

Islamic Republic of Iran's Institutional Strengthening Project Phase 13 (IS XIII)

Final Review of the IS XIII (1 April 2021 – 31 March 2023)



Department of Environment of I.R. Iran



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Executive Summery

I.R. Iran as a signatory party to the Montreal Protocol has been capacitated to carry out the Montreal Protocol's objectives through Intuitional Strengthening Project funded by the Multilateral Fund (MLF) for the implementation of the Montreal Protocol. Phase XIII of the Project was approved by the Executive Committee of the MLF at its 86th meeting during April 2021 with 222,094\$ fund. The project was implemented through National Ozone Unit which is an operational body within the Department of Environment of Iran for the implementation of the Montreal Protocol's programmes.

The project has contributed as national established mechanism to the implementation of the country's HCFCs Phase out Management Plan (HPMP) to phase out the HCFCs by 1 Jan 2030 according to the Montreal Protocol's phase-out schedule.

Key outputs of the project:

- Efficient and timely data collection and reporting to comply with Article 7 of the Montreal Protocol
- Adoption/implementation of ODS legislation and regulation to control and monitor ODS importation/consumption
- Consultation and coordination with other national agencies/stakeholders
- Supervision of timely implementation of phase-out activities and reduction in ODS consumption
- Awareness raising and information exchange
- Regional cooperation and participation in the Montreal Protocol meetings

The country has been successful to comply with its commitments toward the Montreal Protocol to both sustaining CFCs phase out activities and phase-down of HCFCs consumption based on the Montreal Protocol control targets under the country's HPMP stage II. (see Fig.1 below)

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2016	2017	2018	2019	2020	2021	2022	2023	2024	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	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	95.13	n/a

Fig.1: The Montreal Protocol's targets for phase out of HCFCs under HPMP stage II

1. Background

The Islamic Republic of Iran has ratified the Vienna convention and made the Montreal Protocol part of its constitutional laws (1990). The country has subsequently ratified the Montreal Protocol's amendments as shown in the table below. Iran is classified as a country operating under Article-5 of the MP.

Ratification of the Montreal Protocol and its Amendments

Agreement/Amendment	Date of Ratification
Vienna Convention	3 October 1990
Montreal Protocol	10 October 1990
London Amendment	4 August 1997
Copenhagen Amendment	4 August 1997
Montreal Amendment	17 October 2001
Beijing Amendment	14 Feb 2013

Source: Ozone Secretariat.

The National Ozone Unit (NOU), which serves as the national focal point for the implementation of activities under the Montreal Protocol (MP), operates under the direct supervision of the Deputy Director of the Department of Environment (DOE). The Director of the DOE, who holds the rank of Vice President in the Government of the Islamic Republic of Iran, provides overall oversight. Functionally, the NOU operates as an integral part of the DOE and reports accordingly. The Director of the NOU also reports to the inter-ministerial National Ozone Committee (NOC), which is the highest decision-making body for Montreal Protocol implementation in the country. The NOC is composed of representatives from the Ministries of Industry, Mine and Trade; Agriculture Jihad; Foreign Affairs; Petroleum; and other relevant entities, including the Meteorological Organization, Planning and Budget Organization, Customs Administration, and the Department of Environment.

Through Phase XIII of the Institutional Strengthening (IS) project and its earlier phases, Iran has successfully implemented Montreal Protocol activities with support from implementing agencies and bilateral partners. Over the years, the country has consistently met the Protocol's control measures and phase-out targets for controlled substances (Figure 2), including those listed under Annex A Groups I and II (CFCs and Halons), Annex B Groups II and III (Carbon Tetrachloride and Methyl Chloroform), and Annex E Group I (Methyl Bromide for non-QPS applications).

