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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Ninety-fifth Meeting  
Montreal, 4-8 December 2024  
Item 9(d) of the provisional agenda<sup>1</sup>

**PROJECT PROPOSAL: IRAQ**

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

Phase-out

- |                                                                        |                |                          |
|------------------------------------------------------------------------|----------------|--------------------------|
| • HCFC phase-out management plan (stage II, second and third tranches) | UNEP and UNIDO | Individual consideration |
|------------------------------------------------------------------------|----------------|--------------------------|

<sup>1</sup> UNEP/OzL.Pro/ExCom/95/1

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## Iraq

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

|                                               |            |                  |
|-----------------------------------------------|------------|------------------|
| (II) LATEST ARTICLE 7 DATA (Annex C, Group I) | Year: 2023 | 66.39 ODP tonnes |
|-----------------------------------------------|------------|------------------|

| (III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes) |         |      |               |               |           |         |               | Year: 2023 |                          |
|-----------------------------------------------------------|---------|------|---------------|---------------|-----------|---------|---------------|------------|--------------------------|
| Chemical                                                  | Aerosol | Foam | Fire-fighting | Refrigeration |           | Solvent | Process agent | Lab use    | Total sector consumption |
|                                                           |         |      |               | Manufacturing | Servicing |         |               |            |                          |
| HCFC-22                                                   |         |      |               | 3.52          | 62.37     |         |               |            | 65.89                    |

| (IV) 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  |

| (V) ENDORSED BUSINESS PLAN |                            | 2024*     | 2025    | 2026 | Total     |
|----------------------------|----------------------------|-----------|---------|------|-----------|
| UNEP                       | ODS phase-out (ODP tonnes) | 14.79     | 3.16    | 0.00 | 17.95     |
|                            | Funding (US \$)            | 1,383,139 | 295,590 | 0    | 1,678,729 |
| UNIDO                      | ODS phase-out (ODP tonnes) | 8.05      | 2.50    | 0.00 | 10.55     |
|                            | Funding (US \$)            | 722,250   | 224,700 | 0    | 946,950   |

\*Funds for both the second and third tranches (2022 and 2023 respectively) due to delayed tranche submissions

| (VI) PROJECT DATA                                            |       |               | 2021    | 2022    | 2023    | 2024*   | 2025    | Total     |
|--------------------------------------------------------------|-------|---------------|---------|---------|---------|---------|---------|-----------|
| Montreal Protocol consumption limits (ODP tonnes)            |       |               | 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       |
| Funding agreed 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    |
| Funds approved by ExCom (US \$)                              |       | Project costs | 360,000 |         |         |         |         | 360,000   |
|                                                              |       | Support costs | 40,421  |         |         |         |         | 40,421    |
| Total funds recommended for approval at this meeting (US \$) |       | Project costs |         |         |         | 585,000 |         | 585,000   |
|                                                              |       | Support costs |         |         |         | 67,529  |         | 67,529    |

\*UNEP's component of the second tranche is being recommended in 2024.

|                               |                          |
|-------------------------------|--------------------------|
| 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 second tranche of stage II of the HCFC phase-out management plan (HPMP), at a total cost of US \$994,929, consisting of US \$585,000, plus agency support costs of US \$67,529, for UNEP and US \$320,000, plus agency support costs of US \$22,400, for UNIDO.<sup>2</sup>

2. The third tranche of stage II of the HPMP is also being requested at this meeting at a total cost of US \$1,110,460, consisting of US \$655,000, plus agency support costs of US \$75,610, for UNEP and US \$355,000, plus agency support costs of US \$24,850, for UNIDO.

3. The submission includes a progress report on the implementation of the first tranche, the verification report on HCFC consumption for 2020 to 2023, and the second and third tranche implementation plans for 2025 to 2026.

### Compliance with conditions under decision 87/40 (c)

4. At the 87<sup>th</sup> meeting, in considering stage II of the HPMP for Iraq, the Executive Committee decided that, to allow for the consideration of the second tranche:

- (a) 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
- (b) UNIDO should confirm completion of the national phase-out plan (first tranche) (IRQ/PHA/58/INV/09) and the project to replace 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.

