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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 (d) of the provisional agenda¹

PROJECT PROPOSAL: IRAN (Islamic Republic of)

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) UNDP, UNEP, UNIDO, Germany and Italy

¹ UNEP/OzL.Pro/ExCom/90/1

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS
Iran (Islamic Republic of)

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC Phase-Out Plan (stage II)	UNDP (lead), UNEP, UNIDO, Germany, Italy	77 th	75% by 2023

(II) LATEST ARTICLE 7 DATA (Annex C Group I)	Year: 2021	123.84 (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		1.19		28.50	44.91				74.60
HCFC-141b		9.20		40.04					49.24

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline:	380.50	Starting point for sustained aggregate reductions:	380.50

CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	308.76	Remaining:	71.74

(V) BUSINESS PLAN		2022	2023	2024	Total
UNDP	ODS phase-out (ODP tonnes)	6.70	3.50	0.0	10.20
	Funding (US \$)	497,000	258,000	0	755,000
UNEP	ODS phase-out (ODP tonnes)	0.0	2.00	0.0	2.00
	Funding (US \$)	0	157,000	0	157,000
UNIDO	ODS phase-out (ODP tonnes)	6.40	1.10	0.0	7.50
	Funding (US \$)	479,000	79,000	0	558,000
Germany	ODS phase-out (ODP tonnes)	8.60	1.40	0.0	10.0
	Funding (US \$)	666,000	108,000	0	774,000

(VI) PROJECT DATA		2016	2017	2018	2019	2020	2022	2023	2024	Total	
Montreal Protocol consumption limits		342.45	342.45	342.45	342.45	247.33	247.33	247.33	247.33	n.a.	
Maximum allowable consumption (ODP tonnes)		342.45	342.45	266.35	266.35	247.33	247.33	95.13	95.13	n.a.	
Agreed funding (US \$)*	UNDP	Project costs	1,298,170	0	1,593,980	0	1,307,980	464,231	241,000	0	4,905,361
		Support costs	90,872	0	111,579	0	91,559	32,496	16,870	0	343,375
	UNEP	Project costs	200,000	0	190,000	0	170,000	0	140,000	0	700,000
		Support costs	24,857	0	23,614	0	21,129	0	17,400	0	87,000
	UNIDO	Project costs	473,567	0	584,000	0	***524,000	0	521,638	0	2,103,205
		Support costs	33,150	0	40,880	0	***36,680	0	36,515	0	147,224
	Germany	Project costs	645,500	0	**1,047,035	0	285,009	598,000	96,860	0	2,672,404
		Support costs	73,420	0	**119,092	0	32,417	68,018	11,017	0	303,964
	Italy	Project costs	403,203	0	504,004	0	0	0	0	0	907,207
		Support costs	48,797	0	60,996	0	0	0	0	0	109,793
Funds approved by the ExCom (US \$)	Project costs	3,020,440	0	0	3,919,019	2,286,989				9,226,448	
	Support costs	271,096	0	0	356,161	181,785				809,042	
Total funds requested for approval at this meeting (US \$)	Project costs						1,062,231			1,062,231	
	Support costs						100,514			100,514	

* Reflects the figures in the revised Agreement (Annex I).

** US \$126,545, plus agency support costs of US \$14,393 for the Government of Germany were deducted from the second tranche, in line with decision 80/21(c).

*** US \$375,701, plus agency support costs of US \$26,299 for UNIDO were deducted from the third tranche, in line with decision 84/74(a)(iv).

Secretariat's recommendation:	Individual consideration
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PROJECT DESCRIPTION

1. On behalf of the Government of the Islamic Republic of Iran, UNDP 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 \$1,162,745, consisting of US \$464,231, plus agency support costs of US \$32,496 for UNDP, and US \$598,000, plus agency support costs of US \$68,018 for the Government of Germany.² The submission includes a progress report on the implementation of the third tranche, the verification report on HCFC consumption for 2020 to 2021, and the tranche implementation plan for 2022 to 2023.

