

MEXICO

PROMOTION OF CLEANER PRODUCTION OPPORTUNITIES IN THE BAJIO REGION

(TC 02-10-06-1)

Detailed description of activities and first year workplan

Executive Summary

The Inter-American Development Bank Multilateral Investment Fund (IDB MIF) and the Mexican federal government Secretariat of Environment and Natural Resources (SEMARNAT) will fund a 32 months Cleaner Production Implementation (CPI) Program to be conducted in the Bajio Region of Mexico. The Region includes the states of Guanajuato, Jalisco, Queretaro and San Luis Potosi, and contains over 32,174 business firms.

The purpose of the program is to promote the use of cleaner production and environmental management as tools to assist companies reduce their costs of production and thus increase their profitability. The general objective of the program is to increase the competitiveness of Small and Medium Enterprises (SME) in the Bajio region in the automotive, chemical, hospital, hotel, and tanning business sectors through improvements made in efficiency and productivity.

The organizing principle of Cleaner Production is efficiency. The most common definition of Cleaner Production used across the world is that of the United Nations Environment Program (UNEP, 2001.d). It calls for “*the continuous application of an integrated preventative environmental strategy applied to processes, products, and services to increase eco-efficiency and reduce risks to humans and the environment.*”

A Bajio Cleaner Production Center (Bajio CP Center) will be established in the city of Leon, Guanajuato to conduct the program. The Bajio CP Center constitutes the first regional expansion of Mexico's national cleaner production program. The United States – Mexico Chamber of Commerce (USMCOC) Bajio Chapter will be the Executing Agency for the CPI Program. The USMCOC Bajio Chapter office and the Bajio CP Center will be co-located.

The Bajio CP Center staff includes a Center Director, a CP Technical Coordinator and an Administrative Assistant, who also comprise the Program Execution Unit (PEU). The Program also will include an Advisory Committee composed of pertinent stakeholders for program oversight, promotion and support, and a Selection and Contracts Committee to assist the PEU with the project contracting process. The Center Director is the Program Director. The Advisory Committee and the Contracts Committee are organizational components of the PEU. The CPI program is organized into three interdependent components as described below.

Component I Awareness-raising and Promotion through Communications and Outreach.

This Component consists of workshops, communications and publicity activities designed to raise SME cleaner production awareness and solicit SME participation in the CP program.

Outreach will also be directed to the financial and banking community and state, city and municipal agencies for their support. This component includes a USMCOC web page for the Bajio CPI program. The objective of this component is to increase awareness as to the benefits of ecoefficiency and utilizing cleaner production techniques within companies. The program would improve awareness by promoting the benefits of ecoefficiency and thus increase demand for cleaner production services, especially among SMEs. To this end, the program will provide support for: (i) an initial program launching event; (ii) a series of awareness-raising events; (iii) the program's participation in trade fairs and conferences; (iv) a program related website; and (v) a final conference to disseminate the results and achievements of the program.

Component II CP Training includes all activities necessary for the conduct of CP training courses. The objective of this component is to train professionals in the methodology for implementing cleaner production in enterprises. As a result of this component, a cadre of local qualified, trained professionals in CP implementation in multiple sectors of the economy would be able to offer their expertise and services to companies interested in CP implementation. In addition, a CP manual will be developed as a means to reducing the time and costs for preparing SME CPI plans, which will help in defining the short, medium and long-term goals of the CP implementation in SMEs.

The training program will target SME and industry sector personnel, consultants, and academia. The CP training course will consist of 12 modules. The average module length will be 4-5 days, with the total course about two months in duration. It is planned to conduct one CP training course each year of the program—a total of three courses. A course fee will be charged to all students.

