

**SIGNATURE PAGE**  
Country: Islamic Republic of Iran

**UNDAF Outcome:** Environment; Responsible GOI agencies formulate, implement and monitor low carbon economy and climate change policies and programmes more effectively.

**CPD Outcome:** Responsible government agencies formulate, implement and monitor integrated natural resource management, low carbon economy, and climate change policies and programmes more effectively

**CPD Output:** The Islamic Republic of Iran's institutional capacities to meet HCFC and POP phase out commitments are enhanced

**Implementing Partner:** Department of Environment / National Ozone Unit

Project Title: Institutional Strengthening, Phase XI Award ID/Project ID: <b>97069/10922</b>
Project short title: Institutional Strengthening, Phase XI Project Duration: 1 April 2017 to 31 March 2019 Management Arrangement: National Execution MLF Reference: IRA/SEV/77/INS/229

<b>Total Budget</b>	<b>USD \$222,094</b>
Allocated resources:	<b>USD \$222,094</b>
<b>Multilateral Fund for the Implementation of the Montreal Protocol</b>	

Agreed by Department of Environment:

Date:

Agreed by United Nations Development Programme:

Date:

Dr. Saeed Motasaddi Zarandi  
Deputy Head for Human Environment  
Department of Environment

Signature:

Mr. Gary Lewis  
UNDP Resident Representative

Signature:



**United Nations Development Programme  
Project of Islamic Republic of Iran**

**Project Document**

**Institutional Strengthening for the Phase-out of Ozone Depleting Substances  
Under the Montreal Protocol – Phase XI**

**Brief Description:**

This project will extend the institutional strengthening support for an additional two years from April 2017 to March 2019 to the National Ozone Layer Protection Unit, Department of Environment of the Government of the Islamic Republic of Iran. This extension will continue the efforts of the Government in coordinating all activities to effectively and efficiency phase out ODS through the adoption of the policy, technological and monitoring procedures covering the project and programmes specified in the attached Plan of Action. Management arrangement, Monitoring and Evaluation Framework can be found in the related project “HCFC Phase-out Management Plan for Iran – UNDP Component: [IRA/PHA/63/INV/199] [IRA/PHA/63/INV/204] [IRA/PHA/63/INV/203] [IRA/PHA/74/INV/219].”

**Legal Context:**

All legal related issues to this project will be referred to and addressed in Legal Annex (Annex I) of this agreement. The Project Document shall be governed by special procurement procedures applicable to the Montreal Protocol Programme. The project will be implemented in accordance with the Agreement between Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol and UNDP signed on 21 August 1991 and the project proposal approved by the Executive Committee at its 77<sup>th</sup> Meeting.



**Total Project Work Plan and Budget**

Award ID	00097069	Project ID	00010922	Project Title	Institutional Strengthening, Phase XI	Executing Agency	National Ozone Layer Protection Unit (OLPU), Department of Environment (DOE)	ATLAS Activity	Responsible Party (Implementing Agency)	Source of Funds	ATLAS Code	ATLAS Budget Description	Amount (USD) 2017	Amount (USD) 2018	Amount (USD) 2019	Total (USD)
													80,000	88,094	35,000	203,094
													500	500	0	1000
													5000	5000	0	10000
													1500	1500	0	3000
													2000	2500	500	5000
													<b>89,000</b>	<b>97,594</b>	<b>35,500</b>	<b>222,094</b>

**Source of Funds:**

Source	Amount (USD)
UNDP (MLF)	222,094
Total	222,094

**TERMINAL REPORT AND REQUEST FOR EXTENSION OF INSTITUTIONAL STRENGTHENING FUNDING (decision 74/51)**

**April 2017 to September 2018**

Sections 1 to 12 and 15 to be completed by the country concerned prior to transmission to the implementing agency for comments in 14.

1. Country: Islamic Republic of Iran
2. National implementing agency / ozone unit: National Ozone Layer Protection Unit (OLPU)
3. Implementing agency: United Nations Development Programme (UNDP)
4. Institutional strengthening (IS) project phases (approved):

<b>Phase</b>	<b>Duration (dd/mm/yy)</b>	<b>Multilateral Fund funding (approved)</b>	<b>Multilateral Fund funding (disbursed)</b>
I	January 1993 - December 1995	US\$ 200,200	US\$ 200,200
II	January 1998 - December 1999	US\$ 133,470	US\$ 133,470
III	January 2001 - December 2002	US\$ 133,470	US\$ 133,470
IV	January 2003 - December 2004	US\$ 173,511	US\$ 173,511
V (1 <sup>st</sup> Year)	January 2005 - December 2005	US\$ 86,755	US\$ 86,755
V (2 <sup>nd</sup> Year)	January 2006 - December 2006	US\$ 86,756	US\$ 86,756
VI (1 <sup>st</sup> year)	January 2007 - December 2007	US\$ 86,756	US\$ 86,756
VI (2 <sup>nd</sup> year)	January 2008 - December 2008	US\$ 86,756	US\$ 86,756
VII	January 2009 - December 2010	US\$ 173,511	US\$ 173,511
VIII	January 2011 - December 2012	US\$ 173,511	US\$ 173,511
IX	April 2013 - March 2015	US\$ 173,511	US\$ 173,511
X	April 2015 - 31 March 2017	US\$ 173,511	US \$131,323*

\*The disbursement as of 15 Sep 2016. The remaining balance will be disbursed for planned activities by the end of December 2016.

5. a) Reporting period (mm/yy to mm/yy): **1 April 2015 to 31 March 2017**

b) Requested (phase funding (US \$), and period): **Phase XI (US\$ 222,094) for 1 Apr 2017 to 31 March 2019**

6. Data reporting:

Reporting requirement	Reported		Year reported	Year submitted
	yes	No		
Article 7	x		2014, 2015	2015, 2016
Country programme implementation	x		2014, 2015	2015, 2016

7. Describe the role and position of the National Ozone Unit (NOU) within the national administration, the way its work is supervised and its access to senior decision-makers (this may include cooperation with steering committees, advisory groups or inter-ministerial bodies).

The NOU, as the focal point for implementation of the Montreal Protocol (MP) activities in the country, is working under the direct supervision of the Deputy Director of the Department of the Environment (DOE). Director of DOE is a Vice President in the Government of the I.R. of Iran. The NOU is functionally treated as part of DOE and is obliged to report to DOE on a quarterly basis. The NOU is called Ozone Office. The Ozone Office Manager reports to the inter-ministerial National Ozone Committee (NOC). The National Ozone Committee acts as the highest decision making body for the implementation of MP in the country and is represented by delegates from the Ministries of Industry and Mines, Commerce, Agriculture, Foreign Affairs, Meteorological Organisation, Management and Planning Organization, Petroleum, Customs Administration, and Department of the Environment.

8. Indicate the total number staff in the NOU:6

- How many are paid under the IS? Full time: 5 Half time :1
- How many are paid by the Government? \_\_\_\_\_ Full time \_\_\_\_\_ Half time \_\_\_\_\_

9. Is the unit fully staffed?

YES  NO

If no, explain \_\_\_\_\_

\_\_\_\_\_

10. Please provide details on the status of the implementation of the activities approved from the previous IS phase and planned activities for the requested phase. Please add specific performance indicators.

