

United Nations Development Programme

Country/Region/Global: I.R. IRAN
Initiation Plan

Project Title:

Preparation of HCFC phase-out management plan (stage III) for industrial refrigeration and air-conditioning Sectors

Expected UNDAF/CP Outcome(s): 1.2

Expected CPD Output(s): 1.3

Initiation Plan Start/End Dates: 10th September 2022 – 10th November 2023

Implementing Partner: UNDP

Brief Description

The Government of Islamic Republic of Iran acceded to the Vienna Convention for the Protection of the Ozone Layer and its Montreal Protocol on Substances that Deplete the Ozone Layer in December 1990 and ratified all the Amendments to the Montreal Protocol. I.R. of Iran has successfully phased-out CFCs in Refrigeration and Air Conditioning (RAC) and has established enforceable Quota and Licensing regulations to control consumption of CFCs, Methyl Bromide, Methyl Chloroform and the HCFCs. The National Ozone Unit implements the quota system in coordination with the Ministry of Industry, Mine and Trade (Trade Promotion Organization) and Customs Administration. I.R. of Iran is implementing Stage II of its HCFCs Phase-out Management Plan (HPMP) (with UNDP as lead implementing agency and UN Environment, UNIDO, Government of Germany, and Government of Italy as cooperating agency) and has the target to reduce HCFC consumption by 35 per cent of the baseline by 2020 resulting in the phase out of 133 ODP tonnes.

The 77th meeting of the ExCom has approved stage II of the HCFC phase-out management plan (HPMP) for Iran to HPMP will phase-out 162.37 ODP tonnes of HCFCs to meet the 75 per cent reduction in HCFC consumption by 2023 taking note of the approach taken for the refrigeration and air-conditioning manufacturing sector was agreed on an exceptional basis owing to the special circumstances in the country.

The main activities implemented during stage II include regulatory actions, conversion of HCFC-22-consuming sector to R-410A, conversion of foam industry phasing out HCFC-141b and assistance to refrigeration servicing sectors, cooperation with customs for trade control, awareness and communication as well as awareness activities in 32 provinces for alternative and energy efficient technologies and monitoring.

At the 87th Intersessional Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol held in June 2021, the Ex-Com has approved the Preparation of HCFC phase-out management plan (stage III) for industrial refrigeration and air-conditioning sectors. In this preparation phase, a) data on HCFC consumption in manufacturing/servicing sector will be updated and b) downstream trends and support development of sub-sector and end-user driven activities for the Sector Plan will be assessed. These two will be considered as baseline for continuation of HPMP project in stage III.

This initiation Plan will lead to development of a full-fledged Project Document for phasing out of HCFCs (Stage III).

Programme Period:	14 months
Atlas Project Number:	00132655
Atlas Output ID:	00125074
Gender Marker:	GEN1

Total resources required	50,000.00 USD
Total allocated resources:	50,000.00 USD
• Regular	50,000.00 USD
• Other:	
○ Donor	50,000.00 USD
○ Government MOI	0.00 USD
Unfunded budget:	_____
In-kind Contributions	0

Agreed by UNDP:

DocuSigned by:

Claudio Providas

07-Sep-2022

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I. PURPOSE AND EXPECTED OUTPUT

I.R. of Iran is a signatory to the Montreal protocol (MP) and therefor committed to meeting the MP targets the gradual phase-out of the consumption of ozone depleting substances (ODS). Under Article five of the protocol, Iran is eligible to receive technical and financial support from the Multilateral Fund for the Implementation of the MP. Over the past two decades, Iran has shown commitment in contributing to achievement of the MP objectives.

At the 87th Intersessional Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol held in June 2021, the Ex-Com has approved the Preparation of HCFC phase-out management plan (stage III) for industrial refrigeration and air-conditioning sectors. Implementation of stage III will ensure smooth running and completion of the remaining activities for HCFC phase-out management plan in Iran. In the preparation phase, UNDP, GIZ and UNIDO will work together to update data on remaining HCFC consumption in manufacturing/servicing sector and assess downstream trends and support development of sub-sector and end-user driven activities for the Sector Plan.