5. UNEP's component of stage I of the HPMP was completed but UNIDO's component has not been completed and the two CFC-related projects included in the decision have not been completed either. Therefore, the condition for consideration of further funding established in decision 87/40(c) has only been partially fulfilled.

6. Notwithstanding this, and noting that practically all of the funding associated with the first tranche of stage II of the HPMP for UNEP has been spent and UNEP's related activities have been completed; UNEP and UNIDO requested the Secretariat to consider the second and third tranche requests to avoid a disruption in the provision of financial assistance to Iraq and allow the continuation of ongoing activities required to achieving a sustained HCFC consumption reduction in 2025, in line with the control measures.

7. Noting that the consumption of HCFCs in Iraq has not decreased during the last four years and that the country requires the assistance to continue ongoing HPMP activities and achieve the 67.5 per cent reduction of the HCFC consumption baseline in 2025 in a sustained manner, the Secretariat reviewed the tranche requests on an exceptional basis and discussed with the implementing agencies the status of the longstanding delayed activities, as well as a plan of action to finalize them.

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<sup>2</sup> As per the letter of 24 September 2024 from the Ministry of Environment of Iraq to UNEP.

Report on HCFC consumption

8. The Government of Iraq reported a consumption of 66.39 ODP tonnes of HCFCs in 2023, which is 39 per cent below the country's HCFC baseline for compliance. The 2019-2023 HCFC consumption is shown in table 1.

**Table 1. HCFC consumption in Iraq (2019-2023 Article 7 data)**

| HCFC-22                   | 2019     | 2020     | 2021     | 2022     | 2023     | Baseline |
|---------------------------|----------|----------|----------|----------|----------|----------|
| <b>Metric tonnes (mt)</b> | 1,698.00 | 1,207.09 | 1,207.09 | 1,207.09 | 1,207.09 | 1,970.9  |
| <b>ODP tonnes</b>         | 93.39    | 66.39    | 66.39    | 66.39    | 66.39    | 108.4    |

9. 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. The level of consumption has been maintained at the same level for the following three years.

*Country programme implementation report*

10. The Government of Iraq reported HCFC sector consumption data under the 2023 country programme implementation report (CP 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., 0.50 ODP tonnes) than HCFC consumption reported under Article 7 due to stockpiling of small quantities by some importers.

*Verification report*

11. 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 2020 to 2023 was correct (as shown in table 1 above). The verification concluded that Iraq is below the maximum allowable consumption established in the Agreement with the Executive Committee.

Status of implementation of stage I of the HCFC phase-out management plan

12. At the 84<sup>th</sup> meeting, the Executive Committee approved the extension of stage I of the HPMP to 31 December 2020 (decision 84/75). All tranches approved for UNEP are currently financially completed. One of the tranches approved for UNIDO has not been completed due to difficulties faced in the procurement and distribution of refrigerant identifiers. Once this issue is resolved, the tranche can be considered operationally completed.

Progress report on the implementation of the first tranche of stage II of the HCFC phase-out management plan*Legal framework, policy and regulatory enforcement*

13. Following an assessment of the current regulatory and institutional frameworks on ODS management, a set of updated policies was prepared and approved by the legislation committee and submitted to the legal department in the Ministry of Environment. An enforcement committee has been actively enforcing and monitoring ozone legislation.

14. A regulatory taskforce, in coordination with related legislative authorities, has been established to authorize the updated Ozone Penal Code, which includes *inter alia* mandatory leak detection, mandatory

recovery and recycling of refrigerants and related reporting, a ban on venting of refrigerant during servicing and a licensing requirement for all establishments handling ODS in the refrigeration and air-conditioning (RAC) sector.

15. Two awareness workshops were organized for 20 employees of sub-ozone units<sup>3</sup> (15 men and 5 women) to raise awareness on the Montreal Protocol updates, enhance implementation at the national level, and address future obligations related to the implementation of the Kigali Amendment.

16. Two training sessions were organized to train ozone unit staff on the e-licensing system, and equipment (data server, scanners and printers) was installed to improve the operation of the system.