2. The programmed tranche of US \$447,638, plus agency support costs of US \$31,335 for UNIDO is not being requested at the present meeting.

Report on HCFC consumption

3. The Government of the Islamic Republic of Iran reported a consumption of 123.84 ODP tonnes of HCFC in 2021, which is 67.5 per cent below the HCFC baseline for compliance. The 2017-2021 HCFC consumption is shown in Table 1.

Table 1. HCFC consumption in the Islamic Republic of Iran (2017-2021 Article 7 data)

HCFC	2017	2018	2019	2020	2021	Baseline
Metric tonnes (mt)						
HCFC-22	2,120.28	1,810.64	1,058.09	1,511.47	1,356.37	2,974.55
HCFC-141b	1,024.08	576.12	50.88	732.15	447.61	1,971.82
Total (mt)	3,144.96	2,386.76	1,108.97	2,243.62	1,803.98	4,945.80
ODP tonnes						
HCFC-22	116.62	99.59	58.19	83.13	74.60	163.60
HCFC-141b	112.65	63.37	5.60	80.54	49.24	216.90
Total (ODP tonnes)	229.28	162.96	63.79	163.67	123.84	380.50

4. The decreasing trend in HCFC consumption in the Islamic Republic of Iran since 2017, reaching its lowest point in 2019, is due in part to the implementation of HPMP activities, and in part to the economic downturn resulting from international sanctions and restricted access to the supply chain of HCFCs, raw material and equipment. The COVID-19 pandemic has also created a temporary downturn in the consuming sectors. While part of the lost HCFC demand can be expected to recover once sanctions are eased, economic activity improves, and the COVID-19 pandemic is under control, the overall decrease in HCFC consumption is expected to continue.

Country programme (CP) implementation report

5. The Government of the Islamic Republic of Iran reported HCFC sector consumption data under the 2021 CP implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

6. The verification report confirmed that the Government is implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2020 to 2021 is correct and in compliance with the maximum allowable consumption for those years in the country's Agreement with the Executive Committee for stage II of the HPMP.

² As per the letter of 3 April 2022 from the Department of Environment of the Islamic Republic of Iran to UNDP.

Progress report on the implementation of the third tranche of the HPMP*Legal framework*

7. In line with its commitment reflected in decision 77/44(b)(iii), the Government of the Islamic Republic of Iran issued a ban on the establishment of new manufacturing capacity using HCFC-22 from 1 January 2020.

8. The Government had also planned to issue a ban on the import and use of HCFC-141b, pure or contained in pre-blended polyols, from 1 July 2023, and a ban on the use of HCFC-22 in the manufacturing of refrigeration and air-conditioning (RAC) equipment to enter into force in a staggered manner, as follows: by 1 January 2023 for the first 15 enterprises already converted to propane (R-290)-based technology through the HPMP, by 1 January 2024 for the next 17 enterprises currently being converted, and by 1 July 2024 for the remaining 16 enterprises to be converted under the third and fourth tranches.

9. Due to the impact of the economic downturn and the COVID-19 pandemic on the implementation of the conversion projects in the polyurethane (PU) foam and the refrigeration manufacturing sectors, and following discussions between the Secretariat and the implementing agencies on the time required to properly finalize the ongoing conversions in these two sectors, the Government decided to postpone the ban on the import and use of HCFC-141b pure or contained in pre-blended polyols to 1 July 2024, and to postpone the ban on the use of HCFC-22 in the manufacturing of RAC equipment to 1 January 2024 for all enterprises, as reflected in paragraphs 21 and 22 of the present document.

Activities in the PU foam manufacturing sector (UNDP, UNIDO, Governments of Germany and Italy)

10. Notwithstanding challenges brought on by the COVID-19 pandemic, both the Government of the Islamic Republic of Iran and the implementing agencies have continued to progress, albeit with delays, on project implementation. Results achieved in each sub-project in the foam sector are presented in Table 2.