HPMP-II focused on domestic and commercial refrigeration, but at the time, the existence of companies operating in the industrial refrigeration and air conditioning subsector was noted. The preparation phase of Stage III covers the industrial sector and air conditioning left unassisted (i.e. Condensing units, Ice Bank, Ice Maker, Industrial refrigerator and milk coolers) during previous stages. These remaining sectors are still operating, and actions is thus necessary to reduce HCFC demand and prevent a migration to high-GWP HFCs.

However, under implementation of HPMP stage II, the consumption of HCFC-22 and HCFC-141b in the manufacturing sector has shown a consistent decrease as a result of; a) the technical assistance provided by MP, b) investment projects and c) preparation for enforcement of HCFCs bans

Additionally, the consumption of HCFC-22 in the servicing sector also has demonstrated a consistent decrease. In the servicing sector, it is observed that this trend is not only due to the activities under the HPMP-II but also direct reflection of current economic challenges in Iran. The temporarily lower demand of manufactured products due to recent economic situation played an important role in fast conversion of manufacturing sector through providing more time and human resources allocated for conversion by factories. It is also important to mention that geopolitical issues have led some companies to become active or inactive for different periods of time to reduce their operational costs during shortage of HCFCs or other raw materials/supplies.

COVID-19 has also deeply impacted different industries including servicing sector. Once these barriers are removed, it might be expected that a repressed demand could put pressure on the Iranian control system and require effective actions under the HPMP-II.

Therefore, the HPMP-III will cover the remaining sector and industries for HCFC phase-out management plan in Iran and the possibility of repressed demand of HCFCs once economic situation is improved and COVID-19 pandemic is subsided.

The funding for preparation has been allocated in line with Decision 71/42, to improve and extend the bottom-up assessment of unassisted companies, verify eligibility, collect HCFCs usage data and products profiling, collect granular information required to design sound investment projects, compile aggregated information and

design an effective Manufacturing Sector Plan, validate the Sector Plan with stakeholders and submit it along the HPMP-III Over-arching strategy (Annex1).

II. MANAGEMENT ARRANGEMENTS

The initiation plan will be implemented directly by UNDP (Direct Implementation Modality-DIM) in close collaboration with the government of Iran, coordinated through Ministry of Foreign Affairs. Government counterparts include Department of Environment and the Ministry of Industry, Mine and Trade.

National Ozone Unit (NOU) of the Department of Environment (DOE) will serve as the main government partner which provides required information, administrative and technical supports and coordination with other key partners such as the Ministry of Industry, Mine and Trade.

UNDP in consultation with NOU will appoint a National Project Coordinator as the focal point for this preparation phase. The National Project Coordinator will be responsible to make required coordination within the government to ensure that the project progress is participatory, based on a wide range of project stakeholders /beneficiary and inclusive. The project coordinator will also provide required data and information and inputs to the project sustainability and contribute to HPMP-III project formulation. She/he will report to the UNDP and NOU.

In addition to National Project coordinator, as required and using the project resources, a national consultant (technical expert) will be recruited to provide required technical data. She/he will also compile baseline/situational analysis for next stage of HPMP project. The national consultant contributes to the definition of the project baseline (i.e., current policies, strategies, current capacities and activities, baseline M&E indicators) and contributes to the synthesis of relevant baseline information, including identification of gaps in baseline data and information and suggestions for further required studies; Verify and validate the technical, institutional, operational and financial scope and strategy of the project document. She/he will report to the National Project coordinator. She/he if required will also conduct stakeholder consultations/workshops as required during the period of this initiation plan.

Moreover, an international consultant will take the responsibility of drafting roadmap and final Full-Size UNDP's Project Document as per UNDP standard format and in close consultation with relevant government departments and other key stakeholders. She/he will report to UNDP Programme Analyst and works closely with the National Project Coordinator.

