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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-third Meeting
Montreal, 12-14 November 1997

COUNTRY PROGRAMME: GEORGIA

This document consists of:

- Country Programme Evaluation Sheet (prepared by the Fund Secretariat)
- Comments and Recommendations of the Fund Secretariat
- Transmittal Letter from the Government of Georgia
- Country Programme Cover Sheet
- Country Programme (Executive Summary)

GEORGIA COUNTRY PROGRAMME EVALUATION SHEET

National Ozone Unit, Ministry of Environment

Status of ratification of the Vienna Convention and the Montreal Protocol

	Signature	Ratification	Entry into force
Vienna Convention (1985)		21-Mar-96	19-Jun-96
Montreal Protocol (1987)		21-Mar-96	19-Jun-96
London Amendment (1990)			
Copenhagen Amendment (1992)			

Production of controlled substances: No controlled substances produced

Consumption of controlled substances (1996) 23.5 metric tonnes
24.9 weighted tonnes (ODP)

(tonnes)	CFC-11	CFC-12	CFC-113	CFC-114	CFC-115	TOTAL	Halon1211	Halon1301	TOTAL	CTC	MCF	TOTAL	Me-Br
ODS		23.5				23.5							2.0
ODP		23.5				23.5							1.2

Distribution of ODP by substance: CFC 94.4% Halon CTC and MCF

Distribution of ODP by sector: Aerosol Foam Halon Refrigeration Solvent Other

Consumption (ODP tonnes): 0.0 0.0 0.0 23.5 0.0 0.0

Percent of total: 94.4%

Country Programme

Duration of country programme: 4 years (1998-2001)

ODS phase out target: 56% reduction by 1998. Complete phase out by 2005.

Phase out priority area: Refrigeration servicing and fumigation sectors

Cost of activities in country programme: \$1,351,859

Strategy:

The strategic goals of the Government are to phase out CFC consumption by 2005, allowing small amounts for servicing refrigeration equipment up to 2010; phase out the use of HCFCs and methyl bromide in accordance with the schedule for non-Article 5 countries; develop and establish the appropriate legal and regulatory framework as well as the monitoring and licensing systems to ensure the phase out process, design and implement a public awareness campaign and support local industries to adopt ODS-free technologies.

COMMENTS AND RECOMMENDATIONS OF THE FUND SECRETARIAT

COMMENTS

1. Georgia became a non-Article 5 Party to the Montreal Protocol on 21 March 1996. In September 1996, the Government of Georgia officially requested the Parties to the Montreal Protocol at their Eighth Meeting to be re-classified as an Article 5 country. By its Decision VIII/29, the Parties re-classified Georgia as an Article 5 Party.
2. The Georgia country programme was prepared with technical assistance provided by UNEP and UNDP, and with financial resources provided by the Global Environment Facility (GEF).
3. The Country Programme conforms to the format of the approved guidelines. In the last eight years ODS consumption in the country decreased from 770 ODP tonnes (1989) to 25 ODP tonnes in 1996 (23.5 tonnes of CFCs used in the refrigeration servicing sector and 1.4 tonnes of methyl bromide).
4. The current low level in the consumption of CFCs is mainly due to severe electricity problems in the country: more than 50 per cent of the 1.4 million domestic and commercial refrigerators available are not used, especially during the winter. It is estimated that when the electricity supply normalizes, CFC consumption will increase since a large number of units would need service.
5. The Government of Georgia has prepared a Refrigerant Management Plan and is requesting financial assistance for its implementation. Description of the project together with the Fund Secretariat's comments and recommendations were submitted to the consideration by the 23rd ExCom Meeting under document UNEP/OzL.Pro/ExCom/23/28.
6. The country programme also includes a project for the establishment of an Ozone Unit within the Ministry of Environment (institutional strengthening). The Government of Georgia is requesting a total of US \$70,000 for the implementation of this project.
7. The main responsibilities of the Ozone Unit would include, inter alia: implementation and monitoring of a Refrigeration Management Plan and the associated projects for policies, strategies, laws, regulations, incentives, and training programmes for service technicians and customs officials; coordination and facilitation of activities related to the phase out of CFCs; collecting and disseminating information on ozone depletion and related issues; public awareness campaigns; serving as a point of contact for the Multilateral Fund, Montreal Protocol and other implementing agencies; reporting annually to the Ozone Secretariat on the CFC consumption in the country according to Article 7 of the Montreal Protocol; and reporting annually to the Executive Committee on the progress in the implementation of the Country Programme.