Table 2. Status of project implementation in the PU foam sector plan*

Alternative	Agency	Progress
<i>Individual conversions of five enterprises in domestic refrigeration and discontinuous panels</i>		
Cyclopentane	UNIDO Italy	Individual conversions are ongoing but due to delays caused by COVID-19 restrictions, they will only be completed during the present tranche.
<i>Group sub-project for the conversion of 42 small and medium-sized enterprises (SMEs) in several applications</i>		
Pre-blended hydrocarbon (HC), carbon dioxide (CO ₂)	UNIDO Italy	Conversion of 14 enterprises is ongoing and two additional spray foam enterprises were added to the project. Due to delays caused by COVID-19 restrictions, they will only be completed during the present tranche.
<i>Individual conversions of three enterprises manufacturing panels for commercial refrigeration equipment</i>		
Cyclopentane	UNDP	Equipment and raw materials for manufacturing HCFC-free products were delivered to enterprises with some delay due to COVID-19 restrictions. Equipment has been installed and project completion is expected in July 2022.
<i>Group conversion of 40 enterprises manufacturing panels for commercial refrigeration equipment</i>		
CO ₂	UNDP	The first 15 enterprises completed conversion to R-290 in 2021. Ten more enterprises were verified, with equipment procured for delivery in 2022 and completion of conversions expected by March 2023. Conversion of the remaining 15 enterprises is expected over the fourth and fifth tranches.
<i>Conversion of two enterprises manufacturing integral skin foam</i>		
CO ₂	Germany	Equipment for the first enterprise was commissioned, with conversion to be completed in June 2022. Equipment delivery for the second enterprise was delayed due to COVID-19 restrictions, but the conversion is expected to be completed by December 2022.

Alternative	Agency	Progress
<i>Technical assistance for the development of cyclopentane systems at one systems house</i>		
Cyclopentane	UNDP	Equipment was delivered at the end of 2020, but commissioning was delayed until June 2022 due to international travel restrictions. Project completion is expected by July 2022.
<i>Technical assistance for development of water-blown systems at a systems house; technical assistance to 95 SMEs</i>		
CO ₂	Germany	Technical assistance for the development of water-blown systems at one systems house is ongoing; raw materials for the systems were delivered, and the activity will be completed by August 2022. Technical assistance was also provided to 15 commercial refrigeration enterprises converted under the UNDP project. Training workshops for 45 additional foam and commercial refrigeration enterprises have been delayed due to travel restrictions but are expected to resume when these are lifted.

* Number of assisted enterprises taking into consideration decision 84/74(a) and (b).

11. In line with decision 84/74(c)(i),³ UNDP submitted a detailed report on the status of conversions in every foam sector project implemented by each agency under stage II. No additional enterprises have been found to be ineligible. However, UNIDO indicated that some of the remaining PU foam enterprises to be converted under its project might not be eligible or in operation and required more time to verify them. In view of this, UNIDO is postponing its request for funds under the present tranche (US \$447,638, plus agency support costs of US \$31,335) to the next tranche, until the eligibility of the remaining enterprises under its component is confirmed.

Activities in the commercial refrigeration manufacturing sector (UNDP, Government of Germany)

12. Stage II of the HPMP included the conversion of all HCFC-based SMEs in the commercial refrigeration manufacturing sector in the country, with R-290 as the selected alternative technology. Fifteen SMEs have completed conversions and are now manufacturing equipment that uses R-290. Equipment for the second group of 17 enterprises was procured, but due to COVID-19 restrictions it will only be delivered during the second half of 2022. The third group of 16 enterprises was verified, confirmed to be eligible and operational, and will start conversions in 2022.

13. The Government of Germany continued to provide technical assistance to commercial refrigeration enterprises assisted by UNDP, including a training module on the use of R-290 technology in the sector, initially to be provided online, and once COVID-19 restrictions are lifted, also in person.

