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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-seventh Meeting
Montreal, 1-5 December 2025
Item 9(d) of the provisional agenda¹

PROJECT PROPOSAL: GEORGIA

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

Energy efficiency

- | | | |
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| <ul style="list-style-type: none">• Pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down (non-investment activities) | UNEP | Individual
consideration |
|---|------|-----------------------------|

¹ UNEP/OzL.Pro/ExCom/97/1

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 – NON-MULTI-YEAR PROJECT**Georgia****PROJECT TITLE****BILATERAL/IMPLEMENTING AGENCY**

Pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down (non-investment activities)	UNEP
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PROJECT OBJECTIVE

The pilot project seeks to improve the country's framework for energy efficiency in the refrigeration, air-conditioning and heat pumps (RACHP) sector by strengthening the legal system, supporting development of minimum energy performance standards (MEPS), supporting implementation of labelling, and providing support for enhancing energy efficiency in the RACHP sector through training and capacity building of relevant stakeholders.

NATIONAL COORDINATING AGENCY	Ministry of Environmental Protection and Agriculture of Georgia
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LATEST ARTICLE 7 DATA (Annex F)	Year: 2024	189.28 mt	448,285 CO ₂ -eq tonnes
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Particular	Non-investment activities
HFC used by the servicing sector (2024 country programme data)	174.65 mt
	426,194 CO ₂ -eq tonnes
Project duration (months):	36
Initial amount requested (US \$):	243,000
Final project costs (US \$):	223,000
Implementing agency support cost (US \$):	28,990
Total cost of project to Multilateral Fund (US \$):	251,990
Energy-efficiency savings (kWh/year):	n/a
Status of counterpart funding (Y/N):	N
Project monitoring milestones included (Y/N):	Y
Minimum energy performance standards (MEPS) available for the relevant sector (Y/N):	N

SECRETARIAT'S RECOMMENDATION	Individual consideration
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PROJECT DESCRIPTION

Background

1. On behalf of the Government of Georgia, UNEP has submitted, in line with decision 91/65, a request for a pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down (non-investment activities), in the amount of US \$243,000, plus agency support costs of US \$31,590, as originally submitted.²

Status of implementation of energy efficiency-related activities funded by the Multilateral Fund

2. At the 96th meeting, US \$100,000 was approved for UNDP for additional activities to maintain energy efficiency for the servicing sector under decision 89/6,³ which included three components: (i) updating and enhancing the training materials used in the refrigeration, air-conditioning, and heat pump (RACHP) sector to strengthen good practices in the assessment, installation, maintenance, and servicing of RACHP equipment, energy efficiency measures during servicing and operational procedures, and safety considerations; (ii) training of trainers and end users; and (iii) demonstrating the effective replacement of HCFC-22-based equipment in the commercial refrigeration sector, with an objective of increasing market uptake and availability of low-global-warming potential (GWP) energy-efficient alternatives, driving demand for R-290-based equipment, and developing the supply chain.

3. As of October 2025, the work plan is prepared, and the implementation of activities is expected to begin before the end of the year.

Energy-efficiency pilot project

4. Georgia ratified the Kigali Amendment on 11 July 2023. Under stage I of the Kigali HFC implementation plan (KIP) approved at the 96th meeting,⁴ the country has committed to reducing HFC consumption by 22.5 per cent of its baseline by 2029.

Policy, regulatory and institutional framework

5. The Ministry of Economy and Sustainable Development (MoESD) is the lead authority for energy efficiency policy in Georgia. The Ministry of Environmental Protection and Agriculture hosts the Montreal Protocol Unit, which closely coordinates with MoESD, other relevant government ministries, customs, NGOs and private sector stakeholders for regulations related to the RACHP sector.

6. Georgia's alignment with the European Union (EU) energy regulations is guided by its Energy Sector Reform Programme, and its membership in the Energy Community in 2017. The laws that govern the matters related to energy efficiency and RACHP appliances in Georgia include the Law on Energy Efficiency, the Law on Energy Efficiency of Buildings, the Law on Energy Labelling and the Law on Eco-design Requirements for Energy-consuming Products.

7. Georgia's Law on Energy Efficiency, adopted in 2020 and amended through 2024, provides a legal framework for promoting energy efficiency across sectors. It addresses heating and cooling systems, requiring assessments for efficient central systems and cogeneration. However, despite the legal provisions, the country has not yet initiated these assessments, indicating a lack of progress in implementing heating and cooling-related measures.