RECOMMENDATIONS

The Fund Secretariat recommends as follows:

1. To approve the Georgia Country Programme. Approval of the Country Programme does not denote approval of the projects identified therein or their funding levels.
2. To request the Government of Georgia to present annually information to the Executive Committee on progress being made in the implementation of the country programme, in accordance with the decision of the Executive Committee on implementation of country programmes (UNEP/OzL.Pro/ExCom/10/40, para 135). Using the approved format, the initial report, covering the period 15 November 1997 to 31 December 1998, should be submitted to the Fund Secretariat no later than 31 March 1999.
3. To approve the amount of US \$70,000 and US \$9,100 support cost for institutional strengthening to be included in UNEP's 1997 work programme.



**საქართველოს გარემოსა და ბუნებრივი
რესურსების დაცვის სამინისტრო
MINISTRY OF ENVIRONMENT OF GEORGIA**

საქართველო, 380015 თბილისი, მ. კოსტავას ქ. 68ა. ტელ: 36-15-82, ფაქსი: 98-34-25.
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N^o 04-13/694

17. 09 1997

The Chief officer
Secretariat of the Multilateral Fund for the
Implementation of the Montreal Protocol
1800 McGill College Avenue
27th floor
Montreal, Quebec
Canada
Cc: Mr. R. Shende
Ozonaction Programme, UNEP IE, Paris

Dear Sir,

I have the honor to submit herewith the Country Program and Investment Project Proposals of Georgia on phaseout of ozone depleting substances for consideration and approval of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol.

Georgia ratified the Montreal Protocol on 21 March 1996. On ratification of the Montreal Protocol as a country not being included in the list of countries considered to be developing for the purposes of the Protocol, adopted by the First Meeting of the Parties, Georgia was not classified as a developing country. On 28 November 1996 Eighth Meeting of the Parties considered and accepted application of the Government of Georgia for developing country status under the Montreal Protocol. At the same moment as the per-capita consumption requirements of the paragraph 1 of the article 5 of the Protocol were met Georgia became a Party operating under that article and is therefore eligible for funding from the Multilateral Fund.

I would like to place on record the appreciation of the Government of Georgia for the assistance extended to it through the United Nations Environment Program, Industry and Environment office (UNEP IE) for the preparation of the Country program, and United Nations Development Program (UNDP) for preparation of Project Proposals. I am pleased to say that Georgia is committed to the implementation of actions contained in the Country Program and the Investment Projects.

I further assert that it is the Government's intention to monitor compliance with the Montreal Protocol. I trust that the Executive Committee will approve the request for assistance made in respect of the following projects:

1. Institutional Strengthening;
2. Training in monitoring of ODS-s;
3. Refrigerant Recovery/Recycling Project;
4. Training of Trainers in Refrigeration Sector.

Please accept, Sir, the assurance of my highest consideration.

Yours sincerely



Nino Chkhobadze
Minister of Environment

MULTILATERAL FUND	
Recd: <i>Sept. 17/97</i>	Ref No <i>4802</i>
To: <i>Dr. G. - Ammi</i>	<i>CPA</i>
CC:	
Officer: <i>H.L.</i>	
<i>Georgia</i>	

Country Programme Cover Sheet

Country:

Georgia

Date:

Received:

Lead National Agency:

The Ministry of Environment of Georgia

Lead Implementation Agency:

UNEP, UNDP

Period Covered by

Country Programme:

1998-2001

1. Phase Out Schedule

SUBSTANCES	CURRENT CONSUMPTION IN 1996, ODP TONNES	PLANNED TOTAL CONSUMPTION TILL PHASEOUT, ODP TONNES	PLANNED YEAR OF PHASEOUT
Annex A & B			
CFC-12	23.48	105.5	2005*
Annex C			
HCFC 22	1.07		2030
Annex E			
Methyl bromide	1.4		2010
Total Annex A & B	23.48		
Total	25.95	105.5	

*Minor volumes of CFC-12 needed for servicing domestic and commercial equipment beyond 2005 till 2010.

