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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Sixty-third Meeting  
Montreal, 4-8 April 2011

**PROJECT PROPOSAL: GEORGIA**

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

Phase-out

- HCFC phase-out management plan (stage I, first tranche)

UNDP

## PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

## Georgia

<b>(I) PROJECT TITLE</b>	<b>AGENCY</b>
HCFC phase-out management plan (stage I, first tranche)	UNDP (lead)

<b>(II) LATEST ARTICLE 7 DATA</b>	Year: 2009	4.6 (ODP tonnes)
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<b>(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP)</b>								<b>Year: 2009</b>			
Chemical	Aerosol	Foam	Fire	Refrigeration		Solvent	Process	Lab	Total sector		
				Manufacturing	Servicing						
HCFC123											
HCFC124											
HCFC141b											
HCFC142b						0.7				0.7	
HCFC22					3.9					3.9	

<b>(IV) CONSUMPTION DATA (ODP tonnes)</b>			
2009 - 2010 baseline (estimate):	5.3	Starting point for sustained aggregate reductions:	5.3
<b>CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)</b>			
Already approved:	0.0	Remaining:	1.9

<b>(V) BUSINESS PLAN</b>		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNDP	ODS phase-out (ODP tonnes)	0.5	0.0	0.5	0.0	0.0	0.5	0.0	0.0	0.2	0.0	1.6
	Funding (US \$)	102,000	0	101,588	0	0	101,588	0	0	33,863	0	339,038

<b>(VI) PROJECT DATA</b>			2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	
Montreal Protocol consumption limits (estimate)			n/a	n/a	5.33	5.33	4.79	4.79	4.79	4.79	4.79	3.46		
Maximum allowable consumption (ODP tonnes)			n/a	n/a	5.33	5.33	4.79	4.14	4.14	4.14	4.14	3.00		
Project Costs requested in principle(US\$)	UNDP	Project costs	200,000			150,000				119,400			31,500	500,900
		Support costs	15,000			11,250				8,955			2,363	37,568
Total project costs requested in principle (US \$)			200,000	0	0	150,000	0	0	119,400	0	0	31,500	500,900	
Total support costs requested in principle (US \$)			15,000	0	0	11,250	0	0	8,955	0	0	2,363	37,568	
Total funds requested in principle (US \$)			215,000	0	0	161,250	0	0	128,355	0	0	33,863	538,468	

<b>(VII) Request for funding for the first tranche (2011)</b>		
<b>Agency</b>	<b>Funds requested (US \$)</b>	<b>Support costs (US \$)</b>
UNDP	200,000	15,000

<b>Funding request:</b>	Approval of funding for the first tranche (2011) as indicated above
<b>Secretariat's recommendation:</b>	For individual consideration

## PROJECT DESCRIPTION

1. On behalf of the Government of Georgia UNDP, as the designated implementing agency submitted to the 63<sup>rd</sup> Meeting of the Executive Committee a HCFC phase-out management plan (HPMP) including a request for technical assistance in the solvent sector at a total cost, as originally submitted, of US \$536,800 plus agency support costs of US \$40,260 for UNDP, for the implementation of stage I of the HPMP. The HPMP covers strategies and activities to achieve the freeze on HCFC consumption in 2013, and the 10 per cent and 35 per cent reductions in HCFC consumption by 2015 and 2020, respectively.

2. The first tranche for stage I being requested at this meeting amounts to US \$200,000 plus agency support costs of US \$15,000 for UNDP as originally submitted.

### Background

3. Georgia became independent after the Soviet Union dissolved in 1991. It ratified the Vienna Convention and the Montreal Protocol by 1996 and acceded to the London, Copenhagen, and Montreal Amendments in 2000. Georgia was originally a non-Article 5 country and was reclassified as an Article 5 country by decision of the Meeting of the Parties in 1996.

### ODS regulations

4. Since 2006, all ODS are regulated by an integrated permit system, including HCFCs. At this point time, there is no quota allocation for HCFCs.

