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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-seventh Meeting  
Montreal, 28 June-2 July 2021<sup>1</sup>

**PROJECT PROPOSAL: IRAQ**

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, first tranche) UNEP and UNIDO

<sup>1</sup> Online meetings and an intersessional approval process will be held in June and July 2021 due to coronavirus disease (COVID-19)

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## IRAQ

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase-out plan (stage II)	UNEP (lead), UNIDO

<b>(II) LATEST ARTICLE 7 DATA (Annex C Group I)</b>	Year: 2020	66.39 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)</b>								<b>Year: 2020</b>	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Serviceing				
HCFC-22				3.52	62.70				66.22

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline:	108.38	Starting point for sustained aggregate reductions:	108.38
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	14.98	Remaining:	93.40

<b>(V) BUSINESS PLAN</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
UNEP	ODS phase-out (ODP tonnes)	8.00	0	8.90	16.90
	Funding (US \$)	768,400	0	853,150	1,621,550
UNIDO	ODS phase-out (ODP tonnes)	4.03	0	0	4.03
	Funding (US \$)	376,250	0	0	376,250

<b>(VI) PROJECT DATA</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>	
Montreal Protocol consumption limits		70.46	70.46	70.46	70.46	35.23	n/a	
Maximum allowable consumption (ODP tonnes)		66.40	66.40	66.40	66.40	33.60	n/a	
Projects costs requested in principle (US \$)	UNEP	Project costs	335,000	585,000	655,000	0	265,000	1,840,000
		Support costs	38,671	67,529	75,610	0	30,590	212,400
	UNIDO	Project costs	25,000	320,000	355,000	0	210,000	910,000
		Support costs	1,750	22,400	24,850	0	14,700	63,700
Total project costs requested in principle (US \$)		360,000	905,000	1,010,000	0	475,000	2,750,000	
Total support costs requested in principle (US \$)		40,421	89,929	100,460	0	45,290	276,100	
Total funds requested in principle (US \$)		400,421	994,929	1,110,460	0	520,290	3,026,100	

<b>(VII) Request for approval of funding for the first tranche (2021)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNEP	335,000	38,671
UNIDO	25,000	1,750
Total	360,000	40,421

<b>Secretariat's recommendation:</b>	Individual consideration
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## PROJECT DESCRIPTION

### Background

1. On behalf of the Government of Iraq, UNEP as the lead implementing agency has submitted a request for stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$3,197,750, consisting of US \$2,025,000, plus agency support costs of US \$263,250 for UNEP, and US \$850,000, plus agency support costs of US \$59,500 for UNIDO, as originally submitted.<sup>2</sup> The implementation of stage II of the HPMP will phase out 32.79 ODP tonnes of HCFCs to meet 69 per cent reduction in HCFC consumption by 2025, as originally submitted.

2. The first tranche of stage II of the HPMP being requested at this meeting amounts to US \$1,137,550, consisting of US \$680,000, plus agency support costs of US \$88,400 for UNEP, and US \$345,000, plus agency support costs of US \$24,150 for UNIDO, as originally submitted.

### Status of implementation of stage I of the HPMP

3. Stage I of the HPMP for Iraq was approved at the 65<sup>th</sup> meeting at a total cost of US \$1,180,000, plus agency support costs,<sup>3</sup> to meet a 13.82 per cent reduction from the baseline by 2015 by phasing out 14.98 ODP tonnes of HCFCs used in the refrigeration and air-conditioning (RAC) servicing sector. Further to extensions in the date of completion granted at the 74<sup>th</sup>, 84<sup>th</sup> and 86<sup>th</sup> meetings<sup>4</sup>, stage I of the HPMP will be completed by 31 December 2021.

### HCFC consumption

4. The Government of Iraq reported a consumption of 66.39 ODP tonnes of HCFC in 2020, which is 39 per cent below the HCFC baseline for compliance. The 2016-2020 HCFC consumption is shown in Table 1.

**Table 1. HCFC consumption in Iraq (2016-2020 Article 7 data)**

HCFC-22	2016	2017	2018	2019	2020	Baseline*
Metric tonnes (mt)	1,695.00	1,664.00	1,685.09	1,698.00	1,207.09	1,970.9
ODP tonnes	93.22	91.52	92.68	93.39	66.39	108.4

\* The baseline includes 0.05 ODP tonnes of HCFC-124 and 0.09 ODP tonnes of HCFC-142b. However, these substances have not been consumed since 2010.

5. Between 2015 and 2019, HCFC consumption remained at a stable level close to the maximum allowable consumption of 93.40 ODP tonnes in the Agreement between the Government of Iraq and the Executive Committee for stage I of the HPMP. In 2020, consumption was reduced to 66.39 ODP tonnes in compliance with the Montreal Protocol control measures; this reduction was achieved through the implementation of the phase-out activities in the refrigeration servicing sector with an associated phase-out of 14.98 ODP tonnes under stage I, and an additional phase-out of 27.01 ODP tonnes without funding from the Multilateral Fund.

6. The Government set the HCFC import quotas for the last few years prior to 2020 at the maximum allowable consumption as per the Agreement, in order to allow importers to have a small buffer in

<sup>2</sup> As per the letter of 16 March 2021 from the Ministry of Health and Environment of Iraq to UNEP.

