



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/95/53
16 November 2024

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-fifth Meeting
Montreal, 4–8 December 2024
Item 9(c) of the provisional agenda¹

PROJECT PROPOSAL: GEORGIA

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

Phase-out

- HCFC phase-out management plan (stage II, second tranche) UNDP Blanket approval

¹ UNEP/OzL.Pro/ExCom/95/1

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Georgia

(I) PROJECT TITLE	AGENCY	MEETING APPROVED	CONTROL MEASURE
HCFC phase-out plan (stage II)	UNDP (lead)	88 th	100% phase-out by 2030

(II) LATEST ARTICLE 7 DATA (Annex C, Group I)	Year: 2023	0.86 ODP tonnes
---	------------	-----------------

(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2023	
Chemical	Aerosol	Foam	Fire-fighting	Refrigeration		Solvent	Process agent	Lab use	Total sector consumption
				Manufacturing	Servicing				
HCFC-22					0.86				0.86

(IV) CONSUMPTION DATA (ODP tonnes)			
2009–2010 baseline:	5.3	Starting point for sustained aggregate reductions:	5.21
CONSUMPTION ELIGIBLE FOR FUNDING			
Already approved:	5.21	Remaining:	0.00

(V) ENDORSED BUSINESS PLAN		2024	2025	2026	Total
UNDP	ODS phase-out (ODP tonnes)	1.20			1.20
	Funding (US \$)	328,779*			328,779

*Including US \$76,300 for UNDP for additional activities to maintain energy efficiency (decision 89/6)

(VI) PROJECT DATA			2021	2022	2023	2024	2025-2026	2027	2028-2029	2030	Total
Montreal Protocol consumption limits (ODP tonnes)			3.45	3.45	3.45	3.45	1.72	1.72	1.72	0	n/a
Maximum allowable consumption (ODP tonnes)			2.60	2.32	2.04	1.76	1.49	1.49	1.49	0	n/a
Funding agreed in principle (US \$)	UNDP	Project costs	190,839	0	0	235,962	0	98,981	0	59,218	585,000
		Support costs	13,359	0	0	16,517	0	6,929	0	4,145	40,950
Funds approved by ExCom (US \$)		Project costs	190,839	0	0	0	0	0	0	0	190,839
		Support costs	13,359	0	0	0	0	0	0	0	13,359
Total funds recommended for approval at this meeting (US \$)		Project costs				235,962					235,952
		Support costs				16,517					16,517

Secretariat's recommendation:	Blanket approval
-------------------------------	------------------

PROJECT DESCRIPTION

1. On behalf of the Government of Georgia, UNDP as the designated implementing agency has submitted a request for funding for the second tranche of stage II of the HCFC phase-out management plan (HPMP), in the amount of US \$335,952, plus agency support costs of US \$23,517.² The submission includes a progress report on the implementation of the first tranche, the verification report on HCFC consumption for 2018 to 2022, a request for funding additional activities to maintain energy efficiency in the refrigeration servicing sector,³ and the tranche implementation plan for 2025 to 2028.

Report on HCFC consumption

2. The Government of Georgia reported a consumption of 0.86 ODP tonnes of HCFCs in 2023, which is 83.8 per cent below the country's HCFC baseline for compliance. The 2019–2023 HCFC consumption is shown in table 1.

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

HCFC-22	2019	2020	2021	2022	2023	Baseline
Metric tonnes (mt)	43.59	15.50	16.69	17.60	15.64	96.36
ODP tonnes	2.40	0.85	0.92	0.97	0.86	5.3

3. In 2020 the COVID-19 pandemic had a major impact on HCFC-22 imports and the 15.5 mt imported was not enough to fully cover the annual consumption of this substance and so compensated by increased imports in 2021 and 2022. However, an overall downward trend of the demand for HCFC-22 from 2019 to 2023 is being observed irrespective of the pandemic situation. This is due to the application of the HCFC quota system, the implementation of HPMP activities and the introduction of HFCs and low-GWP alternatives.

Country programme implementation report

4. The Government of Georgia reported HCFC sector consumption data under the 2023 country programme (CP) implementation report that is consistent with the data reported under Article 7 of the Montreal Protocol.