17. A total of 120 customs and enforcement officers (100 male, 20 female) received training on ODS regulations and their role in enforcing the Montreal Protocol at the national level, identifying HCFCs, HCFC containing equipment, HFCs and alternatives; use of refrigerant identifiers and safe handling of ODS; and identifying illegal trade in ODS and the most frequently used smuggling methods.

18. Two workshops for 210 technicians were held to promote the national certification programme. Noting that the Ministry of Labor will cover the cost for all its laboratory needs, the US \$10,000 initially allocated under the first tranche for lab testing equipment was reallocated to purchase equipment<sup>4</sup> to strengthen certification workshops to train technicians in the maintenance of RAC equipment.

#### *Training, certification and standardization*

19. The curricula for vocational education and higher-level education programmes were updated to include the latest information on alternative refrigerants and technologies. A curriculum booklet was also developed as supplementary material for RAC students. One workshop was held for 25 teachers and experts in RAC education (15 men and 10 women) to raise awareness about updates to the curriculum lecture system and the new requirements under the ODS regulations. A guide for good practices, certification requirements, and available alternatives for high-ambient temperature (HAT) countries has been printed and distributed to the relevant training authorities.

20. A total of 450 technicians received training on good servicing practices and improving RAC system performance and efficiency and 135 large end users, building owners, consultants and technical decision makers at the governmental level received training on low-GWP alternatives for large RAC applications.

#### *Technical assistance to the refrigeration servicing sector*

21. The planned activities to assess the operation of the three existing reclaiming centers, develop a business model, and provide technical assistance to large end users were not implemented by UNIDO, as priority was given to finalizing outstanding activities under stage I. UNIDO is planning to start recruitment of local consultants to initiate these activities planned under the first tranche of stage II.

#### *Project implementation and monitoring*

22. The project management unit (PMU) is located within the national ozone unit (NOU) with the responsibility of project coordination, financial management, procurement, monitoring and evaluation, reporting, and overall project administration. The PMU also liaises directly with the implementing agencies

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<sup>3</sup> Sub-ozone units are local branches of the NOU in the 18 governorates, tasked with enforcing ozone regulations and Montreal Protocol compliance. Linked to the Environment Directorate, staff receive periodic training to support surveys and monitor the local RAC market.

<sup>4</sup> Including welding materials such as acetylene bottles, nitrogen bottles, welding pipes of all diameters, wires, welding powder, gloves and safety glasses.

and local stakeholders during the implementation of HPMP activities. The total of US \$40,000 approved for PMU under the first tranche has been disbursed, including US \$29,400 in project staff and US \$10,600 in operational costs.

#### Level of fund disbursement

23. As of August 2024, of the US \$360,000 approved so far (US \$335,000 for UNEP and US \$25,000 for UNIDO), US \$320,663 (89 per cent) had been disbursed (US \$319,723 for UNEP and US \$940 for UNIDO). The balance of US \$39,337 will be disbursed in 2025.