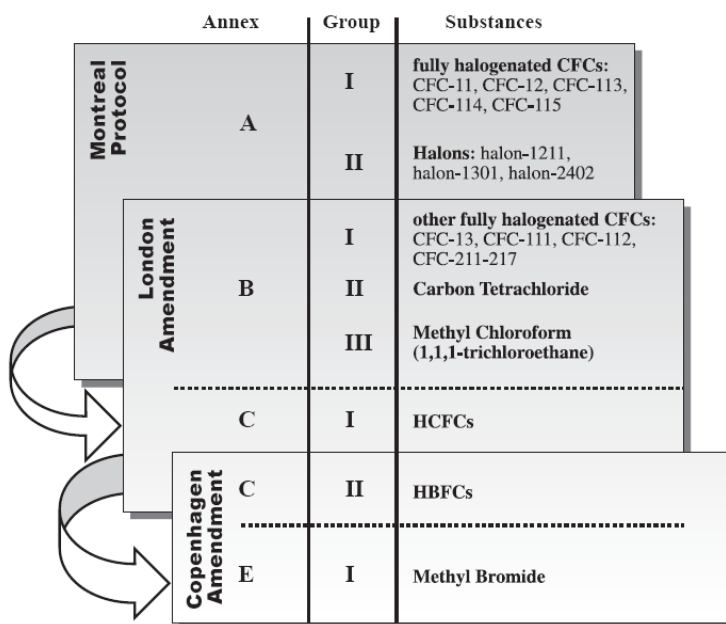


Fig.2: controlled substances under the Montreal Protocol

IS Project has provided a national mechanism for controlling ODS importation and effectively enforcing quota and licensing system for monitoring and controlling HCFCs. Iran is not producer of HCFCs and the main HCFCs that are currently used in Iran are HCFC-22 and HCFC-141b. These substances are imported from countries in the region and used for manufacturing and servicing requirements. The main subsectors where HCFCs are used are refrigeration and air-conditioning applications and foam products manufacturing.

In manufacturing, HCFCs are used in refrigeration and air-conditioning equipment manufacturing and foam products manufacturing. Insulation foam for refrigeration applications also finds significant use of HCFCs in Iran. Given the large population of HCFC using refrigeration and air-conditioning applications, HCFC consumption in servicing sector is also high.

As per decision of the meeting of parties to the Montreal Protocol, criteria for gradual reduction of HCFCs consumption in article 5 countries was defined as baseline year to be the average consumption of 2009 and 2010. The Country's baseline consumption was identified to be 380.5 ODP tonne encompassing HCFC-141b and HCFC-22 average consumption for the years 2009 and 2010.

2. Linkage with the UN Development Assistance Framework (UNDAF)

UNDAF outcome relevant to the IS project has been defined as "Responsible government agencies formulate, implement and monitor integrated natural resource management, low carbon economy, and climate change policies and programmes more effectively (UNDAF outcomes 1.1 and 1.2)" where the indicator for measuring the outcome is the amount of the ODSs phase-out. From figure 3 below, one can see the gradual reduction of consumption of HCFCs which complies with the Montreal Protocol targets set for the years 1 Jan 2016 till the end of 2023.