Verification report

5. The verification report confirmed that the Government was implementing a licensing and quota system for HCFC imports and exports and that the total consumption of HCFCs reported under Article 7 of the Montreal Protocol for 2018, and 2019 to 2022 (as shown in table 1 above) was correct. The verification concluded that Georgia is in full compliance with the HCFC phase-out schedule, set by the Montreal Protocol and outlined in the Agreement between the country and the Executive Committee. The verification report suggested recommendations to be followed and are further explained in the comments section of the present document.

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

6. Stage I of the HPMP was completed on 1 December 2022. The project completion report was submitted on 25 March 2024.

² As per the letter of 27 September 2024 from the Ministry of Environmental Protection and Agriculture of Georgia to UNDP.

³ In line with decision 89/6, low-volume-consuming countries can include in their HPMPs additional activities for the introduction of alternatives to HCFCs with low or zero global-warming potential and for maintaining energy efficiency in the refrigeration servicing sector.

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

Policy, regulatory and institutional support

7. Georgia ratified the Kigali Amendment on 11 July 2023. A package of legislative changes was adopted on 16 June 2023 to establish requirements for leakage monitoring, collection, recovery, recycling and disposal of HCFCs and HFCs and their transboundary shipment. A web-based electronic system for reporting on managing refrigerants (ERMS), including HFCs, has been in force since January 2024.⁴ Updated standards for safety and environmental requirements were finalized in October 2024. The necessary legislative acts for introducing Green Public Procurement (GPP) criteria for procuring low-GWP refrigeration and air-conditioning (RAC) equipment have been drafted and are to be finalized by end of December 2024.

8. Training was provided to 336 participants (55 female) from main stakeholders (end users, environmental inspectors and technicians) on using the electronic reporting tool; six two-day training courses were carried out for a total of 90 customs officers (46 female) on the ODS import-export controls and the newly introduced legislation to support the Kigali Amendment, with two further training courses planned for November 2024. Ten training sessions for 136 environmental inspectors (49 female) have been conducted on controlling HCFC-22 equipment from different RAC subsectors and conducting inspections in facilities operating RAC equipment. A total of 176 participants attended nine round-table meetings to facilitate the alignment of policies across respective sectors and to reinforce the HCFC phase-out and HFC phase-down.

9. Eight tablets⁵ and 15 leak detectors were provided to the Department of Environmental Supervision of the Ministry of Environment for their monitoring visits at end-user facilities, and four identifiers were acquired to be distributed among customs check points.

Strengthening the certification of RAC technicians and awareness raising

10. Professional qualification standards for the Level 4 technicians were developed, tests for practical exams are to be integrated into the certification examination, and additional multiple versions of tests for written examinations for certification are available. The certification process is in place with a total of 1,191 certificates issued (875 technicians and 316 enterprises) and only certified technicians and workshops are allowed to buy refrigerants. The update of the curricula of three vocational schools to include recovery, recycling and reclamation (RRR), safety procedures for handling flammable refrigerants, and maintaining the performance of equipment using low-GWP alternative technology is in progress and will be completed by November 2024. One training session for 20 RAC trainers on the new curricula will be completed by the end of 2024. Two hundred technicians were trained in good refrigeration practices and the safe handling of alternative refrigerants and two stakeholder coordination meetings on good servicing practices in the RAC sector were conducted for 25 participants.

Technical assistance to support good servicing practices in the refrigeration sector

11. Two centres for RRR were established under the overall monitoring and guidance of the Georgian Association of Refrigeration and Cryogenic Equipment and Air Conditioners Engineers. Those centres also play a role in introducing good practices, demonstrating the use of RRR and strengthening the national

⁴ Owners of stationary RAC equipment containing 3 kg or more of HCFC/HFC and certified technicians, are required to keep an electronic log.

⁵ To record the inspection visits to RAC facilities, verify on-site the register in the ERMS, register the stock of refrigerants, check whether the service technician is certified, and, when applicable, issue and deliver fines on-site.

refrigerant re-use scheme in the servicing sector. Currently, these centres are following the usual process to obtain the environmental permit for performing RRR activities.

Low-GWP alternative technology demonstration project

12. An analysis of obstacles to incentivizing the import and use of zero or low-GWP RAC equipment, including recommendations on regulations, has been completed and submitted to the Ministry of Environmental Protection authorities for their consideration.