<sup>3</sup> UNEP/OzL.Pro/ExCom/65/38 and Annex XXV of UNEP/OzL.Pro/ExCom/65/60

<sup>4</sup> UNEP/OzL.Pro/ExCom/74/34 and Annex XV of UNEP/OzL.Pro/ExCom/74/56, UNEP/OzL.Pro/ExCom/84/52 and Annex XXV of document UNEP/OzL.Pro/ExCom/84/75, and paragraphs 35(d) and 37(d) of document UNEP/OzL.Pro/ExCom/86/IAP/3

anticipation to the 35 per cent reduction target in HCFC consumption in 2020.<sup>5</sup>

*Country programme (CP) implementation report*

7. The Government of Iraq reported HCFC sector consumption data under the 2020 CP implementation report that is largely consistent with the data reported under Article 7 of the Montreal Protocol. The estimation of HCFC consumed by the relevant sectors under the CP report is slightly lower (i.e., 0.17 ODP tonnes) than HCFC consumption reported under Article 7 due to small quantities imported but not used yet.

*Verification report*

8. At the 84<sup>th</sup> meeting, upon consideration of the last tranche of stage I of the HPMP, the Executive Committee requested UNEP to submit an independent verification report for the year 2019 along with the submission of stage II of the HPMP (decision 84/75(d)(ii)). UNEP submitted a verification report prepared in 2020 with the assistance of an independent local expert, which confirmed that the Government continues to implement its licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs for 2018 to 2019 was that reported under Article 7 of the Montreal Protocol. The verification concluded that Iraq is in compliance with the maximum allowable consumption levels established in its Agreement with the Executive Committee.

Status of progress and disbursement

9. Due to political and institutional limitations beyond the control of the national ozone unit (NOU), the country's ability to release the funds and implement activities was severely limited for several years. In spite of these circumstances, the Government of Iraq managed to achieve and sustain compliance with the HCFC consumption targets through enhanced regulatory measures and stringent control of ODS trade. The Ministry of Environment was also able during stage I to build the national infrastructure and partnerships for the implementation of the HPMP and progress on the approved activities.

10. With the overall improvement of the situation in the country and the progress in the implementation of activities approved under stage I, the last tranche was approved at the 84<sup>th</sup> meeting with the expectation of maintaining the reduction target of 13.8 per cent of the HCFC consumption baseline up to 2019, and of allowing the completion of remaining activities associated to the last tranche up to December 2020. However, in June 2020 the Government requested an additional extension of stage I to December 2021 due to difficulties associated with COVID-19. Consequently, the Government of Iraq achieved the additional phase-out required to reach the 35 per cent reduction from the HCFC consumption baseline in 2020.

11. The main achievements under stage I of the HPMP include:

- (a) *Policy and regulatory enforcement (UNEP) (US \$125,000)*: the National Order for Control of ODS including the licensing and quota system and a ban on the import of used ODS-based equipment was promulgated in 2012, subsequently updated, and is fully operational; an electronic licensing (e-licensing) system for ODS imports was developed; enforcement workshops and training sessions on ODS regulations were held by the National Legislative Enforcement Committee with the participation of 100<sup>6</sup> customs officers, Government authorities and key stakeholders; eight portable identifiers for blends were supplied to customs entry points;

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<sup>5</sup> Between 2017 and 2019, imported HCFCs as reported under Article 7 were slightly higher (by around 9 mt or 0.50 ODP tonnes) than the estimated HCFCs used by the sector in the country programme implementation reports.

<sup>6</sup> A total of 300 customs officers are expected to be trained by the end of June 2021.

- (b) *Training, certification and standards (UNEP) (US \$345,000)*: a national technician certification programme was initiated and a pilot training and certification programme was implemented for 218<sup>7</sup> servicing technicians at 10 training centers; training manuals and electronic references were developed to support the updated refrigeration training curricula; booklets were developed for three different refrigeration education levels; a specialized technical awareness programme on low-global-warming-potential (GWP) alternatives to HCFCs was implemented for large end-users, building owners, consultants and technical decision-makers at the governmental level; and the terms of reference and work plan were prepared for the adoption of national standards and codes with regard to *inter alia* equipment, hazardous refrigerants, and refrigerant containers;
- (c) *Technical assistance to the servicing sector (UNIDO) (US \$520,000)*: three refrigerant reclamation centres were established in Baghdad, Al Basra and Erbil, and 200 sets of equipment and tools are being procured to enhance their infrastructure (i.e., recovery units, filter kits, cylinders, tool sets); and
- (d) *Project management and monitoring of HPMP activities (UNEP) (US \$190,000)*: coordination was provided for the implementation of the HPMP and support was provided to the NOU to monitor implementation, including the organization of workshops, training programs and events, the coordination of meetings with stakeholders and support for the verification process.

12. Since the approval of the third and last tranche of stage I, the following has been accomplished:

- (a) Completed the final draft of the updated legislation with the addition of text related to HFCs, submitted it to the legislative bodies for adoption, and developed a tailored web form to support the e-licensing system for ODS imports;
- (b) Updated codes on refrigeration, air-conditioning (AC), thermal insulation, and central heating,<sup>8</sup> to be approved by the National Committee on Standards and Codes for mandatory application;
- (c) Finalized and adopted a national code of practice on refrigeration servicing, trained 25 trainers from the Ministry of Labour and Social Affairs on the updated training curriculum, and developed a training programme to promote the national codes of practice among a wider range of stakeholders beyond technicians; and
- (d) Reprinted and distributed awareness booklets on the update of the RAC curricula; held two workshops to promote the update of the curricula for technicians at the University of Technology and the Technical College of Engineering in Baghdad. Technician training was halted due to the pandemic, and expected to be completed by the end of June 2021.

13. As of May 2021, out of the US \$1,180,000 approved under stage I, US \$525,367 have been disbursed and the balance of US \$654,633 is being disbursed during 2021, as shown in Table 2.

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<sup>7</sup> A total of 400 technicians are expected to be trained by the end of June 2021.

