mexico (2017-2021 Article 7 data)

HCFC	2017	2018	2019	2020	2021*	Baseline
Metric tonnes (mt)						
HCFC-22	4,694.12	2,962.37	3,044.49	1,550.29	2,283.05	8,505.1
HCFC-123	24.86	45.76	40.00	-3.90	14.20	73.1
HCFC-124	10.03	0.0	0.0	0.0	0.0	8.0
HCFC-141b	1,331.16	1,348.19	535.88	316.10	41.05	6,123.9
HCFC-142b	136.82	137.26	112.82	0.0	-0.44	89.2
Total (mt)	6,196.99	4,493.58	3,733.19	1,862.49	2,337.87	14,799.3
ODP tonnes						
HCFC-22	258.18	162.93	167.45	85.27	125.57	467.8
HCFC-123	0.50	0.91	0.80	-0.08	0.28	1.4
HCFC-124	0.22	0.0	0.0	0.0	0.0	0.2
HCFC-141b	146.43	148.30	58.95	34.77	4.52	673.6
HCFC-142b	8.89	8.92	7.33	0.0	-0.03	5.8
Total (ODP tonnes)	414.22	321.06	234.53	119.96	130.34	1,148.8

* CP data.

3. The reduction in the consumption of HCFCs in Mexico in recent years has been mainly due to the completion of projects in the polyurethane (PU) foam, domestic refrigeration, commercial refrigeration, extruded polystyrene (XPS) foam, and the aerosol/solvent sectors, as well as the introduction of affordable new technologies in the refrigeration and air-conditioning (RAC) sector. After a sharp decrease in 2020 triggered by COVID-19, HCFC consumption in the local industry and international trade increased again in 2021 but remained within the overall decreasing trend.

CP implementation report

4. The Government of Mexico reported HCFC sector consumption data under the 2020 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification reports

5. The verification reports have confirmed that the Government continues to implement a comprehensive licensing and quota system for HCFC imports and exports to ensure compliance with the Montreal Protocol and the Agreement with the Executive Committee. The verifications have also confirmed

² As per the letter of 28 March 2022 from the Ministry of Environment and Natural Resources of the Government of Mexico to UNIDO.

that the consumption of HCFCs reported by the Government of Mexico for 2019-2021 is consistent with the information provided by the import and export enterprises and in the official customs administration reports.

Progress report on the implementation of the third tranche of the HPMP

Legal framework

6. The Government of Mexico has continued to apply the HCFC licensing and quota system, adjusting it to better control the imports of HCFCs, both pure and contained in blends. A digital platform is currently being developed to further improve the SISSAO (monitoring system of ozone-depleting substances (ODS)).

7. The Government also promulgated the ban on imports of HCFC-141b from 1 January 2022, developed a labour competence standard to certify technicians in the use of flammable refrigerants, and in July 2018 published the update to energy-efficiency standard NOM-023-ENER-2017 for room air-conditioning (AC) and mini-splits, which increased energy efficiency limits above the performance of HCFC-22-based air conditioners. Mexico also ratified the Kigali Amendment on 25 September 2018.

Aerosol/solvent manufacturing sector

8. Eight aerosol/solvent manufacturing enterprises included in stage II completed their conversion to HCFC-free technologies by 2018, collectively phasing out 384.28 mt of HCFC-22 and 383.96 mt of HCFC-141b. One enterprise consumed 2 mt of the HFC-365mfc/HFC-227ea blend for a specific automotive application, on an interim basis up until the 82nd meeting, when UNIDO reported that this use had been discontinued.³

Conversion of non-eligible enterprises in other manufacturing sectors

9. At the 73rd meeting (when stage II was approved), enterprises that were not eligible for funding due to foreign ownership reported consuming 272.10 ODP tonnes of HCFC-141b and HCFC-22. This consumption has been now phased out, except for 4.52 ODP tonnes of HCFC-141b used in 2021 by one enterprise that experienced difficulties completing the transition due to the COVID-19 pandemic. Starting in 2022, the Government will no longer grant import quotas for this substance, in line with the new ban on import of HCFC-141b.

