

Annex VI

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 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 in the refrigeration, foam and solvent sectors in accordance with the annual phase-out targets set out in row 2-A 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 rows 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 9 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 9;
 - (c) That the Country has substantially completed all actions set out in the last Annual Implementation Programme; and

- (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 9.

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 9.

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

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation;
- (b) The recovery and recycling programme for the refrigeration service sector would be implemented in stages so that resources can be diverted to other activities, such as additional training or procurement of service tools, if the proposed results are not achieved, and will be closely monitored in accordance with Appendix 5-A of this Agreement.

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. The Government of Germany (the “Lead IA”) has agreed to be the lead implementing agency and the Government of France and UNDP, UNEP, UNIDO (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 rows 8, 12, 15, 18 and 21 of Appendix 2-A.

10. 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.

11. 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.

12. 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.

13. All of the agreements 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 Protocol unless otherwise defined herein.

Appendices

Appendix 1-A: The Substances

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

Year	2001	2002	2003(*)	2004	2005	2006	2007	2008	2009	2010
1. Compliance Targets					CFC-50%		CFC-85%			
2. Max allowable total consumption of Annex A Group I substances (ODP tonnes)	4,571.0	4,571.0	4,571.0	4,571.0	2,285.0	2,285.0	685.0	685.0	685.0	
2-A. Max agreed total consumption of Annex A Group I substances (ODP tonnes)	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
3. Reduction from ongoing projects	151.1	116.0		1,120.0	988.0	73.0				
4. New reduction under plan (total)(**)				500.3	315.5	313.9	250.3	195.7	132.7	
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						
5. Total annual reduction of Annex A Group I substances (ODP tonnes)	151.1	116.0		1,620.3	1,303.5	386.9	250.3	195.7	132.7	

(*) Estimated consumption figure

(**) Completion of phase-out targets by end of year

Appendix 2-A: The Targets, and Funding (cont.)

(US \$)	2003	2004	2005	2006	2007	2008	2009	2010	Total
6. Lead Agency									
7. GTZ annual funding	694,124	946,405	479,044	1,007,124	920,868	729,846	717,630		5,495,041
8. Support costs	76,354	104,105	52,695	110,784	101,295	80,283	78,939		604,455
9. Total GTZ	770,478	1,050,509	531,739	1,117,908	1,022,163	810,130	796,570		6,099,496
10. Cooperating Agencies									
11. France annual funding	1,006,620		500,000						1,506,620
12. Support costs	110,728		55,000						165,728
13. Total France	1,117,348		555,000						1,672,348
14. UNEP annual funding	140,253								140,253
15. Support costs	18,233								18,233
16. Total UNEP	158,486								158,486
17. UNIDO annual funding	361,840	2,104,066	742,449	66,224	36,179	27,328			3,338,085
18. Support costs	27,138	157,805	55,684	4,967	2,713	2,050			250,357
19. Total UNIDO	388,978	2,261,871	798,133	71,191	38,892	29,378			3,588,443
20. UNDP annual funding		770,000							770,000
21. Support costs		57,750							57,750
22. Total UNDP		827,750							827,750
23. Overall									
24. Total annual funding	2,202,837	3,820,470	1,721,493	1,073,348	957,047	757,174	717,630		11,250,000
25. Total Support Costs	232,453	319,660	163,379	115,751	104,008	82,333	78,939		1,096,523
26. Total Costs	2,435,290	4,140,131	1,884,872	1,189,099	1,061,055	839,507	796,569		12,346,523

Appendix 3-A: Funding Disbursement Schedule

- Funding will be submitted for approval at the first meeting of the year of the annual plan.