Project implementation and monitoring

13. Regular consumption data reports from the years 2021 to 2023 have been prepared by the NOU and sent to the Ozone Secretariat and Multilateral Fund Secretariat of the Montreal Protocol, including the activities undertaken for the reduction of ODS consumption and the improvement of the legal and institutional framework achieved (US \$25,712).

Level of fund disbursement

14. As of September 2024, of the US \$190,839 approved so far, US \$125,605 (65.8 per cent) had been disbursed. The balance of US \$65,234 will be disbursed by the end of December 2024.

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

15. The following activities will be implemented between January 2025 and December 2027:

- (a) *Policy, regulatory and institutional support:* Develop regulations for labelling reclaimed refrigerants and placing them on the market; and organize 10 round-table meetings for policy dialogue to facilitate the alignment of policies across respective sectors and reinforce HCFC phase-out and HFC phase-down in the country; (US \$5,500 and remaining budget from previous tranche);
- (b) *Capacity-building of customs and enforcement officers:* Organize eight two-day training workshops for up to 250 customs officers on the import controls for HCFCs and HFCs and eight two-day training workshops for up to 150 environmental inspectors on the control of compliance with the ODS regulations; and update and print 1,000 copies of the *Custom Officer's Quick Tool for Screening ODS* (US \$11,500);
- (c) *Capacity-building and technical support:*
 - (i) Develop a guideline and conduct demonstrative experiences on refrigerant leakage control and the safe handling of flammable/toxic refrigerants; organize eight four-day training courses for up to 200 technicians on good refrigeration practices and alternative refrigerants; and draft and implement a communication plan for the servicing sector (US \$16,250 and remaining budget from previous tranche);
 - (ii) Create and install an online outreach platform (*Smart HVACR Online Support Portal*) for up to two years in order to provide a comprehensive digital support system to technicians and end users, including real-time troubleshooting, training, and resources to ensure optimal performance and timely resolution of technical issues (US \$24,600);
- (d) *Technical assistance to support good servicing practices in the refrigeration sector:* Conduct stakeholder consultations to draft a RRR business model and develop a study to assess the infrastructure options for long-term on-site storage of used ODS, including a

detailed cost assessment for establishment and maintenance of such a storage facility; provide at least three refrigerant service centres⁶ with technical advice, equipment and tools⁷ (US \$72,100 and remaining budget from previous tranche);

- (e) *Low-GWP alternative technology demonstration project:* Design and implement two demonstration projects on low-GWP technology in the commercial refrigeration sector with up to 50 per cent co-financing; and organize two workshops for approximately 20 participants each to present the outcomes of demonstration projects and applied technology (US \$86,900 and remaining budget from previous tranche);
- (f) *Activities to maintain energy efficiency:* These activities are described in detail in the following section (US \$100,000); and
- (g) *Project monitoring:* Costs for consultants to provide project monitoring support (US \$19,112).

Activities to maintain energy efficiency in the refrigeration servicing sector

16. The project related to energy efficiency has been designed to support Georgia with the introduction of green building standards and relevant awareness raising. The description and proposed cost breakdown of activities to maintain energy efficiency in the sector include:

- (a) *Capacity building:* Conduct studies on an introduction to green building standards and on the European Union's experience in implementing eco-design regulations and energy labelling directives; and coordination meeting with stakeholders (US \$40,000);
- (b) *Awareness-raising and outreach:* Develop a strategy and action plan to promote the introduction of green building standards and a labelling system; develop and disseminate outreach materials on green building and energy efficiency; and organize an awareness-raising event to promote the introduction of green building standards and a labelling system (US \$35,000); and
- (c) *Updates to training materials:* Conduct the training needs assessment for different groups of stakeholders for the introduction of green building standards and labelling; and three training courses for 70 participants from public and private main stakeholders (US \$25,000).

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Report on HCFC consumption and verification

17. The verification report outlined recommendations, including promoting the further improvement of the ERMS, contributing to the development of a mobile application of the software to simplify access for certified persons to that system, and establishing and keeping updated the countrywide digital database of the stakeholders involved in the RAC sector. UNDP reported that the ERMS is a relatively new system

⁶ The refrigerant service centres act as a hub for technical expertise, parts distribution, and support, both for end users and technicians, and specialized tools and equipment are aimed at enabling technicians to carry out their work efficiently and safely.