Refrigeration servicing sector

10. The following activities have been completed since 2018:

- (a) *Customs activities* (UNEP): tools and supplies⁴ for identifying ODS were distributed to nine customs laboratories;
- (b) *Phase-out of HCFC-22 and HCFC-141b in flushing and RAC servicing* (UNIDO): 160 tool kits⁵ including flushing equipment for use with alternative substances were procured and

³ In line with decision 74/20, UNIDO reported this interim use of a high-GWP alternative until it was discontinued, as noted by the Executive Committee at the 82nd meeting (document UNEP/OzL.Pro/ExCom/82/72, paragraph 126).

⁴ Cylinders for sampling, needle valves, brass adapters, bronze binders, taper plugs, vacuum pumps, manifolds, wrenches, safety glasses, and gloves.

⁵ The servicing tool kits are adapted to the size of the workshop and can include, *inter alia*: flushing machine with flushing agent; air compressor with hose and connections; flushing kit for AC; nitrogen blowing equipment; universal connection kit for systems flushing; multifunctional digital manifold; vacuum pump with electro valve and vacuum gauge; refrigerant recovery units and cylinders; charge scale; clamp-on meter; mechanical manifold gauge set with hoses; leak detector; and tube cutter.

distributed to technicians and training institutions; additional 639 kits are being procured;

- (c) *Technician training programme (UNIDO)*: the Ministry of Environment and Natural Resources signed new collaboration agreements with four academic institutions managing 18 training centres across the country. A total of 934 technicians received training on the best practices in refrigeration; and additional 400 technicians will be trained through the training centres under the current tranche. A manual on good practices in the use of alternatives to HCFCs was developed and is currently being evaluated and updated by training centres for subsequent distribution (2,000 copies);
- (d) *Strengthening of the refrigerant recovery, recycling and reclamation (RRR) network (UNIDO)*: two RRR centres received additional laboratory equipment to improve the monitoring of regenerated gas, as well as introductory training. The RRR centres are currently operating⁶ and upon completion of a second training workshop on the use of the new equipment, they will be able to test regenerated refrigerant against Air-conditioning, Heating, and Refrigeration Institute (AHRI) standard 700;
- (e) *Assistance for the introduction of alternatives to hydrocarbon (HC) (Germany)*: the activity planning to procure 20 R-290-based split AC systems to be used as trial units was redesigned in 2020 due to the unavailability of HC-based AC equipment and the lack of local training capacity regarding HCs. Accordingly, a labour competence standard to certify technicians in the safe use of HC has been developed along with related training material, and a demonstration unit employing HC and carbon dioxide (CO₂) is currently being procured for training purposes; and
- (f) *Monitoring of HCFC production*: HCFC production monitoring reports for the years 2016 to 2018 were prepared. The 2019 report could not be produced in 2020 due to the COVID-19 pandemic. HCFC production and destruction monitoring reports for 2019-2021 will be prepared in June and July 2022 and shared with the Secretariat as per the existing practice.

Project implementation and monitoring

11. The project coordinator of the HPMP, under the supervision of the national ozone unit (NOU), undertakes monitoring of all activities; holds coordination meetings with industry stakeholders, importers, and Government institutions to assure the timely implementation of all projects; monitors and updates the SISSAO system as required; and implements public awareness activities to support the implementation of the HPMP. The project coordinator is supported by one project assistant and local consultants as required for specific activities, such as training coordination, development of legal agreements, communications, and information technology. The project implementation and monitoring costs incurred since the first tranche are presented in Table 2.

Table 2. Project implementation and monitoring costs (US \$)

Particulars	Approved in principle	Cumulative first three tranches	
		Approved	Disbursed
Project coordination (one coordinator and one assistant)	500,000	415,000	404,873
Local consultants	100,000	70,000	52,242
Stakeholder meetings, public awareness activities	40,000	35,000	32,381
Activities related with HCFC quotas, SISSAO maintenance and redesign	50,000	30,000	9,800
Total	690,000	550,000	499,296

⁶ One RRR centre operating since 2007 has recovered 500 mt of CFC and HCFC; the second, more recent one, has recovered 4.5 mt of HCFC-22, and 14.9 mt of HFCs. Contaminated refrigerants amounting to 38 mt have been sent for destruction.

Level of fund disbursement

12. As of April 2022, of the US \$8,984,822 approved so far, US \$6,176,565 had been disbursed (US \$4,127,646 for UNIDO, US \$40,000 for UNEP, US \$352,690 for the Government of Germany, US \$443,498 for the Government of Italy and US \$1,212,731 for the Government of Spain), as shown in Table 3. The balance of US \$2,808,257 will be disbursed in 2022-2024.