<sup>8</sup> The updated codes cover *inter alia* the safe handling of refrigerants, technical requirements for home AC units, refrigerant classification based on their impact in the ozone layer, leakage management, methods of transport and handling, inspection and testing of refrigerant containers, and disposal of non-refillable cylinders.

**Table 2. Financial progress report for stage I of the HPMP in Iraq**

Component	Implementing agency	Funds approved (US \$)	Funds disbursed (US \$)
Policy and regulatory enforcement	UNEP	125,000	92,467
Training, certification and standards	UNEP	345,000	213,400
Technical assistance to the servicing sector	UNIDO	520,000	80,000
Project management and monitoring	UNEP	190,000	139,500
<b>Total</b>		<b>1,180,000</b>	<b>525,367</b>

## Stage II of the HPMP

### Remaining consumption eligible for funding

14. After deducting 14.98 ODP tonnes of HCFCs associated with stage I of the HPMP, and an additional 27.01 ODP tonnes phased out by the Government without Multilateral Fund assistance, the remaining consumption eligible for funding amounts to 66.39 ODP tonnes of HCFC-22. Out of this amount, 32.79 ODP tonnes will be phased out in stage II to achieve a 69 per cent reduction in 2025. The remaining consumption of 33.60 ODP tonnes eligible for funding (31 per cent of the baseline) will be addressed in a future stage of the HPMP.

### Sector distribution of HCFCs

15. The refrigeration servicing sector consumes 94 per cent of the total HCFC consumption in the country, with 1,600 mt (88 ODP tonnes) and 1,140 mt (62.7 ODP tonnes) of HCFC-22 in 2019 and 2020, respectively. The remaining HCFC is consumed by one enterprise manufacturing a variety of AC systems. The enterprise's consumption has decreased from a 90 mt (4.95 ODP tonnes) in the last three years to 63 mt (3.52 ODP tonnes) in 2020 owing to strong competition from imported AC units.

16. There are approximately 11,035 independent technicians and 4,062 workshops in the servicing sector, generally small and scattered all over the country, consuming HCFC-22 to service a variety of AC systems, including window, split, ducted, non-ducted, and packaged AC units, chillers and commercial refrigeration systems. In addition, there are an estimated 3,425 in-house technicians affiliated with the Government and large end-users, servicing a variety of commercial refrigeration and AC systems at public and private offices and installations, including *inter alia* chillers, cold storage, hotels, dairy factories and supermarkets. An estimation of the consumption of HCFC-22 in the refrigeration servicing sector is shown in Table 3.

**Table 3. Estimation of demand for HCFC-22 in the refrigeration servicing sector in Iraq in 2019\***

Application	Number of units	Recharges or leakage rate (%)	Amount used (kg)	Consumption (mt)
Residential AC	7,710,000	13.5	1.21	1,260
Commercial AC	130,122	14	9.61	175
Commercial and industrial refrigeration	42,825	10	16.35	70
Others (e.g., chillers and transportation)	11,300	14	50.57	80
<b>Total</b>	<b>7,894,247</b>			<b>1,585</b>

\* Survey for the preparation of stage II, completed in 2020 based on 2019 data.

### Phase-out strategy in stage II of the HPMP

17. Stage II of the HPMP aims to meet the 69 per cent reduction from the country's HCFC baseline by 2025; it will focus on the continuation and expansion of activities in the refrigeration servicing sector started

in stage I. The lessons learned and infrastructure established during the implementation of stage I will be utilized in stage II.

### Proposed activities in stage II of the HPMP

18. Stage II proposes to phase out 596.18 mt (32.79 ODP tonnes) of HCFC-22 used in the refrigeration servicing sector, with a total cost of US \$2,875,000. An overview of the activities to be implemented is summarized below:

- (a) *Policy and regulatory enforcement component (UNEP) (US \$470,000):*
  - (i) Adoption of the following regulations in the refrigeration servicing sector by December 2023: mandatory leak detection, containment and monitoring of all RAC systems using controlled substances with initial charge greater than three kg; maintenance of log books to record leaks, repairs and top-ups; mandatory recovery and recycling of refrigerants and quarterly reporting of recovered, recycled and reused refrigerant and stocks of unusable refrigerants; requirement of licensing for all establishments handling ODS in the RAC sector (including importers, distributors, retailers, and service workshops); and bans on non-refillable HCFC containers. In addition, in December 2022 the Government will issue a ban on venting refrigerants into the atmosphere during servicing (US \$105,000);
  - (ii) Continued operationalization of the e-licensing system as an integrated part of the system of the Ministry of Trade, and continued local enforcement of regulations (US \$120,000);
  - (iii) Organization of 15 training workshops on preventing illegal trade and enhancing the reinforcement capabilities for 300 customs officers, and procurement and distribution of five refrigerant identifiers to the inspectors of the Ministry of the Environment and the customs department (US \$140,000); and
  - (iv) Implementation of a nation-wide awareness programme and promotion of the certification scheme, including awareness workshops for monitoring officers from the Ministry of the Environment, and workshops for RAC technicians regarding their activities being subjected to environmental approval (US \$105,000);
- (b) *Training, certification and standardization (UNEP) (US \$1,270,000):* production of booklets, training manuals and electronic references to support the updated training curricula (US \$60,000); training of 3,000 technicians (increased to 3,100 during discussions) in good servicing practices including low-GWP alternatives (US \$445,000); update to the certification scheme and certification of over 2,000 technicians in different servicing sub-sectors (US \$465,000); technical training and awareness programme for large end-users, building owners, consultants and technical decision makers at the governmental level on low-GWP alternatives to HCFCs in various applications (US \$300,000);
- (c) *Technical assistance to the refrigeration servicing sector (UNIDO) (US \$820,000):* distribution of 650 tools sets<sup>9</sup> (increased to 750 during discussions) for small and medium-scale workshops to promote good practices in refrigeration (US \$760,000);

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<sup>9</sup> Containing ratchet wrench sets, flaring and swaging tools, tube cutters, pinch off pliers, reamers, torque wrench tool sets, lockable aluminum tool sets, Allen keys, refrigeration multi screwdrivers, four-valve manifold gauge sets with hoses, vacuum pumps, vacuum gauges, portable digital multi-meters, weighing scales, electronic leak detectors, safety goggles and gloves.

assistance to the three established reclamation centres to develop a business model to ensure self-sustained operation (US \$30,000); organization of five workshops to raise awareness at large end-users (US \$30,000); and

- (d) *Technical assistance to an AC manufacturing enterprise (UNIDO) (US \$30,000):* assistance to promote understanding of the potential long-term alternative technologies and their impact on products and the manufacturing process.

