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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-second Meeting
Montreal, 29 March - 2 April 2004

PROJECT PROPOSAL: ISLAMIC REPUBLIC OF IRAN

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

Phase-out

- National CFC phase out plan: First annual implementation Germany, UNDP, UNIDO plan for 2004 (second tranche)

PROJECT EVALUATION SHEET
IRAN

SECTORS: Phase-out ODS use in all sectors (2002): 4,437 ODP tonnes

Cost-effectiveness threshold:

Project Titles:

(a) National CFC phase out plan: First annual implementation plan for 2004 (second tranche)

Project Data	Multiple		
	National Plan		
Enterprise consumption (ODP tonnes)*		3,889.4	
Project impact (ODP tonnes)		500.3	
Project duration (months)			
Initial amount requested (US \$)			
Final project cost (US \$):			
Incremental capital cost (a)			
Contingency cost (b)			
Incremental operating cost (c)			
Total project cost (a+b+c)	946,405	770,000	2,104,066
Local ownership (%)		100	
Export component (%)		0	
Amount requested for second tranche (US \$)	946,405	770,000	2,104,066
Cost effectiveness (US \$/kg.)			
Counterpart funding confirmed?			
National coordinating agency	Ozone Layer Protection Centre, Department of Environment		
Implementing agency	Germany	UNDP	UNIDO

<i>Secretariat's Recommendations</i>			
Amount recommended (US \$)	946,405	770,000	2,104,066
Project impact (ODP tonnes)			
Cost effectiveness (US \$/kg)			
Implementing agency support cost (US \$)	104,105	57,750	157,805
Total cost to Multilateral Fund (US \$)	1,050,510	827,750	2,261,871

* Estimated consumption in 2003.

PROJECT DESCRIPTION

1. In December 2003, at its 41st Meeting, the Executive Committee approved in principle the national CFC phase-out plan for the Islamic Republic of Iran at a total level of funding of US \$11,250,000 (excluding agencies' support costs) as the total funds that would be available to the Government of the Islamic Republic of Iran to achieve its commitments for the complete phase-out of CFCs used in the manufacture and servicing of refrigeration equipment, and in the foam, MAC and solvent sectors. The Executive Committee also approved funding for implementation of the first tranche to the Government of Germany, the Government of France, UNIDO and UNEP (Decisions 41/20 and 41/55). The Government of Germany as lead agency, submitted the request for funding of the 2004 tranche as follows:

Agency	2004
Lead Agency	
GTZ annual funding	946,404.84
Support costs GTZ	104,104.53
Total GTZ	1,050,509.37
Cooperating agencies	
UNIDO annual funding	2,104,065.57
Support costs UNIDO	157,804.92
Total UNIDO	2,261,870.49
UNDP annual funding	770,000.00
Support costs UNDP	57,750.00
Total UNDP	827,750.00
Overall	
Total grant requested	3,820,470.41
Accumulated support costs	319,659.45
Total costs	4,140,129.86

2. The Government of Germany also submitted the first annual implementation plan of the national CFC phase-out plan for 2004 for the Islamic Republic of Iran (attached to this document) which provides information on the proposed activities and associated ODP to be phased out (pages 4 and 5). The plan also indicates policy and regulatory actions to be undertaken by the Government of the Islamic Republic of Iran (pages 6 and 7) and planned expenditures (page 8). The total reduction in CFC consumption to be achieved in 2009 is 500.3 ODP tonnes.

3. The submission of the second tranche to the 42nd Meeting, only one meeting after the first tranche, is part of the approved implementation schedule and is consistent with the Agreement and the 2003 business plan. The approval of the second tranche in the beginning of the year is crucial for implementation of the 2004 work programme.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

4. In 2002, the Government of the Islamic Republic of Iran reported its CFC consumption data to the Ozone Secretariat of 4,437.ODP tonnes. The Agreement approved at the 41st Meeting between the Executive Committee and the Government of the Islamic Republic of Iran established a maximum total CFC consumption in the country of 3,889.4 ODP tonnes in 2003 and 2004. The consumption will be further reduced through implementation of phase-out activities using resources approved at the 41st Meeting and those requested at the 42nd Meeting. The resulting reduction in CFC consumption is expected to be 500.3 ODP tonnes. According to the Agreement, an additional reduction from on-going projects of 1,120 ODP tonnes will also be achieved in 2004. The CFC phase-out measures bring 2005 consumption to 2,269.2 ODP tonnes, which will be lower than the 2005 control target (2,285 ODP tonnes) established by the Montreal Protocol.

5. The 2004 implementation plan contains sufficient detail which will enable the Secretariat to review the process while considering the request for the next tranche in 2005. There are no other requirements to be fulfilled prior to approval of the second tranche.

