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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-ninth Meeting
Montreal, 7–11 December 2026
Item 9(d) of the provisional agenda[1]

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, third tranche)	UNEP and UNIDO	Individual consideration

[1] UNEP/OzL.Pro/ExCom/99/1

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Iraq

PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNEP (lead), UNIDO	87th	69% phase-out by 2025

ARTICLE 7 DATA (Annex C, Group I)	Year: 2025	33.61 ODP tonnes

COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)							Year: 2025
Substance	Aerosol	Foam	Firefighting	Refrigeration		Solvent	Total sector consumption
				Manufacturing	Servicing		
HCFC-22				2.20	31.41		33.61

CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	108.38	Starting point for sustained aggregate reductions:	108.38
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	74.78	Remaining:	33.60

ENDORSED BUSINESS PLAN		2026	2027	2028	Total
UNEP	ODS phase-out (ODP tonnes)	7.81	3.16	0.00	10.97
	Funding (US $)	730,610	295,590	0	1,026,200
UNIDO	ODS phase-out (ODP tonnes)	8.05	2.50	0.00	10.55
	Funding (US $)	722,250	224,700	0	946,950

PROJECT DATA			2021	2022	2023	2024*	2025	2026**	2027	Total
Consumption (ODP tonnes)	Montreal Protocol limits		70.46	70.46	70.46	70.46	35.23	35.23	35.23	n/a
	Maximum allowable		66.40	66.40	66.40	66.40	33.60	33.60	33.60	n/a
Amounts approved in principle (US $)	UNEP	Project costs	335,000	585,000	0	0	0	655,000	265,000	1,840,000
		Support costs	38,671	67,529	0	0	0	75,610	30,590	212,400
	UNIDO	Project costs	25,000	320,000	0	0	0	355,000	210,000	910,000
		Support costs	1,750	22,400	0	0	0	24,850	14,700	63,700
Funds approved by ExCom (US $)		Project costs	360,000	0	0	585,000	0			945,000
		Support costs	40,421	0	0	67,529	0			107,950
Total funds recommended for approval at this meeting (US $)		Project costs						1,330,000		1,330,000
		Support costs						122,860		122,860

*The second tranche was due in 2022. UNEP's component was submitted to the 95th meeting in 2024 while UNIDO's component is being submitted to the present meeting together with the third tranche.

** The third and fourth tranches originally scheduled in 2023 and 2025 were delayed. A revised Agreement has been included in the submission.

Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Iraq, UNEP as the lead implementing agency has submitted a request for funding for the third tranche of stage II of the HCFC phase-out management plan (HPMP), at a total cost of US $1,452,860, consisting of US $655,000, plus agency support costs of US $75,610, for UNEP and US $675,000, plus agency support costs of US $47,250, for UNIDO.[2,3] The submission includes a progress report on the implementation of the second tranche, the verification report on HCFC consumption for 2024 to 2025, and the tranche implementation plan for 2026 to 2027.

Report on HCFC consumption

2. The Government of Iraq reported a consumption of 33.61 ODP tonnes of HCFCs in 2025, which is 68.99 per cent below the country's HCFC baseline for compliance. The 2021–2025 HCFC consumption is shown in table 1.

Table 1. HCFC consumption in 2021–2025 in Iraq (Article 7 data)

HCFC-22	2021	2022	2023	2024	2025	Baseline
Metric tonnes (mt)	1,207	1,207	1,207	1,133	611	1,970.9
ODP tonnes	66.39	66.39	66.39	62.32	33.61	108.4

3. The HCFC consumption in Iraq remained consistent from 2021 to 2023 and declined in 2024 and 2025 in line with the country's accelerated phase-out commitment under its Agreement with the Executive Committee. The achieved reduction in 2025 is due to the effective implementation of the licensing and quota system and as the result of the market transfer to alternatives as well as the activities being implemented under the HPMP of Iraq.