Component III CP Implementation Projects. The CPI projects are the heart of the program. This component includes all activities necessary for the creation and execution of SME cleaner production implementation projects and follows-up support for the implementation of CP in SMEs. The objective of this component is to develop cases in SMEs to demonstrate the technical and economic viability of implementing CP for SMEs. The PEU will select SME CP project candidates, conduct SME pre-assessments assisted by expert consultants, and contract with consulting firms or individual experts to conduct the SME CPI projects. The PEU PC Technical Coordinator will conduct the pre-assessments assisted by a CP expert, and manage the CPI projects.

The program goal is to conduct a minimum of 50 SME cleaner production pre-assessments per year and a minimum of 30 CPI projects over a three-year period. The first-year objective is to conduct a minimum of 50 pre-assessments and seven projects. The second-year objective is to conduct a minimum of 50 pre-assessments and eleven projects. The third-year objective is to conduct a minimum of 50 pre-assessments and twelve projects. In the first year, project top priority will be assigned to the tanning sector due to long-standing critical environmental compliance issues in this industrial sector; however, the intention is to also conduct projects in the automotive, chemical, hospital, and hotel sectors in the first year if possible. To optimize program operations and the Bajio CP Center functions, the Center will create a computer database. In order to achieve CP program sustainability, the participating SMEs will be expected to pay up to 50% of the cost of a CPI project, which are estimated to cost \$8000 each. Thus, an SME is expected to pay \$4000 for a CP implementation project.

The PEU will conduct an annual program planning workshop in the 12th month of the first and the second years in order to review overall program progress, accomplishments and issues; assess project outcomes and lessons learned; and develop the plan and budget for the following year. An independent program evaluation will be conducted at the end of the second and third years, and an audit will be conducted in the final month of the program. The CP Training program will be reviewed and updated annually. The Center will conduct a conference in the final quarter of the third year, to include the participation of all SMEs in the CP program and other interested stakeholders. The purpose of the conference is to evaluate program results and to develop appropriate recommendations for follow-on CP initiatives in the Bajío Region.

The three-year program is budgeted for US\$943,000. The IDB MIF will provide a grant of US\$465,000 and SEMARNAT will provide US\$400,000 in counterpart funds. The remainder (US\$78,000) will be provided as an in-kind contribution by the USMCOC Binational Office.. Assuming IDB MIF approval in September 2003, the program will likely be initiated in the fourth quarter of 2003 and completed in the fourth quarter of 2006.

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BAJIO REGION CLEANER PRODUCTION IMPLEMENTATION PROGRAM

Detailed Description of Activities and Draft First-Year Work plan

- I. **Program Purpose:** To promote the use of cleaner production and environmental management as tools to assist Bajio Region Small and Medium Enterprises (SME) in the automotive, chemical, hospital, hotel, and tanning business sectors in reducing their costs of production and thereby increasing their profitability.

- II. **Cleaner Production Definition.** The organizing principle of Cleaner Production is efficiency. The most common definition of Cleaner Production used across the world is that of the United Nations Environment Program (UNEP, 2001.d). It calls for “...*the continuous application of an integrated preventative environmental strategy applied to processes, products, and services to increase eco-efficiency and reduce risks to humans and the environment.*”

- III. **Program Goal.** The program goal is to increase the competitiveness of SMEs through improvements made in efficiency and productivity. The specific objectives are to conduct a minimum of 50 SME Cleaner Production Pre-Assessments per year for a total of 150, and a total of 30 SME Cleaner Production Implementation projects over a three-year period in the Bajio Region of Mexico, which includes the states of Guanajuato, Jalisco, Queretaro, and San Luis Potosi. (The Bajio Region is described in Annex VI.). The CPI objectives for the program are:
 - first-year -- conduct a minimum of 50 pre-assessments and seven projects.
 - second-year -- conduct a minimum of 50 pre-assessments and eleven projects.
 - third-year -- conduct a minimum of 50 pre-assessments and twelve projects.

Because of the limited program funding, the total project CP assessment and implementation effort must be prioritized overall by sector and by selecting those SMEs that would optimize the program mission accomplishment. Top priority will be assigned to conducting CP projects in the tanning sector due to long-standing critical environmental compliance issues; however, the intention is to also conduct projects in the automotive, chemical, hospital, and hotel sectors each year as dictated by SME cleaner production pre-assessments within these sectors.