Objectives (please add as necessary)	Activities in current phase	Achievements in current phase (specify phase/mm/yy)	Planned activities in next phase (specify phase/mm/yy)	Expected results for next phase
<b>Objective 1: Adoption/implementation of ODS legislation and regulation to control and monitor ODS consumption</b>				
Introduction of licensing and quota system for HCFCs	<ul style="list-style-type: none"> <li>- Active participation and engagement of NOU since April 2016 in the newly adopted electronic process for custom clearance developed and adopted by the Custom Department called "Single Window"</li> <li>-Monitoring of registered orders for the importation of HCFCs in place to safeguard quota limitation.</li> <li>- Analysis of the importation data to adjust the quota and licensing system</li> <li>- 2015 and 2016 HCFCs quota allocation was communicated to the line ministries for the enforcement</li> </ul>	<ul style="list-style-type: none"> <li>- Successful enforcement of the quota system for HCFCs under the HPMP and as a result the country remained in full compliance with the control targets set for HCFCs reduction</li> <li>- The HCFC control target set for the 1 Jan 2015 at 10% phase-down of the baseline consumption (380.5 ODP tonne), was achieved. It was verified by the third party auditing firm in March 2016 and reflected to the MLFS.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Enforcement of the established regulatory measures to control the import and distribution for 2017 and 2018 (Performance Indicator)</b></li> <li>- Overseeing and monitoring the use of HCFCs and HCFC based equipment in the country</li> </ul>	<ul style="list-style-type: none"> <li>- Montreal Protocol's reduction targets for Phase-down of HCFCs complied.</li> </ul>
Enforcement of control measures to sustain CFC phase out	<ul style="list-style-type: none"> <li>- Licensing clearances were issued for the import of ODS-free goods and products in joint collaboration with the Customs Department and MoIMT on a regular basis.</li> <li>- Coordination and cooperation between NOU and Plant Protection Organization was continued to monitor use of MeBr in QPS application as well as enforcement of ban on using the substance in Non-QPS application as foreseen by the Montreal Protocol</li> </ul>	<ul style="list-style-type: none"> <li>- Full compliance with the Montreal Protocol's control measures on Annex A Group I, Annex A Group III and Annex E Group I</li> </ul>	<ul style="list-style-type: none"> <li>- To continue monitoring consumption of ODSs and enforcing ban on the importation of the controlled ODSs excluding Annex C Group I</li> </ul>	<ul style="list-style-type: none"> <li>- CFCs, Halons, MeBr (in Non-QPS application), Methyl Chloroform, Carbon tetrachloride phase out sustained</li> </ul>

Monitoring illegal ODS trade (all ODS)	<p>- NOU continued collaboration with the Ministry of Industry, Mine and Trade and Customs Department and the Institute of Standardization and Industrial Research in the enforcement of licensing system, Customs data collection and analysis, enforcement of control on the trade of ODS and ODS containing products.</p> <p>-NOU continued to collaborate with the parties to the Montreal Protocol on the exchange of information under the framework of iPIC mechanism.</p>	-Achieving the objectives of the Montreal Protocol on its decision relevant to the illegal trade issue	-To continue cooperate and collaborate with the line bodies including the parties to the Montreal Protocol to prevent and combat the illegal trade of ODSs.	- ODSs phase out sustained through preventing illegal trade of ODSs in line with the Montreal Protocol's objectives.
Ratification of Amendments to the Montreal Protocol	n/a	n/a	- As all the MP's amendments were ratified the country will strive to comply with the commitments of the parties stipulated in the amendments	- Full compliance with provisions of the amendments and facilitating implementation of the Montreal Protocol's objectives
<b>Objective 2: Efficient and timely data collection and reporting</b>				
Monitoring customs import/export	<p>- Importation data was obtained from the Custom Department for the reporting period which was being regularly analyzed to check consistency of the importation statistics of HCFCs with the allocated quota and issued licenses</p> <p>- Cooperating with the Custom Department to fully implement and adopt the newly established mechanism of the 'electric custom' called the 'Single Window' in connection with ODSs and ODSs containing product</p>	- The importation of the ODSs was verified by the independent auditing firm showing that the country has been in compliance with 2015 control target set for HCFCs. The verification report was submitted to the Multilateral Fund Secretariat as one of the reporting requirement under the HPMP	- To continue close cooperation with the Custom Department on monitoring the importation data	- Sound implementation of the licensing and quota system which ultimately contribute to the country's compliance and fulfillment of its commitments

	importation and requirements for issuing licenses			
Article 7 data reporting	- The 2014 and 2015 Article 7 data prepared and submitted to UNEP Ozone Secretariat	- The 2014 and 2015 Article 7 data were submitted to the UNEP Ozone Secretariat on 30 June 2015 and 26 June 2016 respectively	- <b>Preparation and submission of A7 data to the Ozone Secretariat for 2017 and 2018 by 30 September each year (Performance Indicator)</b>	- A7 data timely submitted to the Ozone Secretariat.
Country programme data reporting	- The 2014 and 2015 Country Programme data prepared and submitted to the Multilateral Fund Secretariat	-The 2014 and 2015 Country Programme data were submitted to the Multilateral Fund Secretariat on May 2015 and May 2016 respectively.	- <b>Preparation and submission of Country Programme data to Multilateral Fund Secretariat for 2017 and 2018 by 1 May each year (Performance Indicator)</b>	- CP data timely submitted to the Multilateral Fund Secretariat.
<b>Objective 3: Consultations and coordination with other national agencies/stakeholders</b>				
Steering Committee	- In March 2015 and 2016, the National Ozone Committee was convened with the attendance of committee members and discussions on HPMP implementation. Records of decisions as well as the minutes of meetings are available at NOU	- Proper and effective coordination was made among the line ministries and organization who have the key roles in the sound implementation of the Montreal Protocol relevant programmes	- Continue close cooperation with the line bodies to avail the capacities of the overarching framework of the NOC	- Strong and effective policy and decision making mechanism secured
Industry associations	- Ongoing consultation with the RAC Association for the preparation of the HPMP Stage-II  -Consultation with RAC Association to shape effective and collaborative mechanism for dissemination and transferring technical know-how to the stakeholders of the RAC sector	- The bottlenecks and barriers to make the technical training sustainable were further recognized which contribute to the future planning	- Coordination with the RAC association for outreaching the technical trainings and good practices in connection with the implementation of the HPMP Stage-II in servicing sector	- Objectives designed under HPMP Stage-II in servicing sector accomplished
<b>Objective 4: Supervision of timely implementation of phase-out activities and reduction in ODS consumption</b>				
HCFC phase-out management	-Coordination for the HPMP Stage-I tranches	-HPMP Stage-II draft proposal was formulated and	-Close and more strengthened cooperation for the	- Sound and smooth implementation in the Iran's



plan preparation/ implementation	<ul style="list-style-type: none"> <li>-Coordination for the completion of the ongoing conversion projects under the Stage-I</li> <li>-Coordination and cooperation for preparation and finalization of the Iran's HPMP Stage-II</li> <li>- Overseeing, cooperation and coordination for conducting HPMP Stage-II survey</li> </ul>	<p>submitted for consideration for the 77<sup>th</sup> ExCom</p> <ul style="list-style-type: none"> <li>-Nearly all of the conversion projects are in final stage of completion</li> <li>-All HPMP Stage-I tranches were released and the last HPMP Stage-I progress report was submitted to the MLFS on April 2016.</li> </ul>	<p>implementation of HPMP Stage-II</p> <ul style="list-style-type: none"> <li>-Design and conduct technical training relevant to the HCFCs alternatives specifically focusing on the safety issues</li> </ul>	<p>HPMP Stage-II and ultimately to remain in full compliance with the commitments under the Montreal Protocol</p>
Establishment of Halon Physical Bank (UNIDO)	<ul style="list-style-type: none"> <li>- Coordinate and expedite completion of the financial and administrative issues of the project</li> <li>- Coordinating and cooperating with UNIDO and Mashhad Waste Management Organization to have the Halon Bank and clearing house fully institutionalized and made operational</li> </ul>	<ul style="list-style-type: none"> <li>-The Halon recovery and recycling equipment was delivered (month/year) to Mashhad Waste Management Organization and a site allocated for the operation of the recovery and recycling center.</li> </ul>	<ul style="list-style-type: none"> <li>- Finalizing of the Halon project and making the Halon recovery and recycling center operational through cooperation with Mashhad Waste Management Organization and UNIDO</li> </ul>	<ul style="list-style-type: none"> <li>- The Halon recovery and recycling center made operational</li> </ul>
ODSs Alternative Survey	<ul style="list-style-type: none"> <li>- ODS Alternative Survey was approved by the 74<sup>th</sup> ExCom in May 2015, the national and international consultants were recruited to conduct the ODSs alternative survey under the supervision of the NOU</li> <li>- NOU has been overseeing the process of survey and has been in close contact with the stakeholders to enable comprehensive data gathering and analysis approach</li> </ul>	<ul style="list-style-type: none"> <li>- The survey is progressing in timely manner as it is to be finalized and to be submitted to the MLFS by December 2016?</li> </ul>	<ul style="list-style-type: none"> <li>- Maintain the inventory of the ODSs alternatives and update the databank according to the project guidelines.</li> <li>-Provide requested information to the Montreal Protocol and its Multilateral Fund</li> </ul>	<ul style="list-style-type: none"> <li>- Iran to have the required information in connection with the estimated use of alternatives and consumption distributions which makes the basis for future references to formulate proposals to control and phase down of greenhouse gases</li> </ul>