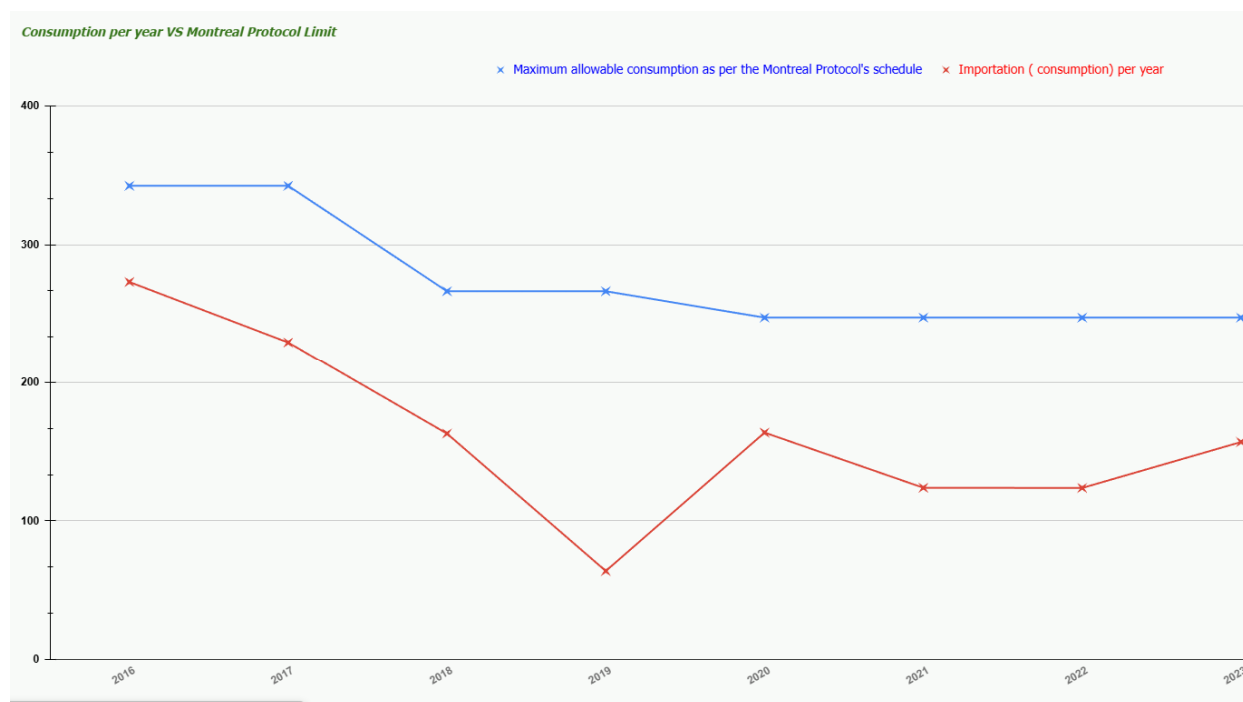


Fig.3: Reduction of consumption of Annex C Group 1 of controlled substances

3. Project activities and achieved results

3.1. Adoption/implementation of ODS legislation and regulation to control and monitor ODS importation/consumption

NOU has been controlling the importation of ODSs through national quota and licensing system. It has Operationalized electronic process of importation of HCFCs and HCFCs-based equipment and custom clearance processes through national online system called “Single Window”.

Quota and Licensing system has been operational with assistance and cooperation of line organizations and key decision makers including National Ozone Network, Custom Administration and the Trade Promotion Organization operating and the Ministry of Industry, Mine and Trade.

As per decision of the National Ozone Committee, each importer has to provide its registered brand name and that total yearly allocated quota should be distributed in smaller amounts (40 Metric tonne for HCFC 141b and 15 Metric tonnes for HCFC-22) among applicants and in this case each importer has a limited time span for the validity of the issued license with that specific amount. This approach has enabled NOU to manage more effectively the requests for importation of HCFCs to comply with its commitments. Figure 4 shows the consumption against the allocated quota for the years 2013-2023.

As shown, the quota and licensing system was implemented in a manner that ensured HCFC imports did not exceed the approved annual quotas during the period 2013–2023.

Quotas and Total import in Metric tonne

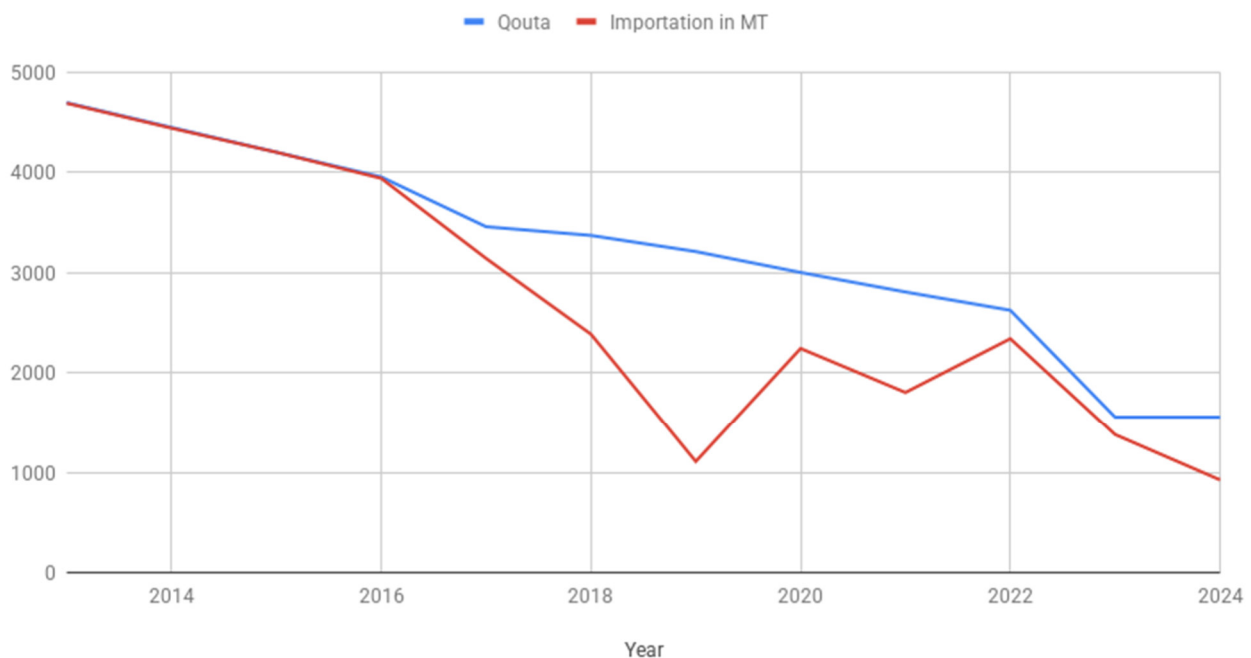


Fig. 4: Consumption against the allocated quota for the years 2013-2023 (amounts in metric tonne)