- IV. **Program Organization.** The Bajio Region Cleaner Production Implementation Program organization consists of the USMCOC Binational Office in Washington, DC; the USMCOC Guanajuato Chapter in Leon, GTO; and the Bajio Cleaner Production Center in Leon, GTO, and the Program Execution Unit within the Center. The PEU includes an Advisory Committee and a Selection and Contracts Committee. The organization is described below. The program organization diagram is at Annex V.

- A. USMCOC Binational Office.** The USMCOC Binational Office, located in Washington, DC, (the Chamber) will provide support to the USMCOC Guanajuato Chapter in the program implementation. The Chamber will also provide training in the Seven Principles of Environmental Stewardship for the 21st Century (the 7 Principles) and the Ventana Ambiental Mexico (VAM) system for all SME CPI Program participants. The Binational Director of Legal Affairs and the Binational Bajio CPI Program Coordinator will also participate in the PEU Selection and Contracts Committee. All Binational oversight, training and committee participation will be in-kind, except for travel and per diem.
- B. USMCOC Bajio Chapter.** The USMCOC Guanajuato Chapter will be the Program Executing Agency and will also provide appropriate in-kind support through its Chamber activities. The USMCOC Guanajuato Chapter is located in Leon, Guanajuato. The Chapter includes a President, a full-time Executive Director, a Treasurer, a Secretary, and a Board of Directors. The Executive Director will be responsible for signing the agreement with the IDB MIF for the execution of the Bajio Region Cleaner Production Implementation Program and providing management oversight of the PEU.
- C. Bajio Cleaner Production Center.** The USMCOC Guanajuato Chapter will establish a Bajio CP Center in the city of Leon, Guanajuato, co-located with the USMCOC Guanajuato Chapter. The mission of the Center is to provide support to Bajio Region SMEs in the automotive, chemical, hospital, hotel, and tanning business sectors as well as to service providers (e.g. consultants) interested in CP-related opportunities.
1. **Program Execution Unit (PEU).** For the execution of the program, the Chamber Guanajuato Chapter will establish a Program Execution Unit (PEU), which will be responsible for coordinating managing and controlling all program activities and the program budget. The PEU also comprises the staff of the Bajio CP Center. The PEU will coordinate all activities necessary for the fulfillment of the program's objectives and performance indicators, as described in the Logical Framework (Annex I). The PEU staff includes a Program Director, a CP Technical Coordinator and an Administrative Assistant, who will be selected and their services contracted in accordance with IDB rules and procedures. The PEU and the Bajio CP Center will report directly to the Executive Director of Chamber Guanajuato Chapter.
 - a. **Execution and disbursement periods.** Execution and disbursement periods of 32 and 38 months, respectively, are anticipated. A revolving fund will be set up for 10% of the MIF contribution, which will be disbursed and managed in a separate account. The PEU will submit semi-annual financial reports on the status of the revolving fund to the Bank Country

Office (BCO) in Mexico. Disbursements of grant funds, the purchase of goods and the contracting for services will be done in accordance with Bank/MIF procedures.