Table 3. Financial report of stage II of the HPMP for Mexico (US \$)

Agency	First tranche		Second tranche		Third tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNIDO	2,404,412	2,376,182	1,165,509	1,164,805	2,139,719	586,659	5,709,640	4,127,646
UNEP	0	0	40,000	40,000	0	0	40,000	40,000
Germany	325,000	325,000	325,000	27,690	0	0	650,000	352,690
Italy	458,191	443,498	0	0	0	0	458,191	443,498
Spain	0	0	1,056,991	1,010,586	1,070,000	202,145	2,126,991	1,212,731
Total	3,187,603	3,144,680	2,587,500	2,243,081	3,209,719	788,804	8,984,822	6,176,565
Disburse rate (%)	99		87		25		69	

Implementation plan for the fourth tranche of the HPMP

13. The following activities will be implemented between July 2022 and December 2024:

- (a) *Customs activities*: training of additional 120 to 150 customs and enforcement officers, both in person and online, on the new policies and regulations, national commitments under the Montreal Protocol, prevention of illegal trade in the HCFCs that were already phased out, updated methods of identifying pure and blended HCFCs (including HCFC-141b contained in pre-blended polyols), and the 2022 update of harmonized customs codes. Training will also be extended to other stakeholders, including brokers, importers, and distributors (UNEP) (US \$40,000);
- (b) *Phase-out of HCFC-22 and HCFC-141b in flushing and RAC servicing*: distribution to technicians of the additional 500 tool kits, including flushing kits, for good servicing practices; certification of 40 instructors as trainers and training of additional 2,000 technicians in the best practices in RAC servicing, including the use of alternatives to HCFCs for cleaning RAC systems; a study tour for the selected, best-qualified trainers to learn about best practices in another country for local replication; printing and distribution of 5,000 copies of the updated manual of good practices in the use of alternatives to HCFCs, including the new HFO cleaning agents, and the electronic publication of the manual. The training courses will combine e-learning with hands-on practical components, and include targeted sessions on gender (UNIDO) (US \$1,472,350);
- (c) *Assistance for the introduction of alternatives to HC*: completion of procurement of the demonstration unit employing HC and CO₂ for training purposes (Germany) (funds from previous tranches); and
- (d) *Project implementation and monitoring*: coordination, monitoring, and dissemination of HPMP activities to stakeholders; carrying out audits of ODS consumption; redesign and update of the SISSAO system, including improvements in its operation and performance, integration of gender-specific content into the new modules, and development of e-training for SISSAO users; and commissioning reports on the monitoring of HCFC production and destruction (UNIDO) (US \$140,000, including US \$70,000 for project coordinator and assistant, US \$40,000 for local consultants, and US \$30,000 for activities related to the HCFC quota system, maintenance and redesign of the SISSAO system).

Request for extension of stage II

14. Due to the delays in the implementation of activities in the refrigeration servicing sector, mostly caused by the COVID-19 pandemic, which prevented the completion of in-person training for technicians and customs officers, the Government of Mexico is requesting an extension of the duration of stage II of the HPMP and its completion date from 31 December 2023, as established in the Agreement, to 31 December 2024.

SECRETARIAT'S COMMENTS AND RECOMMENDATION**COMMENTS**Financial closure of stage I of the HPMP and return of unused balances

15. At the 88th meeting, UNIDO reported completion of all its activities under stage I of the HPMP, submission of the project completion report on 3 July 2020, and return (at the 86th meeting) of unused balances from UNIDO's components. At the same meeting, the Executive Committee noted that UNDP would financially complete its components of stage I by 31 December 2021 and return to the Fund the approved funds of US \$683,300 for the enterprise Plásticos Espumados, which did not participate in the plan, as well as the estimated balance of US \$300,000 from conversions in the PU foam sector, and any other remaining balances from stage I of the HPMP at the 90th meeting (decision 88/21(b)). Upon the Secretariat's follow-up on this decision, UNDP confirmed that all pending activities of stage I had been completed, all pending payments had been made, and an unused balance of US \$1,437,149 would be returned prior to the 90th meeting.⁷

Progress report on the implementation of the third tranche of stage II*Resolution of the issue associated with the import of equipment procured under the HPMP*