#### Implementation plan for the second and third tranches of stage II of the HCFC phase-out management plan

24. The following activities will be implemented in parallel between January 2025 and December 2026:

| Second tranche                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Third tranche                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Policy and regulatory enforcement component</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Train 100 customs officers and enforcement officers on HCFC-related regulations and their enforcement; distribute five refrigerant identifiers to the inspectors of the Ministry of the Environment and the Customs Department; and implement an awareness programme and promotion of the certification scheme, including five awareness workshops for monitoring officers from the Ministry of the Environment and RAC technicians on the updated regulations related to RAC servicing (UNEP) (US \$95,000)                                   | Train 100 customs and enforcement officers on HCFC-related regulations and their enforcement; update the ODS regulatory and institutional frameworks in consultation with stakeholders; continue to operationalize the e-licensing system; supply standards and other necessary materials for testing labs; implement an awareness programme and promotion of the certification scheme, including four awareness workshops for monitoring officers from the Ministry of the Environment and RAC technicians on the updated regulations related to RAC servicing (UNEP) (US \$135,000)                                                    |
| <i>Training, certification and standardization</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Train 1,300 RAC technicians in good servicing practices including low-GWP alternatives; certify 800 RAC technicians; produce booklets, training manuals and electronic references for different technical educational levels; produce two publications and organize four technical workshops to raise the awareness of large end users, building owners, consultants and technical decision-makers at the governmental level about low-GWP alternatives to HCFC in different applications suitable for Iraq's conditions (UNEP) (US \$450,000) | Train 1,350 RAC technicians in good servicing practices including low-GWP alternatives; update the national certification scheme and revise the current certification admission and testing modules accordingly; certify 750 RAC technicians; produce booklets, training manuals and electronic references for different technical education levels; organize four technical workshops to raise the awareness of large end users, building owners, consultants and technical decision-makers at the governmental level about low-GWP alternatives to HCFC in different applications suitable for Iraq's conditions (UNEP) (US \$440,000) |
| <i>Technical assistance to the refrigeration servicing sector</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Provide 500 sets of tools <sup>5</sup> needed for good practices in refrigeration for the large/medium-scale servicing sector, continue assessing the operation of the three reclaiming centers and develop a business model; continue providing technical assistance to large end-users through five thematic workshops (UNIDO) (US \$320,000)                                                                                                                                                                                                | Provide 500 sets of tools <sup>6</sup> needed for good practices in refrigeration for the large/medium scale servicing sector; continue assessing the operation of the three reclaiming centers and develop a business model; continue providing technical assistance to large end-users through five thematic workshops (UNIDO) (US \$325,000)                                                                                                                                                                                                                                                                                          |
| <i>Technical assistance to an AC manufacturing enterprise</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| No activities under the second tranche                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Provide required technical assistance to National Electrical Co. and other manufacturers to minimize the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

<sup>5</sup> 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.

<sup>6</sup> Ibid.

| Second tranche                                                                                                                                                                                                                                             |         | Third tranche                                                                                                                                                                                                                                              |           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
|                                                                                                                                                                                                                                                            |         | use of HCFCs and move to alternatives, through a study tour and the engagement of an international consultant (UNIDO) (US \$30,000)                                                                                                                        |           |
| PMU                                                                                                                                                                                                                                                        |         |                                                                                                                                                                                                                                                            |           |
| Continue project coordination, financial management, procurement, monitoring and evaluation, reporting, and overall project administration, including staff (US \$29,400), and operation costs and miscellaneous costs (US \$10,600). (UNEP) (US \$40,000) |         | Continue project coordination, financial management, procurement, monitoring and evaluation, reporting, and overall project administration, including staff (US \$60,000), and operation costs and miscellaneous costs (US \$20,000). (UNEP) (US \$80,000) |           |
| Total UNEP                                                                                                                                                                                                                                                 | 585,000 | Total UNEP                                                                                                                                                                                                                                                 | 655,000   |
| Total UNIDO                                                                                                                                                                                                                                                | 320,000 | Total UNIDO                                                                                                                                                                                                                                                | 355,000   |
| Grand Total                                                                                                                                                                                                                                                | 905.000 | Grand Total                                                                                                                                                                                                                                                | 1.010.000 |

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

#### Compliance with conditions under decision 87/40

25. UNIDO was requested to provide an explanation for the longstanding delays in the finalization of the CFC national phase-out plan and stage I of the HPMP, the status of implementation of these projects and an indication of whether these activities were going to be cancelled. UNIDO explained that the delays were primarily due to circumstances beyond the country's control, including security conditions, supply-chain disruptions, and unforeseen technical challenges. UNIDO indicated that it has been working with all concerned parties to expedite the pace of implementation and address long-standing issues.

26. In relation to stage I of the HPMP, UNIDO explained that the only pending activity is the completion of the procurement of refrigerant identifiers for distribution to customs officers, which has been delayed as the supplier has a significant manufacturing disturbance preventing the delivery of the identifiers in 2024. Alternative suppliers are being explored; however, initial estimates suggest that the costs could be higher, if available. UNIDO reported that this issue is also affecting other projects.