During the implementation of Phase XIII, the National Ozone Network was supported to work with the national online system developed by the Customs Administration, allowing all relevant electronic procedures to be completed and facilitating coordination among key authorities involved in issuing import licenses. In this regard, the NOU continued to provide training to the National Ozone Network on the proper management of HCFC and HCFC-based equipment import procedures, including the issuance of import licenses through the “Single Window” online system.

The NOU also continued its collaboration with Parties to the Montreal Protocol through information exchange under the iPIC mechanism, with the support of UN Environment. This mechanism plays an important role in preventing and combating illegal trade in controlled substances.

To ensure the sustainability of other ODS phase-out activities, coordination and cooperation between the NOU and the Plant Protection Organization continued, focusing on monitoring the use of methyl bromide for QPS applications and enforcing the ban on its use in non-QPS applications, in accordance with the provisions of the Montreal Protocol.

3.2. Efficient and timely data collection and reporting

During Phase XIII, the NOU regularly obtained import and trade data from the Customs Administration and the Trade Promotion Organization. This data was systematically reviewed to ensure that the licensing system complied with the applicable control measures and to verify the validity of issued licenses as well as the eligibility of importers. Through this framework of coordination and cooperation, the country was able to meet the Montreal Protocol control targets for **2021 and 2022**. Compliance was verified by an independent auditing firm, and the assessment report was submitted to the Multilateral Fund Secretariat (MLFS) as a prerequisite for approval of the subsequent tranche of the HPMP.

Import and consumption data for the **years 2021 and 2022** were analyzed and cross-checked for use as official statistical data. These data were reported through the online Country Programme (CP) reporting system and as Article 7 data, in accordance with the reporting requirements of the Montreal Protocol.

Both the Country Programme data and Article 7 reports for 2021 and 2022 were submitted within the required timelines.

3.3. National coordination mechanism

In March 2022 and Feb 2023, the National Ozone Committee was convened with the attendance of committee members. Records of decisions as well as the minutes of meetings are available at NOU. Through consultation with the committee, the members were informed of the amount of quota allocated and adopted it for the relevant year to ensure smooth enforcement of the quota system for phase-down of HCFCs in accordance with the Montreal Protocol schedule.

Under IS XIII, Project Board Meetings were held on 9 March 2021 and 9 March 2022 in which the progresses and obstacles were discussed.

3.4. Kigali Amendment

Although I.R. of Iran has a well establish Legal and Institutional Framework to implement the Montreal Protocol commitments ratified, the new Kigali Amendment will bring additional challenges to determine the national requirements and needs for the ratification of this Amendment and establish a sound

foundation to undertake future work towards its implementation. The Enabling Activity project for facilitating adoption of the Kigali Amendment was implemented under IS.

The enabling project was implemented under the IS's infrastructure provides the information needed for the future development of the policy, institutional and management framework for controlling HFCs and complying with the Kigali Amendment, outline the approach to be taken to address HFCs in the relevant sectors, including the refrigeration servicing sector, identify alternative technologies when possible, outline potential linkages with the HCFC phase-out, and identify potential priority areas for phasing down HFCs.

During Phase XIII, the NOU actively followed up with the Department of Environment and other key stakeholders to facilitate the consideration of the Kigali Amendment. The Amendment was submitted to the Government's special committee, where it was thoroughly reviewed by representatives from relevant ministries and organizations to ensure that the country is well-positioned to implement the Amendment.

As of the writing of this report, the Amendment has been approved by the Government's special committee and by the Environment Committee of Parliament, but it has not yet been considered in the plenary session of Parliament.