- b. **Accounting and auditing.** The PEU will maintain suitable internal accounting records and financial oversight of the program funds to allow for verification of transactions and to facilitate timely drafting of financial statements and reports. Program files will be arranged so that: (i) the sums received from the various sources can be identified; (ii) program expenses are reported in accordance with the chart of accounts approved by the Bank, with the distinction being made between MIF contributions and counterpart funds; and (iii) the necessary details are included to identify goods acquired and services contracted, as well as their use. QuickBooks software application will be used for the program accounting. The Chamber Guanajuato Chapter will open a separate, specific bank account for managing the MIF contribution, a bank account for managing the counterpart funds and a bank account for managing fees received for training courses and CPI projects. The Chamber Guanajuato Chapter will submit the final financial statement to the Bank, audited by an independent firm acceptable to the Bank.
2. **Advisory Committee.** As a means to ensure coordination with other entities within the Bajio region, the PEU will establish an Advisory Committee comprised of approximately eight to ten representatives from the Ecological Institute of Guanajuato, representatives from industry associations such as the automotive, chemical, hospital, hotel and tanning business sectors; a representative from Academia; and a representative from the financial sector. The USMCOC Guanajuato Chapter President will chair the Advisory Committee and the Program Director will serve as the Secretary. The mission of the Advisory Committee is to promote and support the efforts and activities of the Bajio CPI program. More specifically, the Committee's responsibilities will include: (i) supervising program implementation by the PEU; (ii) approving the program operational guidelines; and (iii) approving the program's annual implementation plans and budget. The Committee will authorize all SME CPI projects through a no objection process.
3. **Selection and Contracts Committee.** The PEU will establish a Selection and Contracts Committee to solicit qualified consulting firms and individual experts, request project proposals from selected firms and/or individual experts, and award contracts for SME Cleaner Production Implementation projects in the Bajio Region. All proceedings of the Selection and Contracts Committee will be governed by IDB competitive source selection and contracting

procedures. The USMCOC Guanajuato Chapter Executive Director will chair the Committee, which will include the PEU staff, the Chamber Binational Office Director of Legal Affairs, the Chamber Binational Office Bajio CP Program Coordinator, and a Mexican lawyer knowledgeable in Mexican and local contracting laws. The program will pay the travel and per diem expenses of the Binational Office personnel, but their labor costs will be an in-kind contribution.

V. Bajio CP Program Components. The program has three interdependent components, as described below.

A. Component I. Awareness-raising and Promotion through Communications and Outreach. The objective of this component is to increase awareness as to the benefits of ecoefficiency and utilizing cleaner production techniques within companies. As a result of the activities encapsulated within this component, the program expects to improve awareness by promoting the benefits of ecoefficiency and thus increase demand for cleaner production services, especially among SMEs. To this end, the program will provide support for: (i) an initial program launching event; (ii) a series of awareness-raising events; (iii) the program's participation in trade fairs and conferences; (iv) a program related website; and (v) a final conference to disseminate the results and achievements of the program.

This Component includes communications and publicity activities and workshops designed to promote awareness and implementation of cleaner production methodology among SMEs in the automotive, chemical, hospital, hotel and tanning business sectors and associations as well as in the banking and financial sector and associations within the Bajio Region.

1. Communication Activities. Communications activities to promote CP include: media briefings, media print and TV interviews, and press releases; program briefings to industry and business associations and chambers; program briefings to individual SMEs; and program briefings to state, city, and municipal government agencies. The normal approach will be to schedule a half-day workshop event with approximately 30 invited participants. The program would include a keynote speaker and Bajio CP Center presentations and handouts.

- a. The first activity in this component will be to organize and host a half-day inaugural event for the launching of the program, which will include the participation of a broad spectrum of interested entities such as representatives of the private sector, public sector, academia, civil society and the media. The event will include the announcement of the establishment of the Bajio CP Center and the nature of the proposed program. Experts in the area of cleaner production and environmental management will be contracted to

facilitate this event and help provide further credibility to the program's objectives and activities.