27. Regarding the CFC national phase-out plan, UNIDO explained that the additional delays were due to issues that emerged with the enterprise contracted to provide the technical assistance to the enterprises in Iraq to complete their conversions. UNIDO provided an update on the status of each project, as follows:

- (a) IRQ/REF/57/INV/07: The domestic refrigeration enterprise Light Industries assisted to convert from CFC-12 to isobutane for the refrigeration system and from CFC-11 to pentane for the polyurethane (PU) foam panels, received the equipment and partially installed one line; the enterprise has shown interest and commitment in completing the installation and commissioning of its other two lines; however, civil works, electrical works, ventilation and other engineering works are yet to be done; and
- (b) IRQ/PHA/58/INV/09: The first tranche of the CFC national phase-out plan included two outstanding investment activities:
  - (i) The conversion of the PU foam continuous panels enterprise Nasser to pentane: the enterprise has completed 95 per cent of the plant adaptation, including civil, electrical, ventilation and other engineering works; raw materials (polyols and cyclopentane) for the trial operation have been procured and are available on site; a UNIDO sub-contractor is willing to undertake installation and commissioning of

the line (equipment has been delivered); and Nasser has shown interest and commitment by preparing its engineers/technicians to support the team to complete it; and

- (ii) The conversion of the PU foam enterprise Iraqi Steel to pentane: the equipment is in the plant but unpacked and manufacturing has stopped; the enterprise showed interest in re-starting the operations if UNIDO can install and commission the equipment; and the enterprise also requires support with drawings and civil works, among other things.

28. UNIDO has requested additional time to 31 December 2025 to complete the outstanding activities, and has presented a plan of action, summarized below:

- (a) For stage I of the HPMP, UNIDO is conducting market research to explore potential solutions to procure refrigerant identifiers. UNIDO proposes two options, either wait for the manufacturing disturbance to be resolved or cancel the contract and return any remaining balance to the Multilateral Fund; and
- (b) For the investment projects under the CFC national phase-out plan, UNIDO is currently in the process of hiring regional experts certified by the equipment supplier to complete equipment installation and commissioning. The programmable logic controllers that were installed need to be returned to the equipment supplier for condition assessment and re-programming, affecting the overall implementation timeline. This issue is expected to be resolved in the coming months, and equipment installation and commissioning for the three enterprises is planned between January and April 2025.

29. The plan of action also included a risk assessment on partner capacity, the involvement of relevant bodies, logistical barriers, and external factors. Based on the assessment, UNIDO concluded that the current conditions are favorable for completing the outstanding activities of stage I and implementing the remaining tranches of stage II of the HPMP. UNIDO informed the Secretariat that it will undertake a mission to Iraq to assess in more detail the situation in each of the enterprises and make any needed adjustment to the plan.

30. While the Secretariat acknowledges the external factors and suppliers' issues indicated as the reasons for the delays, the Secretariat considers that the delays incurred in the CFC national phase-out plan are excessive and should have been addressed before the submission of the tranche. It is unclear why this did not take place. Decision 87/40(c) was taken based on UNIDO's proposed timeline to finalize these activities. Noting that the equipment is already at the enterprises' premises, the Secretariat considers that cancelling the projects at this point would be detrimental. On this basis, the Secretariat considers it meaningful to allow, on an exceptional basis, an extension of these projects until 31 December 2025, on the understanding that UNIDO will submit to the 96<sup>th</sup> meeting a detailed report on the status of these projects, and that while Iraq could continue receiving funding to continue implementation of the HPMP provided the conditions for releasing the funding are fulfilled, further funding for UNIDO under the HPMP for Iraq would still be subject to progress in the completion of these longstanding activities.

31. In reviewing the issue, the Secretariat also noted that the relevant projects were reported as completed in the 2023 Annual Financial and Progress Report by UNIDO.<sup>7</sup> As the review of the 2023 Annual Financial and Progress Report had been finalized, it was not possible for UNIDO to correct the status of these projects at the present meeting. Noting that there are still substantive activities to be completed under these two projects, if the Executive Committee agrees to extend them to 31 December 2025, the Secretariat

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<sup>7</sup> IRQ/REF/57/INV/07 was reported as FIN; IRQ/PHA/58/INV/09 was reported as COM.

recommends that UNIDO correct for its 2024 annual and financial progress report the status of these two projects as ongoing (ONG).

