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Environment  
Programme**



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ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-first Meeting  
Montreal, 17 - 19 December 2003

**Addendum and Corrigendum**

**PROJECT PROPOSAL: ISLAMIC REPUBLIC OF IRAN**

- **Replace** on page 2, paragraph 2(septies) in document UNEP/OzL.Pro/ExCom/41/38/Add.1 and Corr.1 **with** the following:

21(septies) The first implementation programme is consistent with the project document and reflects the outcomes of the discussions between the Government of Germany and the Secretariat. A draft agreement is attached as Annex I. In Appendix 5-A of the agreement, "Monitoring Institutions and Roles" is still being finalized and will be circulated upon completion.

- **Add** Annex I (attached).

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**Annex I**

**DRAFT AGREEMENT BETWEEN THE ISLAMIC REPUBLIC OF IRAN AND  
THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND  
FOR THE PHASE-OUT OF OZONE DEPLETING SUBSTANCES**

1. This Agreement represents the understanding of the Islamic Republic of Iran (the “Country”) and the Executive Committee with respect to the complete phase-out of controlled use of the ozone depleting substances in the sectors set out in Appendix 1-A (the “Substances”) prior to 31 December 2009 in compliance with Protocol schedules.
2. The Country agrees to phase out the controlled use of the Substances, namely in the refrigeration, foam and solvent sector in accordance with the annual phase-out targets set out in row 1 of Appendix 2-A (the “Targets”) and this Agreement. The annual phase-out targets will, at a minimum, correspond to the reduction schedules mandated by the Montreal Protocol. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to the consumption of Substances. Further funding can only be applied for activities that are not directly related to the consumption of Substances such as eligible support measures for the implementation of the plan like the development of strategies, or institutional support.
3. Subject to compliance with the following paragraphs by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 25 of Appendix 2-A (the “Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (the “Funding Disbursement Schedule”).
4. The Country will meet the consumption limits for each Substance as indicated in row 2-A and 4 in Appendix 2-A. It will also accept independent verification by the relevant Implementing Agency of achievement of these consumption limits as described in paragraph 8 of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Disbursement Schedule unless the Country satisfies the following conditions at least 30 days prior to the applicable Executive Committee meeting set out in the Funding Disbursement Schedule:
  - (a) That the Country has met the Target for the applicable year;
  - (b) That the meeting of these Targets has been independently verified as described in paragraph 8;
  - (c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme;

- (d) That the Country has submitted and received endorsement from the Executive Committee for an annual implementation programme in the form of Appendix 4-A (the “Annual Implementation Programmes”) in respect of the year for which funding is being requested.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (the “Monitoring”) will monitor and report on that monitoring in accordance with the roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 8.

7. While the Funding was determined on the basis of estimates of the needs of the Country to carry out its obligations under this Agreement, the Executive Committee agrees that the Country may use the Funding for other purposes that can be demonstrated to facilitate the smoothest possible phase-out, consistent with this Agreement, whether or not that use of funds was contemplated in determining the amount of funding under this Agreement. Any changes in the use of the Funding must, however, be documented in advance in the Country’s Annual Implementation Programme, endorsed by the Executive Committee as described in sub-paragraph 5(d) and be subject to independent verification as described in paragraph 8.

8. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. The Government of Germany (the “Lead IA”) has agreed to be the lead implementing agency and the Government of France, UNIDO, UNDP, UNEP, (the “Cooperating IAs”) have agreed to be cooperating implementing agencies under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Lead IA will be responsible for carrying out the activities listed in Appendix 6-A including but not limited to independent verification. The country also agrees to periodic evaluations which will be carried out under the monitoring and evaluation work programmes of the Multilateral Fund. The Cooperating IAs will be responsible for carrying out the activities listed in Appendix 6-B. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IAs with the fees set out in row 8.2 of Appendix 2-A.

9. Should the Country, for any reason, not meet the Targets for the elimination of the Substances or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Disbursement Schedule. In the discretion of the Executive Committee, Funding will be reinstated according to a revised Funding Disbursement Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next instalment of Funding under the Funding Disbursement Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year.

10. The funding components of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.

11. The Country will comply with any reasonable request of the Executive Committee and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide access to the Lead IA and the Coordinating IAs to information necessary to verify compliance with this Agreement.

12. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and do not extend obligations beyond this Protocol. All terms used in this Agreement have the meaning ascribed to them in the Protocol unless otherwise defined herein.