² As per the letter of 18 August 2025 from the Ministry of the Environmental Protection and Agriculture of Georgia to UNEP.

³ Decision 96/26

⁴ Decision 96/39

8. Georgia's Law on Energy Labelling, adopted in 2019 and amended through 2024, aligns with the EU's energy labelling framework to help consumers choose energy-efficient products. It mandates clear labelling and product information sheets for energy-consuming appliances, including key RACHP-related products such as refrigeration equipment, air conditioners, and space heaters. Fourteen technical regulations covering these products have been approved and will enter into force on 1 January 2026. However, the conditions to its successful implementation are the requirement of awareness in suppliers, dealers and manufacturers about their tasks and responsibilities as per the provision of this law, and the sufficient preparation for adaptation of new standards set in approved technical regulations on energy labelling.

9. The Law on Eco-design Requirements for Energy-consuming Products is not yet adopted, and so the minimum energy performance standards (MEPS) for RACHP appliances are still pending. The law will introduce energy performance standards for energy-consuming products, requiring them to meet specified criteria throughout their lifecycle. These standards are intended to be enforced through technical regulations to be adopted for energy-consuming products. While this law will establish a general framework on eco-design, technical regulations will establish detailed MEPS for various energy-consumption products as required by the law. The adoption of this law is delayed as the Regulatory Impact Assessment (RIA), which provides a preliminary understanding of the objectives and potential consequences of the law, is not finalized, and no comprehensive final impact assessment has been developed.

Project objectives

10. The pilot project proposal seeks to improve the country's framework for energy efficiency in the RACHP sector by strengthening the legal system, supporting development of MEPS and enforcement of energy labelling, developing institutional capacity, enhancing technical capacity, and creating awareness in key stakeholders related to energy efficiency in the RACHP sector. This will be achieved through support to establishing legal frameworks, coordinating with stakeholders, equipping training centres with training equipment, providing training to trainers and enforcement officers on energy efficiency and relevant laws, and organising awareness programmes. This is aligned with the long-term KIP strategy to facilitate the adoption of energy-efficient, low-GWP-based technologies and to improve the energy efficiency in the RACHP sector.

Proposed activities

11. The activities proposed under this project aim to address challenges mentioned in development and/or implementation of laws as mentioned above and further aim to build capacity of relevant stakeholders for their effective implementation. Activities with their cost breakdown (as initially submitted) are described below:

- (a) *Development of MEPS through support to finalization and adoption of the Law on Eco-design Requirements for Energy-consuming products(US \$48,000):* (i) Finalization of the RIA, including market and gap analyses, cost-benefit evaluations, and detailed stakeholder impact modelling (US \$23,000); (ii) four stakeholder consultations, and data and analysis validation meetings (US \$10,000); (iii) finalization and formal adoption of the Law on Eco-design Requirements for Energy-consuming Products and related technical regulations (US \$15,000);
- (b) *Supporting implementation of technical regulations on energy labelling (US \$30,000):* (i) Conduct workshops to provide guidance and information resources on regulations to suppliers and dealers of RACHP products to prepare for the entry into force of energy-labelling regulations (US \$10,000); (ii) establish a database on energy-labelled products to provide the energy performance information of different models of appliances (US \$20,000);