16. At the 88th meeting, UNIDO reported that one of the reasons for the late submission of the fourth tranche was the delay in importing tool kits for RAC technicians, as the duty exemption had not been granted in time by relevant authorities. The NOU took necessary measures, through the Ministry of Foreign Affairs and the customs authorities, to address the issue of import taxes on the equipment funded under the Multilateral Fund.⁸ Upon request for update on the status of this issue at the present meeting, UNIDO reported that the kits had been delivered to the institutions and technicians in November 2021 and confirmed that from now on all equipment imported into Mexico under the Multilateral Fund projects would be tax-exempt. The endorsement letter from the Government of Mexico also confirmed that the tax exemption applied to all equipment provided under the Multilateral Fund.

Modifications to the assistance for the introduction of alternatives to HC, implemented by Germany

17. In August 2020, the Government of Germany informed the Secretariat that some of the activities designed to provide assistance in building the capacity for the introduction of HC alternatives in Mexico

⁷ The return will be reflected in document UNEP/OzL.Pro/ExCom/90/4.

⁸ At its 10th meeting, the Executive Committee decided that the Multilateral Fund would not finance such costs as *inter alia* taxes, duties, or other transfer payments, as this would effectively constitute a grant exceeding the country's actual additional costs, which was not the intention of the Parties (document UNEP/OzL.Pro/ExCom/10/40, para 171A). At the 22nd meeting, noting that there had been instances where Article 5 Governments had levied taxes or duties on equipment funded by the Multilateral Fund, the Executive Committee, reiterating the decision of its 10th meeting, urged Article 5 Parties to exempt from taxes or duties any equipment bought under the Multilateral Fund; and urged the implementing agencies and the Secretariat to pursue their efforts to resolve the problem of levies, taxes and duties on equipment funded by the Multilateral Fund and to work with relevant countries to resolve any outstanding problems, including, if appropriate, an exchange of letters (decision 22/5).

needed to be adjusted. The project included five activities: building the training capacity; training; development of standards and guidelines; incentives to replace 1,000 residential AC units with new HC-based models; and field tests on the safe application of HC refrigerant. Due to the unavailability of HC-based AC equipment and the lack of training institutions with suitable infrastructure to showcase HC-based technology, the Governments of Mexico and Germany decided to remove two activities from the project, namely the incentives to replace 1,000 residential AC units with new HC-based models and the field tests on the safe application of HC refrigerant.

18. At the same time, noting that almost 2,000 mt of HCFC-22 were still used in the commercial refrigeration sector,⁹ it was proposed to redirect the project to facilitate the introduction of HCs in this sector by strengthening training capacity through the development of a demonstration and training centre. This centre, specialized in commercial refrigeration, would include a demonstration refrigeration system combining R-290 and CO₂. Activities involving training, building training capacity, and developing standards and guidelines would continue to be implemented, but with focus on commercial refrigeration.

19. Upon extensive discussions with the Government of Germany, the Secretariat noted that the revised project would have significant impact, given the large consumption of HCFC-22 in commercial refrigeration and the selection of a training institute that consistently provides targeted training to RAC technicians. Assistance provided in transition to HC-based technology would also help reduce the introduction of high-GWP alternatives in this sector. The Secretariat concluded that this would not constitute a major change in the overall implementation of stage II as defined in paragraph 7 of the Agreement between the Government and the Executive Committee, given the reallocated funding levels,¹⁰ the fact that the funding is being reallocated within the same sector, project and agency, and noting the flexibility given to the country in paragraph 8 of the Agreement to address specific needs that might arise in the refrigeration servicing sector during project implementation.

20. Accordingly, in line with paragraph 7(b) of the Agreement, the Secretariat advised the Government of Germany to incorporate the adjustments in the ongoing tranche and report progress to the Executive Committee in the tranche implementation report. The report on progress is contained in paragraph 10(e) of the present document.

Sustainability of the implemented activities and the HCFC phase-out

21. In providing information on the sustainability of HCFC phase-out achieved in the aerosol, PU foam, and XPS foam sectors, UNIDO explained that the ban on imports of HCFC-141b, effective from 1 January 2022, supports the phase-out of HCFC-141b in the aerosol/solvent and PU foam sectors, while the commitment not to issue any import quota for HCFC-142b as of 1 January 2020 supports the conversions in the XPS foam sector.

