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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-fifth Meeting
Montreal, 5-7 December 2001

PROJECT PROPOSALS: GEORGIA

This document consists of the comments and recommendations of the Fund Secretariat on the following project proposals:

Refrigeration:

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| • Implementation of the RMP: incentive programme for the end-users in the commercial/industrial refrigeration and refrigerated transport sub-sectors | UNDP |
| • Implementation of the RMP: monitoring the activities in the RMP | UNDP |
| • Implementation of the RMP: Training programme in the refrigeration sector (phase III) | UNEP |

PROJECT EVALUATION SHEET GEORGIA

SECTOR: Refrigeration ODS use in sector (2000): 21.5 ODP tonnes

Sub-sector cost-effectiveness thresholds: n/a

Project Titles:

- (a) Implementation of the RMP: incentive programme for the end-users in the commercial/industrial refrigeration and refrigerated transport sub-sectors
- (b) Implementation of the RMP: monitoring the activities in the RMP
- (c) Implementation of the RMP: Training programme in the refrigeration sector (phase III)

Project Data	Refrigerant management plan		
	End-users	Monitoring	Training ref.
Enterprise consumption (ODP tonnes)	7.41		
Project impact (ODP tonnes)	1.50		
Project duration (months)	36	72	12
Initial amount requested (US \$)	101,000	16,350	20,000
Final project cost (US \$):			
Incremental capital cost (a)	101,000	16,350	
Contingency cost (b)			
Incremental operating cost (c)			
Total project cost (a+b+c)	101,000	16,350	
Local ownership (%)	100%	100%	100%
Export component (%)	0%	0%	0%
Amount requested (US \$)	101,000	16,350	20,000
Cost effectiveness (US \$/kg.)	20.20		
Counterpart funding confirmed?			
National coordinating agency	Ministry of Environment and Natural Resources	National Ozone Unit	National Ozone Unit
Implementing agency	UNDP	UNDP	UNEP

Secretariat's Recommendations			
Amount recommended (US \$)	101,000	16,350	20,000
Project impact (ODP tonnes)	1.50		
Cost effectiveness (US \$/kg)	20.20		
Implementing agency support cost (US \$)	13,130	2,126	2,600
Total cost to Multilateral Fund (US \$)	114,130	18,476	22,600

PROJECT DESCRIPTION

Implementation of the RMP: incentive programme for the end-users in the commercial/industrial refrigeration and refrigerated transport sub-sectors

Implementation of the RMP: monitoring the activities in the RMP

Implementation of the RMP: Training programme in the refrigeration sector (phase III)

1. The Georgia RMP project was approved by the Executive Committee at its 23rd Meeting comprising training programmes for customs officers and refrigeration service technicians (under UNEP implementation) and a recovery and recycling scheme (under UNDP implementation) (UNEP/OzL/Pro/23/29).

2. In 2000, the total level of consumption of ODSs in Georgia was estimated at 21.5 ODP tonnes, mainly CFC-12 used for servicing refrigeration equipment (the CFC baseline is 22.5 ODP tonnes).

3. In 1997, the State Department of Standardisation, Certification and Metrology created a special Technical Committee of standardisation for the refrigeration sector. Article 54 of the Law on Ambient Air Protection (adopted by the Parliament of Georgia in 2000) relates to the protection of the Ozone Layer. The Ministry of Environment is designated as the responsible body for the implementation of the country programme and the licensing system to monitor ODS import. Also, a Presidential Decree on the Control of ODSs in the country has been submitted to the State office. It is proposed that controls on CFC quotas will be applied in 2003.

4. The Government of Georgia submitted the RMP update project proposal with an official letter of transmittal stating its commitment and financial implications associated with Decision 31/48. The RMP update includes an end-user incentive programme and additional training activities for service technicians and a sub-project for monitoring the implementation of the RMP.

5. Through a recent survey of cold stores conducted in Georgia, it was found that:

- (a) while some installations are well maintained, and conversion to zero-/low-ODP refrigerants would require minor changes, however, other installations would need to be completely re-built or replaced;
- (b) retrofit of newer facilities (installed after 1995) to zero/low-ODP refrigerants would be relatively easy to perform;
- (c) in general, the design of most of the refrigeration systems preclude simple retrofit to a hydrocarbon refrigerant, which would involve major equipment re-design and electrical installation upgrade.

