



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/60/34  
16 March 2010



ORIGINAL: ENGLISH

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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixtieth Meeting  
Montreal, 12-15 April 2010

**PROJECT PROPOSAL: MEXICO**

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

Fumigant

- National methyl bromide phase-out plan (second tranche) Canada, Italy, Spain and UNIDO

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

**Mexico**

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
Methyl bromide	Canada, Italy, Spain, UNIDO

<b>(II) LATEST ARTICLE 7 DATA (ODP Tonnes)</b>				<b>Year: 2008</b>	
CFC: -130.4	CTC: 88	Halons: 0	MB: 819.9	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					320.			36.3					356.3
CTC							88.		0.				88
Halons													0
Methyl Bromide										183.9	840.3		1,024.2
Others													0
TCA									0.				0

<b>(IV) PROJECT DATA</b>			<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Total</b>
<b>Montreal Protocol Consumption Limits</b>		MB	904.6	904.6	904.6	904.6	904.6	904.6	
<b>Maximum Allowable Consumption (ODP Tonnes)</b>		MB	895.	795.	675.	525.	325.	0.	
<b>Project Costs (US\$)</b>	Canada	Project Costs	500,000.		500,000.		200,000.	217,522.	1,417,522.
		Support Costs	58,527.		58,527.		23,411.	25,462.	165,927.
	Italy	Project Costs	1,000,000.						1,000,000.
		Support Costs	120,000.						120,000.
	UNIDO	Project Costs	2,000,000.		2,000,000.		1,000,000.	204,857.	5,204,857.
		Support Costs	150,000.		150,000.		75,000.	15,364.	390,364.
	Spain	Project Costs			800,000.		800,000.		1,600,000.
		Support Costs			93,000.		93,000.		186,000.
<b>Total Funds Approved in Principle (US\$)</b>		Project Costs	3,500,000.		3,300,000.		2,000,000.	422,379.	9,222,379.
		Support Costs	328,527.		301,527.		191,411.	40,826.	862,291.
<b>Total Funds Released by the ExCom (US\$)</b>		Project Costs	3,500,000.		0.		0.	0.	3,500,000.
		Support Costs	328,527.		0.		0.	0.	328,527.
<b>Total Funds Requested for Current Year (US\$)</b>		Project Costs			3,300,000.				3,300,000.
		Support Costs			301,527.				301,527.

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

1. On behalf of the Government of Mexico, UNIDO, as the lead implementing agency, has submitted a progress report on the implementation of the first tranche of the national methyl bromide (MB) phase-out plan for Mexico, and a request for funding for the second tranche of the project, for consideration by the Executive Committee at its 60<sup>th</sup> Meeting. The level of funding requested is US \$500,000 plus agency support costs of US \$58,527 for the Government of Canada, US \$800,000 plus agency support costs of US \$93,000 for the Government of Spain, and US \$2,000,000 plus agency support costs of US \$150,000 for UNIDO.

### Background

2. At its 42<sup>nd</sup> Meeting, the Executive Committee approved US \$1,105,000 and agency support costs of US \$131,209 for the implementation of a technical assistance programme to phase out 162.4 ODP tonnes of MB used in soil fumigation and post-harvest applications in Mexico, in order to achieve the 2005 allowable level of consumption. The activities to phase out MB in soil fumigation were implemented by the Government of Spain and UNIDO (lead implementing agency), while the activities to phase out MB in post-harvest applications were implemented by the Government of Canada.

3. At its 54<sup>th</sup> Meeting, the Committee approved in principle an additional US \$9,222,379 and agency support costs of US \$862,291, as the total funds available to Mexico to achieve the complete phase-out of controlled uses of MB in soil and commodities fumigation (895 ODP tonnes). The project would be implemented by the Governments of Italy and Spain and UNIDO (soil fumigation) and the Government of Canada (post-harvest applications). At the same Meeting, the Committee approved the first tranche of the project at US \$3,500,000 plus agency support costs of US \$328,527 (i.e., US \$500,000 plus agency support costs of US \$58,527 for the Government of Canada; US \$1,000,000 and agency support costs of US \$120,000 for the Government of Italy; and US \$2,000,000 and agency support costs of US \$150,000 for UNIDO).