22. In the refrigeration servicing sector, trainers continue to be trained and tools continue to be provided to replicate training in each training centre on a permanent basis. Cooperation will continue to create a training network, and training courses will be made available through a digital platform. Support will also be provided to the customs training school to institutionalize the Montreal Protocol-World Customs Organization training following the 2022 update.

⁹ Sixty per cent of centralized refrigeration installations and 70 per cent of condensing units used mostly in supermarkets are still HCFC-22-based.

¹⁰ US \$275,000 initially allocated to the incentive programme for the replacement of 1,000 AC units and tests and trials were reassigned to the development of the HC commercial refrigeration training centre, on-site and online training material, and tests to demonstrate the safe application of HCs in commercial refrigeration. This value represents 8 per cent of the last approved tranche, i.e., less than 30 per cent, as stipulated in the Agreement.

Request of extension of stage II

23. The Secretariat notes that substantive progress has been achieved in the implementation of stage II of the HPMP for Mexico, including the completion of the conversion of the aerosol/solvent sector and the procurement of equipment for the RRR centres and tools for the technicians and training centres. It is also noted that some of the issues encountered during the third tranche (related to imports of equipment and the adjustments made to the activities implemented by the Government of Germany) have now been resolved, and that some activities delayed due to the COVID-19 pandemic, such as additional training provided through training centres, will restart in July 2022. Based on this, the Secretariat considers that an extension of stage II of the HPMP for one year, to 31 December 2024, will allow the Government of Mexico to complete the outstanding activities and to request the last tranche, originally planned for 2022, in 2023.

Revision of the HPMP Agreement

24. In view of the extension of stage II, including the reallocation of the fourth tranche from 2020 to 2022 and the fifth tranche from 2022 to 2023, paragraph 1 and Appendix 2-A of the Agreement between the Government of Mexico and the Executive Committee have been updated, and paragraph 16 has been modified to indicate that the updated Agreement supersedes that reached at the 79th meeting, as contained in Annex I to the present document. The full updated Agreement will be appended to the final report of the 90th meeting.

Gender policy implementation¹¹

25. UNIDO reported that efforts would be made to promote the hiring of women as consultants, supervisors, trainers, and managers across all programmes. It is expected that by the end of stage II, higher numbers of women will figure in the trainer and technician registries. In 2020, the NOU staff completed gender-awareness training, and in 2021 it developed a gender baseline to identify areas where gender gaps exist and propose opportunities to close them. During the implementation of stage II, the NOU intends to seek stakeholders' input on ways of integrating gender-specific indicators in the planning, implementation, and reporting process for activities and projects. Meetings and training will incorporate sessions on gender and awareness activities for women.

Conclusion

26. The Secretariat notes that Mexico remains in compliance with the Montreal Protocol and with its Agreement for stage II of the HPMP. A sufficient level of implementation of the third tranche of the HPMP has been achieved, including the supply of tools to nine customs laboratories and of 160 tool kits to RAC technicians, the signature of cooperation agreements with four academic institutions, training of 934 technicians, the upgrading of the RRR centres, the development of a labour competence standard to certify technicians in the use of HC, and the production of training material on the safe use of HC. Assistance provided by the Government of Germany in building the capacity for the introduction of HC alternatives also continued, now focused on the commercial refrigeration sector, rather than the residential AC sector, as originally envisaged. The pace of implementation has slowed down over the last two years, mainly due to the impact of the COVID-19 pandemic, but activities continued to be implemented. An extension of stage II to 31 December 2024 would allow for the completion of activities planned in the fourth and fifth tranches.

¹¹ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

RECOMMENDATION

27. The Executive Committee may wish to consider:

(a) Noting:

- (i) The progress report on the implementation of the third tranche of stage II of the HCFC phase-out management plan (HPMP) for Mexico;
- (ii) That the Fund Secretariat has updated the Agreement between the Government of Mexico and the Executive Committee, as contained in Annex I to the present document, specifically: paragraph 1 and Appendix 2-A, to reflect the extension of duration of stage II and reallocation of the fourth tranche from 2020 to 2022 and the fifth tranche from 2022 to 2023, and paragraph 16, to indicate that the updated Agreement supersedes that reached at the 79th meeting;

(b) Approving:

- (i) On an exceptional basis, the extension of the duration of stage II of the HPMP for Mexico to 31 December 2024, given the implementation delays caused by the COVID-19 pandemic, on the understanding that no further extension would be requested; and
- (ii) The fourth tranche of stage II of the HPMP for Mexico, and the corresponding 2022–2024 tranche implementation plan, in the amount of US \$1,770,415, consisting of US \$1,612,350, plus agency support costs of US \$112,865 for UNIDO, and US \$40,000, plus agency support costs of US \$5,200 for UNEP.