<b>Objective 5: Awareness raising and information exchange</b>				
<p>Information dissemination to key stakeholders</p>	<ul style="list-style-type: none"> <li>- Informative materials including Ozone booklet, factsheets, CDs were disseminated to the stakeholders</li> <li>-NoU jointly with GIZ organized consultative meetings concerning the ODSs banks and the climate change and the linkage with the Ozone in March 2015 in the venue of the Department of Environment</li> <li>- NOU's representative participated in the 7th HVAC and presentation on the Montreal Protocol, the NOU's activities and its objectives was given</li> <li>-The structure and content of the website was reviewed by a working group. The website has been maintained and updated.</li> </ul>	<ul style="list-style-type: none"> <li>-Awareness raising activities were carried out to promote the ozone depletion issue and the existing ways for the protection of the fragile ozone layer in line with the global community.</li> </ul>	<ul style="list-style-type: none"> <li>-Creating capacities by promoting the relevant information on the general and technical aspects and institutionalizing the awareness raising campaigns through the National Ozone Network.</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure strengthened partnership among all stakeholders, public and civil societies.</li> </ul>

International Ozone Day	- Coordination and arrangement for participation of the stakeholders from civil society, industry and line governmental bodies in the International Ozone Day	-2015 International Ozone Day was held in September 2015 at the DoE	<b>- To organize and held International Ozone Day for 2017 and 2018 (Performance Indicator)</b>	- Ensure public awareness and active involvement of civil societies in the Ozone Layer protection activities and its linkage to climate change.
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**Objective 6: Regional cooperation and participation to Montreal Protocol meetings**

Regional network participation	- Internal and external coordination and communication for participation in the network meetings	- Representative of NOU participated in the Joint Thematic Meeting of South Asia and Southeast Asia and the Pacific Ozone Officers Network held from 10-13 March 2015 in South Korea.  - Representative of NOU participated in the Asia-Pacific, National Ozone Officers Network Meetings and Thematic Workshops held from 14-20 June 2016 in Fiji.	<b>- Participate in the all scheduled Regional Network Meeting for the South Asia Network in 2018 and 2019 (Performance Indicator)</b>	- A regional communication and interaction on MP related issues is strengthened.
Open-ended Working Group / Meeting of the Parties	- Internal and external coordination and communication for participation in the OEWG and MoP meetings	- The Deputy Head of the Department of Environment participated in the 27 <sup>th</sup> MOP and the Director of NOU Participated in the resumed 36 <sup>th</sup> OEWG in Dubai in November 2015.  -The Director of NOU participated in the resumed 37 <sup>th</sup> OEWG, the 38 <sup>th</sup>	- Participate in the scheduled OEWG and MOP meetings in 2017 and 2018.	- The county position on various issues for discussion articulated and information on the MP, the proposals and the

		OEWG and the 3 <sup>rd</sup> Extraordinary MOP in July 2016 in Vienna - The officials will participate in the 28 <sup>th</sup> MOP in Kigali in Oct 2016		amendments updated
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## 11. Financial report:

Item of expenditure	Budget for current phase (US \$)	Disbursement (for current phase) (US \$) (as of 15 Sep 2016)		Estimated budget (for requested phase) (US \$)	Government funding (in kind contribution) (US \$)	
		Actual	Obligated		Current phase	Requested phase
Staff (including consultants)	161,511	113,468	39,688	203,094	0	0
Equipment	1,000	38	0	1,000	8,000	8,000
Operational cost (i.e. meetings, consultations, etc.)	8,000	13,049	0	10,000	0	0
Public awareness	2,500	0	2,500	3,000	0	0
Other	500	4,768	0	5,000	150,000	150,000
<b>TOTAL</b>	<b>173,511</b>	<b>131,323</b>	<b>42,188</b>	<b>222,094</b>	<b>158,000</b>	<b>158,000</b>

## 12. Please evaluate the IS performance in meeting the following indicators:

Indicator	Evaluation			Comments
	Very good	Satisfactory	Poor	
1. Effectiveness of import control measures	X			The effective quota and licensing mechanism resulted in compliance to the 2015 control target to reduce 10% reduction of HCFC consumption baseline.

2. Integration of ozone protection issues into national plans		X		The NOU is operating under direct supervision of DoE. It also is cooperating with other relevant organizations and ministries in national levels on the ODSs phase-out and implementation of the controlling measures. The National Ozone Committee plays an important role for on the implementation of the Montreal Protocol objectives in the country. The controlling measures to restrict and phase-down of HCFCs is effective through cooperation among NOU, the Trade Promotion Organization, the Customs Department and the Ministry of Industry, Mine and Trade.
3. Completion of phase-out projects		X		The Halon Project and the ODSs alternatives survey are both in final stage of completion. Most of the conversion projects under the HPMP Stage-I have also been completed.
4. Efficient data reporting	X			The NOU reported the consumption and importation data of controlled substances in accordance to the Montreal Protocol reporting requirements and in timely manner.

**13. Government endorsement:**

Action plan authorized by ( <i>name</i> ):	<i>Dr. Saeed Motasaddi</i>
Signature of authorising authority:	<i>(to be signed on hard copy)</i>
Title:	Deputy Head of the Department of Environment for Human Environment Affairs
Supervising Organization/Agency/Ministry:	Department of Environment
Date:	27 September 2016

**14. Submission of action plan:**

Name of implementing agency:	UNDP
Name of Project Officer:	Mehdi Kamyab
Signature of Project Officer:	

Date:	26 September 2016
Comments of the implementing agency:	<p>Through effective management and monitoring of the Montreal Programme, the Government of Islamic Republic of Iran has successfully sustained phase-out of major ODS except HPMP. HPMP activities have been ongoing and its progress is being monitored by the National Ozone Unit.</p> <p>Continued and adequate MLF support will facilitate strengthening national management capacity to effectively implement and monitor HCFC phase-out, introducing further targeted policies and regulations, and sustaining awareness and commitment from stakeholders and general public, so as to ensure the sustainability of ODS phase-out.</p>

15. **Executive summary: please provide summaries for the information required below in no more than one paragraph each. These paragraphs will be used in documents for the Executive Committee Meeting.**

**a) Terminal report**

Under the IS Project Phase-X, Iran has successfully sustained the ODSs phase out through effective enforcement of regulation, monitoring and collaboration with the key stakeholders. The IS project has been operating as the basis for the implementation of the HPMP, especially in the non-investment sector relevant activities including awareness raising on ODS. The project capacities have been an essence of the attained outputs during the years of plan.

**b) Plan of action**

Iran, through the IS Phase-XI, will continue sustaining the achieved ODS phase-out and make use of the existing capacities to focus on defining and implementing policies and measures to systematically reduce consumption of HCFCs, controlling and monitoring consumption of all ODSs and monitoring HPMP Stage-II projects/activities in close coordination with all implementing agencies and relevant stakeholders. The IS project capacitates the NOU to cooperate nationally with the established Ozone Cells in provinces to implement ODS policy and controlling measures and carry out other awareness raising and training activities.

