STANDARD PROFILE OF GEF PROJECT DOCUMENTATION

PROPOSAL FOR REVIEW

GEORGIA - ENABLING GEORGIA TO FULFIL ITS COMMITMENTS TO THE UNFCCC

GEF Focal Area:	**Climate Change**
Country Eligibility:	**[x] Eligible under financial mechanism for UNFCCC**
	[ ] Eligible under paragraph 9 (b) of the Instrument
Date of Ratification:	**29 July 1994 (Accession)**
Total Costs:	**US $ 325,000**
GEF Financing:	**US $ 325,000**
Counterpart Financing:	**not applicable**
Co-financing:	**not applicable**
Associated Project:	**The National Climate Change Program of Georgia**
GEF Implementing Agency:	**UNDP**
Executing Agency:	**Ministry of Environment and Natural Resources Protection /Department of Hydrometeorology**
Local Counterpart Agencies:	**see above**
Estimated Approval Date:	**October 1996**
Project Duration:	**2 years**
GEF Preparation Costs:	

BACKGROUND AND PROJECT CONTEXT

General Information on Georgia

Georgia is located between 40°30'-46°30' East Longitude and 41°00'-43°30' North Latitude, covers an area of 70,000km² and has a population of 5.5 million. Together with Azerbaijan and Armenia it constitutes the Transcaucasian Region. Due to the diversity of relief and the impact of the Black Sea, Georgia has a variety of climatic zones. The climate of the Black Sea shore line is predominantly wet subtropical and Western Georgia experiences mild winters and hot summers. In the lowlands of East Georgia the climate is dry subtropical and the mountainous regions are affected by more of an alpine climate with cold winters and long fresh summers. Extreme temperatures in Georgia vary between +42°C and -42°C and the annual precipitation varies from 300mm to 3500mm.

Economy

Georgia has a multi-branch economy, which includes almost all the economic sectors which were operational during Soviet times.

The Soviet break-up and civil unrest which followed inflicted a severe economic decline on Georgia. Between 1990-95 Georgia lost more than 80% of its Net Material Product. According to the World Bank estimates, Georgia's per capita GDP was US$363 in 1995 down from US$2,280 in 1990. The UNDP Human Development Index ranks Georgia as 92nd of 174 countries, while OECD considers it as Least Developed Country (LDC).

The fiscal situation continued to deteriorate, and in 1993-94 Government revenues fell to an unprecedented level of 3% of GDP. This was as a consequence of the Government's inability to reach a broad tax base and of the necessity to finance the war in the break-away region of Abkhazia. During that time, the Government used money printing to finance its huge budget deficit which led to the erosion of the then-Georgian currency, '*The Coupon*', and ultimately the whole financial system. In 1994 the Georgian Government embarked upon a financial stabilisation programme recommended by the IMF. As a result, in October 1995 a new national currency, '*The Lari*', was introduced (which has continued to remain stable, vis-à-vis US Dollar), Government revenues have increased substantially, and improved conditions for developing different fields of economy have been created.

As a result of these undertakings, overall production now shows signs of recovery. Prices on all products were liberalised by the end of 1995, and the state order system used by the Government for procuring goods for external barter arrangements was abolished. The Government-owned production assets are being privatised under a voucher-based mass-privatisation programme which has been pursued since mid-1995.

Having strengthened the tax base, the Government has now seriously begun to address the environment, and Government funds, though limited, are being spent on environment related issues.

However, these funds are not sufficient to meet Georgia's environmental needs and a great deal of external assistance is required.

Brief Description of Main Sectors Emitting Greenhouse Gases

Georgia's main sources of atmospheric pollution are industry and transportation. Some of the main sources are the Zestaponi Plant of Ferroalloys, Kutaisi Motor Works and other chemical enterprises; the Batumi Oil Refinery; cement plants of Kaspi and Rustavi; the Madneuli Mining Enterprise; the Tbilisi Electric Power Station, Tbilisi Electric Locomotive, Tbilisi Machine Tool Construction, Tbilisi Aircraft Construction Plant, Rustavi Metallurgic Factory, Rustavi Chemical Factory and other food enterprises, as well as construction industries. Georgia's transportation sector comprises nearly 300 thousand vehicles, among them 100 thousand lorries and buses. In the 1970s and 1980s, industry and transportation functioned at full capacity and were one of the largest contributors to the regional pollution of the atmosphere.