Appendix 4-A: Format of 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			
	Total (1)			
Demand of ODS	Manufacturing			
	Servicing			
	Stockpiling			
	Total (2)			

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)
Manufacturing						
Aerosol						
Foam						
Refrigeration						
Solvents						
Other						
Total						
Servicing						
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

1. The National Ozone Unit (herein called NOU) monitors the consumption data of all Substances through agencies, cooperating ministries and the regional offices of the environmental ministry.
2. Inspections at reconverted companies are foreseen to ensure the non uses of Substances after project completion.
3. The licensing system will be a tool to monitor and ensure compliance of control measures. It will be validated by the use of independent auditors to inspect the use of CFCs through distributors.
4. The NOU will offer continuity and endorsement of implementation plans through the institutional support over the next years.
5. After establishment of the implementation and management facility (herein called IMAF) a reporting scheme between IAs and local institutions will be established. The reporting format and requirements will allow transparent and continued verification of the total CFC phase out in the country.
6. The Government will issue necessary official request to all beneficiaries and distributors in order to enforce proper facilitation and availability of data.
7. Above communications will be counterchecked by reports of custom authorities.
8. The information collected from recovery activities will include:
 - (a) Number of appliances subjected to refrigerant recovery and type of these appliances at every service workshop;
 - (b) Amount of recovered CFC refrigerants sent to the recycling centres;
 - (c) Amount of recovered CFC refrigerants received from service workshops at every recycling centre;
 - (d) Amount of recycled CFC refrigerants returned (sold) to workshops; and
 - (e) Other data relevant for monitoring the scheme (amount of imported CFC refrigerants).
9. Information on cost of recovery and reclaim activities will be collected annually on random basis.
10. Information collected from the investment sectors will include:
 - (a) Progress and completion of activities;

- (b) Destruction of old CFC equipment where required;
- (c) Total production and use of CFC and later on use of replacements;
- (d) Operational costs and total investments associated with the conversion; and
- (e) Stockpiles of CFCs and their transfer to authorised consumers.

11. The responsible implementing agencies will perform regular monitoring, verification and auditing of the implementation of the Sector activities in line with the established procedures of both the Multilateral Fund and the IA rules.

12. An annual report will compile relevant information on prices, consumption and completion of projects in such a way that it can serve as template for the annual implementation of the following year.

13. More detailed information is available in the National Phase Out Plan under the chapters that discuss activities in each sector.

14. The table below illustrates the distribution of responsibilities and reporting requirements under the National Plan:

Monitoring	Responsible	Reports to	Times/year
Industry Sector phase out			
Refrigeration manufacturing/assembly	UNDP/UNIDO	IMAF/NOU	3
Domestic/commercial servicing (RMP)	UNIDO	IMAF/NOU	3
Foam	Germany	IMAF/NOU	3
MAC service sector	France	IMAF/NOU	3
Solvent Sector	UNIDO	IMAF/NOU	3
Import			
Import of CFCs	Customs department (CD)	IMAF/NOU	1
Sector breakdown	IMAF	IMAF/NOU	1
Regulations			
Legislative council	NOU/UNEP	IMAF	1
Bureau of Standards	UNEP/NOU	IMAF	1
Quota	NOU/CD	IMAF	1
Overall implementation			
Consolidated project progress	IMAF/NOU/Germany	MLF/EXCOM	1

Note: IMAF=Implementation Management Facility

Appendix 6-A: Role of the Lead IA

1. The Lead IA 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 2005;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews undertaken by the Lead IA;
- (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 IAs

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>
Refrigeration manufacturing	56.0	13.75		770,000	UNDP
Refrigeration assembly	135.0	6.84		923,245	UNIDO
MAC	424.4	5.00		2,122,000	
Investment/ recovery and recycling			1,506,620		FRANCE
TA/Training program			615,380		GTZ
Servicing domestic/commercial units	475.0	5.00		2,375,000	UNIDO
Investment/ recovery and recycling					
Training/incentive component					
(Training of customs officer)					
Foam sector	608.4	6.57		3,997,188	GTZ
Solvent/Aerosol sectors	9.6	4.15		39,840	UNIDO
Subtotal	1,708.4			10,227,273	
Project Management and Policy Support				1,022,727	
Regulatory and policy support			140,253		UNEP
Management and monitoring Unit			882,474		GTZ
Total	1,708.4	6.59		11,250,000	

Summary of Agency Shares

Agency	Sector	Funding	
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	
		11,250,000	

Appendix 7-A: Reductions in Funding for Failure to Comply

1. In accordance with paragraph 10 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.