### ODS consumption

5. All HCFCs used in Georgia are imported, as the country does not have any production capacity. At the current time, the country consumes both HCFC-22 and HCFC-142b. HCFC-22 is used in the refrigeration and air conditioning servicing sector, and HCFC-142b is used as a solvent in the solvent sector, more precisely in the dry cleaning sub-sector. In 2009, the year for which the latest data is available, the consumption was 71.2 metric tonnes (mt) (3.9 ODP tonnes) of HCFC-22 and 10.0 metric tonnes (0.7 ODP tonnes) of HCFC-142b. The consumption of HCFC-22 in 2009 was about one third lower than in 2008. The average consumption of HCFC-22 for the last three reported years had been 70.2 tonnes, which is only slightly lower than the 2009 level of 71.2 mt. The consumption of HCFC-142b was reported for the first time in 2009.

### Sectoral distribution of HCFC

6. There is no HCFC consumption in the manufacturing sector, on the understanding that the use for dry-cleaning is not considered to be “manufacturing”. No use has been identified in the aerosol, fire extinguisher or foam sectors. Georgia has a number of enterprises producing small refrigeration equipment, consuming in 2008 in total one tonne of HCFC-22 among five companies. Fourteen companies in the dry-cleaning sub-sector are consuming 10 tonnes of HCFC-142b. When Georgia was still part of the Soviet Union, dry cleaners had traditionally used ozone-depleting solvents including CFC-113. Subsequently, the main solvent used in the sub-sector was HCFC-142b. Two types of dry-cleaning machines are used by the 14 enterprises.

7. Georgia has imported large quantities of air conditioning units between 2006 and 2008, and assumes that these still relatively new units will increasingly drive up the demand for HCFC-22 for servicing. The total HCFC service demand is estimated on the basis of bottom-up calculations to reach 106.8 mt per year. For future years, Georgia assumes that by 2011 it will have almost reached the level of consumption observed in 2008, with a further increase of eight per cent for 2012 and 2013 and 10 per cent for the years thereafter until 2020. This business as usual scenario suggests more than a doubling of HCFC-22 consumption until 2020. Table 1 below compares the unconstrained growth scenario with the growth constrained by both the Montreal Protocol and the implementation of the HPMP; this comparison is provided for the years 2011 to 2016, since a forecast beyond 2016 seems to be of low probability and, therefore, limited usefulness.

Table 1. Unconstrained versus constrained HCFC consumption forecast

	<b>Year</b>	<b>2009*</b>	<b>2010**</b>	<b>Baseline</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Unconstrained consumption	HCFC-22 (mt)	71.2	96.5	83.85	103	111	119.8	131.8	145	159.5
	HCFC-142b (mt)	10	12	11	12	12	12	12	12	12
	Total (ODP tonnes)	4.57	6.09	5.33	6.45	6.89	7.37	8.03	8.76	9.55
Constrained consumption	HCFC-22 (mt)	71.2	96.5	83.85	91.2	87.5	83.9	79.7	75.5	69.5
	HCFC-142b (mt)	10	12	11	12	12	11	11	11	0
	Total (ODP tonnes)	4.57	6.09	5.33	5.8	5.59	5.33	5.16	4.80	3.82

\*Data reported under Article 7 of the Montreal Protocol

\*\*Data estimated

#### HCFC consumption baseline

8. The estimated baseline for HCFC consumption is calculated at 5.33 ODP tonnes, based on the reported 2009 consumption data and the estimated 2010 consumption, as shown in Table 1 above. This is equivalent to 83.85 mt of HCFC-22 and 11 mt of HCFC-142b. The country selected as its starting consumption point estimated baseline for HCFC consumption.

#### HCFC phase-out strategy

9. The Government of Georgia is proposing to phase out the use of HCFC-142b by the end of 2015, and to reduce the consumption of HCFC-22 by ten per cent in 2015 and by 35 per cent in the year 2020 as compared to the baseline consumption of HCFC-22. Consequently, due to the complete phase-out of the use of HCFC-142b in 2015, the country will achieve an accelerated phase-out of HCFCs by 0.64 ODP tonnes per year from 2016 to 2019, and by 0.25 ODP tonnes for 2020.