## Annex I

### Standard Annex to project document for use in countries which are not parties to the Standard Basic Assistant Agreement (SBAA)

#### Standard Text: Supplemental Provisions to the Project Document:

#### The Legal Context

#### General Responsibilities of the Government, UNDP and the Implementing Partner

1. The Government, assuming its overall responsibility, shall designate the Government Co-operating Agency named in the cover page of this document (hereinafter referred to as the “Co-operating Agency”) which shall be directly responsible for the implementation of the Government contribution to the project.
2. The Project Document, and the term as used in this Annex, includes the Country Programme Action Plan (CPAP) signed by the Government of Iran (The Government) on (signing date of the current CPAP), and the Annual Work plan (AWPs), together with this Annex attached to the AWPs.
3. UNDP project activities shall be carried out in accordance with the relevant and applicable resolutions and decisions to the competent UNDP organs, and subject to the availability of the necessary funds to UNDP. In particular, decision 2005/1 of 28 January 2005 of UNDP’s Executive Board approved the new Financial Regulations and Rules and, along with them, the new definitions of ‘Executing Entity’<sup>1</sup> and ‘Implementing Partner’<sup>2</sup> enabling UNDP to fully implement the new Common Country Programming Procedures resulting from the UNDP simplification and harmonization initiative.
4. All phases and aspects of the project shall be governed by and carried out in accordance with the relevant and applicable resolutions and decisions of the competent United Nations organs and the principles embedded in UNDP’s Financial Regulations and Rules, and in accordance with UNDP’s policies and procedures for such projects, and subject to the requirements of the UNDP Monitoring, Evaluation and Reporting System.
5. The Co-operating agency shall remain responsible for its part in UNDP-assisted development projects and the realization of their objectives as described in the Project Document.
6. Assistance under the Project Document is provided for the benefit of the Government and the people of the Islamic Republic of Iran. The Co-operating Agency shall bear all imputable risks of operations in respect of this project.

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<sup>1</sup> Executing Entity shall mean, for UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the entity that assumes the overall ownership over and responsibility for UNDP programme activities and the acceptance of accountability for results, and shall normally be the programme country Government.

<sup>2</sup> Implementing Partner shall mean, for UNDP programme activities carried out under the harmonized operational modalities established in response to General Assembly resolution 56/201, the entity to which the Administrator has entrusted the implementation of UNDP assistance specified in a signed document along with the assumption of full responsibility and accountability for the effective use of UNDP resources and the delivery of outputs, as set forth in such document.

7. The Co-operating Agency, in accordance with the Project Document, shall provide to the project the national counterpart personnel, training facilities, land, buildings, equipment and other required services and facilities.
8. The UNDP undertakes to complement and supplement the Co-operating Agency participation and will provide through the Implementing Partner the required expert services, training, equipment and other services within the funds available to the project.
9. Upon commencement of the project the Implementing Partner shall assume primary responsibility for project implementation and shall have the status of an independent contractor for this purpose. However, that primary responsibility shall be exercised in consultation with UNDP and in agreement with the Co-operating Agency. Arrangements to this effect shall be stipulated in the Project Document as well as for the transfer of this responsibility to the Co-operating Agency or to an entity designated by the Co-operating Agency during the implementation of the project.
10. Part of the Co-operating Agency's participation may take the form of cash contribution to UNDP. In such cases, the Implementing Partner will provide the related services and facilities and will account annually to the UNDP and to the Co-operating Agency for the expenditure incurred.

**(a) Participation of the Government**

1. The Co-operating Agency shall provide to the project the services, equipment and facilities in the quantities and at the time specified in the Project Document Budgetary provision, either in kind or in cash, for the Co-operating Agency's participation so specified shall be set forth in the Project Budgets.
2. The Co-operating Agency shall, as appropriate and in consultation with the Implementing Partner, assign a director for the project on a full-time basis. He shall carry out such responsibilities in the project as are assigned to him by the Co-operating Agency.
3. The estimated cost of items included in the Co-operating Agency contribution, as detailed in the project budget, shall be based on the best information available at the time of drafting the project proposal. It is understood that price fluctuations during the period of execution of the project may necessitate an adjustment of said contribution in monetary terms; the latter shall at all times be determined by the value of the services, equipment and facilities required for the proper implementation of the project.
4. Within the given number of work-months of personnel services described in the Project Document, minor adjustments of individual assignments of project personnel provided by the co-operating Agency may be made by the co-operating Agency in consultation with the Implementing Partner, if this is found to be in the best interest of the project. UNDP shall be so informed in all instances where such minor adjustments involve financial implications.
5. The Co-operating Agency shall continue to pay the local salaries and appropriate allowances of national counterpart personnel during the period of their absence from the project while on UNDP fellowships.
6. The Government shall defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall be responsible for its installation and maintenance, insurance, and replacement, if necessary after deliver to the project site.



7. The Co-operating Agency shall make available to the project – subject to existing security provisions and national laws and regulations – any published and unpublished reports, maps, records and other data, which are considered necessary to the implementation of the project. Such reports, maps, records and other data shall be exclusively used for the implementation of the project. In cases when the Co-operating Agency, due to security provisions or national laws and regulations, does not make available reports, maps, records and other data considered necessary to the implementation of the project, UNDP and the Government may decide to modify or redesign the project or components thereof.
8. Unless otherwise agreed by the Parties in each case, patent rights, copyright and other similar rights to any discoveries or work resulting from UNDP assistance in respect of this project shall belong to the UNDP. Unless otherwise agreed by the Parties in each case, however, the Government shall have the right to use any such discoveries to work within the country free of royalty and any charge of similar nature.
9. The Co-operating Agency undertakes to assist all project personnel in finding suitable housing accommodation at reasonable rents.
10. The services and facilities specified in the Project Document which are to be provided to the project by the Co-operating Agency by means of a contribution in cash shall be set forth in the Project Budget. Payment shall be made in accordance with the Schedule of Payments in the Project Document.
11. Payment of the above-mentioned contribution on or before the dates specified in the Schedule of Payments is a prerequisite to commencement or continuation of project operations.

**(b) Participation of the UNDP and the Implementing Partners**

1. The UNDP shall provide to the project through the Implementing Partner the services, equipment and facilities described in the Project Document Budgetary provision for the UNDP contribution as specified shall be set forth in the Project Budgets.
2. The Implementing Partner shall consult with the Co-operating Agency and UNDP on the candidature of the Project Manager<sup>3</sup> who, under the direction of the Implementing Partner, will be responsible in the country for the Implementing Partner's participation in the project.
3. The Project Manager shall supervise the experts and other entity personnel assigned to the project, and the on-the-job training of national counterpart personnel. The Project Manager shall be responsible for the management and efficient utilization of all UNDP-financed inputs, including equipment provided to the project.
4. The Implementing Partner, in consultation with the Co-operating Agency and UNDP, shall assign international staff and other personnel to the project as specified in the Project Document, select candidates for fellowships and determine standards for the training of national counterpart personnel.
5. Fellowships shall be administered in accordance with the fellowships regulations of the Implementing Partner.