#### Consideration of the second and third tranches of stage II of the HCFC phase-out management plan

32. UNEP explained that the submission combining the second and third tranches had been made to absorb the delays in submitting the second tranche due to the fulfilment of the conditions established (decision 87/40(c)) and thus return to the approved schedule under the Agreement between the country and the Executive Committee. UNEP emphasized that there were no delays in the implementation of UNEP's activities under the first tranche of stage II.

33. Considering that the verified level of consumption is below the Agreement targets, but not decreasing over time, the overall progress achieved under most of the activities planned for the first tranche of stage II, the high level of disbursement of funds approved under the first tranche (89 per cent), except for the conditions in decision 87/40(c), the tranche request complies with all the conditions in the Agreement for the release of funds. The Secretariat believes it to be important that, on an exceptional basis, UNEP's component of the second tranche be considered at the present meeting to allow for the continuation of activities to support the reduction of HCFC consumption needed in 2025 and to avoid a disruption in funding for the country. The third tranche can be considered once additional progress is achieved with the implementation of activities proposed under the second tranche, following the Agreement conditions.

34. Noting the additional delays in completing previous projects and the non-fulfillment of decision 87/40(c), the Secretariat recommends postponing the consideration of UNIDO's component of the second tranche of stage II to a future meeting when the conditions established in the decision have been fully complied with.

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

##### *Legal framework*

35. The Government of Iraq has already issued HCFC import quotas for 2024 of 1207 mt (66.4 ODP tonnes) of HCFC-22 distributed among 21 registered importers in accordance with the Montreal Protocol control targets. The quota for the year 2025 will be issued in January 2025, at a level 69 per cent below the HCFC baseline, in line with the reduction target in the Agreement between Iraq and the Executive Committee.

36. The Secretariat noted that the Ozone Penal Code being established includes relevant measures such as mandatory leak detection, and containment and monitoring of all RAC systems using controlled substances with an initial charge greater than 3 kg. Regarding its enforcement, UNEP explained that the Ozone Penal Code is enforced by the NOU along with its sub-ozone units in all governorates, in close cooperation with other concerned authorities that are members of an enforcement committee<sup>8</sup> created for that purpose, with the legal department of the Ministry of Environment, and other relevant Government authorities. Two workshops were organized for the staff of the sub-ozone units in all governorates to raise awareness of the Montreal Protocol updates and enhance implementation at the national level.

##### *Manufacturing sector*

37. Even though stage II of the HPMP does not include a manufacturing component, noting that Iraq has reported the use of around 64 mt (3.52 ODP tonnes) of HCFC-22 in manufacturing over the years, the Secretariat requested more detail on this consumption and how it will be addressed. UNEP explained that

<sup>8</sup> Including the Ministries of Trade and Industry, and the Departments of Customs and Standards.

it corresponds to a public-owned enterprise manufacturing air-conditioning equipment. The enterprise is planning to convert next year to an available HFC-based technology due to the current lack of feasible low-GWP alternatives suitable for high-ambient temperature countries. The NOU is discussing with the enterprise the possibility of support under stage III to facilitate a direct conversion to a low-GWP alternative.

#### *Refrigeration servicing sector*

38. Activities implemented by UNEP are well advanced, with a number of technicians trained and certified, among other achievements. In providing more detail on the type of technician certification scheme in Iraq, UNEP explained that it is based on good servicing practices standards and is provided by authorized bodies like the Ministry of Labor and Social Affairs in coordination with the NOU. The Department of Labor and Vocational Training, as part of this Ministry, is responsible for granting certificates for RAC technicians according to an approved Government programme, where the applicant is subject to a test by a specialized committee to ensure eligibility to practice, accompanied by documentation of all the information required for the applicant through a form prepared by the department. There is no cost for technicians to obtain the certification.

39. The activities planned by UNIDO were not completed as the priority was given to complete the longstanding activities under stage I. Pending activities from the first tranche of stage II will be completed during 2025. For the assessment of the operation of the three reclaiming centers, UNIDO will apply a template that allows customization of the business model to address the unique needs and conditions of Iraq. The technical assistance to large end users and five thematic workshops are planned for the second quarter of 2025.