10. In stage I of the HPMP, Georgia will introduce import quotas for HCFCs. Georgia also plans to introduce an import quota for new equipment containing HCFCs during stage I of the HPMP. For the second stage of the HPMP, further activities in the servicing sector, the only remaining consumption sector, are foreseen. The country assumes that through the reduction of imports of HCFC containing refrigeration and air conditioning equipment, the demand in the servicing sector will already be reduced. Building on these regulatory measures to be implemented during stage I, it is assumed that further measures to curb the use of HCFCs in the servicing sector will be sufficient to achieve the complete phase-out of HCFC use in line with the provisions of the Montreal Protocol. The summary of activities in the proposed implementation period is shown in Table 2.

Table 2. Specific activities of the HPMP and proposed period of implementation

Policy, regulatory and institutional support	
Development of the legislative acts for application of the quota system	2011-2012
Improvements in the certification system	2011-2012
Control of service methods and equipment containing ODSs	2011-2012
Two national workshops	2011-2012
Development of supportive regulatory acts	2013-2015
Training, capacity-building and awareness	
Updating a code of practice (evaluation, proposal and approval)	2012-2013
Training on good practices in the refrigeration sector (training of trainers)	2012
Training on good practices in the refrigeration sector (training of technicians)	2012-2015
Training of future technicians and further strengthening of vocational school	2011-2015
Training of customs officers to monitor HCFC import-export	2012-2015
Strengthening the Georgian Association of Refrigerating, Cryogenic and Air-conditioning Engineers	2012-2014
Support to upgrade the service equipment	2018
Improved infrastructure for re-use of refrigerants	2018-2019
Targeted information	2011-2020
Demonstration projects to use natural refrigerants	2011, 2012
Technical assistance in the solvent sector	2011-2014
Workshops and presentation of results	2011, 2014
Monitoring, implementation and evaluation	2011-2015

Cost of the HPMP

11. The total cost for stage I of the HPMP for Georgia has been agreed at US \$500,900 to meet commitment up to 2020. The related activities will support the country to achieve the 10 per cent reduction by 2015 and the 35 per cent reduction by 2020 resulting in a phase-out of 11 mt (0.71 ODP tonnes) of HCFC-142b and 29.35 mt (1.61 ODP tonnes) of HCFC-22. The detailed breakdown for activities in the solvent sector is provided in Table 3, while the cost breakdown for all stage I activities is listed in Table 4.

Table 3. Cost details of solvent sector activities

Activity	Cost (US \$)
International consultant	7,000
National consultants	15,000
Two workshops	10,000
Incentive grants	119,000
Programme promotion, documentation, technical literature	18,000
Contingency 10%	16,900
Total (US \$)	185,900

Table 4. Total cost of the HPMP

Description of activities	Budget in (US \$)
Policy, regulatory and institutional support	11,000
<b>Training, capacity-building and awareness</b>	
Updating a code of practice	7,260
Training on good practices in the refrigeration sector	24,200
Training of future technicians and further strengthening of vocational schools	27,500
Training of customs officers to monitor HCFC import-export	14,300
Strengthening the Georgian Association of Refrigerating, Cryogenic and Air-conditioning Engineers	19,800
Targeted information	Funded through IS
Demonstration projects to use natural refrigerants	91,300
<b>Technical assistance to support good servicing practices in the refrigeration sector</b>	
Support to upgrade the service equipment	31,900
Improved infrastructure for re-use of refrigerants	46,640
Technical assistance in the solvent sector	185,900
Project implementation, monitoring and evaluation	41,100
Total (US \$)	500,900

## SECRETARIAT'S COMMENTS AND RECOMMENDATION

### COMMENTS

12. The Secretariat reviewed the HPMP for Georgia in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60<sup>th</sup> Meeting (decision 60/44), subsequent decisions on HPMPs made at the 62<sup>nd</sup> Meeting and the 2011-2014 business plan of the Multilateral Fund.

#### Starting point

13. The Government of Georgia agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption the average level of actual reported consumption in 2009 of 4.57 ODP tonnes (71.2 mt of HCFC-22 and 10 mt of HCFC-142b) and estimated consumption in 2010 of 6.09 ODP tonnes (96.5 mt of HCFC-22 and 12 mt of HCFC-142b) resulting in 5.33 ODP tonnes. The business plan indicated a baseline of 4.8 ODP tonnes, since the consumption of HCFC-142b had not been taken into account by the implementing agency when establishing the business plan value.