6. The Implementing Partner may, in agreement with the Co-operating Agency and UNDP, implement part or the entire project by subcontract. The selection of subcontractors shall be made, after consultation with the Co-operating Agency and UNDP, taking into account the Implementing Partner's procedures.
7. All material, equipment and supplies which are purchased from UNDP resources will be used exclusively for the implementation of the project, and will remain the property of the UNDP in whose name it will be held by the Implementing Partner. Equipment supplied by the UNDP shall be marked with the insignia of the UNDP and of the Implementing Partner.
8. Arrangements may be made, if necessary, for a temporary transfer of custody of equipment to local authorities during the life of the project, without prejudice to the final transfer.
9. Prior to completion of UNDP assistance to the project, the Co-operating Agency, the UNDP and the Implementing Partner shall consult as to the disposition of all project equipment provided by the UNDP. Title to such equipment shall normally be transferred to the Co-operating Agency, or to an entity nominated by the Co-operating Agency, when it is required for continued operation of the project or for activities following directly therefrom. UNDP may, however, retain title to part or all of such equipment in accordance with UNDP regulations and rules.
10. At an agreed time after the completion of UNDP assistance to the project, the Co-operating Agency and the UNDP, and if necessary the Implementing Partner, shall review the activities continuing from or consequent upon the project with a view to evaluating its results.
11. UNDP may release information relating to any investment oriented project to potential investors, unless and until the Co-operating Agency has requested the UNDP in writing to restrict the release of information relating to such project.

**(c) Rights, Facilities, Privileges and Immunities**

1. In accordance with the Convention on the Privileges and Immunities of the United Nations of 1946, given effect to by the Act of 4 March 1973 of the Iranian National Assembly, and the Agreement between the United Nations Special Fund and the Government of Iran Concerning Assistance from the Special Fund, signed by the Minister of Foreign Affairs 6 October 1959, the officials of UNDP and other United Nations organizations associated with the project shall be accorded rights, facilities, privileges and immunities specified in said Convention and Agreement.
2. (a) Should the Parties agree to involve "Persons Performing Services" in this project in accordance with Article 8(3) of the Agreement between the United Nations Special Fund and the Government of Iran Concerning Assistance from the Special Fund, signed on 6 October 1959, the expression "persons performing services" as used in this Article of this Annex includes UN Volunteers, operational experts, Implementing Partners, their employees and contractors, implementing or assisting in the implementation of UNDP assistance to a project, other than Government nationals employed locally. Any agreement between the parties to involve persons performing services has to be approved in accordance with the Iranian national procedures.  
  
(b) The expression "persons performing services" does not extend to cover nationals and the residents in the territory of Iran.  
(c) The privileges and immunities are accorded to the officials of UNDP and other relevant UN organizations associated with the projects in the interest of the United Nations and not for the personal benefit of the individuals themselves. The Secretary-General shall have the right and duty to waive the immunity of any official in any case where, in his opinion, the immunity would impede the course of justice and can be waived without prejudice to the

interest of the United Nations. The United Nations shall cooperate at all times with the appropriate authorities of the Islamic Republic of Iran to facilitate the proper administration of justice, secure the observance of police regulations and prevent the occurrence of any abuse in connection with the privileges, facilities and immunities referred to above.

3. (a) For purposes of the instruments on privileges and immunities referred to in the preceding parts of this Article:
  - i. All papers and documents relating to a project in the possession or under the control of the persons referred to in sub-paragraph 2(a), above, shall be deemed to be documents belonging to UNDP, the United Nations or the Specialized Agency concerned, as the case may be; and
  - ii. Equipment, materials and supplies brought into or purchased or leased by those persons within the country for purposes of a project shall be deemed to be property of UNDP, the United Nations or the Specialized Agency concerned, as the case may be.
4. The Cooperating Agency shall ensure:
  - (a) Prompt clearance of experts and other persons performing services in respect of this project; and
  - (b) The prompt release from customs of:
    - i. Equipment, materials and supplies required in connection with this project; and
    - ii. Property belonging to and intended for the personal use or consumption of the personnel of the UNDP, its Implementing Partners, or other persons performing services on their behalf in respect of this project, except for locally recruited personnel.
5. Nothing in the Project Document shall be construed to limit the rights, facilities, privileges or immunities conferred in any other instrument upon any person, natural or juridical, referred to hereunder.
6. The Co-operating Agency shall facilitate the project implementation under the provisions of the Project Document.

**(d) Suspension or termination of activities**

1. Following mutual consultation with the Co-operating Agency, UNDP may by written notice to the Co-operating Agency and to the Implementing Partner concerned suspend any project activities, if in the judgment of UNDP, any circumstances arise which interferes or threatens to interfere with the successful completion of the project of the accomplishment of its purposes.
2. The procedure for suspension and termination of a project are as follows:
  - a. Suspension: During the period of suspension, the Parties may consult and try to resolve the problems by corrective measures. If the problems are resolved, the project activities may be resumed. The UNDP Resident Representative confirms to the Parties the date for resuming such activities. However, UNDP may directly terminate a project, in cases it deems as force majeure.

- b. Termination: A project may be terminated only after a period of suspension. If neither party has been able to reach a resolution of the problem within a reasonable period of time, either party may recommend the project's termination. Unspent TRAC1 or TRAC2 funds from a terminated project may be reprogrammed, taking into account the outstanding obligations of the terminated project. The Implementing Partner proceeds with the steps required for financial completion.
3. The UNDP Resident Representative takes the necessary steps regarding suspension or termination of a project and confirms it in writing to the parties concerned, in consultation with the national coordinating authority and the Implementing Partner.

**Annex II: Letter of Agreement between UNDP and Government of Iran for the Provision of Support Services**

1. Reference is made to consultations between officials of the Government of *Iran* and officials of UNDP with respect to the provision of support services by the UNDP country office for nationally managed programmes and projects. UNDP and the Government hereby agree that the UNDP country office may provide such support services at the request of the Government through its institution designated in the relevant programme support document or project document, as described below.
2. The UNDP country office may provide support services for assistance with reporting requirements and direct payment. In providing such support services, the UNDP country office shall ensure that the capacity of the Government-designated institution is strengthened to enable it to carry out such activities directly.
3. The UNDP country office may provide, at the request of the designated institution, the following support services for the activities of the programme/project:
  - Identification and/or recruitment of project and programme personnel;
  - Identification and facilitation of training activities;
  - Procurement of goods and services including customs clearance;
  - Travel Management Services;
  - Financial Record Management;
  - ICT Services
  - Logistical support to Event Organizations
4. The provision of support services as per paragraph 3 above by the UNDP country office shall be in accordance with the UNDP regulations, rules, policies and procedures. Support services described in paragraph 3 above shall be detailed in an annex to the programme support document or project document. If the requirements for support services by the country office change during the life of a programme or project, the annex to the programme support document or project document is revised with the mutual agreement of the UNDP resident representative and the designated institution.
5. The relevant provisions of the Legal Annex to Project Documents including the provisions on liability and privileges and immunities, shall apply to the provision of such support services. The Government shall retain overall responsibility for the nationally managed programme or project through its designated institution. The responsibility of the UNDP country office for the provision of the support services described herein shall be limited to the provision of such support services detailed in the annex to the programme support document or project document.
6. Any claim or dispute arising under or in connection with the provision of support services by the UNDP country office in accordance with this letter shall be handled pursuant to the relevant provisions of the Legal Annex to Project Documents.

7. The manner and method of cost-recovery by the UNDP country office in providing the support services described in paragraph 3 above shall be specified in the annex to the programme support document or project document.
8. The UNDP country office shall submit progress reports on the support services provided and shall report on the costs reimbursed in providing such services, as may be required.
9. Any modification of the present arrangements shall be effected by mutual written agreement of the parties hereto.

### **Annex III: UNDP Cost Recovery Policy**

The following outlines the UNDP Cost Recovery Policy for Regular Resources and Other Resources as approved by the Executive Board in its 98/2 and 2007/18 Decisions.

#### **A. Background**

In its decision 98/2, UNDP's Executive Board recognized the importance of Other Resources as a mechanism to enhance the capacity and supplement the regular resource base of UNDP. The Board requested UNDP to develop, implement and manage all Other Resource funded activities in an integrated, transparent, flexible and accountable manner. In recognizing the increasing level of UNDP Other Resources, accounting now for around 75 per cent of Total UNDP Resources, the Executive Board in discussions on the 2000-2001 as well as 2002-2003 support budgets, clearly indicated that Other Resources do need to cover the full cost of the services being provided to Other Resources funded programmes as well as to contribute to the overall costs of UNDP's operations.