Refrigeration servicing sector (UNEP, UNIDO, UNDP and Government of Germany)

14. The following activities were implemented in the refrigeration servicing sector:

- (a) Over 75 trainers and 1,000 refrigeration technicians participated, either in person or virtually, in the regular training provided by six Technical and Vocational Training Organization (TVTO) centres using equipment provided by UNIDO in previous tranches; additional 700 technicians are expected to be trained in the coming year. The centres will also be provided with HFC-32-based split air-conditioning (AC) training units; and one centre located in a high-ambient-temperature area will be included in the project (UNIDO);
- (b) Virtual and/or in-person training workshops in good servicing practices were provided to 90 refrigeration technicians and 38 trainers from the TVTO. Some activities, including large events, meetings, and training sessions, were affected by the COVID-19 restrictions.

³ To request UNDP, UNIDO, the Government of Germany and the Government of Italy to submit, with each funding tranche request, a detailed report on the status of the conversion of each of the foam projects covered under stage II, including the financial viability, the current level of HCFC-141b consumption, the alternative technology selected, the total cost to the Multilateral Fund and the level of co-financing, as applicable.

Virtual training for customs officers and technicians has been limited due to poor internet connectivity; in-person training will resume in the second half of 2022 (UNEP);

- (c) One refrigerant distribution centre signed the operation contract and is currently installing equipment;⁴ procurement for the second centre is ongoing, with the centre expected to become operational by January 2023 (UNDP); and
- (d) Technical assistance in introducing CO₂ trans-critical systems in commercial refrigeration was provided to three servicing and assembling enterprises, with one CO₂ unit installed and trials conducted in February 2022, and two more units being commissioned; this activity will be completed by September 2022. Technical assistance in the adoption of R-290 was provided to four enterprises in the cold room sector. Training and technical assistance were provided to the first refrigerant distribution centre established by UNDP, and 400 cylinders were distributed to the centre users. A road map was prepared for the introduction of reusable refrigerant cylinders and a webinar to demonstrate CO₂-based RAC systems was held for commercial refrigeration enterprises (Germany).

Project implementation and monitoring unit (PMU)

15. The PMU established during stage I has provided continuous assistance in the implementation and monitoring of stage II. Its activities include: recruitment of staff and consultants; preparation of annual work plans and progress reports; site visits to ongoing projects; preparation of specifications and coordination of equipment procurement; delivery and verification of procured equipment; managing the administrative and financial aspects of project implementation; and coordination of non-investment activities. Costs incurred during the implementation of the first three tranches are presented in Table 3.

Table 3. PMU costs in stage II (US \$)

Particulars	Approved in principle	Approved so far	Disbursed so far
Project implementation and coordination (staff costs, national stakeholder meetings, computers and electronic equipment, furniture and equipment, stationery and printing, communication, operational and overhead costs)	500,000	280,000	141,747
Project monitoring (periodic visits to enterprises, preparation of annual work plans and periodic progress reports)	80,000	73,585	33,939
Policies and regulations (stakeholder meetings for project progress assessment, planning, and implementation)	30,000	45,000	19,709
Capacity building (government stakeholder training workshops)	10,000	38,415	13,363
Total	620,000	437,000	208,758

Level of fund disbursement

16. As of April 2022, of the US \$8,724,202 approved so far, US \$5,118,011 had been disbursed (US \$3,142,993 for UNDP, US \$389,758 for UNIDO, US \$193,348 for UNEP, US \$1,331,120 for the Government of Germany and US \$60,792 for the Government of Italy), as shown in Table 4. The balance of US \$3,606,191 will be disbursed in 2022 and 2023.

Table 4. Financial report of stage II of the HPMP for the Islamic Republic of Iran (US \$)

Agency	First tranche		Second tranche		Third tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNDP	1,298,170	1,298,170	1,593,980	1,562,723	1,307,980	282,100	4,200,130	3,142,993
UNIDO	473,567	200,795	584,000	166,718	**148,299	22,245	1,205,866	389,758

⁴ Industrial recovery and recycling equipment, multi-use refrigerant bottles, storage cylinders, laboratory equipment, cylinder charging and cylinder cleaning equipment.