**Appendix 1-A**  
**THE SUBSTANCES**

1. The common names of the ozone-depleting substances to be phased out under the Agreement will be listed here.

Annex A:	Group I	CFC-11, CFC-12, CFC-113 CFC 114 and CFC-115
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**Appendix 2-A**  
**THE TARGETS, AND FUNDING**

1. Annual Targets of the NPP

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>1. Compliance Targets</b>					<b>CFC-50%</b>		<b>CFC-85%</b>			
<b>2. Max allowable total consumption of first substance/sector (ODP tonnes)</b>	<b>4,571.0</b>	<b>4,571.0</b>	<b>4,571.0</b>	<b>4,571.0</b>	<b>2,285.0</b>	<b>2,285.0</b>	<b>685.0</b>	<b>685.0</b>	<b>685.0</b>	
<b>2-A. Max agreed total consumption of Annex A Group I substances (ODP tonnes)</b>	4,156.5	4,005.4	3,889.4	3,889.4	2,269.2	965.6	578.7	328.4	132.7	0.0
<b>3. Reduction from ongoing projects</b>	<b>151.1</b>	<b>116.0</b>		<b>1,120.0</b>	<b>988.0</b>	<b>73.0</b>				
<b>4. New reduction under plan (total)</b>				<b>500.3</b>	<b>315.5</b>	<b>313.9</b>	<b>250.3</b>	<b>195.7</b>	<b>132.7</b>	
4.1 Domestic/commercial servicing (RMP)				129.5	115.5	99.5	66.6	36.4	27.5	
4.2 Refrigeration Manufacturing				56.0						
4.3 Refrigeration Assembly				135.0						
4.4 Foam Sector Plan				110.8	108.7	110.1	102.0	100.9	75.9	
4.5 MAC sector				59.4	91.4	104.3	81.6	58.5	29.3	
4.6 Solvent Sector Plan				9.6						
<b>5. Total annual reduction of Annex A Group I substance (ODP tonnes)</b>	<b>151.1</b>	<b>116.0</b>		<b>1,620.3</b>	<b>1,303.5</b>	<b>386.9</b>	<b>250.3</b>	<b>195.7</b>	<b>132.7</b>	

**Appendix 2-A**

**THE TARGETS, AND FUNDING (CONT.)**

2. Agency Shares of total Funding per Annum

	2003 <sup>(1)</sup>	2004	2005	2006	2007	2008	2009	2010	Total
<b>6. Lead Agency</b>									
6.1 GTZ annual funding	194,124	946,405	979,044	1,007,124	920,868	729,846	717,630		5,495,042
6.2 Support costs	21,354	104,105	107,695	110,784	101,295	80,283	78,939		604,455
6.3 Total GTZ	215,477	1,050,509	1,086,739	1,117,908	1,022,163	810,130	796,570		6,099,497
<b>7. Cooperating Agencies</b>									
7.1 France annual funding	1,506,620								1,506,620
7.2 Support costs	165,728								165,728
7.3 Total France	1,672,348								1,672,348
7.4 UNEP annual funding	140,253								140,253
7.5 Support costs	18,233								18,233
7.6 Total UNEP	158,486								158,486
7.7 UNIDO annual funding	361,840	2,104,066	742,449	66,224	36,179	27,328			3,338,085
7.8 Support costs	27,138	157,805	55,684	4,967	2,713	2,050			250,356
7.9 Total UNIDO	388,978	2,261,870	798,132	71,190	38,892	29,378			3,588,442
7.10 UNDP annual funding		770,000							770,000
7.11 Support costs		57,750							57,750
7.12 Total UNDP		827,750							827,750
<b>8. Overall</b>									
8.1 Total grant requested	2,202,837	3,820,470	1,721,493	1,073,348	957,047	757,175	717,630		11,250,000
8.2 Accumulated Support Costs	232,453	319,659	163,379	115,750	104,009	82,333	78,939		1,096,522
8.3 Total Costs	2,435,289	4,140,130	1,884,872	1,189,098	1,061,056	839,507	796,570		<b>12,346,523</b>

**Appendix 3-A**

**FUNDING DISBURSEMENT SCHEDULE**

3. Funding will be submitted for approval at the last meeting of the year prior to the year of the annual plan.

**Appendix 4-A**

**FORM AND ANNUAL IMPLEMENTATION PROGRAMME**

1. **Data**

Country \_\_\_\_\_  
 Year of plan \_\_\_\_\_  
 # of years completed \_\_\_\_\_  
 # of years remaining under the plan \_\_\_\_\_  
 Target ODS consumption of the preceding year \_\_\_\_\_  
 Target ODS consumption of the year of plan \_\_\_\_\_  
 Level of funding requested \_\_\_\_\_  
 Lead implementing agency \_\_\_\_\_