As a multi-funded organization UNDP continues to make the case that Regular Resources provide the funding for the organization's base structure and the additional costs associated in the delivery of regular resources funded programmes. All costs associated with the delivery of Other Resources funded programmes at the country and headquarters levels are to be fully covered through cost recovery mechanisms.

#### **B. Principles**

The following principles have guided the development of the new revised cost recovery policy from Regular and Other Resources:

- The Biennial Support Budget (i.e. Regular Resources) of UNDP will provide a base structure for all operations at the headquarters and country levels;
- The costs associated with the delivery of services to programmes above the base structure shall be borne by the relevant funding sources (Regular & Other Resources) within each programme;
- Generally, there are two categories of services provided to programmes; the first of which includes general oversight, management, and quality control, while the second category includes direct services in the context of implementation; and,
- Other Resources-funded programmes benefit from UNDP's global operations (which include strategic initiatives, policy development and corporate systems) and hence should contribute to them.
- Cost recovery from UNV, UNCDF, and UNIFEM do not fall under this policy, but constitute exceptions under the UN Agency cost recovery regime.

#### **C. The policy**

Based on the above background and principles, the policy reflects two types of recovery that will be applied to the two categories of services defined below. This policy supersedes all previous policies and guidelines, whether corporate, regional or unit/country specific:

## **1. General Management Support (GMS):**

Projects funded from Regular Resources are not subject to GMS fees, as these resources already pay for the basic structure of UNDP, which is designed to provide these services. For programmes funded wholly or partially from Other Resources, the recovery for these services, which are not directly attributable to project inputs or activities, is through a **percentage fee**. GMS encompasses general oversight and management functions of UNDP HQ and CO units, and include the following specific services:

- Project identification, formulation, and appraisal
- Determination of execution modality and local capacity assessment
- Briefing and de-briefing of project staff and consultants
- General oversight and monitoring, including participation in project reviews
- Receipt, allocation and reporting to the donor of financial resources
- Thematic and technical backstopping through Bureaus
- Systems, IT infrastructure, branding, knowledge transfer

## **2. Implementation Support Services (ISS):**

These are services provided mostly by Country Offices in the implementation of Regular and Other Resource-funded programmes and projects (i.e. costs directly related to the delivery of programmes), and include:

- Payments, disbursements and other financial transactions
- Recruitment of staff, project personnel, and consultants
- Procurement of services and equipment,<sup>4</sup> including disposal
- Organization of training activities, conferences, and workshops, including fellowships
- Travel authorization, visa requests, ticketing, and travel arrangements
- Shipment, custom clearance, vehicle registration, and accreditation

For all projects, **Regular and Other Resource-funded projects** alike, units are required to recover the cost for providing Implementation Support Services (ISS) on the basis of **actual costs or transaction fee**. These costs are an integral part of project delivery, and hence should be charged to the same budget line as the project input itself. In determining costs the approach is to use actual costs for clearly identifiable transactions and when this is not possible COs are encouraged to use the Universal Price List for services (transaction fee), which is part of the cost recovery from UN Agencies, as reference. The fee for ISS is not distributed and remains fully with the unit delivering the service.

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<sup>4</sup> This would include any fee to IAPSO.



**Annex IV: UNDP Iran Local Prices List 2017 for Services to NIM Projects**

<b>2017 Universal Price List and Local Price List - UNDP Iran</b>	
<i>Services</i>	<i>UPL/LPL 2017 in USD</i>
<b>Financial Management/Payment Process</b>	
Payment Process*	38.79
Pay cycle/issue cheque only*	16.34
Voucher / APJV Approval Only (additional \$18.64 if over \$30,000)	4.97
Pay cycle + Approval of Voucher (additional \$18.64 if over \$30,000)	21.31
Cheque Cancellation	3.80
Reissuance of a cheque including cancelation	42.59
AR Management process*	36.79
Issue / Apply Deposit Only*	22.41
GLJE Creation and approval	32.76
GLJE approval only	6.02
AP Journal (APJV)	22.72
Approve PO only (below \$30000)	9.64
Approve PO only (over \$30,000)	37.79
Budget Revision	32.76
Financial Record Management per voucher	13.96
Replenishment of other agencies in foreign currency (per case and exclusive of payment process and bank charges) ****	112.66
Replenishment of other agencies in local currency (per case and exclusive of payment process and bank charges) ****	177.08
Receipt of deposit for other UN agencies ****	132.13
Bank charges (pro rata distribution using the consumption ratio of the past 12 months) ****	See explanation
<b>HR Services</b>	
Selection/recruitment process per SC/FT (including Adv.)*	633.03
Advertisement (20%)*	126.61
Short-listing (40%)* (if written exam for up to 5 is needed additional \$85.14 will be applicable)	253.21
Interviewing (40%)*	253.21
Staff HR & Benefits Administration & Management (one time fee, per personnel at the issuance of a contract, and again at separation)*	213.24
LP issuance/renewal*	39.28
Computer based exam center venue / per 2-hr session	110.25
Computer based exam center venue and admin support per 2-hr session	195.39
Recurrent personnel management services: Staff/personnel Payroll & Banking Administration & Management (annual fee per staff, per calendar year)*	478.19
Payroll validation, disbursement (35%) (by Finance)*	167.37
Performance evaluation (30%)*	143.46
Extension, promotion, entitlements (30%)*	143.46
Leave Monitoring (5%)*	23.91
Contract extension/termination only (for extension more than once a year)	143.46
Employment/Reference Letter	10.64
Language Proficiency Exam per exam per person	177.37
HR related queries (per case- applicable to HR focal points and/or heads of agencies)	7.09
Interns management*	73.79
UN agencies survey (housing; cost-of-living survey; place-to-place; hardship, etc.) per agency per survey	22.54
<b>Administration of retirees ****</b>	
Payment process per retiree per month (UPL payment process rate has been used)	38.79
Withdrawal settlement per retiree/separated staff per payment (UPL payment process rate has been used)	38.79
Processing payment of medical claim per case (UPL payment process rate has been used)	38.79
Deposit of retiree/separated staff's contribution to ASHI per case (UPL AR desposit process rate has been used)	36.79
Deposit of agencies' contribution to ASHI per case (UPL AR desposit process rate has been used)	36.79
Adminsitration of certificate of entitlement	42.57

Change of beneficiary, when required (collection of supporting document, submission to UNJSPF, follow up and handling relevant queries)	170.27
Procurement Services	