- (c) *Monitoring of energy efficiency-related regulations (US \$25,000)*: (i) Support the work on the mandatory comprehensive assessment of the potential for energy-efficient heating and cooling systems based on Energy Efficiency Law concerning the inspection of heating and cooling systems (US \$7,500); (ii) development of the secondary legislation based on Energy Efficiency Law concerning the inspection of heating and cooling systems (US \$7,500); (iii) support the legal work on amending the Law on Energy Efficiency of Buildings with regard to the scope of periodic inspections (US \$5,000); (iv) establish a system for enforcing compliance for such inspections (US \$5,000);
- (d) *Capacity building on energy efficiency in RACHP sector (US \$69,000)*: (i) Training of two experts in an EU country on energy efficiency aspects of RACHP applications (US \$15,000); (ii) production of training material on energy efficiency aspects of RACHP applications (US \$6,000); (iii) procurement of three sets of training equipment (portable monitoring device for performance analysis) for three training centres (US \$33,000); (iv) capacity building of inspectors of the Market Surveillance Authority checking energy efficiency labels and product quality through two training workshops, development of a handbook, and carrying out pilot inspections (US \$15,000);
- (e) *Stakeholder communication, awareness and outreach (US \$59,000)*: (i) Three annual stakeholder consultations to coordinate activities as well as the development and implementation of other activities related to energy-efficiency of RACHP appliances (US \$9,000); (ii) development and dissemination of a specialized brochure on energy efficiency of RACHP applications (US \$6,000); (iii) awareness-raising campaign on energy efficiency of RACHP appliances including promoting the role and involvement of women energy efficiency experts (US \$26,000); (iv) extension of the website with relevant legislation and explanations for each group of stakeholders to include the considerations related to energy efficiency of RACHP appliances and production of case studies (US \$8,000); (v) study tour to exchange experience on establishment of an institutional setup for implementation of energy efficiency-related programmes and projects (US \$10,000); and
- (f) *Project management, monitoring and reporting (US \$12,000)*: Hire a project consultant to coordinate the activities, monitor implementation, produce progress reports and a final summary report on the results of the pilot project for wider dissemination (in Georgian and English).

Total cost of the pilot project

12. The project's total cost amounts to US \$243,000, plus agency support costs, and it will be implemented between January 2026 and December 2028.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

13. The Secretariat has reviewed the project proposal in light of the activities described under decisions 89/6 and 91/65 as well as those being implemented under stage I of the KIP.

Eligibility under decision 91/65

14. In line with decision 91/65, confirmation has been received from the Government of Georgia that the national ozone unit will coordinate with relevant energy efficiency authorities and national standards bodies to facilitate the consideration of refrigerant transition when developing energy efficiency standards

in the relevant sectors/applications; that, if Georgia has mobilized or were to mobilize funding from sources other than the Multilateral Fund for energy efficiency components when phasing down HFCs, the project will not result in the duplication of activities among those funded by the Multilateral Fund and those funded from other sources; that information on project progress, results and key learning will be made available, as appropriate; and that the date of completion of the project will be set to no more than 36 months after the date of approval by the Executive Committee and a detailed project report will be submitted to the Executive Committee within six months of the date of completion of the project.

Policy, regulatory and institutional framework

15. The Secretariat inquired as to how supporting the RIA will help development of MEPS for RACHP applications. UNEP explained that the RIA will undertake an analysis of local market conditions, gaps and needs, as well as the regulation impact on stakeholders, which is needed to adapt the EU's Eco-design regulations to local Georgian conditions. As the Law on Eco-design regulations sets the MEPS for RACHP appliances, the RIA feedback is expected to inform the development of local MEPS.

16. UNEP also clarified that the RACHP products considered in the regulations under development, include refrigeration appliances, air conditioners, air heating products, process chillers, professional refrigerated storage cabinets, and condensing units. The specific products and capacities will be determined based on the findings of the RIA.

17. The Secretariat inquired about the timeline for the enforcement of MEPS. UNEP replied that the law and regulations will be completed and adopted by 2027 at the latest. The entry into force is envisaged for 2030, following a transitional period, which is usually included in laws that have major implications for economic operators in the country, so that they have sufficient time to prepare themselves for the full implementation of the law and technical regulations.

Technical and cost-related issues

18. Considering that the law and regulations will cover products beyond RACHP sector, the Secretariat inquired about the specific scope of the activities proposed for supporting finalization of law. UNEP clarified that the funding from this project will support elements related to RACHP applications, while the main financial and organizational responsibility related to laws and regulations will rest with the MoESD.

19. The Secretariat inquired as to how the activities related to training and capacity building are different than those under the KIP and how these will not be duplicated. UNEP explained that this project is designed to be fully complementary with stage I of the KIP, and many activities will be made in conjunction with each other. While the KIP focuses on alternative technologies and safe handling of refrigerants, this project focuses on energy efficiency. Activities are carefully designed to ensure that there is no overlap or duplication of efforts.

