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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-eighth Meeting
Rome, 20-22 November 2002

PROJECT PROPOSAL: MEXICO

Foam Sector ODS Phaseout Plan

1. At its 35th Meeting, the Executive Committee approved in principle a foam sector phase-out plan for Mexico and approved US \$934,797 including agency support cost for implementation of the first tranche of the project (Decision 35/47).
2. As required by the decision, UNDP has submitted to the 38th Meeting a report on the status of implementation of the initial phase of the project (attached to this document).
3. UNDP indicates that procedural problems have been experienced and that, while signature is imminent, the project document had not been signed by the Government of Mexico as of 30 October 2002.

Recommendation

4. The Executive Committee might wish to take note of UNDP's status report.

**STATUS REPORT FOR THE MEXICO FOAM PHASEOUT PLAN –
MEX/FOA/35/INV/103**

Background:

The 35th meeting of the Executive Committee approved the CFC phase-out program for foams in Mexico with conditions. It:

- (a) noted that the Government of Mexico had provided a commitment that implementation of its Foam Sector Phase-out Plan would yield a sustained permanent reduction of 543.4 ODP tonnes (subject to confirmation by the audits indicated below) from Mexico's 2000 national aggregate CFC consumption of 3,059.5 ODP tonnes;
- (b) approved in principle the Foam Sector Phase-out Plan and allocated US\$ 833,150 including US\$ 100,000 as project management funding on condition that UNDP and the Government of Mexico will:
 - implement within a period of 18 months an initial phase of the plan for enterprises that should be identified through an audit of their baseline conditions with the objective of phasing out 145 ODP tonnes. In implementing this initial phase, while exercising flexibility, UNDP and the Government should take due care that funding of the enterprises selected is consistent with the policies and guidelines of the Multilateral Fund;
 - prepare final audit(s) of the remaining enterprises and on the basis of such audits prepare the final phase of the plan, including incremental costs reflecting fully the amount of US\$ 833,150 approved at this meeting in the final plan and taking into account the comments provided, for submission to the Executive Committee not later than its 38th Meeting; and request UNDP to communicate to the Secretariat the results of the audits to be conducted and all other relevant information used to determine the eligible costs of the plan; and
 - ensure that the total National Annex A Group I consumption in Mexico is permanently reduced to a level no higher than the 2000 national aggregate consumption reported to the Ozone Secretariat from which has been taken the consumption to be phased out from approved but not yet implemented projects (306.8 ODP tonnes) and the phase-out resulting from the foam sector plan.
- (c) requested UNDP to report on the status of implementation of this initial phase of the plan at its 38th Meeting.

Resulting Activities:

In January 2002, a UNDP mission to Mexico attended by Bert Veenendaal and Mary Courtney of Rappa, and Jacques Van Engel, UNDP, was undertaken to pursue the implementation of the first tranche of the Mexican Foam Sector Phase-out project. Mission objectives included:

- To discuss the implementation of the first tranche of the sector phase-out project
- To make arrangements to complete an audit of identified potential recipients under the sector phase-out plan—approved first tranche as well as anticipated second tranche
- To prepare a schedule for all activities required to comply with decision 35/47

The mission results were:

- A project document was established to reflect the approved first tranche of the project
- A revised Recipient Validation Form was designed
- Implementation modalities were discussed
- A work schedule highlighting major deadlines for action to be taken to comply with Decision 35/47 was prepared and agreed upon

As such, everything was ready to initiate the extended survey and the implementation of the foam phase-out programme.

While awaiting government signature on the project document, the first stage of enterprise audits were conducted by Horacio Hernandez, UNDP's national consultant, in the spring of 2002. However, this activity had to be truncated when the Government had difficulties signing the project document. Therefore, the audits were not completed, and no further implementation actions have been possible.

The reason for the delayed signature of the project document are related to the choice of the implementation modality, linked with a restructuring and other changes within SEMARNAT. After several attempts made by UNDP-NY (including a visit to SEMARNAT in August 2002) and by the local UNDP office in Mexico-city, the project document has still not be signed as of today (30 Oct 2002). We were informed that the signature is now imminent.

Conclusions:

With the delay in government signature of the project document, implementation has been unable to proceed. It is hoped that as soon as the project document is signed, implementation can resume. UNDP will keep the Executive Committee informed about any progress.