<b>Services</b>	<b>UPL/LPL 2017</b>
	<i>in USD</i>
<b>Procurement process involving local CAP and RACP/ACP submission (and/or ITB, RFP requirements)</b>	<b>1,257.11</b>
Identification & selection (50%)	628.56
Contracting/issue purchase order (25%)	314.28
Follow-up (25%)	314.28
<b>Procurement process involving local CAP (and/or ITB, RFP requirements)*</b>	<b>566.56</b>
Identification & selection (50%)*	283.28
Contracting/issue purchase order (25%)*	141.64
Follow-up (25%)*	141.64
<b>Procurement not involving local CAP (low value procurement)*</b>	<b>223.46</b>
Identification & selection (50%)*	111.73
Issue purchase order (25%)*	55.86
Follow-up (25%)*	55.86
<b>Consultant Recruitment Process (if not involving CAP/RACP, if CAP/RACP needed relevant costs to be added) *</b>	<b>246.38</b>
Advertising (20%)*	49.28
Shortlisting & Selection (40%)*	98.55
Contract Issuance (40%)*	98.55
<b>Contract issuance- Consultant only *</b>	<b>98.55</b>
<b>CAP Committee/CAP Chairperson review only (for all procurements and IC)</b>	<b>281.46</b>
<b>CAP Chairperson review only for RACP/ACP submissions (including Sr. Mgmt. review/endorsement)</b>	<b>399.61</b>
<b>CAP Chairperson review and RACP submission for all procurements &amp; IC (including Sr. Mgmt. review/endorsement)</b>	<b>492.31</b>
<b>Travel Services</b>	
<b>Visa request process/Note Verbale only</b>	<b>44.16</b>
<b>Outgoing Visa process (Full Process including Note Verbale)</b>	<b>88.05</b>
<b>Incoming Visa process (Full Process including Note Verbale)</b>	<b>99.46</b>
<b>Ticket booking and purchasing per ticket (Local) and/or Reissuance / Cancelation)</b>	<b>16.73</b>
<b>Ticket booking and purchasing per ticket (International) and/or Reissuance / Cancelation)</b>	<b>38.02</b>
<b>Hotel reservation (per reservation)</b>	<b>26.61</b>
<b>Travel authorization per person*</b>	<b>35.79</b>
<b>F10 settlement per case (for local travel without advance payment)</b>	<b>12.93</b>
<b>F10 settlement per case (for travel with advance payment)*</b>	<b>32.71</b>
<b>General Services</b>	
<b>Vendor profile ( Creation or Modification)*</b>	<b>20.92</b>
<b>Issuing the UN/MFA ID card*</b>	<b>39.28</b>
<b>Advertisement only *</b>	<b>126.61</b>
<b>Disposal of equipment*</b>	<b>288.60</b>
<b>Transfer/disposal of project assets (vehicle) per case</b>	<b>277.34</b>
<b>Custom clearance for air freight shipment (whole process) **</b>	<b>1263.12</b>
<b>Custom clearance for land freight shipment (whole process) **</b>	<b>1493.55</b>
<b>MFA Permission (i.e. Tax Exemption, Plate, License, Satellite License)</b>	<b>88.92</b>
<b>Shipment arrangement (or shipment arrangement for reassignment/relocation)</b>	<b>76.03</b>
<b>Donation documentation only</b>	<b>113.18</b>
<b>Event Organization (Outside Office)***</b>	<b>756.21</b>
<b>Vehicle plating and registration (with MFA)</b>	<b>129.32</b>
<b>Home Leave Allowance</b>	<b>50.89</b>
<b>Reassignment / Relocation Allowance /Lump sum</b>	<b>51.65</b>
<b>Education Grant</b>	<b>45.35</b>

\* The prices are based on UPL effective 1 January 2017 (blue items in color print)

\*\* The customs clearance costs have been estimated per shipment. For multiple shipments the unit cost may be reduced due to possibility of combined procedures.

\*\*\* Logistical support to organizing event excludes cost of event itself (such as venue, refreshments, meals, stationery, etc.). For ad hoc logistical support & organizing event inside UNCP/UNDP the rate will be calculated as per the requested service based on actual hourly costs and standard cost recovery formula.

\*\*\*\* Items added to the Price List; Memo dated 24 October 2016



MULTILATERAL FUND  
FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Secretariat

15 December 2016

Dear Mr. Hajizadeh,

I refer to the Seventy-seventh meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol held in Montreal, Canada, from 28 November to 2 December 2016.

I am pleased to inform you that the Executive Committee approved funding for the eleventh phase of the institutional strengthening (IS) project requested by your Government at a cost of US \$222,094. In this regard, the Executive Committee expressed the following observations :

*The Executive Committee reviewed the report presented with the request for the IS project for the Islamic Republic of Iran (phase XI) and noted with appreciation the effective quota and licensing system that had allowed the country to achieve compliance with the 2015 control measure of the Montreal Protocol. The Executive Committee further noted the release of all four funding tranches of stage I of the HCFC phase-out management plan (HPMP), as well as the submission of the relevant progress and verification reports, and expressed appreciation for the efforts of the Islamic Republic of Iran for achieving the final stage of its conversion projects. The Committee expressed the expectation that the Islamic Republic of Iran will sustain its enforcement of the established regulatory measures to control HCFC import and distribution to enable effective implementation of stage II of the HPMP.*

I would also like inform you that the Executive Committee approved, in principle, stage II of the HPMP for the Islamic Republic of Iran for the period 2016 to 2023 to reduce HCFC consumption by 75 per cent of the baseline, at a total funding level of US \$11,288,177 to be implemented by UNDP (US \$4,905,361), UNEP (US \$700,000), UNIDO (US \$2,103,205), the Government of Germany (US \$2,672,404), and the Government of Italy (US \$907,207), in accordance with the attached Agreement between your Government and the Executive Committee. In approving stage II of the HPMP the Executive Committee :

*decided that 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;*

Mr. Ebrahim Hajizadeh  
Director of Ozone Layer Protection Unit  
Department of Environment  
Tehran  
Islamic Republic of Iran

**AGREEMENT BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN  
AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE  
REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS IN  
ACCORDANCE WITH STAGE II OF THE HCFC PHASE-OUT MANAGEMENT PLAN**

**Purpose**

1. This Agreement represents the understanding of the Government of the Islamic Republic of Iran (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 95.13 ODP tonnes by 1 January 2023 in compliance with Montreal Protocol schedule.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in rows 4.1.3 and 4.2.3 (remaining consumption eligible for funding).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country agrees to implement this Agreement in accordance with the stage II of the HCFC phase-out management plan (HPMP) approved (“the Plan”). In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

**Conditions for funding release**

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

- (c) Any enterprise to be converted to non-HCFC technology included in the Plan and that would be found to be ineligible under the policies of the Multilateral Fund (i.e., due to foreign ownership or establishment post the 21 September 2007 cut-off date), would not receive financial assistance. This information would be reported as part of the Tranche Implementation Plan;
- (d) The Country commits to examining the possibility of using pre-blended systems with low-global warming potential blowing agents instead of blending them in-house, for those foam enterprises covered under the Plan, should this be technically viable, economically feasible and acceptable to the enterprises;
- (e) The Country agrees, in cases where HFC technologies have been chosen as an alternative to HCFCs, and taking into account national circumstances related to health and safety: to monitor the availability of substitutes and alternatives that further minimize impacts on the climate; to consider, in the review of regulations standards and incentives adequate provisions that encourage introduction of such alternatives; and to consider the potential for adoption of cost-effective alternatives that minimize the climate impact in the implementation of the HPMP, as appropriate, and inform the Executive Committee on the progress accordingly in tranche implementation reports; and
- (f) Any remaining funds held by the bilateral or implementing agencies or the Country under the Plan will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

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

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

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

#### **Bilateral and implementing agencies**

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNDP has agreed to be the lead implementing agency (the "Lead IA") and UNEP, UNIDO, the Government of Germany and the Government of Italy have agreed to be the cooperating implementing agencies (the "Cooperating IAs") under the lead of the Lead IA in respect of the Country's activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of the Lead IA and/or Cooperating IAs taking part in this Agreement.

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). The Cooperating IAs will support the Lead IA by implementing the Plan under the overall co-ordination of the Lead IA. The roles of the Lead IA and Cooperating IAs are contained in Appendix 6-A and Appendix 6-B, respectively. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IAs with the fees set out in rows 2.2, 2.4, 2.6, 2.8 and 2.10 of Appendix 2-A.