Agency	First tranche		Second tranche		Third tranche		Total approved	
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
UNEP	200,000	184,569	190,000	8,779	170,000	0	560,000	193,348
Germany	645,500	645,500	*920,490	569,224	285,009	116,396	1,850,999	1,331,120
Italy	403,203	58,590	504,004	2,202	0	0	907,207	60,792
Total	3,020,440	2,387,624	3,792,474	2,309,646	1,911,288	420,741	8,724,202	5,118,011
Disbursement rate (%)	79.0		60.9		22.0		58.7	

* Includes a deduction of US \$126,545 (decisions 80/21(c) and 84/74(a)(v))

** Includes a deduction of US \$375,701 (decision 84/74(a)(iv) and blanket approval decision 86/53(a))

Implementation plan for the fourth tranche of the HPMP

17. The following activities will be implemented between June 2022 and December 2023:

PU foam manufacturing sector

- (a) Completing the conversion of all individual enterprises to cyclopentane and all ongoing group SME conversions to pre-blended PU with pentane or water-blown technology, and completing the verification of the remaining 22 SMEs to determine their eligibility for conversion under the plan (UNIDO and Italy) (funds from previous tranches);
- (b) Completing the conversion of three individual foam-manufacturing enterprises, one systems house, and 20 additional SMEs (UNDP) (US \$322,231);
- (c) Completing the development of water-blown systems with one systems house; converting the last enterprise producing integral skin foam; providing continued training on the adopted low-global-warming-potential (GWP) technologies at assisted enterprises (Germany) (US \$95,500);

Commercial refrigeration sector

- (d) Completing the conversion of the second group of 17 enterprises to R-290, progressing in the conversion of the last 16 enterprises, and completing the set-up of the second refrigerant distribution system (UNDP) (US \$50,000);
- (e) Providing further technical assistance to the commercial refrigeration enterprises, including training on low-GWP technologies; issuing training material on handling CO₂ and new virtual training modules on R-290- and CO₂-based technologies; integrating the European Union training standards into TVTO training material and standards; issuing guidelines for the use of refillable cylinders and introducing a ban on non-refillable cylinders; promoting CO₂-based technology as an alternative to centralized refrigeration systems; demonstrating the operation of an HC-based chiller unit with high-tech controls; and capacity building on the use of electronic expansion valves (Germany) (US \$502,500);

Refrigeration servicing sector

- (f) Adopting regulatory changes to strengthen the quota and licensing system; organizing one refresher train-the-trainers workshop on good servicing practices and 20 training programmes for RAC technicians in collaboration with the assisted TVTO centres; supporting the activities of the RAC association; providing support for the development and implementation of standards led by the Government of Germany, and maintaining and updating the website dedicated to the promotion of low-GWP technologies (UNEP) (funds from previous tranches); and

PMU

- (g) Provision of technical assistance, data processing, and quality control; preparation of reports; stakeholder meetings; and visits to beneficiary enterprises (UNDP) (US \$92,000, including project implementation and coordination (US \$41,400), project monitoring (US \$27,600), policies and regulations (US \$6,440), and capacity building (US \$16,560)).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

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

Legal framework

18. The Government of the Islamic Republic of Iran has already issued HCFC import quotas for 2022 at 2,626 mt (166.10 ODP tonnes), including 2,232 mt (122.76 ODP tonnes) of HCFC-22 and 394 mt (43.34 ODP tonnes) of HCFC-141b, which are below the target in its Agreement with the Executive Committee and the target allowed under the Montreal Protocol.