RECOMMENDATIONS

6. The Fund Secretariat recommends approval of the 2004 annual implementation programme of the National CFC Phase-out Plan of the Islamic Republic of Iran and release of the 2004 funding tranches as contained in the table below. In accordance with Decision 41/80, the recommended approval is included in the list of projects recommended for blanket approval.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	National CFC phase out plan: First annual implementation plan for 2004 (second tranche)	946,405	104,105	Germany
		770,000	57,750	UNDP
		2,104,066	157,805	UNIDO



**Deutsche Gesellschaft für
Technische Zusammenarbeit (GTZ) GmbH**

First Annual Implementation Plan of the National CFC Phase Out Plan for 2004 for the Islamic Republic of Iran

2 ND TRANCHE 2004

prepared by
**The Department of Environment,
Human Environment Affairs, Iran**

in cooperation with the Lead Agency
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, financed by
The German Federal Ministry For Economic Co-Operation And Development (BMZ)

and the co-operating agencies
France, UNIDO, UNDP, UNEP

January 15, 2004

PLAN TO BE SUBMITTED TO THE 42nd MEETING OF THE EXECUTIVE COMMITTEE
OF THE MULTILATERAL FUND OF THE MONTREAL PROTOCOL

1st ANNUAL IMPLEMENTATION PROGRAMME FOR 2004 (2nd tranche)

Introductory Remark

The National Phase Out Plan had been approved at the 41st meeting of the ExCom. At the same meeting a first tranche for preparation of activities under the first annual implementation had been approved. The I.R. Iran had decided also to submit the Annual Implementation Plans to every first ExCom meeting in a year. Therefore the presently submitted plan represents the second tranche of 1st Annual Implementation Plan 2004. This procedure was required in order to comply with the business plan and financial allocations of the Impementing Agencies between 2003 and 2004.

Chapter 2 and 3 refer to the monitoring of achieved phase out targets from previous years. Since this is the first plan to be submitted there is no reference made to the previous year.

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1 Data

Country	Islamic Republic of Iran
Year of plan	2004 (2nd tranche)
# of years completed	0
# of years remaining under the plan	6
Target CFC Consumption of the Preceding Year	N/A*
Target CFC Consumption of the Year of the Plan	3,889.4
Level of funding requested	4,140,130
Lead implementing agency	Germany (GTZ)

* There is no target consumption for 2003, because the plan starts only in 2004

2 Targets (all ODP T)

Indicators		Target Preceding Year*	Year of Plan	Reduction
Supply of ODS	Import	N/A	3,889.4	N/A
	Total (1)	N/A	3,889.4	N/A
Demand of ODS	Manufacturing	N/A	2,989.9	N/A
	Servicing	N/A	899.5	N/A
	Stockpiling			
	Total (2)	N/A	3,889.4	N/A

*first plan starts only 1/1/2004, there have been no reduction targets under the plan so far

3 Industry Action (all ODP T)

Sector	Consumption Preceding Year (1)	Target Consumption Year of Plan (2)*	Reduction within Year of Plan (1) – (2)	Number of Projects Completed	Number of Servicing Related Activities	CFC Phase-out ODP tonnes
Manufacturing						
Aerosol	N/A	0	N/A	N/A		N/A
Foam	N/A	1,890.0	N/A	N/A		N/A
Refrigeration	N/A	1,090.4	N/A	N/A		N/A
Solvents	N/A	9.6	N/A	N/A		N/A
Other	N/A	0	N/A	N/A		N/A
Total	N/A	2,990.0	N/A	N/A		N/A
Servicing						
Refrigeration	N/A	899.4	N/A	N/A	4	N/A
Total	N/A	899.4	N/A	N/A	4	N/A
Grand total	N/A	3,889.4	N/A	N/A	4	N/A