#### Climate impact

14. The proposed technical assistance activities in the HPMP for the servicing sector, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogramme (kg) of HCFC-22 not emitted due to better refrigeration practices results in approximately 1.8 CO<sub>2</sub>-equivalent tonnes saved. Although a calculation of the impact on the climate was not included in the HPMP, the activities planned by the country, in particular its reliance on the use of hydrocarbons in the service sector, indicate that it is likely

that the country will surpass the level of 5,280 CO<sub>2</sub>-equivalent tonnes that would not be emitted into the atmosphere as estimated in the 2011-2014 business plan. However, at this time, the Secretariat is not in a position to quantitatively estimate the impact on the climate derived from the service sector. In addition, the Secretariat calculated that the replacement of 11 mt of HCFC-142b by short-lived alternatives, such as hydrocarbons, perchlorethylene or trichloroethylene, would lead to an annual reduction in greenhouse gas emissions of a further 25,000 CO<sub>2</sub>-equivalent tonnes annually. The actual impact of the HPMP of Georgia in both sectors might be established through an assessment of implementation reports by, inter alia, comparing the levels of refrigerants used annually from the commencement of the implementation of the HPMP, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained, and the HCFC-22 based refrigeration equipment and the dry-cleaning facilities being retrofitted.

#### Co-financing

15. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, UNDP explained that both Georgia and UNDP will explore possibilities of additional funding sources for the ozone-climate co-benefit components under the GEF (Climate Focal Area/Energy efficiency) or through bilateral cooperation.

#### 2011-2014 business plan of the Multilateral Fund

16. UNDP is requesting US \$500,900 plus support costs for implementation of stage I of the HPMP until 2020. The total value requested for the period 2011-2014 of US \$376,250 including support cost is above the total amount in the business plan, which was determined at a level of US \$204,000. The difference in the figures is related to a higher than assumed baseline in HCFC-22 consumption with the related higher funding eligibility for the service sector, and, in particular, the planned phase-out activities for HCFC-142b in the solvent sector.

17. Based on the estimated HCFC baseline consumption in the servicing sector of 83.85 mt, Georgia's allocation up to the 2020 phase-out for the servicing sector should be US \$315,000 in line with decision 60/44 plus funding for the activities in the solvent sector of US \$185,900.

#### Draft Agreement

18. A draft Agreement between the Government of Georgia and the Executive Committee for HCFCs phase-out is contained in Annex I to the present document.

### **RECOMMENDATION**

19. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Georgia for the period 2011 to 2020, at the amount of US \$500,900 and agency support costs of US \$37,568 for UNDP, on the understanding that:
  - (i) US \$315,000 was provided to address HCFC consumption in the refrigeration servicing sector to reach up to and including the 35 per cent reduction in 2020 in line with decision 60/44; and
  - (ii) US \$185,900 was provided for the phase-out of 11 metric tonnes (0.72 ODP tonnes) of HCFC-142b used in the solvent sector;

- (b) Noting that the Government of Georgia had agreed at the 63<sup>rd</sup> Meeting to establish as its starting point for sustained aggregate reduction in HCFC consumption the estimated baseline of 5.33 ODP tonnes, calculated using actual reported consumption for 2009 of 4.57 ODP tonnes and the estimated consumption for 2010 of 6.09 ODP tonnes;
- (c) Approving the draft Agreement between the Government of Georgia and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (d) Requesting the Fund Secretariat, once the baseline data were known, to update draft Appendix 2-A to the Agreement to include the figures for maximum allowable consumption, and to notify the Executive Committee of the resulting change in the levels of maximum allowable consumption and of any potential related impact on the eligible funding level, with any adjustments needed to being made when the next tranche was submitted; and
- (e) Approving the first tranche of stage I of the HPMP for Georgia, and the corresponding implementation plan, at the amount of US \$200,000 and agency support costs of US \$15,000 for UNDP.