III. MONITORING

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring plans:

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs. Progress against the CPD and SP of UNDP should be recorded.	Every 6 months	Slower than expected progress will be addressed by project management.	NoU	n/a
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log.	Every 6 months	Risks are identified by project management and actions are taken to manage risk.	NOU	n/a

			The risk log is actively maintained to keep track of identified risks and actions taken.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making. Make course corrections on project mid-year reports if needed.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	NOU	n/a
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved	Annually, and at the end of the project (final report)		NOU	n/a
Project Review (Project Board)	The project's governance mechanism (i.e., project board will hold regular project reviews to assess the performance of the project and review the Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned	At least 2 times	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	NOU	n/a

IV. WORK PLAN

Period¹:

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME (Quarter)					RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4	Q5		Funding Source	Budget Description	Amount (USD)
Output 1 Final full-size UNDP Project Document is developed for HPMP Stage III Baseline: 0 Indicators: <i>having a UNDP ProDoc in place</i> Targets: <i>ProDoc prepared and ready for signature</i> CP outcome: 1.1	Activity 1: Developing project preparation plan and funding distribution 1.1 <i>Constituting the PRP development and oversight team</i> 1.2 <i>Conducting needs assessment gaps analysis and compiling Agencies sectors data</i> 1.3 <i>Consultation meetings for stakeholders and coordination among agencies and their field work experts</i> 1.4 <i>Draft document preparation, translation, national validation and submission</i>	4,125.00	10,000.00	3,000.00	3,000.00	4,875.00	UNDP	MLF	-71200 (International Consultants – 4000USD) -71300 (National Consultants – 6000 USD) -72100 (Contractual Services – Companies – 10,000 USD) -74500 (Miscellaneous – 1000 USD) -75700 (Training, Workshops and Conference – 2750 USD) -74598 (Direct Project Costs – GOE – 374 USD) -64300 (Staff Mgmt Costs - IP Staff – 876 USD)	25,000.00
	Activity2: Developing the investment project and funding requested 2.1 <i>Carry out sectoral survey for getting enterprise wise information comprising consumption, baseline equipment, etc</i> 2.2 <i>Organise stakeholder consultative workshops with industry for creating awareness on eligibility for participation in HPMP, the funding guidelines and on alternative technologies.</i> 2.3 <i>Compilation and analysis of survey information</i> 2.4 <i>Preparation of draft Sector Plan and Investment Projects</i> 2.5 <i>Finalisation of HPMP Stage-III and submission after seeking required approvals from the Government</i>	5,000.00	6,125.00	3,875.00	5,000.00	5,000.00	UNDP	MLF	-71200(International Consultants-3000 USD) -71300(National Consultants-3000 USD) -72100(Contractual Services – Companies-13000 USD) -74500(Miscellaneous- 500 USD) -75700(Training, Workshops and Conference – 4250 USD) -74598 (Direct Project Costs – GOE- 374 USD) -64300(Staff Mgmt Costs - IP Staff-876 USD)	25,000.00

¹ Maximum 18 months

ANNEX1

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United Nations Development Programme



8 April 2022

Dear Mr. Providas,

Subject: Project approved at the 87th Executive Committee Meeting of the Multilateral Fund for the Implementation of the Montreal Protocol

We are pleased to inform you that the following project was approved for Iran at the 87th Intersessional Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol held in June 2021.

MLF Reference No.*	Project Title	Funding (US\$)
IRA/PHA/87/PRP/254	Preparation of HCFC phase-out management plan (stage III) (Overarching)	25,000
IRA/PHA/87/PRP/256	Preparation of HCFC phase-out management plan (stage III) (industrial refrigeration and air-conditioning)	25,000

Note: * Please indicate this reference number in the cover sheet of the project document and in the ATLAS short project title

1. Implementation Modality: We are suggesting that this project be implemented through the National Implementation Modality (NIM).

2. Project Document Format: We are attaching herewith the document that was approved by the Executive Committee. It is important to annex this document without any change, to the project document that will be signed between UNDP and the Government.

3. Review of Draft Project Document: Please ensure that the draft UNDP Project Document is shared with the MPU/Chemicals' representative in Bangkok Regional Hub Ms. Jie Pan (jie.pan@undp.org) for review and input before signature.

4. Entering the Budget in ATLAS: Your office is requested to enter the budget in ATLAS, using the Annual Work Plan, attached. In line with the UNDP requirement for multi-year project budgeting, please ensure the total approved budget per the work plan table is entered in ATLAS for the current and future years, if applicable.

5. Budget Revisions: In case there is a need to shift funds between budget categories, please consult with the MPU/Chemicals' representative in Bangkok Regional Hub Ms. Jie Pan (jie.pan@undp.org).