## APPENDICES

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	163.6
HCFC-141b	C	I	216.9
Total			380.5

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

Row	Particular	2016	2017	2018	2019	2020	2021	2022	2023	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	342.45	342.45	342.45	342.45	247.33	247.33	247.33	247.33	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	342.45	342.45	266.35	266.35	247.33	247.33	247.33	95.13	n/a
2.1	Lead IA (UNDP) (US \$)	1,298,170	0	1,593,980	0	1,307,980	464,231	241,000	0	4,905,361
2.2	Support costs for Lead IA (US \$)	90,872	0	111,579	0	91,559	32,496	16,870		343,375
2.3	Cooperating IA (UNIDO) (US \$)	473,567	0	584,000	0	524,000	447,638	74,000	0	2,103,205
2.4	Support costs for Cooperating IA (US \$)	33,150	0	40,880	0	36,680	31,335	5,180	0	147,224
2.5	Cooperating IA (UNEP) (US \$)	200,000	0	190,000	0	170,000	0	140,000	0	700,000
2.6	Support costs for Cooperating IA (US \$)	24,857	0	23,614	0	21,129	0	17,400	0	87,000
2.7	Cooperating IA (Germany) (US \$)	645,500	0	1,047,035	0	285,009	598,000	96,860	0	2,672,404
2.8	Support costs for Cooperating IA (US \$)	73,420	0	119,092	0	32,417	68,018	11,017	0	303,964
2.9	Cooperating IA (Italy) (US \$)	403,203	0	504,004	0	0	0	0	0	907,207
2.10	Support costs for Cooperating IA (US \$)	48,797	0	60,996	0	0	0	0	0	109,793
3.1	Total agreed funding (US \$)	3,020,440	0	3,919,019	0	2,286,989	1,509,869	551,860	0	11,288,177
3.2	Total support costs (US \$)	271,096	0	356,161	0	181,785	131,848	50,467	0	991,357
3.3	Total agreed costs (US \$)	3,291,536	0	4,275,180	0	2,468,774	1,641,717	602,327	0	12,279,534
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)									71.27
4.1.2	Phase-out of HCFC-22 to be achieved in the previous stage (ODP tonnes)									38.6
4.1.3	Remaining eligible consumption for HCFC-22 (ODP tonnes)									53.73
4.2.1	Total phase-out of HCFC-141b agreed to be achieved under this Agreement (ODP tonnes)									91.1
4.2.2	Phase-out of HCFC-141b to be achieved in the previous stage (ODP tonnes)									125.8
4.2.3	Remaining eligible consumption for HCFC-141b (ODP tonnes)									0

- (b) If the stages under implementation have different HCFC consumption targets under Appendix 2-A of each Agreement in a particular year, the lower HCFC consumption target will be used as reference for compliance with these Agreements and will be the basis for the independent verification.

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

1. The monitoring process will be managed by the Department of Environment (DOE) through the National Ozone Unit (NOU) with the assistance of the Lead IA.
2. The consumption will be monitored and determined based on official import and export data for the Substances recorded by relevant Government departments. The NOU shall compile and report on an annual basis on or before the relevant due dates on consumption of the Substances to be submitted to the Ozone Secretariat and on progress of implementation of HPMP to be submitted to the Executive Committee.
3. The NOU and the Lead IA will engage an independent and qualified entity to carry out a qualitative and quantitative performance evaluation of the HPMP implementation.
4. The evaluating entity shall have full access to relevant technical and financial information related to implementation of the HPMP; it shall prepare and submit to the NOU and the Lead IA, a consolidated draft report at the end of each Tranche Implementation Plan, comprising of the findings of the evaluation and recommendations for improvements or adjustments, if any. The draft report shall include the status of the Country's compliance with the provisions of this Agreement upon incorporating the comments and explanations as may be applicable, from NOU, Lead IA and the Cooperating IAs, the evaluating entity shall finalize the report and submit to the NOU and Lead IA.
5. The NOU shall endorse the final report and the Lead IA shall submit the same to the relevant meeting of the Executive Committee along with the Tranche Implementation plan and reports.

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

1. The Lead IA will be responsible for a range of activities, including at least the following:
  - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
  - (b) Assisting the Country in preparation of the Tranche Implementation Reports and Plans as per Appendix 4-A;
  - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated tranche activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
  - (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
  - (e) Fulfilling the reporting requirements for the Tranche Implementation Reports and Plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee, and should include the activities implemented by the Cooperating IAs;



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

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$139 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met, on the understanding that the maximum funding reduction would not exceed the funding level of the tranche being requested. Additional measures might be considered in cases where non-compliance extends for two consecutive years.

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

## **APPENDIX 8-A: SECTOR SPECIFIC ARRANGEMENTS**

1. This section outlines a specific condition required to be met before the portion of funding shown in rows 2.1 to 2.10 and 3.1 to 3.3 of Appendix 2-A could be released:

- (a) That the Lead IA, the Cooperating IAs and the Country have included in the submission of the request for the second tranche a report on the results of the conversion of the first 15 enterprises in the refrigeration and air-conditioning manufacturing sector to low-GWP alternatives highlighting lessons learned and challenges faced.



23 February 2017

Dear Mr. Lewis,

**Subject: Project approved at the 77<sup>th</sup> Meeting of the Executive Committee 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 77<sup>th</sup> Meeting of the Executive Committee of the Montreal Protocol held in November 2016.

MLF Reference No.*	Project Title	Funding (US\$)
IRA/SEV/77/INS/229	Institutional strengthening (phase XI: 4/2017-3/2019)	222,094

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 Iran renewal request as approved. It is important to annex this document, without any change, to the project document that will be signed between UNDP and the Government. No outputs, activities or inputs can be added or modified or deleted in the document that was approved by the Executive Committee.

**3. Entering the Budget in ATLAS:** Your office is requested to enter the budget in ATLAS, using the Annual Work Plan table, attached. Please note the Multilateral Fund guidelines do not give us flexibility to shift funds between specific budget categories. 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 as indicated. Authorized Spending Limits will not be issued where this action has not been taken.

**4. Further Budget Revisions:** In case there is a need to shift funds between budget categories, you would have to consult with the MPU/Chemicals' representative in **Bangkok Regional Hub, Ms. Christine Wellington-Moore** <[christine.wellingtonmoore@undp.org](mailto:christine.wellingtonmoore@undp.org)>, as in certain cases, the Multilateral Fund will have to be consulted prior to approving of such shifts.

**5. 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. However, this can be applied only for services provided other than project management.

Mr. Gary Lewis  
UN Resident Coordinator/UNDP Resident Representative  
UNDP Iran  
Tehran, Iran



*Empowered lives.  
Resilient nations.*

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**6. Government Counterpart:** Just as a reminder, kindly note that the National Ozone Focal Point in your country is **Dr. Ebrahim Haji-zadeh** <[info@iranozone.ir](mailto:info@iranozone.ir)>. 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.

**7. Over-Expenditures:** We wish to remind you that over-expenditures are absolutely 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. Christine Wellington-Moore** ([christine.wellingtonmoore@undp.org](mailto:christine.wellingtonmoore@undp.org)) with a request for ASL and send the budget to KK.

Thank you very much for your important partnership in the implementation of this programme, which falls under the UNDP Strategic Plan 2014-2017 IRRF Indicator 1.1.3 (Number of schemes which expand and diversify the **productive base** based on the use of **sustainable production technologies**).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jacques Van Engel', is written over a horizontal line.

Jacques Van Engel  
Director, Montreal Protocol Unit/Chemicals  
Sustainable Development Cluster  
Bureau for Policy and Programme Support



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Resilient nations.*

**Attachment: Annual Work Plan**

MLF Reference	IRA/SEV/77/INS/229							
Project Title	Institutional strengthening (phase XI: 4/2017-3/2019)							
Executing Agency	National Ozone Layer Protection Unit (OLPU)							
ATLAS Activity	Responsible Party	Source of funds	ATLAS Code	ATLAS Budget Description	2017	2018	2019	Total
Activity 1 : Institutional strengthening project	OLPU	63030	72100	Contractual Services – Companies	80,000	88,094	35,000	203,094
	OLPU	63030	72200	Equipment	500	500	0	1,000
	OLPU	63030	75700	Workshops and meetings	5,000	5,000	0	10,000
	OLPU	63030	72500	Awareness and publications	1,500	1,500	0	3,000
	OLPU	63030	74500	Miscellaneous	2,000	2,500	500	5,000
<b>Total</b>					<b>89,000</b>	<b>97,594</b>	<b>35,500</b>	<b>222,094</b>