## Annex I

### **DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF GEORGIA AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS**

1. This Agreement represents the understanding of the Government of Georgia (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 3.00 ODP tonnes prior to 1 January 2020 in compliance with Montreal Protocol schedules, with the understanding that this figure is to be revised one single time in 2011, when the baseline consumption for compliance would be established based on Article 7 data, with the funding to be adjusted accordingly, as per decision 60/44.
2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances which exceeds the level defined in row 1.2 of Appendix 2-A (“maximum allowable total consumption of Annex C, Group I Substances”; the Target) as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances which exceeds the level defined in rows 4.1.3 and 4.2.3 (remaining eligible consumption).
3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees in principle to provide the funding set out in row 3.1 of Appendix 2-A (“Targets and Funding”) to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).
4. The Country will accept independent verification, to be commissioned by the relevant bilateral or implementing agency, of achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) of this Agreement as described in sub-paragraph 5(b) of this Agreement.
5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least 60 days prior to the applicable Executive Committee meeting set out in the Funding Approval Schedule:
  - (a) That the Country has met the Targets for all relevant years. Relevant years are all years since the year in which the hydrochlorofluorocarbons phase-out management plan (HPMP) was approved. Exempt are years for which no obligation for reporting of country programme data exists at the date of the Executive Committee Meeting at which the funding request is being presented;
  - (b) That the meeting of these Targets has been independently verified, except if the Executive Committee decided that such verification would not be required;

- (c) That the Country had submitted tranche implementation reports in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each previous calendar year, that it had achieved a significant level of implementation of activities initiated with previously approved tranches, and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent; and
- (d) That the Country has submitted and received approval from the Executive Committee for a tranche implementation plan in the form of Appendix 4-A (“Format of Tranche Implementation Reports and Plans”) covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A (“Monitoring Institutions and Roles”) will monitor and report on implementation of the activities in the previous tranche implementation plan in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in sub-paragraph 5(b).

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest phase-down and phase-out of the Substances specified in Appendix 1-A. Reallocations categorized as major changes must be documented in advance in a Tranche Implementation Plan and approved by the Executive Committee as described in sub-paragraph 5(d). Major changes would relate to reallocations affecting in total 30 per cent or more of the funding of the last approved tranche, issues potentially concerning the rules and policies of the Multilateral Fund, or changes which would modify any clause of this Agreement. Reallocations not categorized as major changes may be incorporated in the approved Tranche Implementation Plan, under implementation at the time, and reported to the Executive Committee in the Tranche Implementation Report. Any remaining funds will be returned to the Multilateral Fund upon closure of the last tranche of the plan.

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and
- (b) The Country and the bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNDP has agreed to be the lead implementing agency (the “Lead IA”) in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of any of the agencies taking part in this Agreement.

10. The Lead IA will be responsible for carrying out the activities of the plan as detailed in the first submission of the HPMP with the changes approved as part of the subsequent tranche submissions, including but not limited to independent verification as per sub-paragraph 5(b). The Executive Committee agrees, in principle, to provide the Lead IA with the fees set out in row 2.2 of Appendix 2-A.

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amounts set out in Appendix 7-A in respect of each ODP tonne of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5.

12. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee and the Lead IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA with access to information necessary to verify compliance with this Agreement.

14. The completion of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption has been specified in Appendix 2-A. Should at that time activities be still outstanding which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per Appendix 4-A (a), (b), (d) and (e) continue until the time of the completion if not specified by the Executive Committee otherwise.

15. All of the agreements set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

## APPENDICES

### APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	4.61
HCFC-142b	C	I	0.72

## APPENDIX 2-A: THE TARGETS, AND FUNDING

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	5.33	5.33	4.79	4.79	4.79	4.79	4.79	3.46	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	5.33	5.33	4.79	4.14	4.14	4.14	4.14	3.00	n/a
2.1	Lead IA UNDP agreed funding(US \$)	200,000			150,000			119,400			31,500	500,900
2.2	Support costs for Lead IA(US \$)	15,000			11,250			8,955			2,363	37,568
3.1	Total agreed funding (US \$)	200,000	0	0	150,000	0	0	119,400	0	0	31,500	500,900
3.2	Total support cost (US \$)	15,000	0	0	11,250	0	0	8,955	0	0	2,363	37,568
3.3	Total agreed costs (US \$)	215,000	0	0	161,250	0	0	128,355	0	0	33,863	538,468
4.1.1	Total phase-out of HCFC-22 agreed to be achieved under this Agreement (ODP tonnes)											1.61
4.1.2	Phase-out of HCFC-22 to be achieved through previously approved projects (ODP tonnes)											0
4.1.3	Remaining eligible consumption of HCFC-22 (ODP tonnes)											3.00
4.2.1	Total phase-out of HCFC-142b agreed to be achieved under this agreement (ODP tonnes)											0.72
4.2.2	Phase-out of HCFC-142b to be achieved in previously approved projects (ODP tonnes)											0
4.2.3	Remaining eligible consumption for HCFC-142b (ODP tonnes)											0

## APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval not earlier than the first meeting of the year specified in Appendix 2-A.