- b. The second activity of this component consists of contracting a publicity agency to design and generate a series of promotional materials to disseminate the products and services offered by the program, along with general information as to the results obtainable from employing cleaner production techniques. This firm will produce various materials such as pamphlets, folders, brochures, press releases and articles as a means to promote the benefits of CP and to disseminate the achievements of the program.
 - c. In order to raise awareness among SMEs throughout the Bajío region as to the business benefits of implementing CP techniques, the program expects to have a series of awareness-training sessions on CP during the first two years of the program. The first part of this series will consist of open invitation events to present the general concept of CP and environmental management and the reasons why they can be important tools to improve the efficiency and competitiveness of companies. For this, consultants will be contracted to facilitate a total of 15 half-day events that will be held in a variety of locations within the Bajío region. As a second part to this series, eight half-day events targeting specific sectors will also be held during the first two years of the program and will include such sectors as tanneries, automotive suppliers, chemical companies, hospitals and hotels. Finally, the program expects to include two workshops specifically targeting representatives from the media, as a means to improve the way in which CP and environmental management are portrayed in the media.
 - d. The PEU will create a program PowerPoint presentation and a bulletin of its activities to publicize and promote the Cleaner Production Implementation Program. The bulletin will be published and distributed by mail and/or email at least quarterly and displayed on the program web page.
2. **Website.** A Bajío CP Center web page will be created by the PEU within the USMCOC Binational Office website. The web page will support the program communications and outreach efforts by displaying information on program activities and CP projects, CP methodology technical articles, schedule of events, solicitation for services, contract awards, etc. Moreover, the website will also be utilized to establish a database, accessible to all, which includes information about best practices and specific cleaner production techniques, along with information about local consultants trained in cleaner production implementation. The maintenance of the web page will be an in-kind contribution of the USMCOC Headquarters.

3. **Outreach Activities.** Outreach activities will be conducted to individual SMEs, industry associations, business and trade associations and chambers, and state, city, and municipal agencies. Outreach activities include one-on-one meetings with SME corporate executives and presentations to SME staffs, mailings and email contacts, participation in association and chamber monthly meetings, one-on-one meetings with state, city, and municipal agencies and a program web page. The intent is to promote the program in these organizations and to identify those SMEs within each sector in the Bajío Region that would be suitable candidates for a Cleaner Production Implementation Project. The banking and financial sector will be specifically targeted to promote the creation of CP loan programs for financing SME CP implementation. Outreach will also be accomplished through Center participation in conferences, roundtables, seminars, and other appropriate forums throughout the Bajío Region.

B. **Component II. CP Training Program.** The objective of this component is to train professionals in the methodology for implementing cleaner production in enterprises. As a result of this component, a cadre of local qualified, trained professionals in CP implementation in multiple sectors of the economy would be able to offer their expertise and services to companies interested in CP implementation.

1. **CP Training Course.** The first activity will be to contract a consultant to develop, organize and facilitate a twelve-module CP training course. Each module is expected to be four to five days on average and is anticipated to include such topics as CP implementation and waste reduction, energy efficiency, improved water use, developing CP proposals for financing, indicators and monitoring plans, worker health and safety, characterizations of industrial processes and leadership and interpersonal skills. The participants for these modules will principally be professionals with at least some basic experience in providing environmental consulting services to enterprises, but will also include representatives of interested SMEs. Each module is expected to include 20 participants, with each participant paying a fee for the training.
2. **Sector Training.** As a second activity, consultants will be contracted to design and facilitate technical training courses for specific industrial sectors. Several sectors are expected to be included in this activity such as tanneries, automotive suppliers, chemical companies, hospitals and the hotel sector. Each course will be three to five days in duration. Course will be offered once a year for an approximate total of 18 courses over the length of the program. Courses will target issues of importance within the sectors and will include such topics as hazardous waste management, optimizing energy use and improved resource use. It is expected that each course will include approximately 20 participants from SMEs for which each participant will pay an enrollment fee.