### Progress report

4. The national MB phase-out plan proposes to phase out almost 900 ODP tonnes of MB used in several crops and for fumigation of commodities and structures as shown in the table below:

<b>Crop</b>	<b>Area using MB</b>	<b>MB (ODP tonnes)</b>	<b>No. of farmers</b>
Strawberries	1,097	257.6	69
Tomato	1,023	214.0	90
Chile bell	161	36.7	83
Melon	570	57.6	94
Berries	630	148.2	113
Garlic	54	12.7	28
Other	341	41.1	99
Flowers	205	36.5	118
Commodities/structures		90.0	
<b>Total</b>	<b>4,081</b>	<b>894.4</b>	<b>694</b>

5. Implementation of the first tranche of the project has resulted in the phase-out of 105 ODP tonnes of MB through the introduction of alternative technologies, mainly in the tomato and melon sectors. The phase-out of MB in soil fumigation has been supported by training and technical assistance activities. A summary of the activities being implemented since the approval of the project and up until the end of 2010 are shown in the table below:

Sector	Alternatives	Equipment provided	Area (has)	MB (ODP tonnes)	US\$
Melons, watermelons	Grafting	Greenhouses	600.0	60.0	803,000
Tomatoes	Grafting	Greenhouses	355.0	46.0	836,000
Strawberries	Chemicals, substrate, greenhouse	Chemicals, substrate, greenhouse	187.5	36.0	605,000
Flower nurseries	Steam and IPM	Steam machine and small accessories	2.2	73.0	130,620
Flowers	IPM and steam (one user)	Chopping machines and one steam machine	67.4	7.0	204,732
Technical assistance					948,000
Total			1,212.1	222.0	3,527,352

6. Implementation of the post-harvest component of the phase-out plan only began in October 2009, when technical assistance activities approved at the 42<sup>nd</sup> Meeting of the Executive Committee were completed. The proposed technical and investment activities in this sector included in the first tranche of the project under current implementation will be completed by the end of 2010.

7. As of December 2009, of the total funding of US \$3,500,000 approved so far, US \$2,985,932 had been disbursed or obligated. The balance of US \$514,068 will be disbursed in 2010.

#### Plan of action

8. The Government of Mexico has committed to achieving the complete phase-out of MB by the end of 2012. This will be achieved through the activities implemented so far, supported by the following additional activities in soil fumigation: procurement of additional equipment and farm material to be distributed among strawberry, berry, flower and tomato producers; continued provision of technical assistance and training for growers; and continued monitoring of MB users and of the performance of MB alternatives.

9. With regard to commodities and structural fumigation, the following activities will be implemented: development of training and awareness material for major stakeholders; implementation of technical and awareness-raising workshops for selected users of MB; and provision of fumigation equipment and technical assistance on a continuous basis to end-users.

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

#### **COMMENTS**

10. The 2008 MB consumption reported by the Government Mexico under Article 7 of the Protocol of 819.9 ODP tonnes was already 84.7 ODP tonnes below that of 904.6 ODP tonnes allowed for that year under the Protocol and the Agreement with the Executive Committee. MB consumption in 2009 has been estimated at 790 ODP tonnes, i.e., 5 ODP tonnes below that allowed under the Agreement.

11. UNIDO is the lead agency selected by the Government of Mexico to implement the project. Both the Governments of Canada and Italy, as bilateral agencies, have requested UNIDO to assist them in executing their respective project components.

12. The Secretariat and UNIDO discussed several technical issues. With regard to the production of melons and watermelons, UNIDO indicated that in the last few years the production surface area for these

crops has increased since the removal of export tariff barriers that were present at the time the project was prepared. Usually, farmers produce and distribute melons and watermelons depending on market demand and prices. Grafting in watermelons is widely used and easily adopted. The tomato sector has also changed in recent years, during which the presence of a fungus (*Fusarium*) put a large number of farmers out of business.

13. UNIDO also explained that during the preparation of the project, strawberry growers were reluctant to reduce MB consumption; therefore, the project proposed to convert the sector towards the end of project implementation. However, strawberry farmers have already requested immediate assistance so that they can accelerate the phase-out of MB. The Government of Mexico and UNIDO considered this request, and were able to start implementation of some technical assistance activities within the level of funding available and the commitments they had with melon, tomato and flower growers. Sterilization of substrates using solar boxes is also been considered as a low-cost alternative to be introduced in several regions. In agreement with the Government of Canada, UNIDO will purchase equipment for the introduction of phosphine for structural and commodities fumigation. Material will be disseminated, training workshops will be implemented, and expertise will be provided when required. The training programme focuses on the management of grafted plants to improve productivity and efficiency. Alternative chemicals are increasingly being used on the local market, as limited supply drives the price of MB upward.

## RECOMMENDATION

14. The Secretariat recommends blanket approval of the second tranche of national methyl bromide phase-out plan in Mexico at the funding level and associated support costs shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US \$)</b>	<b>Support Cost (US \$)</b>	<b>Implementing Agency</b>
(a)	National methyl bromide phase-out plan, (second tranche)	500,000	58,527	Canada
(b)	National methyl bromide phase-out plan, (second tranche)	800,000	93,000	Spain
(c)	National methyl bromide phase-out plan, (second tranche)	2,000,000	150,000	UNIDO

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