#### Gender policy implementation

40. Women's participation was ensured in the implementation of the project activities and events, including in the training of customs officers and inspectors (20 women out of 120 participants: 17 per cent); in the awareness workshops for environmental monitoring officers and inspectors (10 women out of 40 participants: 25 per cent); and in the specialized technical training and awareness programme (40 women out of 135 participants: 30 per cent).

#### Completion of stage II of the HCFC phase-out management plan

41. Upon discussions regarding the delays in the completion of previous projects, and the plan to submit the next tranche for stage II of the HPMP to the 96<sup>th</sup> meeting and stage III to the 97<sup>th</sup> meeting, UNEP confirmed that stage II for Iraq will be completed on 31 December 2026 as established in paragraph 14 of the Agreement.

#### Sustainability of the HCFC phase-out

42. To ensure that the ongoing training of customs officers and technicians will continue to be provided beyond the completion of stage II of the HPMP, a memorandum of understanding is being signed with the customs department and the vocational training department under the Ministry of Labor to establish a structured framework for training programs; ozone and climate protection are being incorporated into the relevant training curricula of customs officers and RAC technicians; awareness workshops for teachers and experts involved in RAC education is being provided to strengthen their knowledge and skills; training is being provided to customs officers and RAC technicians in all governorates of Iraq; and the relevant ministries and government bodies are being engaged in the training and certification programme to validate the expertise of trained professionals.

## Conclusion

43. The Government of Iraq continues to be in compliance with the Montreal Protocol and the HCFC consumption targets stated in its Agreement with the Executive Committee. The verified HCFC consumption has been maintained between 2020 and 2023 at a level 38 per cent below the HCFC consumption baseline. Activities implemented under the first tranche of stage II of the HPMP include updates to the regulatory framework, training of 120 customs officers and 20 employees of sub-ozone units on the updated regulations, training of 450 technicians on good servicing practices, training of 135 large refrigeration end-users on alternative technologies, and an update of the curricula for vocational education and higher-level education programmes. Activities planned by UNIDO were not implemented as priority was given to outstanding activities under stage I of the HPMP. The overall level of funds disbursed is 89 per cent. The tranche request is presented for consideration at the present meeting on an exceptional basis, as a condition for its consideration has not been entirely fulfilled. As a result of the discussion on this issue, UNEP's component of the second tranche is recommended for approval, while UNIDO is requested to provide an update on the status of progress on outstanding activities from previous projects by 31 December 2025, with further funding for UNIDO to be considered in light of the fulfilment of decision 87/40.

## **RECOMMENDATION**

44. The Executive Committee may wish to consider:

(a) Noting:

- (i) The progress report on the implementation of the first tranche of stage II of the HCFC phase-out management plan (HPMP) for Iraq;
- (ii) With concern that UNIDO has not completed stage I of the HPMP, the national phase-out plan (first tranche) (IRQ/PHA/58/INV/09) and the project to replace 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), as required by decision 87/40 for the consideration of the second tranche of stage II of the HPMP;
- (iii) The plan of action presented by UNIDO to complete the longstanding activities referred to in sub-paragraph (ii);

(b) Approving:

- (i) On an exceptional basis, the extension of the completion dates to 31 December 2025 for the following projects implemented by UNIDO:
  - a) Stage I of the HPMP;
  - b) The projects IRQ/REF/57/INV/07 and IRQ/PHA/58/INV/09 on the understanding that UNIDO will correct the implementation status of the two projects to ongoing (ONG) in its 2024 annual and financial progress report;
- (ii) The second tranche of stage II of the HPMP for Iraq, and the corresponding 2024-2026 tranche implementation plan, in the amount of US \$585,000, plus agency support costs of US \$67,529, for UNEP, on the understanding that no further funding would be considered for UNIDO until the conditions established in decision 87/40(c) are fulfilled; and

- (c) Requesting UNIDO to submit to the 96<sup>th</sup> meeting a report on progress on the completion of projects referred to in sub-paragraph (a)(ii).
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