Country programme implementation report

4. The HCFC consumption data provided by the Government of Iraq in its CP implementation report for 2025 is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2024 to 2025 was correct (as shown in table 1 above). The verification concluded that Iraq achieved its 2024 Agreement target, complied with the 2025 Montreal Protocol limit, and maintained an operational licensing and quota control framework. However, for 2025, official sources report 611 mt of HCFC-22 imports, with zero reported production and exports. The resulting consumption is 33.605 ODP tonnes, which represents a variance of 0.005 ODP tonnes from the maximum allowable consumption for 2025 of 33.60 ODP tonnes under its Agreement with the Executive Committee.

Progress report on the implementation of the second tranche of stage II of the HCFC phase-out management plan

Legal framework

6. On 7 September 2026, Regulation No. 2 of 2026, the First Amendment to Regulation No. 5 of 2012, was published in the Official Gazette of Iraq (Al-Waqa'i Al-Iraqiya, Issue No. 4880). The amendment

[2] As per the letter of 6 October 2026 from the Ministry of Environment of Iraq to UNEP.

[3] The request for UNIDO includes the amount of US $320,000, plus agency support costs of US $22,400 for the second tranche.

replaced references to “ozone-depleting substances subject to control” with the broader term “controlled substances.” Controlled substances are defined as substances listed under the Montreal Protocol and its amendments that affect the environment. The amendment also reconstituted the Legislative Enforcement Committee (Enforcement Committee) within the Ministry of Environment, which is chaired by a Ministry of Environment official and includes representatives of the Ministry of Environment, Ministry of Trade, Ministry of Industry and Minerals, General Authority of Customs, and the Central Organization for Standardization and Quality Control. It further clarifies that licences remain valid until the end of the year in which they are issued and may be renewed annually in accordance with the applicable licensing criteria.

7. During the reporting period the Enforcement Committee approved the 2025 and 2026 HCFC quotas; continued the development of proposed regulatory measures addressing leak detection and containment, refrigerant recovery and recycling, record-keeping and reporting, prevention of refrigerant venting, licensing of facilities handling controlled substances, and restrictions on non-refillable HCFC cylinders; and coordinated with relevant authorities to monitor controlled-substance imports and combat illegal trade.

8. Five workshops were held for a total of 119 customs, border, civil-defence, environmental inspection and enforcement officers on the Montreal Protocol, National ODS legislation, shipment control, field inspection, and measures to combat illegal trade.

Refrigeration servicing sector

9. Two training workshops were held for 45 refrigeration and air-conditioning (RAC) trainers and instructors (including 8 women) on safe refrigerant handling, leak detection, recovery and recycling, good servicing practices, flammable-refrigerant safety, and competency assessment. Three training workshops were carried out for a total of 105 RAC technicians (including 61 women) to strengthen awareness and knowledge on ozone protection and sustainable RAC technologies. Another five workshops were held for certification, and a total of 124 technicians were certified. The memorandum of understanding between the Ministry of Environment and Ministry of Labor and Social Affairs was renewed to support the continuation of the certification programme. A joint committee was established comprising representatives of the Ministry of Environment and the Ministry of Labor and Social Affairs to review and update the certification and assessment mechanisms. The committee held its first meeting on 16 February 2026.

10. A feasibility study on the national refrigerant recovery, recycling and reclamation (RRR) system in Iraq was conducted and delivered by a national expert in 2026. The report assesses the practicality of establishing a national RRR system under stage II of the HPMP. The study concludes that Iraq has sufficient refrigerant consumption, servicing demand and industrial infrastructure to make a national RRR system technically and institutionally feasible. A centralized reclamation model was recommended, linking technicians and local servicing enterprises with regional collection centres and a central industrial reclamation facility. The report also proposed an enterprise, Al Sweer Trading FZE, that could serve as the central reclamation hub, supported by upgrades to local Iraqi recovery and recycling enterprises.

11. Awareness-raising activities on low-GWP alternatives to HCFCs included four workshops targeting the foam, RAC, data centres, and RAC/mobile air-conditioning subsectors. The workshops covered alternatives to ozone-depleting and high-GWP substances, including cyclopentane for foam blowing, and R-744 (CO_2) and R-290 (propane) in RAC, as well as a range of technologies, from improvements and retrofits to conventional air-cooled data centres to immersion and spray liquid-cooling systems. One workshop was an exchange in China that highlighted the country's coordinated approach to the transition from HCFCs and high-GWP HFCs. Iraqi participants from these subsectors were also invited to attend two online webinars on the potential refrigerant RRR scheme for Iraq.