*Project implementation and monitoring*

19. The system established under stage I of the HPMP will continue into stage II, where the NOU and UNEP monitor activities, report on progress, and work with stakeholders to phase out HCFCs. The cost of these activities amounts to US \$285,000 for stage II.

*Gender policy implementation*

20. In line with decision 84/92(d),<sup>10</sup> the Government of Iraq commits to taking gender equality into consideration at all stages of implementation of the HPMP. Gender mainstreaming policies will be applied in the selection of consultants, team members, trainee technicians, and customs and enforcement officers to ensure the active participation of women in consultative workshops and stakeholders' meetings. The NOU will ensure that women account for 20 to 30 per cent of all participants in the customs training, enforcement officer training, technician training, certification and capacity-building programmes, where possible. The NOU will also seek to integrate gender-specific indicators in the planning, implementation, and reporting processes of each component. Training sessions and meetings on ozone-related issues will further raise participants' awareness of the importance of gender mainstreaming and gender parity. Collection of sex-disaggregated data and qualitative information to analyse and track gender issues will be implemented.

Total cost of stage II of the HPMP

21. The total cost of stage II of the HPMP for Iraq has been estimated at US \$2,875,000 (plus agency support costs), as originally submitted, to achieve a 69 per cent reduction from its HCFC baseline consumption by 2025. The proposed activities and cost breakdown are summarized in Table 4.

**Table 4. Total cost of stage II of the HPMP for Iraq as submitted**

<b>Component and activity</b>	<b>Agency</b>	<b>Cost (US \$)</b>
Policy and regulatory enforcement	UNEP	470,000
Training, certification and standardization	UNEP	1,270,000
Technical assistance to the refrigeration servicing sector	UNIDO	820,000
Technical assistance to the AC manufacturing enterprise	UNIDO	30,000
Monitoring and reporting	UNEP	285,000
<b>Total</b>		<b>2,875,000</b>

Activities planned for the first tranche of stage II

22. The first funding tranche of stage II of the HPMP at the total amount of US \$1,025,000, will be implemented between June 2021 and December 2022 and will include the following activities:

- (a) *Policy and regulatory enforcement:* consultation meetings with relevant authorities and stakeholders to start proposed updates to the ODS legislation; providing equipment standards for testing labs; initiation of training of customs officers; initiation of awareness

<sup>10</sup> Bilateral and implementing agencies were requested to apply the operational policy on gender mainstreaming throughout the project cycle.



programme to promote the certification scheme (UNEP) (US \$160,000);

- (b) *Training, certification and standardization:* production of booklets, training manuals and electronic references for different technical educational levels; continue training and certification of 1,100 technicians; organizing a specialized technical awareness programme on low-GWP alternatives for large end-users, building owners, consultants and technical decision makers at the governmental level (UNEP) (US \$435,000);
- (c) *Technical assistance to the servicing sector:* assessment of the operation of three reclaim centres and development of a business model for self-sustained operation; delivery of 250 sets of tools for good refrigeration practices to small and medium-scale service workshops; and two thematic workshops for large end-users (UNIDO) (US \$345,000); and
- (d) *Project management and monitoring:* coordination of activities in the implementation plan and meetings with stakeholders, as well as the preparation of relevant reports (UNEP) (US \$85,000).

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

23. The Secretariat reviewed stage II of the HPMP in light of the level of progress in stage I, the policies and guidelines of the Multilateral Fund, including the criteria for funding HCFC phase-out in the consumption sector for stage II of HPMPs (decision 74/50), and the 2021-2023 business plan of the Multilateral Fund.

#### Current conditions for the completion of stage I and the implementation of stage II

24. The Secretariat notes that the duration of stage I was extended on several occasions from 2015 to 2021 due to political and institutional limitations beyond the control of the NOU that severely limited the implementing agencies' and the country's ability to release the approved funds and implement activities.

25. At the 84<sup>th</sup> meeting, UNEP submitted the funding request for the last tranche of stage I of the HPMP along with stage II. During the project review process, it was agreed that the request for stage II should be deferred to the 85<sup>th</sup> meeting, once additional progress had been achieved toward the completion of stage I. At that time, UNEP confirmed that the issues that had prevented implementation of stage I in previous years had been addressed and that all conditions for timely delivery were in place, namely:

- (a) The improved security conditions and political stability after the liberation of all parts of Iraq would facilitate the delivery of planned activities and would make it possible for experts and consultants to visit the country as required;
- (b) The Ministries of Environment and Finances had established a new mechanism to streamline the process for releasing and managing funds received from the Multilateral Fund; and
- (c) A technical team had been established and was working on the activities approved under stage I.

