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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-second Meeting
Montreal, 12-16 May 2014

PROJECT PROPOSAL: GEORGIA

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

Phase-out

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

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Georgia

| | |
|-------------------------------|---------------|
| (I) PROJECT TITLE | AGENCY |
| HCFC phase out plan (Stage I) | UNDP (lead) |

| | | |
|---|------------|-------------------|
| (II) LATEST ARTICLE 7 DATA (Annex C Group I) | Year: 2012 | 2.66 (ODP tonnes) |
|---|------------|-------------------|

| (III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes) | | | | | | | Year: 2012 | | |
|--|---------|------|---------------|---------------|-----------|---------|-------------------|---------|--------------------------|
| Chemical | Aerosol | Foam | Fire fighting | Refrigeration | | Solvent | Process agent | Lab use | Total sector consumption |
| | | | | Manufacturing | Servicing | | | | |
| HCFC | | | | | 2.7 | | | | 2.7 |

| (IV) CONSUMPTION DATA (ODP tonnes) | | | |
|--|------|--|------|
| 2009 - 2010 baseline: | 5.3 | Starting point for sustained aggregate reductions: | 5.21 |
| CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes) | | | |
| Already approved: | 2.24 | Remaining: | 2.97 |

| (V) BUSINESS PLAN | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--------------------------|----------------------------|---------|------|------|---------|------|------|--------|---------|
| UNDP | ODS phase-out (ODP tonnes) | 0.7 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 | 0.1 | 1.4 |
| | Funding (US \$) | 161,250 | 0 | 0 | 128,355 | 0 | 0 | 33,863 | 323,468 |

| (VI) PROJECT DATA | | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--|------|---------------|---------|------|------|---------|------|------|---------|------|------|--------|---------|
| Montreal Protocol consumption limits | | | n/a | n/a | 5.3 | 5.3 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 3.5 | n/a |
| 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 | n/a |
| Agreed funding (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 |
| Funds approved by ExCom (US \$) | | Project costs | 200,000 | | | 0 | | | | | | | 200,000 |
| | | Support costs | 15,000 | | | 0 | | | | | | | |
| Total funds requested for approval at this meeting (US \$) | | Project costs | | | | 150,000 | | | | | | | 150,000 |
| | | Support costs | | | | 11,250 | | | | | | | |

| | |
|--------------------------------------|----------------------|
| Secretariat's recommendation: | For blanket approval |
|--------------------------------------|----------------------|

PROJECT DESCRIPTION

1. On behalf of the Government of Georgia, UNDP as the designated implementing agency, has submitted to the 72nd meeting of the Executive Committee a request for funding for the second tranche of stage I of the HCFC phase-out management plan (HPMP)¹, at the amount of US \$150,000, plus agency support costs of US \$11,250. The submission includes a progress report on the implementation of the first tranche of the HPMP and annual implementation plans until 2017.

Progress report on the implementation of the first tranche of the HPMP

2. Since approval of the first tranche, two enterprises in the dry-cleaning sub-sector were converted by providing HCFC-free dry cleaning machines resulting in the phase-out of 0.72 ODP tonnes of HCFC-142b. Assistance was also provided through technician training and recommending changes to tetrachloroethylene. The use of HCFC-142b in the solvent sector has ceased; the import of the substance will only continue as part of the occasional import of R-406A², until the end of 2015 when it will be completely banned.

3. The national code of practice for refrigeration technicians was updated to cover HCFCs, and, to some extent, HFC-based alternative blends. Twenty technicians and five trainers were trained in good practices. New training modules for recovery and recycling (R&R), retrofitting and new technologies for use in vocational schools were developed. The refrigeration technicians can also access information on-line at a webpage of the Georgian Refrigeration Association, made available as part of the HPMP and five trainers and 30 customs officers were trained, information and guidance for customs officers on operationalizing the licensing system was drafted and a refrigerant analyser was provided to the customs office. The project is managed by a project management unit (PMU), also funded through the HPMP.

4. Of the US \$200,000 approved for the first tranche, US \$135,819 (68 per cent) has been disbursed.

Annual implementation plans

5. From 2014 to 2017, remaining funding of the first tranche and funding provided in the second tranche will be used to assess supportive actions for controlling the applications of the quota system and for improvement in the certification system, an electronic HCFC import reporting management system, information on HCFC alternative technologies and printing of information for customs. Other activities include a roundtable for stakeholders to discuss legislation changes, media training and procurement of tools for vocational schools, one demonstration activity and a variety of technical assistance to support good servicing practicing in the refrigeration sector.

6. Funding from the second tranche will include amendments and development of legislative acts and two national workshops, further amendments in the code of practice for refrigeration technicians and its printing, training of good practices for existing technicians based on the code of good practices, and training of future technicians and further strengthening of vocational schools as well as the Georgian Association of Refrigeration Engineers. It is also planned to undertake an extended public awareness campaign in different regions of Georgia. Two additional demonstration activities in the refrigeration servicing sector to use natural refrigerants at a total cost of US \$53,000 will be implemented, and two workshops related to the demonstration projects will be covered. It is also planned to provide support to upgrade the equipment of refrigeration technicians, and improve the infrastructure for the reuse of refrigerants through providing equipment to R&R centres. Finally, the PMU will also continue its activities.