The disintegration of the Soviet Union in 1991 brought many enterprises in Georgia to a complete halt, thus reducing GHG emissions. However, the current political and economic stabilisation and transition to a market economy, which signals economic recovery in the near future, means that these emissions will again begin to contaminate the atmosphere.

National Institutions Dealing with Climate Change Related Issues

Climate change related issues in Georgia are managed by the Ministry of Environment and Natural Resources Protection and the Department of Hydrometeorology through its National Centre on Climate Research. The Ministry of Environment has created a National Climate Change Committee in order to establish a national approach to climate change related issues, and climate change related research is being carried out at the Institutes of Hydrometeorology and Geography of the Georgian Academy of Sciences and at the Tbilisi State University.

Environmental Legislation

In 1996 the Parliament of Georgia enacted the Environmental Protection Act and the Mineral Wealth Protection Act. The Natural Resources Exploitation Taxing Act, the State Ecological Examination Act, the Code of Forest, the Atmospheric Air Protection Act, the Verdure Protection Act, the Environmental Pollution Taxing Act and some others are still being debated in various Parliamentary Committees.

Measures to Fulfill Georgia's Commitments to the UN FCCC

On 29 July 1994, the Parliament of Georgia acceded to the UN FCCC and joined the Convention, thus assuming responsibility to fulfill all commitments stemming from it.

In March 1996, the Ministry of Environment and Natural Resources Protection created (Order #18)

the National Climate Change Program headed by its Coordinator Prof.T.Gzirishvili. At the same time, the Department of Hydrometeorology created the National Centre on Climate Research, which became responsible for the implementation of UN FCCC and for the preparation of Georgia's national communication to the CoP.

In order to strengthen international links, the International Cooperation Sector has been expanded in the Department of Hydrometeorology to create necessary contacts with WMO, UNDP, UNEP and international donor organisations such as GEF, US Country Studies Program and others. However, no cooperation with an international donor organisation in the field of climate change has as yet been established.

Information on the climate change phenomena in Georgia can be found in different areas including hydrometeorological observations, glaciers, ancient trees, ancient layers in caves, etc. Meteorological measurements began in Tbilisi in 1844, and by the end of 19th Century there were 72 meteorological stations in Georgia. All the records are preserved and can be classified in an appropriate manner.

Georgia has vast resources of renewable energy. Investigations in this field have been previously carried out at the Institutes of Hydrometeorology, Geography and Energetics. Several projects currently under consideration are aimed at the utilisation of Black Sea's thermal energy and other types of maritime energy. Other aspects of alternative energy source exploitation, energy efficiency, or carbon sinks will be examined during the proposed Enabling Activity. This will provide the essential background information for the formulation of a national GHG mitigation strategy.

Background of the Project Request

By joining the UN FCCC, Georgia has assumed the responsibility to prepare its first National Communication to the Conference of the Parties by October 1997. For the implementation of this work, a National Climate Change Program has been launched. Three Academicians, about 15 Doctors of Science (professors) and more than 20 Candidates of Sciences have been brought together to achieve this goal. The Government of Georgia, realising its commitment to the FCCC, has contributed some financial support to the Programme. However, this support is not sufficient to finance all the work necessary and additional funding is sought from GEF.

PROJECT OBJECTIVE

The immediate objective of the project is to prepare the first national communication of Georgia to the Conference of the Parties (COP) in accordance with Article 12 of the UN Framework Convention on Climate Change, and to build endogenous capacity to establish a basis for eventual additional communication obligations.

The atmospheric gases to be addressed in the study will include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). Other greenhouse gases included in the IPCC methodology will be addressed as seen appropriate.

Beside meeting the communication obligations, the project can be seen as an essential exercise to enhance general awareness and knowledge of climate change related issues in Georgia thus enabling Georgia to take those issues into account in general planning and strategy formulation for different economical and technical sectors, and also to strengthen its role in the international scientific forums and negotiation processes related to climate change. A part of this task is to facilitate the dialogue, information exchange and cooperation among all the relevant players in the field including governmental, non-governmental, academic, private and "grassroots" sectors.