2. Government Action Plan

YEARS	DESCRIPTION OF ACTION	SECTOR	INTENDED EFFECT
1998-2001	1. Institutional Strengthening	All	Coordinate and Monitor the implementation of the Country Programme Action Plan and Refrigerant Management Plan (RMP), and the overall ODS phaseout.
1998-2001	2. Legal and regulatory system for ODS control	All	Establish a legal and regulatory system (including a licensing system) for ODS management. Formulate and introduce an Ozone Law.
1998-1999	3. Training of Trainers in Refrigeration Service	Refrigeration	Development and implementation of training of trainers in improved servicing and maintenance practices for refrigeration
1998	4. Financial Incentive & Disincentive Measures	All	Reduction of consumption and imports
1998-2003	5. Banning	All	Introduce a ban on the import of ODS using or containing equipment.

1998-1999	6. Monitoring	All	Development of a monitoring system to comply with Montreal Protocol, track ODS Phaseout and Train officers in new system.
1998	7. Recovery & Recycling of Refrigerants	Refrigeration	Implementation of National recovery and recycling programme through demonstration of equipment
1998-2001	8. Licensing	Refrigeration, All	Feasibility Study for introduction of a licensing system for imports of ODSs, reduction of ODS use in refrigeration service sector; later use of all ODS
1998-2005	9. Support local industry	Refrigeration, all	Support research and development of alternative refrigeration equipment
1998-2005	10. Public Awareness	All	Develop public awareness campaigns through the mass media and NGOs to increase consciousness of the general public, and demonstrate and promote the strategy for the accelerated phaseout. Announce and broadly discuss new before introduction.

3. Projects Submitted for Funding

YEAR	PROJECT	IMPLEMEN- TING AGENCY	ODP TONNES PHASED OUT	PROJECT COST IN USD	GOVERN- MENT CONTRIB- UTION IN USD	MF CONTRIB UTION IN USD
1998-2001	Institutional Strengthening	UNEP	N/A	95,800	19,800	76,000
1998	Training in Monitoring/Control of ODS	UNEP	N/A	50,000	2,200	47,800
1998	Refrigerant recovery & recycling programme*	UNDP	12.15	159,059		159,059
1998	Training the Trainers of Technicians in Refrigeration	UNEP	N/A	50,000		50,000
Total			12.15	354,859	22,000	323,859

*Project submitted by UNDP, along with completed Refrigerant Management Plan (RMP) for Georgia.

4. Costs

Cost of Activities and Projects in the Country Programme in USD	323,859
Estimated Cost of Complete ODS Phaseout in USD	1,351,859
Estimate Cost Effectiveness for MF Funded Projects USD/kg	26.65
Estimated Cost Effectiveness for Complete Phaseout USD/kg	57.57

EXECUTIVE SUMMARY

Background

Georgia is a trans-Caucasian republic, which covers a total land area of 69,700 sq. km. It has a warm and pleasant climate similar to the Mediterranean and is situated along the Black Sea coast. The administrative division of the country comprises the two autonomous republics, including Abkhazia, and Ajaria.

The total population of the country is 5,476,000 (as per year 1992). With the population growth indicator of 0.87%, the projected population of the country in the year 2010 is 6,117,000 and in the year 2025, 6,523,000. The population under the age of 15 is 1,358,000 (24.8%) and the population over the age of 65 is 487,000 (8.9%).

With a GNP of \$2,303 in 1995, Georgia remains the country with the lowest GNP in the CIS, and of any country in the world that is undergoing a structural adjustment programme. However, there was considerable growth in GDP from 2.4 percent in 1995, to 11 percent for 1996 and a forecast of 8 percent for 1997.

The structure of the economy has been, and is, changing significantly. Industry is on a relative decline and accounted for 14 percent of value added in 1996, compared to 24 percent in 1990. The low point, however, was in 1994, when industry accounted for only 8 percent of value added.

Nearly the only part of the economy that operated during 1993 and 1994 was private agriculture, which accounted for 70 percent of value added in 1993. Agriculture has since been slightly squeezed out by growth in other sectors, and by drought in 1996, but still accounts for nearly one third of GDP.