2. **Targets**

Indicators		Preceding year	Year of plan	Reduction
Supply of ODS	Import			
	<b>Total (1)</b>			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	<b>Total (2)</b>			

3. **Industry Action**

Sector	Consumption preceding year (1)	Consumption year of plan (2)	Reduction within year of plan (1)-(2)	Number of projects completed	Number of servicing related activities	ODS phase-out (in ODP tonnes)
<b>Manufacturing</b>						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
Total						
<b>Servicing</b>						
Refrigeration						
Total						
Grand total						

4. **Technical Assistance**

Proposed Activity: \_\_\_\_\_  
 Objective: \_\_\_\_\_  
 Target Group: \_\_\_\_\_  
 Impact: \_\_\_\_\_

5. **Government Action**

Policy/Activity Planned	Schedule of Implementation
Type of policy control on ODS import: servicing, etc	
Public Awareness	
Others	

6. **Annual Budget**

Activity	Planned Expenditures (US \$)
Total	



7. **Administrative Fees**

**Appendix 5-A**

**MONITORING INSTITUTIONS AND ROLES**

(to be developed by GTZ)

**Appendix 6-A**

**ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead Implementing Agency will be responsible for a range of activities to be specified in the project document along the lines of the following:

- (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's phase-out plan;
- (b) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Annual Implementation Programme;
- (c) Assisting the Country in preparation of the Annual Implementation Programme;
- (d) Ensuring that achievements in previous Annual Implementation Programmes are reflected in future Annual Implementation Programmes;
- (e) Reporting on the implementation of the Annual Implementation Programme commencing with the Annual Implementation Programme for the year 2004 to be prepared and submitted in year 2003;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the lead Implementing Agency;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Annual Implementation Programme and accurate data reporting;
- (i) Verification for the Executive Committee that consumption of the Substances has been eliminated in accordance with the Targets;
- (j) Ensuring that disbursements made to the Country are based on the use of the Indicators; and

- (k) Providing assistance with policy, management and technical support when required.

### Appendix 6-B

#### ROLE OF COOPERATING IMPLEMENTING AGENCIES

##### Subsector Activities and Responsible Agencies

<i>Subsector activity</i>	<i>ODP</i>	<i>CE</i>	<i>Subtotal</i>	<i>Total</i>	<i>Coordinating Agency</i>
<b>Refrigeration Manufacturing</b>	56.0	13.75		<b>770,000</b>	UNDP
<b>Refrigeration Assembly</b>	135.0	6.84		<b>923,245</b>	UNIDO
<b>MAC</b>	424.4	5.00		<b>2,122,000</b>	
Investment/ Recovery and Recycling			1,506,620		FRANCE
TA/Training program			615,380		GTZ
<b>Servicing domestic/commercial units</b>	475.0	5.00		<b>2,375,000</b>	UNIDO
Investment/ Recovery and Recycling					
Training/Incentive component (Training of customs officer)					
<b>Foam sector</b>	608.4	6.57		<b>3,997,188</b>	GTZ
<b>Solvent/Aerosol Sector</b>	9.6	4.15		<b>39,840</b>	UNIDO
<b>Subtotal</b>	1,708.4			<b>10,227,273</b>	
<b>Project Management and Policy Support</b>				<b>1,022,727</b>	
Regulatory and Policy Support			140,253		UNEP
Management and Monitorig unit			882,474		GTZ
<b>Total</b>	1,708.4	6.59		<b>11,250,000</b>	

##### Summary of Agency Shares

<b>Agency</b>	<b>Sector</b>	<b>Funding</b>	
UNDP	Ref. Manufacturing	770,000	
UNIDO	Ref. Servicing/ Assembly/Solvents	3,338,085	plus transition study for MDI
FRANCE	MAC R&R	1,506,620	
UNEP	Regulations	140,253	
GTZ	Foam, MAC Training, Management	5,495,042	
		<b>11,250,000</b>	

**Appendix 7-A**

**REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY**

1. In accordance with paragraph 9 of the Agreement, the amount of funding provided may be reduced by US \$13,180 per ODP tonne of reductions in consumption not achieved in the year.

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