20. Following discussions on activities, expected outcomes, and associated costs, the overall project budget was further optimized. Activities under subparagraphs (c)(iii) and (c)(iv) of paragraph 11 were excluded considering other available resources. Similarly, activity (e)(v) was excluded considering its scope and objective of the project. The scope of activity (d)(iv) was expanded to include capacity building of key stakeholders. Funding of activity (f) was reallocated, as discussed, to hiring of a technical consultant, to support project implementation and monitoring.

21. The resulted agreed cost is presented in table 1.

Table 1. Agreed activities and costs for the pilot project on energy efficiency

Activity	Sub-activity description	Budget (US \$)
(a) Development of MEPS through support to finalization and adoption of the Law on Eco design Requirements for Energy-consuming products	(i) Finalization of the RIA, including market and gap analyses, cost-benefit evaluations, and detailed stakeholder impact modelling	23,000
	(ii) Four stakeholder consultations, and data and analysis validation meetings	10,000
	(iii) Finalization and formal adoption of the Law on Eco-design Requirements for Energy-consuming Products and related technical regulations	15,000
(b) Supporting implementation of technical regulations on energy labelling	(i) Conducting workshops to provide guidance and information resources to suppliers and dealers of RACHP products, to prepare for the entry into force of energy-labelling regulations in 2026	10,000
	(ii) Establishing a database on energy-labelled products	20,000
(c) Monitoring of energy efficiency related regulations	(i) Supporting the work on the mandatory comprehensive assessment of the potential for energy-efficient heating and cooling systems based on Energy Efficiency Law concerning the inspection of heating and cooling systems	7,500
	(ii) Development of the secondary legislation based on Energy Efficiency Law concerning the inspection of heating and cooling systems	7,500
(d) Capacity building on energy efficiency in RACHP sector	(i) Training of two experts in an EU country on energy efficiency aspects of RACHP applications	15,000
	(ii) Production of training material on energy efficiency aspects of RACHP applications	6,000
	(iii) Procurement of three sets of training equipment (portable monitoring device for performance analysis) for three training centres	33,000
	(iv) Capacity building of key stakeholders (including enforcement officers) on implementation of energy efficiency regulation related to RACHP products	15,000
	(v) Technical consultant for support to project implementation and monitoring	12,000
(e) Stakeholder communication, awareness and outreach	(i) Three annual stakeholder consultations to coordinate activities as well as the development and implementation of other activities related to energy-efficiency of RACHP appliances	9,000
	(ii) Development and dissemination of a specialized brochure on energy efficiency of RACHP applications	6,000
	(iii) Awareness-raising campaigns on energy efficiency of RACHP appliances including promoting the role and involvement of women energy efficiency experts	26,000
	(iv) Extension of the website with relevant legislation and explanations for each group of stakeholders to include the considerations related to energy efficiency of RACHP appliances, and production of case studies	8,000
Total		223,000

Sustainability and assessment of risks

22. The pilot project includes targeted activities to strengthen the Government's capacity in finalizing laws and regulations related to energy efficiency. It supports the development of MEPS and implementation of labelling for specific equipment types, strengthens technical training centres to better address energy efficiency considerations in their regular trainings, ensures that energy efficiency considerations are incorporated in existing technician training programmes, and raises awareness of the new regulations among relevant stakeholders facilitating their compliance.

23. The main identified risk is the delay in adoption of the law and technical regulations. However, considering Georgia's association agreement with the EU, the country is mandated to adopt EU directives

including on energy efficiency. Further, the project's support in building institutional capacity, finalizing legal frameworks, and preparing the sector for implementation of regulations will help ensure timely execution of project activities. The establishment and enforcement of MEPS and labelling schemes will contribute significantly to the long-term sustainability of the country's HFC phase-down efforts. Additionally, trainers supported under the project will continue to deliver technician training during the implementation of stage I of the KIP, further reinforcing sustainability.

RECOMMENDATION

24. The Executive Committee may wish to consider approving the pilot project to maintain and/or enhance the energy efficiency of replacement technologies and equipment in the context of HFC phase-down (non-investment activities) for Georgia, in the amount of US \$223,000, plus agency support costs of US \$28,990 for UNEP, noting:

- (a) That the Government of Georgia has committed to the conditions referred to in decision 91/65(b)(iv)b. to b(iv)d.; and
 - (b) That the project would be operationally completed no later than 31 December 2028, and that a detailed project report would be submitted to the Executive Committee within six months of the date of completion of the project.
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