The growth in the relative size of the service sector will have a significant effect on the quality of life in Georgia, since it causes comparatively little pollution. This covers the developments in the refrigeration equipment service sector, where the small and medium size private enterprises are a large number.

Current Situation

Currently (as per 1996 data) Georgia consumes approximately 26 ODP tonnes of ozone depleting substances (ODSs), out of which Annex A substances (CFCs) constitute 23.48 ODP tonnes (90.5%), Annex B substances (0%), Annex C substances (HCFCs) constitute approximately 1.1 ODP tonnes (4.1%) and the Annex E substances (methyl bromide) represent 1.4 ODP tonnes (5.4%). The consumption of Annex A and B substances is 0.004 kg per capita.

The consumption has decreased rapidly since 1986, when the total consumption was 666 ODP tonnes, some 0.122 kg per capita. The drop in consumption has continued rapidly since 1989, when the total consumption was 770 ODP tonnes, i.e. consumption decreased by approximately 97 percent.

By user, the refrigeration servicing sector is by far the largest, with 23.48 ODP tonnes consumption in 1996.

Implementing the Phaseout

The Government of Georgia is willing to follow international developments and the Montreal Protocol in the ODS phaseout. The refrigeration service sector is willing to use recycling equipment to eliminate the need of imports, and small and medium sized enterprises with capabilities to mount refrigeration equipment are willing to use non-ODS production

technologies. Administrative measures are being introduced to impose import restrictions and to collect accurate ODS data. The Government is preparing to introduce import bans for equipment using CFCs.

Import quotas are to be imposed on ODS importers in order to freeze the imports at the current level and to support the phaseout schedule. An incentive/disincentive system to encourage non-ODS technologies and imports is in preparation. A fund is going to be established to encourage and support the use of alternative substances.

The Government of Georgia is proposing four specific projects to be implemented, including an institutional strengthening project; establishing a recovery and recycling scheme in the refrigeration sector (submitted by UNDP along with the completed Refrigerant Management Plan - RMP); training of trainers in refrigeration servicing; and training in monitoring and control of ODSs.

PROJECT SUMMARY TABLE	TOTAL PROJECT COSTS IN USD	COSTS TO THE MF IN USD
1. Institutional Strengthening*	95,800	76,000
2. Training in Monitoring/Control of ODS**	50,000	47,800
3. Refrigerant recovery & recycling programme***	159,059	159,059
4. Training the Trainers of Technicians in Refrigeration	50,000	50,000
Total	354,859	323,859

*Funds being requested from the Multilateral Fund amount to US\$ 76,000, while the Government contribution is US\$ 19,800.

**Funds being requested from the Multilateral Fund amount to US\$ 47,800, while the Government contribution is US\$ 2,200.

***Project submitted by UNDP, along with the completed Refrigerant Management Plan (RMP).

The direct phaseout effect of the proposed projects is estimated at 12.15 ODP tonnes, i.e. approximately 52 percent of the total ODS consumption at 1996 level. The remaining ODS consumption, 11.33 ODP tonnes, will be phased out by the introduction of a ban on imports of ODS using and containing equipment, import quotas, technological change and by economic incentives, supported by public awareness and information campaigns.

The Government expects that all ODSs in Annex A and B will be phased out by the year 2005 through active cooperation between industry and the Government, through the implementation of the regulative measures described in the National Action Plan, and by implementing the aforementioned projects. The HCFC and methyl bromide phaseout will follow the target dates set in the Montreal Protocol and its Amendments for non-article 5(1) countries.

Country:	Georgia
Sector Covered:	All
Project Title:	Institutional Strengthening: Establishment of a National Ozone Unit
Project Duration:	3 years
Project Impact:	Strengthening the national institutional structure for coordination and monitoring of the ODS phaseout in accordance with the National Action Plan of the Country Programme and the RMP
Funding from MF:	US\$ 70,000
Total Budget:	US\$ 89,800
Implementing Agency:	UNEP
Coordinating National Agency:	Ministry of Environment of Georgia

Project Description

The Ministry of Environment is responsible for matters relating to the Vienna Convention and the Montreal Protocol. Currently, the human and technological resources available to address ozone issues are very limited, which is a significant handicap in terms of the implementation of projects and strategies identified in the Country Programme and the Refrigerant Management Plan. Furthermore, the current staff of the Ministry is unable to adequately monitor and report on ODS consumption in the Country. The limited institutional capacity therefore inhibits the Ministry's ability to meet obligations of the Montreal Protocol.