12. Two further awareness workshops were held: one for 19 representatives of non-governmental organizations (including 10 women) on policies and legislation related to ozone layer protection and the role of regulatory and law enforcement authorities, and the challenges related to flammable alternatives. The

workshop promoted the integration of these frameworks into the NGOs' operational mechanisms; the other for 29 national participants from key public and private institutions focused on Iraq's Montreal Protocol obligations, ongoing projects, institutional roles, and coordinated implementation priorities, and generated practical recommendations on refrigerant tracking, standards and conformity assessment, customs coding, alternative-refrigerant safety, and capacity-building needs.

Project implementation and monitoring

13. The project management unit (PMU) is established within the Ministry of Environment to oversee daily project execution, coordinate with implementing agencies and stakeholders, manage reporting, and support independent verification. Due to the extended implementation of the second tranche the amount allocated to the PMU increased from US $40,000 to US $75,600.[4] Of this new allocation US $37,256 was disbursed for project staff and consultants (US $26,200), administration and support (US $4,800), and monitoring and verification (US $6,256).

Level of fund disbursement

14. As of October 2026, of the US $945,000 approved so far, US $508,761 had been disbursed (US $485,865 for UNEP and US $22,896 for UNIDO), as shown in table 2. The balance of US $436,239 will be disbursed during the third tranche implementation.

Table 2. Financial report of stage II of the HPMP for Iraq (US $)

Agency	First tranche		Second tranche		Total		
	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Balance
UNEP	335,000	329,824	585,000	156,041	920,000	485,865	434,135
UNIDO	25,000	22,896	0	0	25,000	22,896	2,104
Total	**360,000**	**352,720**	**585,000**	**156,041**	**945,000**	**508,761**	**436,239**
Disbursement rate (%)	**98**		**27**		**54**		

Implementation plan for the third tranche of stage II of the HCFC phase-out management plan

15. The following activities will be implemented between December 2026 and December 2027:

(a) *Policy and regulatory enforcement component:* Continue stakeholder consultations to operationalize Regulation No. 2 of 2026; prepare implementing procedures and compliance tools; address remaining regulatory gaps relating to licensing, quota allocation, reporting, inspection and enforcement; support the effective operation of the Enforcement Committee and clarify the responsibilities of the participating regulatory and enforcement authorities; continue the operationalization of the e-licensing system and local enforcement of regulations; (UNEP) (US $60,000); train 100 customs and enforcement officers on HCFC-related regulations and their enforcement; implement an awareness programme and promotion of the certification scheme (UNEP) (US $75,000);

(b) *Training, certification and standardization*: Train 1,350 RAC technicians in good servicing practices including low-GWP alternatives in addition to the 1,100 remaining from the second tranche target; organize four technical workshops to raise the awareness of large end users and technical decision-makers at the governmental level about low-GWP alternatives to HCFCs in different applications suitable for Iraq's conditions (UNEP) (US $225,000);

[4] In principle US $200,000 was approved for project monitoring and implementation for the stage. UNEP confirmed that the total requested and allocated for the stage will not exceed this amount. Currently US $40,000 was allocated in the first tranche, US $75,600 in the second tranche and US $80,000 is requested in the third for a total of US $195,600.

update the national certification scheme with engagement from stakeholders and revise the current certification admission and testing modules accordingly; certify 750 RAC technicians in addition to the remaining 625 from the second tranche; produce booklets, training manuals and electronic references on ozone friendly, low-GWP refrigerants for different technical education levels (UNEP) (US $215,000);

(c) *Technical assistance to the refrigeration servicing sector*: Provide 600 sets of tools[5] needed for good servicing practices for large-and-medium-sized RAC servicing workshops (UNIDO) (US $620,000); continue assessing the operation of the RRR scheme and evaluate potential scale-up; continue providing technical assistance to large end-users through four thematic workshops (UNIDO) (US $25,000);

