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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-seventh Meeting
Montreal, 21-25 November 2005

PROJECT PROPOSALS: GEORGIA

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

Fumigant

- Technical assistance for the elimination of methyl bromide in grain and storage facilities UNIDO

Halon

- Halon banking management programme UNIDO

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**PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECTS
GEORGIA**

PROJECT TITLES		BILATERAL/IMPLEMENTING AGENCY
(a)	Technical assistance for the elimination of methyl bromide in grain and storage facilities	UNIDO

NATIONAL CO-ORDINATING AGENCY	National Ozone Unit of Georgia
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT**A: ARTICLE-7 DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2005)**

Annex E, Methyl bromide	9.9		
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B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF OCTOBER 2005)

ODS Name	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity
Methyl bromide	9.9			

CFC consumption remaining eligible for funding (ODP tonnes)	n/a
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$	Phase-out ODP tonnes
	(a)	218,000	10.0

PROJECT TITLE:	(a)
ODS use at enterprise (ODP tonnes):	n/a
ODS to be phased out (ODP tonnes):	7.2
ODS to be phased in (ODP tonnes):	7.2
Project duration (months):	48
Initial amount requested (US \$):	276,519
Final project cost:	
Incremental Capital Cost (US \$)	205,000
Contingency (10%) (US \$)	20,500
Incremental Operating Cost (US \$)	
Total Project Cost (US \$)	225,500
Local ownership (%):	100
Export component (%):	N/A
Requested grant (US \$):	225,500
Cost-effectiveness (US \$/kg):	n/a
Implementing agency support cost (US \$):	20,295
Total cost of project to Multilateral Fund (US \$):	245,795
Status of counterpart funding (Y/N):	n/a
Project monitoring milestones included (Y/N):	Y

SECRETARIAT'S RECOMMENDATION	Blanket approval at the costs indicated above
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PROJECT DESCRIPTION

1. UNIDO, on behalf of the Government of Georgia, has submitted for consideration by the Executive Committee at its 47th Meeting a technical assistance project proposal to phase out 7.2 ODP tonnes of methyl bromide (MB) used in grain and storage facilities in Georgia at the amount of US \$276,519 plus support costs. This represents the total consumption of controlled uses of MB eligible for funding in Georgia.
2. Georgia's MB baseline for compliance is 13.7 ODP tonnes. 2004 consumption reported under Article 7 of the Montreal Protocol was 9.9 ODP tonnes. An additional 8.4 ODP tonnes of MB are used for quarantine and pre-shipment applications.

Background

3. At its 37th Meeting, the Executive Committee approved US \$220,000 for a technical assistance project for the phase-out of MB used for soil fumigation, to be implemented by UNIDO. Through this project, the Government of Georgia committed to phase out 6.0 ODP tonnes of MB by the end of 2006, representing the total amount of MB used for soil fumigation.

MB consumption and regulations

4. MB has been used in Georgia since the 1950s. MB is used in post-harvest applications to treat flour mill and grain storage facilities. It is applied once a year, in July, mainly to control insect pests.
5. Georgia has effective means to control imports and uses of MB. Import permits are issued by the Ministry of Economy and Trade based on a letter from the Ministry of Agriculture and Food and the Ministry of Environment Protection and Natural Resources. Import authorization is only granted to companies meeting specific regulatory requirements.

Project proposal

6. The project is to provide technical assistance and training in the application of phosphine alone and phosphine in carbon dioxide (ecofume technology), combined with the adoption of integrated pest management (IPM) practices. Phosphine is presently being used to fumigate one mill factory in Tbilisi.
7. The total cost of the technical assistance project, as submitted, is US \$276,519, which includes material and equipment (US \$112,365) required for the application of the proposed alternative technologies (i.e., phosphine tablet dispensers, safety and monitoring equipment), implementation of training workshops, subcontracts, national and international consultants (US \$155,100), and operation costs (US \$9,054).
8. The project will be implemented by UNIDO in coordination with the Ozone Unit within the Ministry of Environment Protection and Natural Resources. The estimated time frame for implementation of the project is four years.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

Issues related to MB consumption

9. The Secretariat noted that MB reductions proposed in the technical assistance programme in soil fumigation had not been achieved. In this regard, UNIDO reported that although the soil fumigation project was approved in July 2002, actual implementation only started in 2003 after the signing of the agreement by stakeholders. Therefore, the project would be completed by the end of 2006, i.e., one year later than originally proposed. The technical assistance project is being implemented without major problems. Based on the results of the trials carried out in three different regions, UNIDO has signed a new contract with a national institution for providing technical assistance and training in the use of the MB alternative technology to farmers.

Sustainability and cost-related issues

10. The Secretariat raised its concerns with UNIDO about the long-term sustainability of the phase-out of MB in post-harvest applications, taking into account that, as indicated in the proposal, major stakeholders in Georgia do not want to change to a MB alternative technology. The Secretariat also noted as follows:

- (a) The 2004 MB consumption in Georgia is already below the 2005 allowable level of consumption;
- (b) An additional amount of MB will be phased out in 2006 once the technical assistance programme in soil fumigation is fully implemented; and
- (c) The next control measure for MB is 1 January 2015 (complete phase-out).

11. In this regard, UNIDO indicated that the phase-out of MB used in these facilities is a priority for the Government of Georgia. Unless the appropriate actions are implemented immediately, the consumption of MB in this sector will continue until 2015, and could increase further than it has already (from 6.0 ODP tonnes in 2002 to 7.2 ODP in 2005). The Government would also like to harmonize all safety standards and rules with the European Union.

12. The Secretariat and UNIDO also discussed a number of technical and cost issues, all of which have been taken into consideration in the revised project proposal submitted to the 47th Meeting. Subsequently, the cost of the project was adjusted to US \$225,500. Operating costs were not claimed.