26. At the 85<sup>th</sup> meeting, UNEP resubmitted the request for stage II of the HPMP. However, noting the limited progress that had been made since the approval of the last tranche of stage I, UNEP agreed to withdraw the proposal for resubmission at the 86<sup>th</sup> meeting. Subsequently, at the 86<sup>th</sup> meeting UNEP submitted a request to extend UNEP's component of the third tranche of stage I to 30 June 2021 and

UNIDO's components of the second and third tranches to 31 December 2021; noting that additional progress had been achieved in the implementation of stage I, the Executive Committee approved the request for extending the completion of stage I.<sup>11</sup>

27. In reviewing the present submission, the Secretariat noted that despite the difficulties encountered, the Government of Iraq continued implementing several of the activities approved under stage I. Furthermore, since the submission of stage II on 15 March 2021, UNEP reported that additional 60 technicians have been trained and US \$85,000<sup>12</sup> has been disbursed. However, other activities such as the procurement of equipment have yet to be completed, with an unspent balance of US \$654,633.

28. UNEP reported that US \$302,633 had already been obligated, and that the balance would be disbursed once the equipment procurement and delivery had been completed no later than December 2021. UNEP also reconfirmed that all the outstanding activities related to the training of additional 200 customs officers and 182 refrigeration technicians, and the procurement of 200 sets of equipment and tools, would be completed by the extended dates approved by the Executive Committee at the 86<sup>th</sup> meeting, and that the Government would not request any additional extension of stage I. Therefore, any balance associated with UNEP's and UNIDO's components that has not been used by 31 June 2021 and 31 December 2021, respectively, will be returned to the Multilateral Fund.

29. The Secretariat considers it critical that UNEP and UNIDO give priority to the expeditious completion of the remaining activities under stage I. The Secretariat notes that as a result of the extension of the completion of stage I of the HPMP beyond 1 January 2020, as originally submitted, the Government of Iraq had to phase out over 27.01 ODP tonnes of HCFCs without the assistance from the Fund to reach the 35 per cent target of the Montreal Protocol.

30. The Secretariat also considers that the approval of stage II of the HPMP at the 87<sup>th</sup> meeting is necessary to ensure continuity of the ongoing activities in the servicing sector beyond December 2021, in particular policy development and the training and certification of technicians, and to continue assisting the Government of Iraq to achieve additional HCFC reductions and comply with its obligations under the Montreal Protocol.

31. In order to consider whether the request for stage II of the HPMP could be considered at the 87<sup>th</sup> meeting in view of the delays in implementing stage I, the Secretariat requested UNEP to provide further details on the current conditions in the country. In response, UNEP indicated the firm commitment from the Government of Iraq, UNEP and UNIDO to complete all the ongoing activities included under stage I of the HPMP at the extended time approved by the Executive Committee; and that all issues reported in previous years, including the difficulties with releasing and managing funds received from the Multilateral Fund, have been fully resolved. While the COVID-19 containment measures have presented operational challenges, UNEP confirmed that updates to the regulations, regulatory enforcement, online training and equipment procurement and distribution could be undertaken. UNEP and UNIDO have also established regular conference calls with the NOU to follow up on the ongoing activities and resolve emerging implementation issues, have used the support of more local consultants and, when needed, have simplified procurement activities.<sup>13</sup>

32. UNEP further explained that the Government has submitted the request for the approval of stage II of the HPMP to ensure the continuity of the activities about to be completed and to implement additional

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<sup>11</sup> UNEP/OzL.Pro/ExCom/86/IAP/3, paragraphs 35(d) and 37(e).

<sup>12</sup> Already accounted in Table 2.

<sup>13</sup> For example: to resolve the longstanding delay on procurement and installing laboratory equipment to certify the reclaimed refrigerant under AHRI-700, which required presence of experts not able to travel to the country, the available funding for equipment was reallocated to additional recovery units and tools to support the reclaiming system, which would operate without certifying the refrigeration under AHRI-700.

activities to comply with the next control measures.

33. Noting the improving conditions for implementation in Iraq, in order to ensure that priority will be given to the finalization of activities and the use of the large funds balance under stage I, while further ensuring the continuity of activities through stage II funding once stage I is completed, the following path forward was agreed:

- (a) Completion of stage I as per the extended dates approved by the Executive Committee at the 86<sup>th</sup> meeting;
- (b) Consideration of stage II, with a revised tranche allocation with a lower proportion of funds in the first tranche that would allow launching activities and ensure continuity of the programme, but that would not interfere with the completion of stage I (e.g., no funds will be approved for procurement of additional equipment to allow completion of the current procurement of equipment under stage I);
- (c) The addition of a funding tranche in 2022 to ensure additional funding once stage I is completed, maintaining close monitoring of the activities; and
- (d) The second tranche of stage II could be considered only after UNEP and UNIDO had submitted a confirmation that stage I of the HPMP (all tranches) has been operationally completed, along with the project completion reports (PCRs), and the return of balances to the Multilateral Fund; and that the outstanding activities under the national phase-out plan (IRQ/PHA/58/INV/09) and the replacement of CFC-12 refrigerant with isobutane and CFC-11 foam blowing agent with cyclopentane in the manufacturing of domestic refrigerators and chest freezers at Light Industries Company (IRQ/REF/57/INV/07) have been operationally completed, their corresponding PCRs submitted, and balances returned to the Multilateral Fund.

34. The revised tranche distribution for stage II is presented in Table 5.

**Table 5. Original and revised tranche distribution for stage II of the HPMP for Iraq**

<b>As submitted</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
UNEP	680,000	0	755,000	0	590,000
UNIDO	345,000	0	375,000	0	130,000
<b>Total</b>	<b>1,025,000</b>	<b>0</b>	<b>1,130,000</b>	<b>0</b>	<b>720,000</b>
<b>As agreed*</b>					
UNEP	335,000	585,000	655,000	0	265,000
UNIDO	25,000	320,000	355,000	0	210,000
<b>Total</b>	<b>360,000</b>	<b>905,000</b>	<b>1,010,000</b>	<b>0</b>	<b>475,000</b>

\*US \$2,750,000 has been agreed (Table 6).