Last but not least, the project will assist Georgia to identify concrete response measures to climate change, projects which can be further developed with national and/or international funds. The main emphasis will be on "win-win" measures, measures which represent a least-cost option to meet national development goals, and which, at the same time, address the global climate change issue.

PROJECT DESCRIPTION

During the project preparation the following components have been identified to respond to the objectives of the project and to implement the project successfully:

1. Identify and hire a Project Manager and establish a Project Advisory Committee.

2. Identify the relevant stakeholders and organize a project initiation workshop with participants from all the project relevant sectors to present the objectives of the project, to clarify the links to other ongoing national projects and programmes, to review the work plan, and to clarify the institutional and other practical arrangements of the project implementation.

3. Strengthen the links to both national and international sources of information, and eventually establish an information center/network with adequate equipment and personnel to facilitate an effective exchange of information between the participating institutions at the national level, as well as to assist them in gaining internationally available information on climate change related issues (e.g., from the US Country Study and other bilateral programmes, UNEP, IPCC, CC:TRAIN, international research institutes, ongoing enabling activities in other countries etc.). The objective of this activity is to facilitate adequate implementation of the specific activities of the project, to learn from the experiences and ideas of similar kind of projects elsewhere, and to avoid duplication of effort. One goal is also to find potential international partners to cooperate with either on this project or on the follow-up projects dealing with the implementation of identified response measures and national action plans. The potential to use Internet/World Wide Web is evaluated and, to the extent feasible, it will be used to save travel costs and enhance the geographical coverage of available information.

   It is foreseen that the network will also operate after the project is complete, thus ensuring that interested parties in Georgia may continue to learn about the activities of other national or international parties, and also enabling access to interested individuals and institutions outside Georgia who require information regarding ongoing, planned or finalized climate

change related activities in Georgia. In this context, the project will cooperate with the FCCC Secretariat's CC:INFO/Web initiatives.

4. Undertake a national inventory of greenhouse gases following the IPCC guidelines and reporting instructions. Statistical information needed for the inventory of GHG and aerosols will be gathered from the State Department for Statistics, Environmental Protection Service of the Department of Hydrometeorology and internal archives of relevant principal emitting enterprises, taking into account the drop of emission levels in 1990s. Once the initial findings have been documented, the results of the inventory will be defined more precisely and adequate forecasts will be made using various scenarios for the development of national economy.

5. Undertake a mitigation analysis following the internationally recognized guidelines and methodologies.

6. Study the impacts of climate change and adaptation to it with respect to the specific geographical and climatological characteristics of Georgia. This study will build on ongoing or finalized national and international studies, and will use, as appropriate, existing methodologies and "tools ", and results of other ongoing studies like UNEP Country Case Studies on Climate Change Impacts and Adaptation.

7. Organize a workshop (with wide local participation and relevant international partners) to present the results of the project, together with results or status of other ongoing national projects relevant to the issue and to discuss the results with the objective of formulating a national action plan for effective response measures to climate change (focusing on "win-win" mitigation and adaptation measures).

8. Prepare a national action plan for effective response measures to climate change.

9. Using the outputs of this project as well as results of other ongoing projects, prepare the first national communication of Georgia to the Conference of the Parties.

The activities will be carried out in sequence so that tasks building on the results of prior activities are only undertaken if these prior steps have been taken. For instance, the mitigation analysis will build on the results of the inventory and the national mitigation plan on the results of the mitigation analysis. Similarily, the adaptation analysis will build on the results of the vulnerability assessment.

With these activities the project is expected to cover all the steps needed to prepare the first national communication of Georgia to the CoP.

RATIONALE FOR GEF SUPPORT

The project is consistent with the GEF Operational Strategy and the GEF Operational Criteria for Enabling Activities to provide coordinated and timely assistance to countries to fulfil their commitments to the UN FCCC. This Project responds to such objectives by implementing an activity needed to enable Georgia to prepare its first national communication to the Conference of the Parties.