This project will strengthen the national institutional capacity to effectively coordinate and administer the actions outlined in the Country Programme and RMP of Georgia.

Project Objectives

The main objective of the project is to strengthen the national capacity in order to facilitate the efficient and effective coordination and administration of ozone matters. More specifically, the project seeks to:

- Establish a National Unit within the Ministry of the Environment which will be responsible for administering matters relating to the Montreal Protocol, the Country Programme and the Refrigerant Management Plan (RMP);

- Undertake all actions identified in the Country Programme and RMP and monitor their implementation;

Undertake feasibility study to establish a legal and regulatory system (including a licensing system) for ODS management. Formulate and introduce an Ozone Law;

Development and implementation of training of trainers in improved servicing and maintenance practices for refrigeration and Elaborate a licensing system for refrigerator service personnel;

Develop public awareness campaigns through the mass media and NGOs to increase consciousness of the general public, and demonstrate and promote the strategy for the accelerated phaseout. Develop an effective and efficient documentation centre and information Focal Point to disseminate information on ozone matters, both on request and via public awareness programmes;

Develop a system of incentives and disincentives on the use of ODS;

Introduce a ban on the import of ODS using or containing equipment;

Develop a monitoring system for ODS imports in order to comply with reporting requirements of the Montreal Protocol, track progress of ODS phaseout, and support the licensing and the incentive and disincentive systems;

Coordinate training for a number of Custom Officials to facilitate the implementation of procedures for using tariff classifications within the Harmonised System, and to extract and report data on trading in ODS;

Coordinate and implement recovery and recycling project to establish and operate recovery & recycling systems for the service of refrigerators;

Support and encourage local industry and technical institutes to adopt ODS-free substitute technologies. Identify opportunities for bilateral international cooperation;

Report annually to both the Multilateral Fund Secretariat and Ozone Secretariat on the ODS consumption in the country according to Article 7 of the Montreal Protocol; and

Report annually to the Multilateral Fund Secretariat on the progress of implementation of the Country Programme. Assist in the preparation of budgets and advise on the release of funds from the Multilateral Fund.

Project Organisation and Management

A National Ozone Unit will be established in the Ministry of the Environment with the responsibilities listed above. One full time professional officer and an assistant will run the office with the assistance of local consultants and experts on legal and refrigeration technology matters. The Ozone Unit will receive support from other divisions of the Ministry of Environment and will have access to expertise and all the facilities of the Ministry.

The professional officer will be the coordinator of the National Action Plan activities and will report to the Minister of Environment and to the Head of the Main Division of Air Pollution. She will continue chairing the National Ozone Phaseout Team and will prepare biannual reports on the progress of implementation. The organisation of the activities of the office and the reporting procedures will follow the requirements for UNEP IE sponsored activities.

Project Budget

The total budget for this project is US\$89,800. Funding requested from the Multilateral Fund equals \$70,000, including equipment, staffing, printing costs, public awareness materials. The budget also includes minimal funding to cover the costs of the participation of UNEP in the project, including assistance to the Government of Georgia and monitoring and evaluation of the project.

The Government contribution to the project will include office space, local telephone, office furniture, and local travel. The estimated value of this contribution is US\$19,800.

The project budget is detailed below:

COST ITEM	1998	1999	2000	TOTAL US\$
Equipment: Purchase and use of equipment; including microprocessor, printer, modem, software, power regulator, photocopying machine, telephone fax	12,000			12,000
Staffing: Project Coordinator, Professionals, assistants and secretary	6,000	6,000	6,000	18,000
Operating Costs: Telecommunications charges, service charges, office supplies, equipment maintenance	5,000	5,000	5,000	15,000
Public Awareness: Broadcasting, printed media campaigns	8,000	6,000	4000	18,000
Contingencies 10 %	3,000	2,000	2,000	7,000
Total Multilateral Fund	34,000	19,000	17,000	70,000
Government Contribution				
Local Office: Office space, local telephone, etc.	6,000	6,000	6,000	18,000
Contingencies				1,800
Total Government Contribution				19,800