Postponement of funding for the PU foam sector component by UNIDO

19. UNIDO reported that some of the remaining 22 PU foam enterprises to be converted under its project might not be eligible or in operation, and the verification to determine their eligibility had been interrupted due to the COVID-19 restrictions. In view of this, UNIDO requested to postpone to 2023 the release of its fourth tranche, in the amount of US \$521,638 in principle, including US \$447,638 from the present tranche and US \$74,000 from the fifth tranche. The Secretariat supports this request, noting that the level of funding for UNIDO's last tranche would be subject to the confirmed eligibility of the enterprises.

20. UNDP and the Government of Germany also continue their verification of the remaining 15 PU foam enterprises covered by the UNDP component; so far all enterprises are potentially eligible. Noting that activities in the PU foam sector are expected to be completed between 2022 and 2023, the Secretariat suggested that, in line with decision 84/74(c), the agencies submit along with the fifth and last tranche in 2023, the final list of foam enterprises included in stage II of the HPMP, including their financial viability, current level of HCFC-141b consumption, the alternative technology selected, the total cost to the Multilateral Fund, and the level of co-financing, as applicable. In line with that decision, once all enterprises have been verified and the funds allocated, any deviation from the approved cost-effectiveness of the PU foam sector for stage II (US \$6.79/kg) will be reported to the Executive Committee and recovered from the funds remaining for stage II of the HPMP.

Upcoming bans and completion of ongoing projects

21. The Secretariat noted that the ban on the import and use of HCFC-141b pure or contained in pre-blended polyols, originally planned for 1 July 2023, might take place before the completion of all conversions in the PU foam sector. UNDP explained that the systems house would be able to supply pentane-based systems by August 2022 and that some SMEs included in the project had already been provided with water-based systems for trials. It was therefore expected that PU foam enterprises would transition directly to HC and water-based alternatives, given their increasing availability and affordability in comparison to HFCs, whose cost on the local market is currently very high. However, following the discussion regarding delays due to economic circumstances and COVID-19, and the time required to assist all eligible enterprises, the Government decided to postpone the ban on imports and use of HCFC-141b for one year, i.e., until 1 July 2024. The Secretariat considers this deferment to be beneficial, as it will allow

for a proper completion of all projects and ensure a smooth transition to low-GWP technologies in the PU foam sector.

22. Noting the similar circumstances in the RAC manufacturing sector, the Government decided to also postpone the ban on the use of HCFC-22 in the manufacturing of RAC equipment to 1 January 2024. The Secretariat considers that this deferment will allow for a proper completion of all commercial refrigeration conversion projects, ensure equal treatment of all enterprises, and make enforcement easier than it would have been in the originally proposed staggered manner.

Refrigeration servicing sector

23. Many technical assistance activities in the refrigeration servicing sector have shown substantive progress, despite the limitations placed on UNEP-led training activities by travel restrictions and poor internet connectivity. To date, UNEP reported a total of 365 technicians trained in good servicing practices under stage II, in addition to those who completed regular TVTO training. With the lifting of COVID-19 restrictions, it is expected that in-person training and awareness activities will resume in the second half of 2022.

24. UNEP has provided a detailed, updated plan of action and a schedule for completion of activities originally planned under stage II of the HPMP, including *inter alia*: the training of 60 customs officers, 20 refrigeration trainers, and 700 technicians; completion of a technician certification scheme and certification of the first group of technicians; development of a website to promote new technologies in cooperation with refrigeration associations; production of additional technical awareness material; evaluation, translation and adoption of the ISO 817:2014⁵ norm; and development, in cooperation with the Government of Germany, of standard operation procedures for the use of refillable refrigerant cylinders and for handling and storing flammable gases. UNEP is not requesting funds at the present meeting, but the provided plan of action is still relevant, as its activities are complementary to the ongoing activities implemented by UNDP, UNIDO and the Government of Germany in the sector.

Request for the extension of stage II of the HPMP

25. The Secretariat noted that, despite the current economic circumstances in the country and the limitations caused by COVID-19 over the last two years, the Government of the Islamic Republic of Iran and the implementing agencies have achieved additional progress in the implementation of stage II. The overall level of funds disbursed has also increased in comparison to previous tranches. The Secretariat considers that the extension of stage II of the HPMP for one year, to 31 December 2025, is required to allow the Government to complete the outstanding activities and to request the last tranche, originally planned for 2022, in 2023.

