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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Fifty-first Meeting  
Montreal, 19-23 March 2007

**PROJECT PROPOSAL: ISLAMIC REPUBLIC OF IRAN**

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

Phase-out

- National CFC phase-out plan: 2007 annual implementation programme

France, Germany, UNDP,  
UNEP and UNIDO

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**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS  
ISLAMIC REPUBLIC OF IRAN**

**PROJECT TITLE****BILATERAL/IMPLEMENTING AGENCY**

National CFC phase-out plan: 2007 annual implementation programme	France, Germany, UNDP, UNEP and UNIDO
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**SUB-PROJECT TITLES**

(a) Investment projects – CFC 113 solvents	UNIDO
(b) Investment projects – foam	Germany
(c) Investment projects – refrigeration manufacturing	UNDP
(d) Investment projects – refrigeration assembly	UNIDO
(e) Refrigeration manufacturing sector – management support	UNIDO
(f) Investment project – MAC R&R project	France
(g) MACTAP training projects – MAC	Germany
(h) Domestic and commercial refrigeration R&R project	UNIDO
(i) Domestic and commercial refrigeration – technician training project	UNIDO
(j) Custom training	UNIDO
(k) Project implementation and monitoring unit	Germany
(l) Regulation and policy support	UNEP

<b>NATIONAL CO-ORDINATING AGENCY:</b>	National Ozone Unit
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**LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT****A: ARTICLE-7 DATA (ODP TONNES, 2005, AS OF FEBRUARY 2007)**

CFC	2,221.0		

**B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2005, AS OF FEBRUARY 2007)**

ODS	Aerosol	Foam	Ref. Mfg.	Ref. Servicing	Solvents	Process agent	Fumigant
CFC-11	17.92 from MDI	1,618.20					
CFC-12			539.70				

<b>CFC consumption remaining eligible for funding (ODP tonnes)</b>	
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**CURRENT YEAR BUSINESS PLAN:** Total funding US \$1,090,000: total phase-out 114.0 ODP tonnes.

PROJECT DATA		2003	2004	2005	2006	2007	2008	2009	2010	Total
CFCs (ODP tonnes)	Montreal Protocol limit	4,571.0	4,571.0	2,285.0	2,285.0	685.0	685.0	685.0	-	
	Annual consumption limit	n/a	3,889.4	2,269.2	965.6	578.7	328.4	132.7		
	Annual phase-out ongoing projects	n/a	1,120.0	988.0	73.0	0	0	0	0	2,181
	Annual phase-out newly addressed	n/a	500.3	315.5	313.9	250.3	195.7	132.7	-	1,708.4
TOTAL ODS CONSUMPTION TO BE PHASED OUT		0	1,620.3	1,303.5	386.9	250.3	195.7	132.7	-	3,889.4

**PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS**  
**ISLAMIC REPUBLIC OF IRAN**  
**(continuation)**

<b>PROJECT DATA</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
<b>Final project costs (US \$):</b>									
Funding for Lead IA: Germany	694,124	946,405	479,044	1,007,124	<b>920,868</b>	729,846	717,630	0	5,495,041
Funding for Cooperating IA: France	1,006,620	0	500,000	0	<b>0</b>	0	0	0	1,506,620
Funding for Cooperating IA: UNEP	140,253	0	0	0	<b>0</b>	0	0	0	140,253
Funding for Cooperating IA: UNIDO	361,840	2,104,066	742,449	66,224	<b>36,179</b>	27,328	0	0	3,338,085
Funding for Cooperating IA: UNDP	0	770,000	0	0	<b>0</b>	0	0	0	770,000
Total project funding	2,202,837	3,820,470	1,721,493	1,073,348	<b>957,047</b>	757,175	717,630	0	11,250,000
<b>Final support costs (US \$):</b>									
Support cost for Lead IA: Germany	76,354	104,105	52,695	110,784	<b>101,295</b>	80,283	78,939	0	604,455
Support cost for Cooperating IA: France	110,728	0	55,000	0	<b>0</b>	0	0	0	165,728
Support cost for Cooperating IA: UNEP	18,233	0	0	0	<b>0</b>	0	0	0	18,233
Support cost for Cooperating IA: UNIDO	27,138	157,805	55,684	4,967	<b>2,713</b>	2,050	0	0	250,357
Support cost for Cooperating IA: UNDP	0	57,750	0	0	<b>0</b>	0	0	0	57,750
Total support costs	232,453	319,659	163,379	115,750	<b>104,008</b>	82,333	78,939	0	1,096,523
<b>TOTAL COST TO MULTILATERAL FUND (US \$)</b>	<b>2,435,289</b>	<b>4,140,130</b>	<b>1,884,872</b>	<b>1,189,098</b>	<b>1,061,055</b>	<b>839,507</b>	<b>796,570</b>	<b>0</b>	<b>12,346,523</b>
Final project cost effectiveness (US \$/kg)									N/A

**FUNDING REQUEST:** Approval of funding for the fifth tranche (2007) as indicated above.

<b>SECRETARIAT'S RECOMMENDATION</b>	Blanket approval
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## PROJECT DESCRIPTION

1. On behalf of the Government of the Islamic Republic of Iran (Iran), Germany has submitted to the 51st Meeting of the Executive Committee a funding request for the fifth tranche of the national CFC phase-out plan (NCPP) for Iran, at a total cost of US \$957,047 plus agency support costs of US \$104,008. The request for funding is accompanied by the report on the implementation of the fourth tranche, the annual implementation programme for the fifth tranche, and a verification report. As per the Agreement, funding is being requested for Germany and UNIDO as the cooperating implementing agency for the fifth tranche. There are no funds to be disbursed to the cooperating agencies France, UNEP, and UNDP during 2007 for this phase-out plan.