(d) *Technical assistance to an air-conditioning (AC) manufacturing enterprise*: Provide required technical assistance to National Electrical Co. and other manufacturers to minimize the use of HCFCs and move to alternatives, through a study tour and the engagement of an international consultant (UNIDO) (US $30,000);

(e) *Project monitoring*: Continue project coordination, financial management, procurement, monitoring and evaluation, reporting, and overall project administration (UNEP) (US $80,000) covering staff (US $67,000), and monitoring and verification (US $13,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Compliance with the conditions under decisions 87/40(c) and 98/8

16. Decision 98/8(b) requested UNIDO to submit the project completion reports (PCRs) for the first tranche of the national phase-out plan (NPP) (IRQ/PHA/58/INV/09) and the project at Light Industries Company (IRQ/REF/57/INV/07) prior to the 99th meeting to allow consideration of the UNIDO-implemented second tranche of stage II of the HPMP, in line with decision 87/40(c).The Secretariat noted that these PCRs were submitted in line with the decision. Noting that the financial data in the submitted PCR differed from those reported to the 98th meeting, the Secretariat requested UNIDO to reconcile them. UNIDO explained that the amount of US $4,656,530 approved for the NPP included its second tranche (US $303,000 per decision 63/26), which was excluded from the amount of US $4,353,530 reported to the 98th meeting; that no funds remain under obligation; and that a final payment of US $60,000 has not yet reached the subcontractor due to banking-related issues in the country. The reconciled figures will be communicated once the payment is processed and the exact balance to be returned can be reported. The Secretariat noted that all outstanding projects have been completed as reported at the 98th meeting and their PCRs have been submitted. The Secretariat therefore considers that the conditions in decision 87/40(c) have been met, on the understanding that UNIDO will return the remaining balances of IRQ/PHA/58/INV/09 and IRQ/REF/57/INV/07 no later than the 100th meeting.

Report on HCFC consumption and verification

17. The Secretariat enquired about the reasons why the 2025 HCFC consumption of 611 mt (33.61 ODP tonnes), as reported under Article 7 and in the country programme (CP) report, exceeded the maximum allowable consumption of 33.60 ODP tonnes under the country's stage II HPMP Agreement. UNEP explained that actual HCFC-22 imports, as confirmed by the verification report, totalled 611 mt, equivalent

[5] Including inter alia refrigerant leak detectors, recovery units, vacuum pumps, manifold gauge sets, electronic weighing scales, torque wrenches, flaring tools, tube cutters, service wrenches, service hoses, thermometers, pressure gauges, refrigerant identifiers, recovery cylinders, charging cylinders, refrigerant recovery bags and toolboxes.

to 33.605 ODP tonnes, which rounds to 33.61 ODP tonnes. This exceeds the quota of 610 mt issued by the country, which had been set on the understanding that the resulting figure would be only 33.60 ODP tonnes. Nevertheless, the verification concluded that the country remains in compliance with its 2025 Montreal Protocol reduction target of 35.23 ODP tonnes, and that the country has an effective operational licensing and quota system.

18. The Secretariat notes that the deviation of 0.005 ODP tonnes corresponds to a reduction of US $839 (5 ODP kg at US $167.75 per ODP kg);[6] the Executive Committee may wish to consider whether or not to apply this reduction. The Secretariat recommends that, when issuing quotas to monitor imports and exports of controlled substances, the country ensure that allowable amounts are carefully calculated against the Montreal Protocol targets and the Agreement with the Executive Committee, and that quotas be set below the reduction targets to allow a margin that avoids such situations in future.

19. Regarding the remaining consumption of HCFC-22 in the AC manufacturing sector, as per the CP reports for 2023, 2024, and 2025 at 64, 30, and 40 mt for respectively, UNIDO informed that HCFC-22 is being used by one RAC manufacturer and that this information is currently being validated by the National Ozone Committee (NOC). The technical assistance to an AC manufacturing enterprise proposed by UNIDO will include technical assessments, identification of suitable alternative technologies, engagement of international experts and knowledge exchange to support the phase-out of HCFC-22 for Al-Nasr Electrical Company and the large assembly sector.