6. Support Costs: The General Management Support Services (GMS) fee received by UNDP in relation to these projects is managed centrally at BPPS-HQ and should NOT be part of the project budget. In ATLAS, please therefore leave the F/A field % at zero. GMS at the internal distribution rate approved effective January 2016 covering management support rendered by your office will be credited to your Cost Centre income account based on delivery. Direct Project Costs (DPC) formerly, Implementation Support Services (ISS) may be charged to the project budget, using the Universal Price List.

Mr. Claudio Providas
UNDP Resident Representative
UNDP Iran
Tehran, Iran

cc: Kanni Wignaraja – Director, Regional Bureau for Asia and the Pacific (RBAP)
Christophe Bahuét – Director, Bangkok Regional Hub & Deputy Director for RBAP

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7. Government Counterpart: Just as a reminder, kindly note that the National Ozone Focal Point in your country is Mr. Dr. Ebrahim Hajizadeh (info@iranozone.ir and iranozone@gmail.com) while he may not be the one to sign the project document on behalf of the Government, kindly make sure that he is copied on all correspondence related to this project.

8. Over-Expenditures: We wish to remind you that over-expenditures are not allowed in Montreal Protocol projects. Please therefore ensure that total expenditures never exceed the total budget.

Based on the above, we request you to kindly finalize the project documentation and enter the proposal/project in ATLAS. Once the project document is signed, please send an electronic copy to the MPU/Chemicals' representative in Bangkok Regional Hub Ms. Jie Pan (jie.pan@undp.org) with a request for ASL and send the budget to KK.

Thank you very much for your partnership in the implementation of this important programme, which falls under the UNDP Strategic Plan 2022-2025 **IRRF Signature Solution 4, Output 4.1.2** – Sustainable use of natural resources to enhance productivity and livelihoods.

Yours sincerely,

DocuSigned by:

Xiaofang Zhou

Director, Montreal Protocol Unit
Principal Technical Advisor, Chemicals and Waste
Nature, Climate and Energy
Bureau for Policy and Programme Support

United Nations Development Programme



Attachment: Annual Work Plan

AWARD ID	000XXXXX						
PROJECT ID	000XXXXX						
Project Title	IRA/PHA/87/PRP/254 IRA/PHA/87/PRP/256						
Project Titles	Preparation of HCFC phase-out management plan (stage III) (Overarching) Preparation of HCFC phase-out management plan (stage III) (industrial refrigeration and air-conditioning)						
ATLAS Activity	Responsible Party	Source of Funds	ATLAS Code	ATLAS Budget Description	2022	2023	TOTAL
Activity 1 Preparation of HCFC phase-out management plan (stage III) (Overarching)	UNDP	63030	71200	International Consultants	2,000.00	2,000.00	4,000.00
	UNDP	63030	71300	National Consultants	3,000.00	3,000.00	6,000.00
	UNDP	63030	72100	Contractual Services - Companies	7,000.00	3,000.00	10,000.00
	UNDP	63030	74500	Miscellaneous	500	500	1,000.00
	UNDP	63030	75700	Training, Workshops and Confer	1,000.00	1,750.00	2,750.00
	UNDP	63030	74598	Direct Project Costs - GOE	187	187	374.00
	UNDP	63030	64300	Staff Mgmt Costs - IP Staff	438	438	876.00
	<i>Sub Total</i>					14,125.00	10,875.00
Activity 2 Preparation of HCFC phase-out management plan (stage III) (industrial refrigeration and air-conditioning)	UNDP	63030	71200	International Consultants	1,000.00	2,000.00	3,000.00
	UNDP	63030	71300	National Consultants	1,000.00	2,000.00	3,000.00
	UNDP	63030	72100	Contractual Services - Companies	6,000.00	7,000.00	13,000.00
	UNDP	63030	74500	Miscellaneous	250	250	500.00
	UNDP	63030	75700	Training, Workshops and Confer	2,250.00	2,000.00	4,250.00
	UNDP	63030	74598	Direct Project Costs - GOE	187	187	374.00
	UNDP	63030	64300	Staff Mgmt Costs - IP Staff	438	438	876.00
	<i>Sub Total</i>					11,125.00	13,875.00
TOTAL							<u>50,000.00</u>