Annex I

**TEXT TO BE INCLUDED IN THE REVISED UPDATED AGREEMENT
BETWEEN THE GOVERNMENT OF MEXICO AND THE EXECUTIVE COMMITTEE
OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION
OF HYDROCHLOROFLUOROCARBONS IN ACCORDANCE WITH STAGE II
OF THE HCFC PHASE-OUT MANAGEMENT PLAN**

1. This Agreement represents the understanding of the Government of Mexico (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 373.36 ODP tonnes by **1 January 2023** in compliance with Montreal Protocol schedule.

16. This revised updated Agreement supersedes the Agreement reached between the Government of Mexico and the Executive Committee at the **79th** meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2014	2015	2016	2018	2020	2022	2023	Total	
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	1,148.80	1,033.92	1,033.92	1,033.92	746.72	746.72	746.72	n/a	
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	1,148.80	1,033.92	1,033.92	746.72	574.40	373.36	373.36	n/a	
2.1	Lead IA (UNIDO) agreed funding (US \$)	2,404,412	0	1,165,509	2,139,719	0	1,612,350	450,600	7,772,590	
2.2	Support costs for Lead IA (US \$)	168,309	0	81,586	149,780	0	112,865	31,542	544,082	
2.3	Cooperating IA (Germany) agreed funding (US \$)	325,000	0	325,000	0	0	0	0	650,000	
2.4	Support costs for Cooperating IA (US \$)	40,750	0	40,750	0	0	0	0	81,500	
2.5	Cooperating IA (Italy) agreed funding (US \$)	458,191	0	0	0	0	0	0	458,191	
2.6	Support costs for Cooperating IA (US \$)	59,565	0	0	0	0	0	0	59,565	
2.7	Cooperating IA (UNEP) agreed funding (US \$)	0	0	40,000	0	0	40,000	0	80,000	
2.8	Support costs for Cooperating IA (US \$)	0	0	5,200	0	0	5,200	0	10,400	
2.9	Cooperating IA (Spain) agreed funding (US \$)	0	0	1,056,991	1,070,000	0	0	0	2,126,991	
2.10	Support costs for Cooperating IA (US \$)	0	0	121,238	122,731	0	0	0	243,969	
3.1	Total agreed funding (US \$)	3,187,603	0	2,587,500	3,209,719	0	1,652,350	450,600	11,087,772	
3.2	Total support costs (US \$)	268,624	0	248,774	272,511	0	118,065	31,542	939,516	
3.3	Total agreed costs (US \$)	3,456,227	0	2,836,274	3,482,230	0	1,770,415	482,142	12,027,288	
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)									105.5
4.1.2	Phase-out of HCFC-22 to be achieved in previously approved projects (ODP tonnes)									24.8
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)									262.5
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)									411.4
4.2.2	Phase-out of HCFC-141b to be achieved in previously approved projects (ODP tonnes)									392.5
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)									0.0
4.3.1	Total phase-out of HCFC-142b agreed to be achieved under this Agreement (ODP tonnes)									0.0
4.3.2	Phase-out of HCFC-142b to be achieved in previously approved projects (ODP tonnes)									10.9
4.3.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)									0.0
4.4.1	Total phase-out of HCFC-123 agreed to be achieved under this Agreement (ODP tonnes)									0.0
4.4.2	Phase-out of HCFC-123 to be achieved in previously approved projects (ODP tonnes)									0.0
4.4.3	Remaining eligible consumption for HCFC-123 (ODP tonnes)									0.3

Row	Particulars	2014	2015	2016	2018	2020	2022	2023	Total
4.5.1	Total phase-out of HCFC-124 agreed to be achieved under this Agreement (ODP tonnes)								0.0
4.5.2	Phase-out of HCFC-124 to be achieved in previously approved projects (ODP tonnes)								0.0
4.5.3	Remaining eligible consumption for HCFC-124 (ODP tonnes)								0.1