6. Based on the results of the survey, the Government of Georgia has submitted a project to be implemented over a period of 3 years for establishing an incentive programme to encourage refrigeration end-users to replace or permanently retrofit their existing ODS based equipment to

zero/low-ODP refrigerants. The Government has identified 8 end-user enterprises, which are considered high-priority in view of the strategic importance for the economy as a whole. These enterprises would be eligible to receive an incentive payment, to be determined during project implementation, but limited to a combined maximum of US \$60,000. Other end-user enterprises would benefit from this project through technical assistance, and a workshop that will be held at the end of project. The total cost of the project is US \$101,000 and the estimated amount of CFC-12 to be phased out is 5 ODP tonnes.

7. The RMP update also includes a complementary project for the training of refrigeration technicians, including a sub-component for the certification of service technicians, at a cost of US \$20,000. Through this programme, a certificate will be awarded to the technicians who have completed the training and who then will be able to purchase CFC. The RMP update also includes a sub-project for monitoring the activities in the RMP at a cost of US \$16,350.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

8. The main results of the sub-projects contained in the original RMP are as follows:

- (a) one workshop on "train the trainers" in good practices in refrigeration has been conducted; these trainers have already conducted five training workshops for refrigeration technicians;
- (b) the equipment for the establishment of the refrigerant recovery and recycling scheme has been distributed to service workshops and technicians have been trained in the use of this equipment;
- (c) the training of customs officers was scheduled for the second half of 2001.

9. The Secretariat pointed out to UNDP that through the sub-projects contained in the RMP under implementation a total of 9.7 ODP tonnes of CFC would have been already phased out. However, in 2000 the CFC consumption was slightly lower than the 1997 consumption. UNDP informed the Secretariat that the ODS data for the original RMP was gathered when most economic activities in Georgia were stalled. Since then, the economy has started to grow. Furthermore, the fact that the current CFC consumption in the country has remained marginally lower than in 1997, should be considered as a signal that the legislative measures and the operation of the recovery and recycling scheme have been relatively successful.

10. The Secretariat also indicated that it has to be demonstrated how the proposed activities will assist Georgia to reduce its CFC consumption by 11 ODP tonnes by 2005. If the project is successfully implemented, only 5 ODP tonnes of CFCs will be phased out (as reported in the project cover sheet). UNDP informed that it is hoped that through the additional legislative measures, the closure of CFC production plants all over the world, other market forces, and limited assistance provided in the RMP update, Georgia will be able to comply with the control measures by 2005 and 2007.

11. Given that the training of refrigeration technicians is currently under implementation, recovery and recycling operations commenced recently, additional new ODS-related legislation is under development, and the price of HFC-134a (as a potential replacement of CFC-12) is more than two times the price of CFC-12, the Secretariat indicated to UNDP its reservations about committing the remaining RMP funding for Georgia to a retrofit incentive programme. In this regard, UNDP indicated that a lot of efforts were made to put together a RMP update for Georgia. The Government considers that the RMP update is crucial at this time, especially in order to keep the momentum on the on-going sub-projects approved under the original RMP.

12. The Secretariat also indicated that as a minimum, the management aspects of the RMP need to be given significantly greater emphasis, to achieve the proposed reductions in consumption. UNDP informed the Secretariat that the management aspects are essential, and it is for this reason that the monitoring project (despite its low budget) will assist the Ozone Unit to fulfil its tasks. Also, the funds made available through the institutional strengthening project would add to the funding provided through the RMP update, as far as the management aspects are concerned.

RECOMMENDATION

13. The Fund Secretariat recommends blanket approval of the projects with associated support costs at the funding level shown in the table below, taking into consideration that the RMP update has been prepared according to Decisions 31/48 and 32/28 and that the Government of Georgia is committed to comply with the CFC phase out of the Montreal Protocol and acknowledge the limitations of funding in the refrigeration servicing sector.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Implementation of the RMP: incentive programme for the end-users in the commercial/industrial refrigeration and refrigerated transport sub-sectors	101,000	13,130	UNDP
(b)	Implementation of the RMP: monitoring the activities in the RMP	16,350	2,126	UNDP
(c)	Implementation of the RMP: Training programme in the refrigeration sector (phase III)	20,000	2,600	UNEP