35. Following the revision of the tranche distribution, the first tranche was adjusted as follows: policy and regulatory enforcement (US \$120,000); training, certification and standardization (US \$175,000); technical assistance to the refrigeration servicing sector (US \$25,000); and monitoring and implementation (US \$40,000). Accordingly, and to allow prioritization of the completion of stage I, under the first tranche of stage II, the number of technicians to be trained was reduced from 1,100 to 450 and the number of technicians to be certified from 1,100 to 300, noting that the totals agreed for stage II are maintained. The revised plan of action for the first tranche also includes the promulgation of policies as originally planned, training of 150 customs officers, five to six workshops for 120 to 150 large end-users, while it does not include equipment procurement to allow for prioritizing the completion of equipment procurement and distribution under stage I.

Technical and cost-related issues

36. Regarding the manufacturing sector, the Secretariat noted the approach taken not to convert the AC manufacturing enterprise at this stage based on the current scenario of alternatives for high ambient temperatures, and instead to provide technical assistance to familiarize the enterprise with potential low-GWP technologies in order to undertake a conversion during stage III. Noting that this technical assistance activity could have a broader impact by also facilitating the introduction of low-GWP alternatives in imported equipment, the Secretariat suggested implementing this activity as part of the activities in the refrigeration servicing sector and also including equipment importers. UNIDO informed the Secretariat that technical assistance would also cover the assembling sector and agreed to extend it to other relevant stakeholders, such as equipment and component importers.

37. Regarding the recovery and reclaiming project, the Secretariat noted that three reclaiming centers had already been established under stage I in Baghdad, Al Basra and Erbil. While Iraq has not yet established refrigerant emission control measures for intentional venting of HCFC into the atmosphere during the installation, operation, servicing and decommissioning of RAC equipment, stage II of the HPMP included a commitment from the Government to establish by 31 December 2022 the mandatory recovery and recycling of refrigerants and a ban on the venting of refrigerants into the atmosphere during servicing. UNIDO also confirmed that the infrastructure for recovery and reclaiming in Iraq would enable the handling of most non-flammable HFCs, and that there were plans to expand recovery and on-site recycling activities to include A2L HFCs, especially HFC-32.

38. In explaining how, through stage II of the HPMP, assistance would be provided to ensure that the technician training and certification programmes can continue being provided by the relevant institutions in a self-sustained manner once the projects are completed, UNEP reported that in an effort to enhance and institutionalize technician training and certification, in September 2020 the Ministry of Health and Environment and the Ministry of Labor and Social Affairs signed a cooperation agreement to facilitate the timely delivery of RAC training and certification programmes in addition to ensuring their sustainability. Through the assistance provided under stage II, the capacities of the Ministry of Labor and Social Affairs and its training centres will be enhanced to assume its mandate under the agreement, including those related to monitoring and reporting.

Total project cost

39. The Secretariat noted that the policy component and the set of activities proposed for stage II were consistent with and complementary to the assistance initiated under stage I, expanding their scope and impact. The Secretariat and UNEP and UNIDO discussed areas of potential overlap with ongoing activities under stage I, as well as potential duplication. As a result of the discussion:

- (a) Of the US \$120,000 proposed in stage II for operationalizing and enforcing the e-licensing system, US \$60,000 was reallocated to the procurement and distribution of 100 additional sets of tools for technicians;
- (b) Of the US \$105,000 allocated to the development and production of training manuals and electronic material to support the new refrigeration curriculum, US \$45,000 was reallocated to train additional 100 technicians;
- (c) The technical training and awareness program for large end-users, building owners, consultants and technical decision makers at the governmental level on low-GWP alternatives to HCFCs was reduced from US \$300,000 to US \$260,000; and
- (d) The cost of project monitoring was rationalized to US \$200,000 (i.e., US \$40,000 per year) by removing costs associated with monitoring by UNEP. The structure for project

monitoring will consist of one coordinator reporting to the NOU, one additional staff member (US \$37,200 per year) and a budget line for operations and meetings (US \$2,800 per year).

40. The total agreed cost is presented in Table 6.

**Table 6. Agreed cost of stage II of the HPMP for Iraq**

Component and activity	Agency	As submitted (US \$)	Agreed (US \$)
Policy and regulatory enforcement	UNEP	470,000	410,000
Training, certification and standardization (training of 100 additional technicians for a total of 3,100 technicians trained and 2,000 technicians certified, training programme for large end-users)	UNEP	1,270,000	1,230,000
Technical assistance to the refrigeration servicing sector (additional 100 sets tools for a total of 750)	UNIDO	820,000	910,000
Monitoring and reporting	UNEP	285,000	200,000
<b>Total</b>		<b>2,875,000</b>	<b>2,750,000</b>

#### Impact on the climate

41. The proposed activities in the servicing sector, which include better containment of refrigerants through training and the provision of equipment, will reduce the amount of HCFC-22 used for RAC servicing. Each kilogram of HCFC-22 not emitted due to better refrigeration practices results in savings of approximately 1.8 CO<sub>2</sub>-equivalent tonnes. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by Iraq, including its efforts to promote low-GWP alternatives, as well as refrigerant recovery, reclaiming and reuse, indicate that the implementation of the HPMP will reduce the emission of refrigerants into the atmosphere, resulting in climate benefits.

#### **Co-financing**

42. Due to the extension of stage I of the HPMP beyond 2020, the Government of Iraq phased out 27.01 ODP tonnes without Multilateral Fund assistance to comply with the 35 per cent reduction target. This is equivalent to approximately US \$2.4 million not requested from the Fund.