RECOMMENDATION

13. The Secretariat recommends blanket approval of the project proposal at the level indicated in the table below, on the understanding that no more funding will be provided from the Multilateral Fund for the phase-out of all controlled uses of MB in Georgia:

	Project Title	Project Funding (US \$)	Support Cost (US \$)	Implementing Agency
(a)	Technical assistance to phase out methyl bromide used in grain and storage facilities	225,500	20,295	UNIDO

**PROJECT EVALUATION SHEET – NON-MULTI-YEAR PROJECTS
GEORGIA**

PROJECT TITLES **BILATERAL/IMPLEMENTING AGENCY**

(a)	Halon banking management programme	UNIDO
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NATIONAL CO-ORDINATING AGENCY	National Ozone Unit of Georgia
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LATEST REPORTED CONSUMPTION DATA FOR ODS ADDRESSED IN PROJECT

A: ARTICLE-7 DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2005)

Annex A, Group II	Halon: 36.2		

B: COUNTRY PROGRAMME SECTORAL DATA (ODP TONNES, 2004, AS OF SEPTEMBER 2005)

ODS Name	Halon	Sub-sector/quantity	Sub-sector/quantity	Sub-sector/quantity.
	Halon-1211: 10.2			
	Halon-1301: 26			

CFC consumption remaining eligible for funding (ODP tonnes)	
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CURRENT YEAR BUSINESS PLAN ALLOCATIONS		Funding US \$ million	Phase-out ODP tonnes
	(a)	82,000	43

PROJECT TITLE:	(a)
ODS use at enterprise (ODP tonnes):	
ODS to be phased out (ODP tonnes):	37.4
ODS to be phased in (ODP tonnes):	
Project duration (months):	36
Initial amount requested (US \$):	234,750
Final project cost:	
Incremental Capital Cost (US \$)	61,300
Contingency (10%) (US \$)	3,630
Incremental Operating Cost (US \$)	0
Total Project Cost (US \$)	64,930
Local ownership (%):	n/a
Export component (%):	0
Requested grant (US \$):	64,930
Cost-effectiveness (US \$/kg):	n/a
Implementing agency support cost (US \$):	5,844
Total cost of project to Multilateral Fund (US \$):	70,774
Status of counterpart funding (Y/N):	n/a
Project monitoring milestones included (Y/N):	Y

SECRETARIAT'S RECOMMENDATION	Blanket approval at the costs indicated above
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PROJECT DESCRIPTION

14. UNIDO has submitted, on behalf of the Government of Georgia, a project aiming at establishing and implementing the national halon management programme which will support Georgia in meeting its obligations under the Montreal Protocol.

15. UNIDO submitted a request for US \$234,750 for a halon banking project based on a model of successful operation of a similar programme in a neighbouring country with a much higher level of installed capacity. Following discussions with the Fund Secretariat, UNIDO modified the proposal and is requesting US \$64,930 plus support costs of US \$5,844 to undertake the following activities:

- Establishment of the national halon reclamation and banking facility for halon 1211, 1301 and 2402;
- Establishment of halon users database, installed halon inventory and critical halon needs predictions;
- Establishment of a halon management advisory panel/steering committee;
- Development and implementation of technical training on halon management, halon alternative fire fighting technologies and environmentally safe halon equipment maintenance for fire protection industries, main end users and fire protection authorities; and
- Development and implementation of public awareness and education activities.

16. In Georgia, halon 1211 is mainly used in portable fire extinguishers and halon 1301 is used in fixed fire fighting systems protecting installations and valuable property in various sectors of the national economy including military techniques, telecommunications companies and oil terminals. Large quantities of halon 2402 are also installed in the military techniques

17. Georgia does not produce halons and fully depends on the import from other countries. Halon 1211 is imported in bulk quantities, and then refilled into portable fire extinguishers by local fire fighting equipment manufacturers and distributors. Portable halon 1211 extinguishers are also imported. Halon 1301 is imported in fixed fire fighting systems and in bulk quantities for refilling. .

18. In May 2005, a comprehensive survey of Georgia's fire fighting sector was conducted for the preparation of the halon consumption phase-out plan. The proposal identified the largest organization responsible for technical support in the fire protection sector and a vast number of end-users of fire fighting equipment in Georgia.

19. The installed capacity is estimated at 183 ODP tonnes for halon 1211, 570 ODP tonnes for halon 1301, and 966 ODP tonnes for halon 2402. Georgia's latest halon consumption as reported pursuant to Article 7 was 36.2 ODP tonnes in 2004.

SECRETARIAT'S COMMENTS AND RECOMMENDATIONS

COMMENTS

20. The revised proposal conforms to the guidelines and precedents for halon banking pursuant to decision 18/22. Halon banking equipment will be utilized for the recovery and recycling of all halon consumed in the country.

21. UNIDO indicated that the project was budgeted utilizing market forces and NOU control to enable the sustainable operation of the equipment. The equipment is planned to be installed in a private enterprise whose sustainable operation is not dependent upon the profitable operation of the halon banking equipment. The Government will continue to own the equipment to ensure the sustainability of the operation in the event that the chosen enterprise can no longer maintain the equipment. The Government would be able to transfer the equipment to other companies if necessary.

22. The equipment would have the capability of recycling all three known amounts of installed capacity in the country, namely halon 1211, 1301 and 2402.

RECOMMENDATIONS

23. The project is recommended for blanket approval at the level of funding, including agency support costs of 9 percent, indicated in the table below.

	Project Title	Project Funding (US\$)	Support Cost (US\$)	Implementing Agency
(a)	Halon banking management programme	64,930	5,844	UNIDO