¹ The HPMP for Georgia was approved by the Executive Committee at its 63rd meeting to reduce HCFC consumption to by 43 per cent of the baseline by 1 January 2020.

² A drop-in servicing refrigerant blend containing HCFC-142b, HCFC-22 and HC-600a.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Licensing and quota system

7. The licensing and quota system appears to be fully functional. In line with decision 63/17, UNDP, on behalf of the Government, submitted an official letter confirming that Georgia has an enforceable national licensing and quota system for import/export, re-export and transit of HCFCs. It also confirmed that the system is capable of ensuring the country's compliance with the Montreal Protocol HCFC phase-out schedule.

HCFC consumption

8. The submission did not include 2013 consumption data for HCFCs; the 2012 consumption of 2.66 ODP tonnes had been 49 per cent lower than the baseline, caused partially by the phase-out of the consumption of HCFC-142b. The Secretariat requested UNDP to provide 2013 data. It submitted the preliminary HCFC consumption data for 2013, with zero metric tonnes (mt) imports for HCFC-142b and 25 mt (1.38 ODP tonnes) for HCFC-22. The 2013 consumption appears to be about 25 per cent of the baseline consumption; thus Georgia appears to be in compliance with the Montreal Protocol, and the maximum allowable consumption. The below table shows HCFC consumption from 2009 to 2013.

Table 1. 2009-2013 consumption

| Year | 2009 | 2010 | 2011 | 2012 | 2013 (est.) | Baseline |
|---------------|------|------|------|------|----------------|----------|
| Metric tonnes | | | | | | |
| HCFC-22 | 71.2 | 95.0 | 72.4 | 48.3 | 25.0 | 83.1 |
| HCFC-142b | 10.0 | 9.8 | 5.0 | 0.0 | 0.0 | 9.9 |
| ODP tonnes | | | | | | |
| HCFC-22 | 3.92 | 5.23 | 3.98 | 2.66 | 1.38 | 4.57 |
| HCFC-142b | 0.65 | 0.64 | 0.33 | 0.00 | 0.00 | 0.64 |
| Total | 4.57 | 5.87 | 4.31 | 2.66 | 1.38 | 5.21 |

Approach to the servicing sector

9. UNDP informed that the demand for training and educated trainers is larger than originally anticipated. The programme now foresees to train ten trainers and 150 technicians, in addition to the 25 already trained; the original programme foresaw only 150 trainees. The vocational training for new technicians entering the profession has been improved to ensure that they can carry out good practices and can handle alternatives. A certification system based on legislative amendments will demand that only certified technicians are to undertake servicing of refrigeration equipment, thus ensuring sustainability of the training programme.

10. UNDP provided more information on the demonstration projects of natural refrigerants planned. The three demonstration projects include two replacements of current HCFC-22 air-conditioning systems by ammonia-based systems in one book storage facility of a major library and a television broadcaster, and the replacement of some cooling and freezing sales cabinets in a supermarket by plug-in hydrocarbon units. Presently, the technical and economic feasibility of these activities are being assessed; depending on costs and co-funding possibilities, the current concept might change.

Conclusion

11. The implementation of the first tranche progressed largely according to the plan. The highest priority was given to technical assistance to achieve the phase-out of HCFC-142b in the solvent sector, where the activity led to zero consumption in 2012. Implementation in the servicing sector progressed as expected. However, one of the three demonstration activities on natural refrigerants planned for the first tranche has not yet commenced. UNDP advised that the phase-out in the solvent sector and legislative improvements had a higher priority than activities in the servicing sector, and that the implementation of all three demonstration activities is now planned for 2014. Georgia has achieved a significant level of implementation of activities initiated in the first tranche, and has disbursed more than 20 per cent of funds approved for the first tranche.

12. The country has fulfilled all requirements for approval of the second tranche. From the preliminary data submitted it appears that the country has achieved compliance with the 2013 Montreal Protocol control measures and the maximum allowable consumption defined in the Agreement. Both the report as well as the planned activities suggests that the country is addressing actively and successfully the phase-out of consumption of HCFCs.

RECOMMENDATION

13. The Fund Secretariat recommends that the Executive Committee takes note of the progress report on the implementation of the first tranche of stage I of the HCFC phase-out management plan (HPMP) for Georgia, and further recommends blanket approval of the second tranche of stage I of the HPMP for Georgia, and the corresponding 2014-2017 tranche implementation plan, with associated support costs at the funding level shown in the table below:

| | Project title | Project funding (US \$) | Support cost (US \$) | Implementing agency |
|-----|--|------------------------------------|---------------------------------|--------------------------------|
| (a) | HCFC phase-out management plan (stage I, second tranche) | 150,000 | 11,250 | UNDP |