### Background

2. The NCPP for Iran was approved at the 41st Meeting of the Executive Committee, with Germany as the lead agency and France, UNEP, UNIDO and UNDP as the cooperating implementing agencies. The implementation of this NCPP supports the Government of Iran in meeting its Montreal Protocol obligations, including the complete phase-out of CFCs by 1 January 2010. In order to achieve these targets, a series of investment, non-investment, technical assistance and capacity building activities will be, and are being, implemented by Iran with the assistance of Germany, France, UNEP, UNIDO and UNDP. The total funds approved in principle for the NCPP amounted to US \$11,250,000 plus agency support costs of US \$1,096,523.

### Status

3. The plan covers activities in multiple subsectors. An overview of the current status in the main subsectors is provided in the following table:

ACTIVITY/SECTOR	OVERVIEW
CFC 113 solvents (UNIDO)	A case study of the existing plant has been conducted and the company has been advised how to convert under existing market conditions. The small remaining uses are expected to be abandoned in early 2007 through agreement with the concerned users. Remaining funds should be reallocated to other phase out activities under the national phase-out plan (NPP).
Foam (all subsectors) (Germany)	Five foam companies were selected to receive new equipment. Four of the projects were tendered and evaluated, which led to issuing of so far two contracts with equipment delivery in March 2007. In all projects the National Ozone Unit (NOU) has agreed with the owners that the companies, notwithstanding any implementation delays, will stop using CFC from January 2007 on. From the 11 foam projects funded under the first and second implementation plan, 10 have been completed. The implementation of all ongoing projects will be completed summer 2007.

ACTIVITY/SECTOR	OVERVIEW
Refrigeration manufacturing (UNDP)	Twenty-five enterprises were previously selected to receive support in this sector. Installation and commissioning was completed by October 2006. The associated phase-out exceeds with 165.85 ODP tonnes the original target 56 ODP tonnes. Savings which could be realised will be used for support to two additional enterprises. All activities in this subsector are to be finished in the first half of 2007.
MAC recovery and recycling project (France/Germany)	A survey was carried out to establish the results of the first batch of recovery and recycling (R&R) equipment. 151 of 218 workshops with R&R equipment reported use, resulting in a total of 300 kg of recovered CFCs in a two-month period of average business. Bidding for the remaining 150 units has been carried out, but the finalisation of the procurement process is on hold due to a reorganisation of the NOU. Forty trainers have been trained in 2006.
Domestic and commercial refrigeration recovery and recycling (UNIDO)	Fifty recovery and recycling tools and equipment and 425 recovery machines and tools and equipment were procured in 2006. Technicians of 200 workshops were trained in that year.

4. The disbursement rate is very high with 96 per cent for actual disbursements and disbursements planned until April 2007.

5. The annual plan for 2007 foresees the continuation of investment projects in the foam sector, the refrigeration manufacturing sector and the refrigeration assembly sector. Some follow up activities will be continued in 2007 until financial completion. The equipment supply of CFC consuming MAC enterprises with R&R machines is also under finalisation. In 2007 investment support for R&R equipment in the MAC sector will be extended to a larger number of companies, and additional training will be carried out. In 2006 a number of new service enterprises in domestic and commercial refrigeration will receive R&R equipment in order to effectively recover and reuse CFCs during service and repair, leading to an additional 66 ODP tonnes of phase-out. The impacts of all measures will be monitored in a separate activity.

6. The verification of the 2005 consumption showed a consumption of 2,210 ODP tonnes, well below the agreed target of 2,269.2 ODP tonnes specified in the Agreement between the Government of Iran and the Executive Committee. The verification fulfilled the conditions of the Agreement and included a verification of the monitoring institutions, as requested by the 48th Meeting of the Executive Committee.

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

7. The report of the previous year's implementation shows very good progress on the activities, and indicates implementation in line with the previously agreed plan. The plan for the next year is detailed, showing a decreasing number of new activities in line with the progress on ODS phase-out. The verification not only indicated that the consumption is within agreed limits,

but also the existence of a licensing and enforcement system which is, by and large, functioning well. The verifier identified some minor issues which are to be expected in a relatively complex institutional framework with several stake holders involved.

8. The Government of Germany, as the lead implementing agency, submitted a request for funding for UNIDO which combined the fifth and sixth tranches, with aim apparently of simplifying administration of relatively small amounts of funding within UNIDO. Although the Secretariat was in general sympathetic to the request, this would have increased this year's funding request beyond that foreseen in the Agreement. The Secretariat suggested to reduce Germany's funding for 2007 accordingly, in order to remain within the agreed funding limits for 2007, but this was not accepted by the agency.

### RECOMMENDATION

9. The Fund Secretariat recommends blanket approval of the fifth tranche of the phase-out plan with associated support costs at the funding levels shown in the table below:

	<b>Project Title</b>	<b>Project Funding (US \$)</b>	<b>Support Cost (US \$)</b>	<b>Implementing Agency</b>
(a)	National CFC phase-out plan: 2007 annual implementation programme	920,868	101,295	Germany
(b)	National CFC phase-out plan: 2007 annual implementation programme	36,179	2,713	UNIDO