⁷ Tentative list of equipment: refrigerant recovery machines, recovery cylinders, vacuum pumps, manifold gauges, leak detectors, electronic thermometers and hygrometers, refrigerant charging scales, and multimeters.

since it became mandatory by law starting in January 2024. Currently, the NOU is collecting feedback from the actors involved in the system. Specific user requests have already been addressed, and further changes will be made as needed to continue refining the system. Furthermore, the digital database of RAC stakeholders established in April 2023 has been integrated into the ERMS. Currently, 1,200 stakeholders are registered, and further expansion and ongoing maintenance will be continued.

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

Legal framework

18. The Government of Georgia has already issued HCFC import quotas for 2024 at 1.65 ODP tonnes and for 2025 at 1.375 ODP, which are lower than the Montreal Protocol control targets and the maximum allowable consumption for those years.

19. In response to a Secretariat inquiry on banning the imports of HCFC-based equipment planned as of 1 January 2024, UNDP indicated that the country is facing enforcement difficulties since customs cannot physically check equipment in every shipment of RAC equipment. The introduction of this measure is on the agenda of the National Environmental Action Programme of Georgia 2022–2026. Thus, the National Ozone Office is working closely with the Customs Department to identify ways to implement the banning of HCFC-based equipment imports.

Refrigeration servicing sector

20. The Secretariat enquired about the limitations encountered in adopting zero and low-GWP alternatives in the country, and UNDP responded that there are several units of RAC equipment based on zero or low-GWP alternatives, including the new air-conditioning equipment installed at Georgian Public Broadcasting through the pilot project implemented under stage I of the HPMP. Thus, some expertise in the servicing of such equipment exists but needs to be increased. Moreover, there are some safety standards covering alternatives that needs to be updated.

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

Low-GWP alternative technology demonstration project

21. A detailed scope study for the technology demonstration project is still in progress and is to be completed by the end of November 2024. Furthermore, the ban on the import of HCFC-based equipment, policy measures for incentivizing the import of low-GWP-based RAC equipment, and the ban on installing new HCFC-based equipment still need to be issued or enforced. However, the end-user demonstration project on small- and medium-sized commercial refrigeration for food retailers is crucial in demonstrating the use of low-GWP technology and promoting the HCFC phase-out while avoiding HFC phase-in. Although the Government will identify potential beneficiaries of the demonstration project once the study/market assessment and a bidding process have been completed, it was initially estimated that around 30 end users would show interest in replacing their equipment and would support awareness raising after the project's completion.

22. In view of all of the above, and the conditions established by decision 84/84 to fund this type of project, the Secretariat is recommending that the end-user demonstration project for commercial refrigeration be approved with the condition that UNDP postpone the releasing of funds for this project until the bans on the import and on the installation of new HCFC-based equipment in the commercial refrigeration sector are in effect. Furthermore, UNDP should follow up on the status of approval and enforcement of the regulations and submit a report on the progress of regulations to prohibit the import and

installation of HCFC-based equipment as part of its 2024 financial and progress report to be submitted at the second meeting of 2025.

23. In line with decision 92/36(g), UNDP was requested to report, upon completion of this project, on the achieved HCFC phase-out and energy-efficiency gains.

Activities to maintain energy efficiency in the refrigeration servicing sector

24. The Secretariat pointed out to UNDP that the focus of decision 89/6 is circumscribed to introducing low/zero-GWP alternatives to HCFCs or HFCs and maintaining energy efficiency while addressing the HCFC consumption in the servicing sector. However, the purpose of the project proposal submitted was to introduce green building standards and raise related awareness. Consequently, the Secretariat suggested that UNDP rediscuss the project with the Government of Georgia and submit a new proposal related to the introduction of low-GWP and energy-efficient technology for the RAC and heat pump sectors. Given that the resubmission of a new proposal requires consultations with the country's main stakeholders and authorities, UNDP welcomed the opportunity to resubmit a proposal under decisions 89/6 and 92/22 as a stand-alone initiative at the next Executive Committee meeting.

Gender policy implementation

25. During implementation the activities within the first tranche of stage II due attention has been given to identifying entry points to promote gender equality and women's empowerment activities. Specifically, one session was dedicated to gender aspects during each training course for environmental inspectors and customs officers, and a study was conducted on gender mainstreaming possibilities including a request for stakeholders to consider the gender balance of nominees, and to encourage women's participation by selecting a space where childcare services could be provided. Moving forward, the project now requires the collection of sex-disaggregated data and qualitative information to analyze and track gender issues. UNDP and the Government of Georgia will continue reporting on all of the Multilateral Fund's mandatory gender mainstreaming indicators in the third and fourth tranche requests of stage II of the HPMP.