Implementation delays and readiness for the third tranche

20. Noting that 27 per cent of UNEP's second tranche had been disbursed and that several activities had not started, the Secretariat requested UNEP to explain the delays and how implementation would be expedited. UNEP explained that the delays resulted mainly from structural and institutional changes within the Government, the Ministry of Environment and the NOC, as well as from the security and instability in Iraq and the region over the last couple of years, which affected the capacity for timely implementation of activities. Noting the recent institutional stability, the remaining second tranche activities will be implemented together with those of the third tranche during 2027 through an expedited plan that is agreed with the Government, and UNEP will work with the NOC to strengthen monitoring, address bottlenecks and expedite implementation.

Progress report on the implementation of the second tranche of stage II of the HCFC phase-out management plan

Legal framework

21. The Government of Iraq has established the HCFC import quota for 2026 at 610 mt (33.55 ODP tonnes), which is lower than the Montreal Protocol control targets and the maximum allowable consumption in the country's Agreement with the Executive Committee.

22. In approving stage II of the HPMP, the Executive Committee noted the commitment of the Government to establish regulatory measures to control intended emissions of refrigerants during installation, servicing and decommissioning by 31 December 2022 (decision 87/40(b)(ii)). UNEP reported that regulatory measures and technical instructions on leak detection, refrigerant recovery and recycling, and prevention of venting have been finalized at the technical level and submitted through the Enforcement Committee to the relevant legislative authorities and are in the final stages of official issuance, which is expected to be completed by the end of 2027. The Secretariat noted, however, that this commitment is almost

[6] 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.

four years overdue and suggests that UNEP report on the issuance of these measures with the request for the final tranche.

23. Regarding HFCs, UNEP explained that importers must obtain prior environmental approval from the NOC to obtain an import permit for HFCs, and that Regulation No. 2 of 2026 extends the national regulatory scope to all substances controlled under the Montreal Protocol and its amendments. Accession to the Kigali Amendment is under active consideration.

24. On the e-licensing system, UNEP explained that the first tranche had funded IT and communication equipment including hardware and software in addition to two training sessions in coordination with the Ministry of Trade and Customs, and that support under the third tranche will strengthen operational efficiency, inter-agency coordination and prevention of illegal trade.

Refrigeration servicing sector

25. Regarding the low number of technicians trained under the second tranche, UNEP explained that security, institutional and operational challenges had affected national training activities, and that training will be accelerated in 2027–2028 by engaging the trained trainers, strengthening coordination with national training centres and organizing additional sessions across the country, building on the infrastructure and capacity already established. The training of large end users will also be implemented in 2027.

26. Regarding the certification of technicians, UNEP explained that under Law No. 37 of 2015 the national certification and professional licensing programme for RAC servicing workshops is administered by the Industrial Services Department of the Directorate of Labor and Vocational Training of The Ministry of Labor and Social Affairs (MoLSA) of Iraq. Applicants submit documentation and a fee, pass a practical technical examination before a specialized committee, sign a legal undertaking, and receive a professional practice licence following an on-site inspection of the workshop. Compliance is enforced by monitoring and evaluation committee through periodic and complaint-driven inspections. The technical standards, safe refrigerant handling and emission-reduction practices covered by the HPMP training reinforce the competencies assessed in the practical examination.

27. The Secretariat requested information on the procurement of tools and equipment for the servicing sector, including for training and the RRR scheme, under stages I and II. UNIDO reported that the tools[7] procured under stage I were received by the NOC in the first quarter of 2026.[8] UNIDO further indicated that the only pending UNIDO activity from the first tranche of stage II is a technical workshop, postponed from June 2026. In relation to the servicing equipment and tools that UNIDO will procure under the second and third tranches (US $620,000), UNIDO provided detailed lists of equipment. The Secretariat noted that the current budget would allow for the procurement of about 600 sets of such equipment[9] rather than 1000 as indicated in the submission and that these would be distributed to the servicing workshops and the network to support the RRR scheme in the country.

28. Regarding the RRR scheme and in response to the Secretariat enquiry regarding the feasibility study and status of the three previously established centres,[10] UNIDO provided a copy of the preliminary feasibility study, which concludes that there is limited reclamation capacity in the three facilities and recommends

[7] Includes lockring sets (pliers, assembly jaws, connectors), charging oil pumps, portable nitrogen blowing sets with cylinder trolley, electronic leak detectors, and other hand-tools.