Revision to the Agreement

26. In view of the reallocation of funding programmed for UNIDO from the fourth to the fifth tranche, the postponement of the last tranche from 2022 to 2023 and the extension of stage II, paragraph 1 and Appendix 2-A of the Agreement between the Government of the Islamic Republic of Iran and the Executive Committee have been updated, and paragraph 17 has been added to indicate that the updated Agreement supersedes the one reached at the 77th 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.

⁵ Refrigerants designation and safety classification.

Gender policy implementation⁶

27. During the implementation of the third tranche of stage II, the national ozone unit (NOU) and PMU teams participated in a regional workshop on mainstreaming the Multilateral Fund gender policy to build internal capacity on this issue. At the project implementation level, the PMU continued to collect sex-disaggregated data from attendees at meetings and trainings; encouraged women to participate in the events and activities it organized; and ensured gender-balanced recruitment of project personnel, following UNDP's rules and procedures for engaging PMU staff.

28. During the implementation of the fourth tranche, the Government of the Islamic Republic of Iran will consider gender mainstreaming and equity to the extent possible, to encourage the full engagement of women in the various steps of project implementation, such as planning, policy and decision making, brainstorming and advisory work, monitoring, and evaluation. Gender-sensitive approaches will be considered in the events, training and workshops/activities organized under this tranche. Training centres and trainers will be further guided and advised to encourage women's participation. The NOU will continue to collect sex-disaggregated data, where possible, for activities implemented, including the number of women participating in meetings, workshops, training, and capacity-building activities. Gender issues will be duly considered when developing outreach and training materials.

Sustainability of HCFC phase-out

29. The bans on the import and use of HCFC-141b pure or contained in pre-blended polyols by 1 July 2024 and on the use of HCFC-22 in the manufacturing of RAC equipment by 1 January 2024 will support the sustainability of ongoing conversions to low-GWP alternative technologies in the PU foam and commercial refrigeration sectors. In the servicing sector, UNEP provides assistance in updating the regular customs training curriculum to include Montreal Protocol content, and the regular TVTO RAC curricula and syllabi to include good servicing practices in the safe handling of flammable refrigerants. UNEP also continues to assist the Government in strengthening its systems of monitoring, verifying, and reporting ODS consumption through regulatory amendments, including mandatory reporting by importers, data reconciliation process, and labeling requirements for refrigerant cylinders.

Conclusion

30. The Government of the Islamic Republic of Iran continued to effectively implement its HCFC import and export licensing and quota system, achieving compliance with its HCFC consumption targets for 2020 and 2021, as corroborated by the independent verification report. Despite the economic downturn and restrictions imposed by the COVID-19 pandemic, bilateral and implementing agencies continue to progress in the conversion of commercial refrigeration and PU foam enterprises, albeit with some delays. The ban on the import and use of HCFC-141b pure or contained in pre-blended polyols will enter into force on 1 July 2024, and the ban on the use of HCFC-22 in the manufacturing of RAC equipment will enter into force 1 January 2024. The country has advanced in the implementation of activities in the refrigeration servicing sector, including the provision of technical assistance to introduce CO₂ trans-critical systems in commercial refrigeration, technical assistance for the adoption of R-290, and technical assistance to the first refrigerant distribution centre being established. The bilateral and implementing agencies met the 20 per cent disbursement threshold for the previous tranche and disbursed 58.7 per cent of the overall approved funds.

⁶ Decision 84/92(d) requested bilateral and implementing agencies to apply the operational policy on gender mainstreaming throughout the project cycle.