3. **7 Principles and VAM Training.** The program also expects to include two specific training courses that have already been developed by the Chamber: *Seven Principles of Environmental Stewardship for the 21st Century* (Seven Principles) (Annex VIII) and training for the use of Environmental Window Mexico (VAM) (Annex IX). The Chamber will conduct, as an integral component of the overall Center's CP training effort, annual courses in the Seven Principles. The intent is to train top management personnel in the use of the Seven Principles, another tool that can assist firms with improving performance as well as image. In addition, the Chamber will provide free access to the VAM website for all participating SMEs, as well as training on the use of the VAM as a component of the Center's CP training program. Use of the VAM will enable SMEs to have access to environmental laws and technical standards pertaining to their business, thus allowing them to have first-hand information concerning the requirements that need to be fulfilled in order for the enterprise to be in compliance.
4. A consultant will be contracted to develop a CP Implementation manual as a means to diminish the time and costs for preparing the CP plans. The manual will be created on a CD, and include guidance on defining the short, medium and long-term goals of the CP implementation in firms, through assisting in the establishment of energy matrices, resource inputs, economic evaluations and analyzing alternative steps to be implemented. This guide will be published in a user-friendly written manual and a CD.

C. **Component III. Cleaner Production Implementation in Enterprises.** This is the operations component and the heart of the program, comprised of all activities directly associated with the implementation of cleaner production methodology in SMEs among five businesses sectors in the Bajio Region: automotive, chemical, hospital, hotel and tanning. The objective of this component is to develop in-plant cases in order to demonstrate the technical and economic viability of implementing CP for SMEs. Companies eligible for this support must comply with the following basic elements: (i) conform to the definition of a SME, as established by the program (For the purposes of this program, a SME is defined as a company with less than US\$5 million in annual sales); (ii) be legally constituted; (iii) capacity and willingness to pay for part of the consultancy costs (i.e. 50%); (iv) willingness to demonstrate the benefits achieved from implementing CP to other firms; and (v) commitment from high level management.

1. Interested companies will submit an initial application to the Bajio CP Center, which will consist of specific information about the enterprise (size, product(s) or services, annual sales, years in business, number of personnel, ability to pay for CP services, etc.) along with the reasons motivating its interest in implementing CP. These companies will then undertake a pre-assessment as a means to understand the potential benefits of employing CP techniques. For these pre-assessments, experts will be contracted by the

program to work with the program staff in developing a baseline for the SME, in assessing the potential for CP and for then conveying that information to the operations and management staff of the participating SME. If interested, the SME will then apply for further assistance from the program in performing a full CP Implementation Project. The Bajio CP Center will provide guidelines and detailed instructions needed for the enterprise to prepare a full application for a CP Implementation Project. This information will also be made available in the program website.

2. The Bajio CP Center expects to provide assistance seven enterprises for a CP implementation project in the first year, eleven enterprises in the second and twelve in the final year of the program for a total of 30 enterprises. The Center will finance 50% of the costs associated with CP implementation up to a maximum of US\$4,000 per company. The remaining 50% will be borne by the company, with the payment plan, timing and other commitments stipulated in the contract between the company, the consultant, the Center, and the Chamber Bajio Chapter. The contract deliverables for the participating companies include a CP plan with specific measures to be implemented and evaluated; an implementation budget and possible sources of financing; additional longer-term opportunities and recommendations; measurable indicators; and a monitoring plan. Specific recommendations regarding specialized treatment will be made for those SMEs where space is a limiting factor. The Bajio CP Center will provide monitoring and follow-up to all participating enterprises as a means to ensure that expected results are achieved in the participating companies.
3. A cleaner production project consists of ten steps or modules described in paragraph D. below. The time-span is estimated at three weeks. This includes approximately 15 days of consultant services to conduct the CPI Project and prepare the implementation plan and related deliverables.. The participating SME will pay 50% of the project cost.. This fee is required in order to ensure CP program sustainability after expenditure of IDB MIF and SEMARNAT funds.
4. Cleaner Production Implementation Project Modules:
 - a. SME submits an application to the CP Center for CPI assistance.
 - b. Technical Coordinator undertakes an initial screening to ensure that the SME complies with the basic project requirements (see paragraph (C) above).