3.5. Regional cooperation and participation in the Montreal Protocol meetings

During 2021–2022, the NOU actively participated in a series of regional and international meetings under the Montreal Protocol framework. This included the Virtual Thematic Meeting of the SA/SEA Network on Policy Options for an HFC Phase-down on 28 April 2021, the 43rd Meeting of the Open-ended Working Group (OEWG) of the Parties to the Montreal Protocol held virtually from 12–16 July 2021, and the 12th COP (Part II) / 33rd MOP held virtually from 23–29 October 2021. NOU also participated in the Joint Network Meeting of PIC/SA/SEA National Ozone Officers on 27 April 2022, the 44th OEWG and 25th Extraordinary MOP in Bangkok from 11–16 July 2022, and the Joint Network Meeting of SA/SEA National Ozone Officers in Thailand from 3–7 October 2022, including the new staff meeting on 6–7 October. For the 34th MOP held virtually from 31 October to 4 November 2022, NOU participated in the virtual sessions.

3.6. Awareness raising and information exchange

Due to the COVID-19 pandemic, the 34th (2021) and 35th (2022) anniversaries of the Montreal Protocol and World Ozone Day were held virtually in Iran. NOU actively participated in organizing and conducting the online ceremonies, including preparing posters, art competition materials, coordinating speakers, and managing media communications. Participants included NOU officers, provincial ozone network representatives, officials from the Department of Environment, representatives of UNDP, UNIDO, GIZ, the Technical & Vocational Training Organization, the Ministry of Industry, Mine, and Trade, and relevant industry associations. The national program for 2021 followed the Montreal Protocol Secretariat's slogan, *"Montreal Protocol – keeping us, our food and vaccines cool"*, while the 2022 program adopted the slogan, *"Montreal Protocol@35: global cooperation protecting life on earth."*

4. Capacity development at national level

4.1. Role of National Ozone Network

National Ozone Network (NON) which are representatives from the Department of Environment in the provinces, had a pivotal role in ensuring of the sound, pervasive and continued implementation of the

monitoring and controlling mechanisms. They have been monitoring the enforcement of the ban on the establishment and development of the HCFCs based facilities to prevent increase of HCFCs demand. NON also reports to NOU through an online monitoring databank the status of the previously converted beneficiary units to facilitate timely tracking of the issues and troubleshooting.

NON has been authorized by the Department of Environment to issue import licenses for the HCFCs containing products and operates as a check point when enforcing regulation on the importation of ODSs. They received training by NOU on how to work with the national online system developed by the Custom Administration to process requests for importation of the refrigeration and air-conditioning equipment at national level.

4.2. Sustainability of training activities

Under Phase XIII, NOU continued close coordination with members of the National Ozone Network to address their inquiries and provide guidance. The decentralized structure of the Network not only speeds up inspection and monitoring activities but also ensures the sustainability of training programs for Montreal Protocol implementation through an effective law enforcement and oversight mechanism. During this phase, the NOU also maintained collaboration with the Technical and Vocational Training Organization (TVTO), the legally authorized national body responsible for technical training. With branches across all provinces, TVTO provides comprehensive coverage for implementing technical capacity-building programs nationwide.

5. Financial Status

Description	US \$
Total Budget	222,094
Total Expenditure	222,091.28
Remaining budget under Phase XIII	2.72

6. IS Phase XIV

Phase XIV will continue to serve as an infrastructure for the Montreal Protocols' programmes to sustainably phase out ODSs and provide the opportunity to make use of existing capacities under the Montreal Protocol to address challenging environmental issues e.g the adverse effect of climate change through Kigali Amendment to phase down of HFCs.

Through Phase XIV, licensing and quota system and the monitoring mechanism will be in place to ensure complying with the control target set by the Montreal Protocol to reduce HCFCs consumption by 75% at the baseline level by 1 Jan 2025.

Such institutional arrangement is crucial for sustaining phase-out activities, leveraging the strong administrative and financial framework of the Montreal Protocol as one of the world's most successful environmental treaties and for ensuring the effective implementation of the HCFC Phase-out Management Plan and other individual phase-out or phase-down projects.

7. Lessons Learned

During Phase XIII, we faced the challenges of the COVID-19 outbreak, which made face-to-face communication difficult and required strict hygiene measures. In this context, the use of alternative communication channels, such as virtual meetings, proved very helpful, although they had limitations due to intermittent internet connection and reduced opportunities for direct interaction. Another key lesson learned was the importance of proactively managing project risks in advance, including anticipating delays and health-related restrictions such as limits on gatherings, travel bans, and office closures. This approach helps strengthen overall project management by ensuring continuity of activities, timely decision-making, and effective coordination among stakeholders, even under unprecedented circumstances.