[8] The NOC is currently finalizing the distribution to the local vocational training centres of the Ministry of Labor and Social Affairs, Ministry of Education, and technical colleges and institutions.

[9] Includes recovery machines, vacuum pump, charging unit, leak detector, cylinders, charging hose and cylinder connections, safety tools, and accessories

[10] Three reclamation centres established under stage I in Baghdad, Al Basra and Erbil, to be capitalized on in stage II as approved at the 87th meeting.

redesigning the RRR scheme around a central reclamation facility[11] to be supported by collection centres in five cities, building on existing servicing infrastructure and equipment to be provided under stage II.

29. On further discussion, the Secretariat agreed with UNIDO to update the study, during the implementation of the third tranche, to include estimated refrigerant quantities that could be recovered/reclaimed, the key stakeholders, the necessary supporting regulatory and administrative tools, the condition of the previously established reclamation centres, and a business model for the RRR scheme including the operation and logistics of the proposed central stations and five collection facilities.

Gender policy implementation

30. UNEP explained that efforts were made to encourage the participation of women in training, capacity-building and awareness activities, and that women accounted for 31 of the 119 enforcement officers and 8 of the 45 trainers trained under the second tranche. To strengthen gender mainstreaming, the NOC, with UNEP, will monitor and report on the number and percentage of women participating in training, workshops and consultations; the number of women certified technicians; the representation of women among project staff, consultants and experts; and to monitor and suggest measures to encourage the participation of women.

Updated Agreement

31. In view of the revised funding schedule and the extension of the completion date of stage II, the Agreement between the Government of Iraq and the Executive Committee has been updated. Specifically, Appendix 2-A has been revised, and paragraph 17 has been added to indicate that the updated Agreement supersedes that reached at the 87th meeting[12], as contained in annex I to the present document. The full updated Agreement will be appended to the final report of the 99th meeting.

Sustainability of the HCFC phase-out and assessment of risks

32. At the Secretariat's request and noting the risks associated with delays during implementation of stage II, UNEP provided a risk assessment and mitigation measures matrix to address possible risks and challenges that may arise during implementation drawing from lessons learned from stage I and the previous tranche of stage II, as summarized in table 3. The Secretariat is of the view that the Government and UNEP had carefully assessed the associated risks and put in place measures to ensure that implementation speed and quality would not be affected. In relation to the sustainability of the outcomes of stage II of the HPMP, UNEP confirmed that stage III is currently under preparation and is being designed to complement to stage II activities and to ensure sustainability of the achieved results.

Table 3. Risk assessment and mitigation measures

Risk	Potential impact	Mitigation measures
Institutional and administrative changes	Delays in coordination, approvals and implementation	Strengthen coordination with the Ministry of Environment and the NOC; clarify responsibilities; streamline administrative procedures
Security and regional instability	Disruption of missions, national workshops and stakeholder engagement	Flexible implementation arrangements, including remote technical support and adjusted schedules
Technical and institutional capacity constraints	Slow delivery of training, certification and technical activities	Mobilize national experts and trained trainers; strengthen partnerships with training institutions; targeted technical assistance

[11] The study identified Al Sweer Trading FZE, in Baghdad, as a potential private-sector partner with industrial-grade reclamation capacity according to AHRI Standard 700.
[12] Decision 87/40

Risk	Potential impact	Mitigation measures
Procurement and logistical delays	Delayed delivery of equipment and related activities	Start procurement early; monitor delivery schedules; prioritize activities independent of equipment delivery
Low disbursement and accumulated delays	Planned outputs not achieved within the remaining period	Implement outstanding second tranche activities together with the third tranche in 2027, with regular monitoring of progress, expenditure and milestones
Limited stakeholder participation	Reduced outreach and slower adoption of good practices and alternatives	Strengthen engagement with authorities, the RAC sector, training institutions and the private sector