- c. The PEU team (CP Technical Coordinator and consultant) conducts a SME pre-assessment, evaluates the SME's CPI potential, and provides specific recommendation to the SME.
 - d. If desired, the SME then submits an application to Center for a CP Implementation Project.
 - e. The PEU identifies at least 3 potential consultants that can assist the SMEs and then the SME selects the desired consultant to conduct the CP implementation project.
 - f. The PEU and the SME contracts through a tripartite contract to conduct the CPI Project.
 - g. The consultant conducts an assessment of the SME production process, develops, in coordination with the SME, a CP implementation plan, to include recommendations for process changes, infusion of new technology if necessary, training, budget estimates, possible sources of funding, additional longer-term opportunities and recommendations, measurable indicators and a monitoring plan.
 - h. The consultant develops a CP Implementation Plan and coordinates the plan with the SME.
 - i. The PEU evaluates the Implementation Plan.
 - j. The Center conducts follow-up with the SME on CP implementation.
5. **Pool of Consultant Firms.** The PEU will create and maintain a pool of qualified consultant firms and individual experts for assignment to CPI Projects.
6. **Program Database.** The PEU will create a CP Program computer database to include all pertinent program information, including all CP Implementation Projects and outcomes with key words; lists of consultant firms and individual experts; profiles of participating SMEs; and other pertinent program information as determined by the Program Manager. The services of a computer database design firm may be contracted to guide the set-up of the database; however, the PEU staff will do the bulk of the database work.

VI. **First Year Work Plan.** The major activities in chronological order that will be accomplished by the Chamber Guanajuato Chapter and the PEU during the first year of

the program are described in this section. Work Plan details are provided in Appendix 1. The activities for the entire program by Component are displayed in the Program Timeline of Activities at Annex IV.

- A. **Establishment of the PEU.** Following IDB approval of the project and the signing of the agreement, the USMCOC Guanajuato Chapter President will establish the Program Executing Unit (PEU) and conduct a solicitation through the USMCOC website and in appropriate local/national media in Mexico in order to contract for the services of a Program Director, CP Technical Coordinator, and an Administrative Assistant. IDB MIF competitive solicitation and hiring protocols will be adhered to in the process. The USMCOC Guanajuato Chapter President will select the Program Director, who will in turn assist in the selection of the Technical Coordinator and the Administrative Assistant. The IDB Country Office in Mexico City Office will issue the “No Objection” letter on the selections nominated by the President, as appropriate.
- B. **Establishment of a Selection and Contracts Committee.** The Guanajuato Chapter President will establish the Selection and Contracts Committee as an organizational component of the PEU to assist in the contracting of services for the CPI Program.
- C. **Establishment of an Advisory Committee.** The Chamber Guanajuato President will establish an Advisory Committee.
- D. **Establishment of Bajio Cleaner Production Center.** The USMCOC Guanajuato Chapter President will establish the Bajio Cleaner Production Center. The PEU will comprise the staff of the Center. The Center location will be selected and the address, email address, and phone numbers promulgated as soon as practicable. The office complex will be completely furnished for a minimum of five persons, a conference room, a reception area, and a copier and office supplies room. The Center offices will include computers and printers, a laptop computer projector, a fax machine, a copier, Internet service, and a minimum of four telephone lines each with long-distance service. Cell phones and cell phone service will also be provided to the PEU staff.
- E. **Selection of Consultants.** As soon as practicable, the Selection and Contracts Committee will meet to select consultants for the various program services required. The intent is to initiate development of the CP and sector training courses and the half-day CP awareness events as soon as practicable.
- F. **Program Announcement Event.** After establishment of the Bajio CP Center and the PEU, the PEU will conduct an appropriate program announcement event. Essentially, the announcement would include a keynote speaker, other appropriate dignitaries, factual information on the Bajio CP Center, the nature of the program to be funded by the IDB MIF and SEMARNAT, the duration of

the program, etc. Invitations to the event will be distributed throughout the Bajío Region to ensure broad stakeholder participation and maximum coverage by the media.