*this consumption will be the baseline for the Implementation Plan 2005

4 Technical Assistance for 2004

- 1.1 Proposed Activity:** Assistance for conversion of CFC 113 as solvents for the use as cleaning agent in the electronics industry as a spray application.
- Objective:** Phase out the use 113 as cleaning spray
- Target Group:** Spray can manufacturer
- Impact:** 9.6 ODP T
- 1.2 Proposed Activity:** Investment Projects Foam Sector. It is planned to phase out CFCs in enterprises in the foam subsectors. The first lot of enterprises will be selected from the list of eligible enterprises approved in the National Phase Out document. The prioritization of enterprises will be based on the commitment and ability of enterprises for rapid conversion and CFC phase out.
- Objective:** Phase out of the use CFC as blowing agent in the manufacture of flexible and rigid foams.
- Target Group:** Manufacturers of flexible and rigid PU foams
- Impact:** 110.8 ODP T
- 1.3 Proposed Activity:** Investment projects in the refrigeration manufacturing sector. Small scale manufacturers of domestic and commercial equipment will receive technical assistance and production equipment in order to convert their production from CFC based production to CFC-free alternatives.
- Objective:** Phase Out of CFC in the refrigeration manufacturing sector
- Target Group:** Manufacturer of domestic and commercial refrigeration equipment
- Impact:** 56 ODP T
- 1.4 Proposed Activity:** Provide training and necessary equipment for the refrigeration assembly sector. This activity aims to convert small assemblers who need assistance for redesigning their assembled refrigeration systems and to adapt their production to CFC-free methods.
- Objective:** Phase out CFCs in the refrigeration assembly sector
- Target Group:** Small enterprises assembling commercial refrigeration systems
- Impact:** 135 ODP T
- 1.5 Proposed Activity:** Investment support for R&R equipment in the MAC sector. The activity will provide the necessary means and equipment to the first lot of large MAC workshops who will recover and recycle CFCs from the existing MAC systems.
- Objective:** Reduce the demand for virgin CFCs through R&R during service and repair of Mac systems
- Target Group:** MAC service workshops
- Impact:** 59.4
- 1.6 Proposed Activity:** Training and Technical assistance in the MAC sector. The project will train technicians in the MAC service sector in the application of CFC conserving and best practices in the fields of better hermetisation, leakage detection, storage, handling, charging, R&R and retrofit.
- Objective:** Eliminate the excessive use and losses during maintenance, repair and operation of MAC systems
- Target Group:** Technicians doing service and repair for MAC systems

- Impact:** covered under MAC R&R component
- 1.7 Proposed Activity:** Domestic & Commercial Refrigeration R&R project. This project will provide in a first lot the largest service enterprises with R&R equipment in order to effectively recover and reuse CFCs during service and repair
- Objective:** Reduce the demand for virgin CFCs through R&R during service and repair
- Target Group:** Enterprises doing service and repair for domestic & commercial refrigeration equipment
- Impact:** 129.5 ODP T
- 1.8 Proposed Activity:** Domestic & Commercial Refrigeration - Technician Training Project. The project will aim to train technicians in the domestic and commercial refrigeration service sector in the application of CFC conserving and best practices in the fields of better hermetisation, leakage detection, storage, handling, charging, R&R and retrofit.
- Objective:** Eliminate the excessive use and losses during maintenance and operation of refrigeration equipment
- Target Group:** Technicians doing service and repair for domestic & commercial refrigeration equipment
- Impact:** covered under the R&R component
- 1.9 Proposed Activity:** Train custom officer in ODS Control and monitoring. Training in checking, recognition, testing and monitoring of CFC imports for Customs Officer trainers from all states, port and airport authorities. Supply of ODS identification kits for customs.
- Objective:** Control ODS imports and eliminate illegal imports
- Target Group:** Customs officer and trainers
- Impact:** n.A.
- 1.10 Proposed Activity:** Regulation and Policy Support. This activity will help the I.R.Iran to strengthen their efforts in effectively regulate and control the import and use of CFCs in the country by appropriate legislative and regulative measures. The activity will include a position for legal enforcement.
- Objective:** Effective control CFC Import and Trade through Legislation and regulatory systems
- Target Group:** Officials in environment, customs, finance, commerce and others related
- Impact:** n. A.
- 1.11 Proposed Activity:** Awareness, Project Implementation & Monitoring Unit, Coordinate Technical support from International and National Contractors as required to progress all project implementation activities in the First Annual Implementation Work Plan in 2004. Develop and promote NPP objectives to various target audiences and provide continued support of educational and promotional media. Establish monitoring unit and system to monitor progress and impact of the NPP.
- Objective:** Establish an effective coordination and process management to verify and enhance compliance of all activities with the NPP targets
- Target Group:** NOU and other government bodies, enterprises and public
- Impact:** n.A.