RECOMMENDATION

31. 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 the Islamic Republic of Iran;
 - (ii) That US \$447,638, plus agency support cost of US \$31,335 for UNIDO, associated with the funding tranche for 2022, would be requested in 2023;
 - (iii) That the Fund Secretariat has updated the Agreement between the Government of the Islamic Republic of Iran and the Executive Committee, as contained in Annex I to the present document, specifically: paragraph 1 and Appendix 2-A, based on the postponement of the funding tranche for 2022 to 2023 referred to in sub-paragraph (a)(ii) above and the extension of stage II; and paragraph 17, which has been added to indicate that the updated Agreement supersedes that reached at the 77th meeting;
- (b) Requesting UNIDO, UNDP and the Governments of Germany and Italy to submit, along with the fifth tranche request, a detailed report on the status of the conversion of each of the foam projects covered under stage II including the financial viability, the current level of HCFC-141b consumption, the alternative technology selected, the total cost funded by the Multilateral Fund, and the level of co-financing, as applicable, in line with decision 84/74(c); and
- (c) Approving:
 - (i) On an exceptional basis, the extension of the duration of stage II of the HPMP for the Islamic Republic of Iran to 31 December 2025, 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 the Islamic Republic of Iran, and the corresponding 2022-2023 tranche implementation plan, in the amount of US \$1,162,745, consisting of US \$464,231, plus agency support costs of US \$32,496 for UNDP, and US \$598,000, plus agency support costs of US \$68,018 for the Government of Germany.

Annex I

**TEXT TO BE INCLUDED IN THE UPDATED AGREEMENT
BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN
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 the Islamic Republic of Iran (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix I-A (“The Substances”) to a sustained level of 95.13 ODP tonnes by 1 January **2024** in compliance with Montreal Protocol schedule.

17. This updated Agreement supersedes the Agreement reached between the Government of the Islamic Republic of Iran and the Executive Committee at the 77th meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	342.4	342.4	342.4	342.4	247.33	247.33	247.33	247.33	247.33	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	342.45	342.45	266.35	266.35	247.33	247.33	247.33	95.13	95.13	n/a
2.1	Lead IA (UNDP) agreed funding (US \$)	1,298,170	0	1,593,980	0	1,307,980	0	464,231	241,000	0	4,905,361
2.2	Support costs for Lead IA (US \$)	90,872	0	111,579	0	91,559	0	32,496	16,870	0	343,375
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	473,567	0	584,000	0	524,000	0	0	521,638	0	2,103,205
2.4	Support costs for Cooperating IA (US \$)	33,150	0	40,880	0	36,680	0	0	36,515	0	147,224
2.5	Cooperating IA (UNEP) agreed funding (US \$)	200,000	0	190,000	0	170,000	0	0	140,000	0	700,000
2.6	Support costs for Cooperating IA (US \$)	24,857	0	23,614	0	21,129	0	0	17,400	0	87,000
2.7	Cooperating IA (Germany) agreed funding (US \$)	645,500	0	1,047,035	0	285,009	0	598,000	96,860	0	2,672,404
2.8	Support costs for Cooperating IA (US \$)	73,420	0	119,092	0	32,417	0	68,018	11,017	0	303,964
2.9	Cooperating IA (Italy) agreed funding (US \$)	403,203	0	504,004	0	0	0	0	0	0	907,207

Row	Particulars	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
2.1	Support costs for Cooperating IA (US \$)	48,797	0	60,996	0	0	0	0	0	0	109,793
3.1	Total agreed funding (US \$)	3,020,440	0	3,919,019	0	2,286,989	0	1,062,231	999,498	0	11,288,177
3.2	Total support costs (US \$)	271,096	0	356,161	0	181,785	0	100,514	81,802	0	991,357
3.3	Total agreed costs (US \$)	3,291,536	0	4,275,180	0	2,468,774	0	1,162,745	1,081,300	0	12,279,534
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)										71.27
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)										38.6
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)										53.73
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)										91.1
4.2.2	Phase-out of HCFC-141b to be achieved in the previous stage (ODP tonnes)										125.8
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)										0.0