#### **2021-2023 draft business plan of the Multilateral Fund**

43. UNEP and UNIDO are requesting US \$2,750,000, plus agency support costs, for the implementation of stage II of the HPMP for Iraq. The total requested value of US \$2,505,810, including agency support costs for the period of 2021–2023, is US \$508,010 above the amount in the business plan.

#### **Draft Agreement**

44. A draft Agreement between the Government of Iraq and the Executive Committee for the phase-out of HCFCs in stage II of the HPMP is contained in Annex I to the present document.

#### **RECOMMENDATION**

45. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage II of the HCFC phase-out management plan (HPMP) for Iraq for the period from 2021 to 2025 to reduce HCFC consumption by 69 per cent of the country's baseline, in the amount of US \$3,026,100, consisting of US \$1,840,000, plus agency support costs of US \$212,400 for UNEP, and US \$910,000, plus agency support costs of US \$63,700 for UNIDO;

- (b) Noting the commitment of the Government of Iraq:
  - (i) To reduce HCFC consumption by 69 per cent of the country's baseline by 2025;
  - (ii) To establish regulatory measures to control intended emissions of refrigerant during installation, servicing and decommissioning by 31 December 2022;
- (c) That, to allow for the consideration of the second tranche of stage II of the HPMP:
  - (i) UNEP and UNIDO should confirm completion of stage I of the HPMP, submit the project completion reports and return any unused balances to the Fund; and
  - (ii) UNIDO should also confirm completion of the national phase-out plan (first tranche) (IRQ/PHA/58/INV/09) and the replacement of refrigerant CFC-12 with isobutane and foam blowing agent CFC-11 with cyclopentane in the manufacturing of domestic refrigerators and chest freezers at Light Industries Company for Iraq (IRQ/REF/57/INV/07), submit the project completion reports and return any unused balances to the Fund;
- (d) Deducting 32.79 ODP tonnes of HCFCs from the remaining HCFC consumption eligible for funding;
- (e) Approving the draft Agreement between the Government of Iraq and the Executive Committee for the reduction in consumption of HCFCs, in accordance with stage II of the HPMP, contained in Annex I to the present document; and
- (f) Approving the first tranche of stage II of the HPMP for Iraq, and the corresponding tranche implementation plan, in the amount of US \$400,421, consisting of US \$335,000, plus agency support costs of US \$38,671 for UNEP, and US \$25,000, plus agency support costs of US \$1,750 for UNIDO.

## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF IRAQ 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**

#### **Purpose**

1. This Agreement represents the understanding of the Government of the Republic of Iraq (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 33.60 ODP tonnes by 1 January 2025 in compliance with Montreal Protocol schedule.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. 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 any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in row 4.1.3 (remaining consumption eligible for funding).
3. Subject to compliance 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 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country agrees to implement this Agreement in accordance with the stage II of the HCFC phase-out management plan (HPMP) approved (“the Plan”). In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

#### **Conditions for funding release**

5. The Executive Committee will only provide the Funding in accordance with the Funding Approval Schedule when the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which there are no due country programme implementation reports at the date of the Executive Committee meeting at which the funding request is being presented are exempted;
  - (b) That the meeting of these Targets has been independently verified for all relevant years, unless the Executive Committee decided that such verification would not be required;
  - (c) That the Country had submitted a Tranche Implementation Report in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each

previous calendar year; that it had achieved a significant level of implementation of activities initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and

- (d) That the Country has submitted a Tranche Implementation Plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

### **Monitoring**

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous Tranche Implementation Plans in accordance with their roles and responsibilities set out in the same appendix.

### **Flexibility in the reallocation of funds**

7. The Executive Committee agrees that the Country may have the flexibility to reallocate part or all of the approved funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in a Tranche Implementation Plan as foreseen in sub-paragraph 5(d) above, or as a revision to an existing Tranche Implementation Plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
  - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
  - (ii) Changes which would modify any clause of this Agreement;
  - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches;
  - (iv) Provision of funding for activities not included in the current endorsed Tranche Implementation Plan, or removal of an activity in the Tranche Implementation Plan, with a cost greater than 30 per cent of the total cost of the last approved tranche; and
  - (v) Changes in alternative technologies, on the understanding that any submission for such a request would identify the associated incremental costs, the potential impact to the climate, and any differences in ODP tonnes to be phased out if applicable, as well as confirm that the Country agrees that potential savings related to the change of technology would decrease the overall funding level under this Agreement accordingly;
- (b) Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the subsequent Tranche Implementation Report; and
- (c) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.



### **Considerations for the refrigeration servicing sector**

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sector included in the Plan, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) The Country and relevant bilateral and/or implementing agencies would take into consideration relevant decisions on the refrigeration servicing sector during the implementation of the Plan.

### **Bilateral and implementing agencies**

9. 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. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO has agreed to be the cooperating implementing agency (the “Cooperating IA”) under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and/or Cooperating IA taking part in this Agreement.

10. The Lead IA will be responsible for ensuring coordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). The Cooperating IA will support the Lead IA by implementing the Plan under the overall co-ordination of the Lead IA. The role of the Lead IA and Cooperating IA is contained in Appendix 6-A and Appendix 6-B, respectively. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 2.2 and 2.4 of Appendix 2-A.

### **Non-compliance with the Agreement**

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A 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 Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval 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 tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A (“Reductions in Funding for Failure to Comply”) in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once decisions are taken, the specific case of non-compliance with this Agreement will not be an impediment for the provision of funding for future tranches as per paragraph 5 above.