5 Government Action

Policy/Activity Planned	Schedule of Implementation
(a) Policy Decisions & Regulatory Actions:	
To review and amend all the licensing system related to the imports of Annex A Group I CFCs, revision of the CFC-12 import quota allocation system so as to safeguard the availability of CFC-12 according to the permitted import levels, to provide adequate distribution of the quotas between major importers, and to permit transfers of unused quotas from one authorised importer to another.	Start Implementation process in 2004,
To review and amend all the existing legislation related to the imports, and uses, of Annex A Group I CFCs, as pure substance, and in mixtures (including CFC-11/Polyol pre-mixes), to be consistent with the NPP, and to guarantee compliance with the maximum permitted consumption levels as defined in the Agreement with the MLF ExCom related to the NPOP.	Start Implementation process in 2004,
To include in the review and amendment CFC-11 import quotas to guarantee a supply for the service of CFC-11 based chillers in the central air-conditioning and industrial refrigeration sectors, up to and including the year 2009.	Start Implementation process in 2004,
To include in the review and amendment of all the existing legislation related to the use of Annex A Group I CFCs in the foam and refrigeration manufacturing and introduce a timeline for a ban on the use of CFC-11 and CFC-12 as foam blowing agents in all foam manufacturing that are not registered under the NPP scheme.	Prepare in 2004, Implementation effective 01 January 2009
To include in the review and amendment of all the existing legislation related to the imports of Annex A Group I CFCs, a requirement to attach a condition to all import licenses for CFC prohibiting the sales of CFC to any manufacturing enterprise that does not participate in the NPP scheme by the Government.	Start Implementation process in 2004,
To include in the review and amendment of all the existing legislation related to the imports of Annex A Group I CFCs, a ban on the import of all Annex A Group I CFCs with effect from 01 January 2010 (earlier dates may be determined for specific CFCs), except for any quantities needed for uses defined as "essential".	Prepare in 2004, Implementation effective according to dates set for individual CFCs, but no later than 01 January 2010
To introduce a regulation on the reuse of recovered and recycled CFC-12.	Implement in 2004
(b) Public Awareness Actions:	
Develop, improve, and implement a focussed Awareness Campaign to inform stakeholders and the public about the National CFC Phase-out Plan. It will create awareness about the increasingly reduced availability of CFCs and the final phase out from 01 January 2010. The CFC consuming industries will be informed on available alternatives and possible support and its criterias for eligibility. Furthermore the need for R&R of CFC refrigerants will be promoted in	Start Implementation process in 2004

addition to the encouraged conversion and use of CFC-free refrigerants during the service and repair of refrigeration and air-conditioning systems.	
The public will be informed on the ongoing activities under the NPP and the support they may give to request CFC free services and products	Start Implementation process in 2004
The government will issue official recognition to enterprises applying CFC conservation and replacement activities . This “Recognition” should be withdrawn in the event of non-compliance with the operating conditions.	Start Implementation process in 2004
(c) Other Actions:	
Develop, publish, and promote Guidelines for the safe filling, handling, labelling, and transportation of containers for “Recovered Non-flammable Liquefied Gas Refrigerants” by Service Technicians in the Refrigeration and Air-conditioning Service Sector.	Implement in 2004
Develop databases needed for registration and follow up of beneficiaries of the training activities and initiate a process for Certification of enterprises employing trained technicians.	Implement in 2004
Monitor and enforce the existing prohibition on the use of CFCs in all new, domestic or imported, equipment, products, installations and systems.	Implement in 2004
Further identify all existing “Essential Uses” of CFCs the CFC involved, and the level of annual consumption of each CFC.	Implement in 2004
Establish a monitoring and enforcement unit for continued control of CFC import and consumption.	Implement in 2004

6 Annual Budget

Activity (detailed description under chapter 4 and NPP)	Planned Expenditures (US \$)
4.1 CFC 113 Solvents - Technical assistance	1st tranche appr. 2003*
4.2 Foam (all sub-sectors) - Investment Projects	727,956.00
4.3 Refrigeration Manufacturing - Investment Projects -	770,000.00
4.4 Refrigeration Assembly - Technical Assistance Projects -	923,244.73
4.5 MAC R&R Project - Investment Project	1st tranche appr. 2003*
4.6 MAC - Sector assistance	86,077.69
4.7 Domestic & Commercial Refrigeration R&R project	836,900.00
4.8 Domestic & Commercial Refrigeration - Technician Training Project	114,721.00
4.9 Custom Training	229,200.00
4.10 Regulatory Support	1st tranche appr. 2003*
4.11 Awareness, Project Implementation & Monitoring Unit	132,371.15
TOTAL	3,820,470.47

* budgets for these activities had already been approved under the first tranche for 2004

7 Administrative Fees

Agency	2004
Lead Agency	
GTZ annual funding	946,404.84
Support costs GTZ	104,104.53
Total GTZ	1,050,509.37
Cooperating Agencies	
UNIDO annual funding	2,104,065.57
Support costs UNIDO	157,804.92
Total UNIDO	2,261,870.49
UNDP annual funding	770,000.00
Support costs UNDP	57,750.00
Total UNDP	827,750.00
Overall	
Total grant requested	3,820,470.41
Accumulated Support Costs	319,659.45
Total Costs	4,140,129.86