## APPENDIX 4-A: FORMAT OF TRANCHE IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Tranche Implementation Report and Plan will consist of five parts:
  - (a) A narrative report regarding the progress in the previous tranche, reflecting on the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it and how they relate to each other. The report should further highlight successes, experiences and challenges related to the different activities included in the Plan, reflecting on changes in the circumstances in the Country, and providing other relevant information. The report should also include information about and justification for any changes vis-à-vis the previously submitted tranche plan, such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information about activities in the current year;

- (b) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken in the next tranche, highlighting their interdependence, and taking into account experiences made and progress achieved in the implementation of earlier tranches. The description should also include a reference to the overall Plan and progress achieved, as well as any possible changes to the overall plan foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain any revisions to the overall plan which were found to be necessary;
- (d) A set of quantitative information for the report and plan, submitted into a database. As per the relevant decisions of the Executive Committee in respect to the format required, the data should be submitted online. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), and will cover the same time periods and activities; it will also capture the quantitative information regarding any necessary revisions of the overall plan as per sub-paragraph 1(c) above. While the quantitative information is required only for previous and future years, the format will include the option to submit in addition information regarding the current year if desired by the Country and the Lead IA; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of above sub-paragraphs 1(a) to 1(d).

#### **APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES**

1. In Georgia, the HPMP will be implemented by the Ministry of Environment Protection and Natural Resources and project implementation team composed of UNDP individual service contractors.
2. The Ministry of Environment Protection and Natural Resources of Georgia as an implementing partner for the project will designate a National Project Director (NPD) who will support the programme or project and will serve as a focal point on the part of the Government. NPD's responsibility normally entails ensuring effective communications between the partners and monitoring of progress towards expected results. The project Executive Board composed of the representatives of the National Ozone Unit (NOU), the Ministry and UNDP as well as a NPD, Project Manager, National Ozone Focal Point and representative of the Georgian Association of Refrigerating, Cryogenic and Air-conditioning Engineers will be established. This Executive Board will have a general oversight function, give guidance to the project and make key decisions for the project. It will meet at least once every three months.
3. The Ministry of Environment Protection and Natural Resources will also ensure the involvement of other related Government stakeholders such as the Customs department to assist with the implementation of specific HPMP components.

4. In order to achieve the targets set out in the HPMP it is essential that monitoring of the implementation of the proposed measures is carried out. The expected monitoring activities will include the following:

- (a) Effective monitoring and evaluation of all components of the HPMP;
- (b) Measuring progress; and
- (c) Identifying project problems.

The NOU will be responsible for the overall monitoring of HPMP programme.

5. The project will undergo periodic audits by a certified auditor according to UNDP rules and regulations.

#### **APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY**

1. The Lead IA will be responsible for a range of activities. These can be specified in the project document further, but include at least the following:

- (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's phase-out plan;
- (b) Assisting the Country in preparation of the Tranche Implementation Plans and subsequent reports as per Appendix 4-A;
- (c) Providing verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Tranche Implementation Plan consistent with Appendix 4-A;
- (d) Ensuring that the experiences and progress is reflected in updates of the overall Plan and in future Tranche Implementation Plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
- (e) Fulfilling the reporting requirements for the tranches and the overall Plan as specified in Appendix 4-A as well as project completion reports for submission to the Executive Committee;
- (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
- (g) Carrying out required supervision missions;
- (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Tranche Implementation Plan and accurate data reporting;
- (i) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;

- (j) Ensuring that disbursements made to the Country are based on the use of the indicators;  
and
- (k) Providing assistance with policy, management and technical support when required.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent organization to carry out the verification of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

#### **APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY**

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met.

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