- G. **Initiation of Program Publicity and CP Awareness.** The Center Director will initiate Component I throughout the Bajío Region as soon as possible after the announcement event.
- H. **Initiation of Outreach Activities.** As soon as possible after initiation of CP Program Publicity and Awareness activities, the Center Director will initiate outreach activities throughout the Region to contact as many SMEs as possible in each of the five sectors, focusing initially on the tanning sector.
- I. **Creation of Project Consultant Pool.** Concurrent with the initiation of the Outreach Activities, the Center Director will proceed to establish a pool of qualified consultant firms and individual experts that would be available to contract for CP Implementation Projects. The Center Director will create capabilities, experience, and qualifications criteria to be used in the selections.
- J. **CP Implementation Projects.** The Center Director will initiate CP Implementation Project activities concurrent with the initiation of Outreach Activities with the end objective of conducting the maximum number of projects within each sector, consistent with sector priority and funding.
- K. **Program Computer Database.** The Center Director will initiate the creation of the program database as soon as feasible after commencement of the program.

VII. Program Timeline of Activities. The program schedule is organized by program component activities to be conducted each year. The Program Timeline of Activities is in Annex IV.

VIII. Program Budget and Cost Recovery Schedule. The program budget at Annex II includes all major program line items by program component, and displays IDB MIF and SEMARNAT funds and USMCOC in-kind resources. Project funds are provided by the IDB MIF (US\$465,000) and counterpart funds by SEMARNAT (US\$400,000). The Chamber will contribute in-kind (US\$78,000). The budget categories are explained below.

- A. **Component I.** The budget for these activities includes funding for events with subject matter experts, program information handouts, and logistics. A related communications and outreach cost is the PEU staff travel and related expenses including hotel, meals, and auto mileage. Because of the nature of outreach activities, there will be a requirement for considerable travel by auto to cover the entire Bajío Region. For ease in accounting, these costs are aggregated with Component III activities.

- B. **Component II.** The main cost of this component is the design and conduct of the CP training program and sector training program.
- C. **Component III.** The main expense budgeted in this component is the cost of consultants to conduct the projects. A related cost is the PEU staff travel and related expenses including hotel, meals, and auto mileage. Because of the nature of the program, there will be a requirement for considerable travel by auto to cover the entire Bajío Region. Another key expense is the cost of conducting the source selection and contracting process.
- D. **Program Administration.** The main costs in this category are the Bank staff salaries and office expenses. The initial establishment of the Center will require one-time expenditures for furniture, computers, normal office equipment, etc. Program brochures and information handouts will be purchased on an annual basis to ensure they contain the most current CP and program information.
- E. **Independent Evaluations.** These are IDB MIF requirements. The PEU will contract for the services of an independent and appropriately qualified firm to conduct two evaluations of the program: one at the mid-point (i.e. 16 months after project commencement or when 50% of the MIF funds have been disbursed) and the other at the end of program activities (or when 95% of the MIF funds have been disbursed).
- F. **Annual Program Monitoring.** This is an IDB MIF requirement.
- G. **Program End Conference.** This is an IDB MIF requirement. The Program Director will conduct a program conference during the final quarter of the program to assess the program accomplishments and impact. Participants will include all SMEs that implemented CP, USMCOC headquarters and Guanajuato Chapter, representatives of the Program Steering Committee, and other appropriate stakeholders.
- H. **Audit.** This is an IDB MIF requirement. The PEU will contract for the services of an audit firm and conduct the audit at the end of the program.
- I. **Contingencies (3-5%).** Overall, the Program Director will manage the program as effectively and efficiently as possible. Contingency funds will be used only for unforeseen priority expenses deemed critical for mission accomplishment.
- J. **Schedule of Disbursements.** The schedule of disbursements details for the first-year activities are displayed at Appendix II. As soon as possible after the signing of the agreement between the IDB MIF Country Office and the USMCOC Guanajuato Chapter, the Guanajuato Chapter will establish

separate checking accounts in Leon for IDB MIF funds, SEMARNAT funds, and funds received from SMEs and other sources. No funds will be distributed to the Executing Agency until these checking accounts are opened.