Sustainability of the HCFC phase-out and assessment of risks

26. The NOU of Georgia is making efforts to ensure the long-term sustainability of the HCFC phase-out and of the results of the HPMP activities, not only through the application of the licensing and quota system, but also through the mandatory recovery of refrigerants and the monitoring of end users and of refrigerant suppliers' facilities. Additionally, the NOU and the customs administration are making efforts to institutionalize training on the Montreal Protocol by organizing the regular training of national customs officers on the revised legislation to control the international trade of HCFC, HFC and RAC equipment, and providing refrigerant identifiers to the four customs entry points for refrigerants. At the same time, the long-term sustainability of RAC technician training and certification has been addressed through competency-based certification of servicing technicians and workshops, by updating the curriculum of the accredited vocational education programme and by training trainers in the latest developments of the alternative technology including safety procedures and regulatory requirements for handling refrigerants.

27. To address the further aging of HCFC-22-based equipment, the associated risk of HCFC emissions due to leakages, and eventually an increased demand for HCFC-22, stage II of the HPMP will demonstrate the use of low-GWP alternatives in the commercial refrigeration subsector. Stage I has already demonstrated alternatives for chillers, and an analysis of obstacles to incentivizing the import of zero and low-GWP-based RAC equipment with recommendations on regulations has been completed and submitted to the Ministry of Environmental Protection authorities for their consideration. Conversely, an increased application of zero and low-GWP alternatives, which include flammable or toxic refrigerants, could increase the risk of accidents associated with the use of such refrigerants. Therefore, particular attention in this respect was paid to further developing the qualification standards of technicians. In this regard,

professional qualification standards for the Level 4 technicians were developed in close cooperation with the Skills Development Agency, the Ministry of Education, the Ministry of Environmental Protection, and technical experts.

Conclusion

28. Georgia has achieved the control targets in its Agreement with the Executive Committee and under the Montreal Protocol. The country is effectively enforcing a licensing and quota system to control the import of HCFCs, has established requirements for leakage monitoring, collection, recovery, recycling and disposal of HCFCs and HFCs and their transboundary shipment, and updated standards for safety and environmental requirements for handling low-GWP alternatives. Thus, with the stepwise reduction of HCFC annual quotas, Georgia is on track to further reduce consumption of HCFC-22. The Government of Georgia has made efforts to include gender mainstreaming in the HPMP and women are increasingly involved in HPMP-related activities. Furthermore, the Government of Georgia, with the assistance of UNDP, implemented an extensive set of activities to strengthen the national capacity of customs and enforcement officers to control trade in HCFCs, and is monitoring RAC installations and refrigerant supply facilities. With the establishment of the mandatory certification system for servicing technicians and enterprises, a total of 1,191 certificates have been issued. The disbursement of the first tranche is at more than 65 per cent. The approval of the second tranche at the present meeting would ensure continued implementation of planned activities to achieve and sustain the 72 per cent reduction of baseline target as of 2025 and the total HCFC phase-out by 2030.

RECOMMENDATION

29. The Fund Secretariat recommends that the Executive Committee note:

- (a) The progress report on the implementation of the first tranche of stage II of the HCFC phase-out management plan (HPMP) for Georgia;
- (b) That UNDP will not disburse funding to implement the end-user demonstration projects until the bans on the import and installation of HCFC-based equipment for commercial refrigeration are in place;
- (c) That UNDP will submit a report on the progress of regulations to prohibit the import and installation of HCFC-based equipment as part of its 2024 financial and progress report to be submitted at the second meeting of the Executive Committee in 2025; and
- (d) That upon completion of the end-user projects included in stage II of the HPMP, UNDP will submit a final report on the implementation of these projects, including the HCFC phased out and energy-efficiency gains achieved, in line with decision 92/36(g);

30. The Fund Secretariat further recommends blanket approval of the second tranche of stage II of the HPMP for Georgia, and the corresponding 2024–2026 tranche implementation plan, at the funding level shown in the table below:

	Project title	Project funding (US \$)	Support costs (US \$)	Implementing agency
(a)	HCFC phase-out management plan (stage II, second tranche)	235,962	16,517	UNDP