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

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

## Date of completion

14. The completion of the Plan and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in Appendix 2-A. Should at that time there still be activities that are outstanding, and which were foreseen in the last Tranche Implementation Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion of the Plan will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion of the Plan unless otherwise specified by the Executive Committee.

## Validity

15. All of the conditions set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

16. This Agreement may be modified or terminated only by mutual written agreement of the Country and the Executive Committee of the Multilateral Fund.

## APPENDICES

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	108.38

### APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2021	2022	2023	2024	2025	Total	
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	70.46	70.46	70.46	70.46	35.23	n/a	
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	66.40	66.40	66.40	66.40	33.60	n/a	
2.1	Lead IA (UNEP) agreed funding (US \$)	335,000	585,000	655,000	0	265,000	1,840,000	
2.2	Support costs for Lead IA (US \$)	38,671	67,529	75,610	0	30,590	212,400	
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	25,000	320,000	355,000	0	210,000	910,000	
2.4	Support costs for Cooperating IA (US \$)	1,750	22,400	24,850	0	14,700	63,700	
3.1	Total agreed funding (US \$)	360,000	905,000	1,010,000	0	475,000	2,750,000	
3.2	Total support costs (US \$)	40,421	89,929	100,460	0	45,290	276,100	
3.3	Total agreed costs (US \$)	400,421	994,929	1,110,460	0	520,290	3,026,100	
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)							32.79
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)							**41.99
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)							33.60

\* Date of completion of stage I as per stage I Agreement: 31 December 2021.

\*\*Includes 14.98 ODP tonnes funded under stage I, and 27.01 ODP tonnes phased out by the Government of Iraq without Multilateral Fund assistance.

### **APPENDIX 3-A: FUNDING APPROVAL SCHEDULE**

1. Funding for the future tranches will be considered for approval at the second meeting of the year specified in Appendix 2-A.

### **APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS**

1. The submission of the Tranche Implementation Report and Plans for each tranche request will consist of five parts:

- (a) A narrative report, with data provided by tranche, describing the progress achieved since the previous report, reflecting the situation of the Country in regard to phase-out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include the amount of ODS phased out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Tranche Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes;
- (b) An independent verification report of the Plan results and the consumption of the Substances, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken during the period covered by the requested tranche, highlighting implementation milestones, the time of completion and the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall Plan that are foreseen. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;
- (d) A set of quantitative information for all Tranche Implementation Reports and Plans, submitted through an online database; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(d).

2. In the event that in a particular year two stages of the HPMP are being implemented in parallel, the following considerations should be taken in preparing the Tranche Implementation Reports and Plans:

- (a) The Tranche Implementation Reports and Plans referred to as part of this Agreement, will exclusively refer to activities and funds covered by this Agreement; and
- (b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

#### **APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. The National Ozone Center (NOC) is an integral part of the Ministry of Health and Environment under the direct responsibility of the Deputy Minister for Environmental Affairs and will be responsible for implementing, coordinating, monitoring and reporting progress on the activities under the HPMP, including developing policy measures, conducting training programmes, providing technical assistance, and awareness-raising activities.
2. Based on the experience and lessons learnt from the implementation of stage I, and taking into consideration the complex nature of the HPMP in the Iraqi context that requires interdepartmental support, close tracking and continuous monitoring of activities, as well as broad and sustained awareness and support of the civil society, the coordination and management of the Plan will be supported by a multidisciplinary, interdepartmental committee.
3. Under direct supervision of the NOC, a project management unit (PMU) will be established to provide support to the NOC and to the independent verifier in the verification process (e.g., meetings with relevant stakeholders, data collection coordination, and input on review findings).
4. The PMU coordinator will be responsible for the direct management of the PMU. He takes the role of coordinating non-Governmental stakeholders as well as the Government departments for the implementation of HPMP activities.
5. While the main responsibility for data gathering, analysis and reporting remains with the NOC, in some cases the PMU participates in collecting and analyzing consumption data pertaining to the controlled substances associated with HPMP implementation.
6. Verification and reporting: based on discussion with the Country, the Lead IA should mandate an independent organization to carry out the annual verification of the Plan results and the consumption of the Substances mentioned in Appendix 1-A and this independent monitoring programme.

#### **APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities, including at least 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 HPMP;
  - (b) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;
  - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;

- (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
- (e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee, and should include the activities implemented by the Cooperating IA;
- (f) In the event that the last funding tranche is requested one or more years prior to the last year for which a consumption target had been established, annual tranche implementation reports and, where applicable, verification reports on the current stage of the Plan should be submitted until all activities foreseen had been completed and HCFC consumption targets had been met;
- (g) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (h) Carrying out required supervision missions;
- (i) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (j) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
- (k) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IA, the allocation of the reductions to the different budget items and to the funding of the Lead IA and each Cooperating IA;
- (l) Ensuring that disbursements made to the Country are based on the use of the indicators;
- (m) Providing assistance with policy, management and technical support when required;
- (n) Reaching consensus with the Cooperating IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan; and
- (o) Timely releasing funds to the Country/participating enterprises for completing the activities related to the project.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent entity to carry out the verification of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

#### **APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCIES**

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the Plan, including at least the following:

- (a) Providing assistance for policy development when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities;

- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A; and
- (d) Reaching consensus with the Lead IA on any planning, co-ordination and reporting arrangements required to facilitate the implementation of the Plan.]

#### **APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY**

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$167.75 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

2. In the event that the penalty needs to be applied for a year in which there are two Agreements in force (two stages of the HPMP being implemented in parallel) with different penalty levels, the application of the penalty will be determined on a case-by-case basis taking into consideration the specific sectors that lead to the non-compliance. If it is not possible to determine a sector, or both stages are addressing the same sector, the penalty level to be applied would be the largest.