Conclusion

33. UNIDO has completed the outstanding projects referred to in decision 87/40(c) and submitted their PCRs in line with decision 98/8(b), with remaining balances to be returned at the 100th meeting. The verified consumption of 2025 is 0.005ODP tonnes above the target set in the Agreement between the country and the Executive Committee. The Government of Iraq continues to operate its licensing and quota system. Regulation No. 2 of 2026 has extended the national regulatory framework to all controlled substances, while the measures to control refrigerant emissions are to be issued by the end of 2027. Implementation of several activities of the second tranche has been delayed due to institutional changes and security instability over the last couple of years, with 27 per cent of the funds approved for the second tranche disbursed. The remaining second tranche activities will be implemented together with the third tranche in 2027, and stage II will be extended to 31 December 2028 under the updated Agreement with a commitment from agencies, in consultation with the Government, to expedite the implementation and on the understanding that no further request for extension will be made.

RECOMMENDATION

34. The Executive Committee may wish to consider:

(a) Noting:

(i) The progress report on the implementation of the first tranche (UNIDO) and the second tranche (UNEP) of stage II of the HCFC phase-out management plan (HPMP) for Iraq along with the verification report for 2024 and 2025;

(ii) That UNIDO had submitted the project completion reports for the national phase-out plan (IRQ/PHA/58/INV/09) and the project at Light Industries Company (IRQ/REF/57/INV/07), in line with decisions 87/40(c)(ii) and 98/8(b);

(iii) That the Fund Secretariat had updated the Agreement between the Government of Iraq and the Executive Committee, as contained in annex I to the present document, specifically Appendix 2-A, to reflect the revised funding schedule and the extension of the duration of stage II, and paragraph 17 that has been added to indicate that the updated Agreement supersedes that reached at the 87th meeting (decision 87/40);

(b) Approving, on an exceptional basis, the extension of the date of completion of stage II of the HPMP to 31 December 2028, on the understanding that no further extension would be requested;

(c) Requesting:

(i) UNIDO to return the remaining balances of projects IRQ/PHA/58/INV/09 and IRQ/REF/57/INV/07 no later than the 100th meeting;

(ii) UNEP and UNIDO to include in the request for the final tranche of stage II a report on the issuance of the regulatory measures to control refrigerant emissions committed under decision 87/40(b)(ii); and an updated feasibility study on the national reclamation scheme including the business model and update on the three reclamation centres established under stage I;

(d) Whether or not to apply a reduction to the funding for the third tranche of stage II of the HPMP for Iraq, resulting in a reduction amount of US $839, plus agency support costs, in line with paragraph 11 and Appendix 7-A of the Agreement between the Government of Iraq and the Executive Committee for stage II of the HPMP; and

(e) Approving the third tranche of stage II of the HPMP for Iraq, and the corresponding 2026–2027 implementation plan, in the amount of US $1,452,860, consisting of US $655,000, plus agency support costs of US $75,610, for UNEP, and US $675,000, plus agency support costs of US $47,250, for UNIDO.

Annex I
TEXT TO BE INCLUDED IN THE UPDATED 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

(Relevant changes are in bold font for ease of reference)

17. This updated Agreement supersedes the Agreement reached between the Government of Iraq and the Executive Committee at the 87th meeting of the Executive Committee.

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2021	2022	2023	2024	2025	2026	2027	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	35.23	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	33.60	33.60	n/a
2.1	Lead IA (UNEP) agreed funding (US $)	335,000	0	0	**585,000**	0	**655,000**	**265,000**	1,840,000
2.2	Support costs for Lead IA (US $)	38,671	0	0	**67,529**	0	**75,610**	**30,590**	212,400
2.3	Cooperating IA (UNIDO) agreed funding (US $)	25,000	0	0	0	0	**675,000**	**210,000**	910,000
2.4	Support costs for Cooperating IA (US $)	1,750	0	0	0	0	**47,250**	**14,700**	63,700
3.1	Total agreed funding (US $)	360,000	0	0	**585,000**	0	**1,330,000**	**475,000**	2,750,000
3.2	Total support costs (US $)	40,421	0	0	**67,529**	0	**122,860**	**45,290**	276,100
3.3	Total agreed costs (US $)	400,421	0	0	**652,529**	0	**1,452,860**	**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.