With respect to Georgia's national climate change program, it should be noted that GEF funds will only be used to provide complementary funding for those activities which are eligible for GEF funding. The more research oriented activities like the "Investigation of Climate Change in the Region of Transcaucasia" will be fully funded by the Government of Georgia.

In addition to the immediate output of preparing the national communication, the Project will build technical capacity and establish an institutional framework to facilitate the implementation and further development of the identified follow-up activities

SUSTAINABILITY AND PARTICIPATION

The Government of Georgia fully supports the objectives of this Project and gives a very high priority to it. The Government has also endorsed that the output of the project will be the national communication in compliance with the UN Framework Convention on Climate Change. With respect to the National Climate Change Program of Georgia, the Government is contributing 600,000 laris (equivalent to US$480,000) to support the Program in the period of 1996-2000 covering the costs of salaries and some other expenses. From this sum 75 thousand Laris (US$60,000) are available in 1996 and 225 thousand Laris (US$180,000) in 1997

To ensure wide participation a Project Steering Committee will be established on the basis of the existing National Climate Change Committee with representatives from the State Ministry, Ministry of Environment and Natural Resources Protection, Ministry of Agriculture and Food, Ministry of Finance, Ministry of Economy, Department of Hydromet, Department of Energy, Georgian Academy of Sciences, Tbilisi State University, Ministry of Healthcare, Academy of Agricultural Sciences, Tbilisi Technical University, and UNDP. Eventual other members for the PSC will be identified at the outset of project operations and during the project initiation workshop.

It is expected, that after successful completion of the Project, the Project Steering Committee will continue to deal with UN FCCC related matters on a permanent basis. Also, as already mentioned, special attention will be paid to the dissemination of and public access to, the available information.

PROJECT FINANCING AND BUDGET

As an enabling activity related to the communication obligations of Georgia under the UNFCCC, the "agreed full costs" of the project will be funded by GEF. The detailed project budget reflecting the different sub-tasks is presented below.

Budget Code	Description	Total m/m	Total $	Year 1 m/m	Year 1 $	Year 2 m/m	Year 2 $
10.00	**Project Personnel**						
11.00	**International Experts**	2	28,000	1	14,000	1	14,000
13.00	**Admin. Support Personnel**						
13.01	Administrative Assistant	24	7,200	12	3,600	12	3,600
15.00	**Expert Official Travel**						
15.01	Expert Official Travel		45,000		25,000		20,000
16.00	**Mission Cost**						
16.01	Mission Costs		15,000		7,500		7,500
17.00	**National Professionals**						
17.01	National Project Manager	24	9,600	12	4,800	12	4,800
17.02	National Experts	24	7,200	12	3,600	12	3,600
19.00	**COMPONENT TOTAL**		**112,000**		**58,500**		**53,500**
21.00	**Subcontracts**						
21.01	Inventory		35,000		20,000		15,000
21.03	Mitigation Analysis and Strategy		40,000		20,000		20,000
21.05	V & A		40,000		20,000		20,000
29.00	**COMPONENT TOTAL**		**115,000**		**60,000**		**55,000**
30.00	**Training**						
032-1	Project Initiation Workshop		10,000		10,000		
032-2	National Strategy Workshop		10,000				10,000
39.00	**COMPONENT TOTAL**		**20,000**		**10,000**		**10,000**
40.00	**Equipments**						
41.00	Equipment (computers and networking)		45,000		35,000		10,000
49.00	**COMPONENT TOTAL**		**45,000**		**35,000**		**10,000**
50.00	**Miscellaneous**						
51.00	Operational (inc. Internet)		16,000		8,000		8,000
52.00	Publication Costs		5,000				5,000
53.00	Sundry		2,500		1,500		1,000
54.00	Project Support Services Support Costs		9,500		5,000		4,500
59.00	**COMPONENT TOTAL**		**33,000**		**14,500**		**18,500**
99.00	**GRAND TOTAL**		**325,000**		**178,000**		**147,000**

LESSONS LEARNED:

In the course of technical reviews of enabling activities, the importance of cooperation and networking of a broad range of experts has been noted and duly reflected in the present proposal. The project recognizes the importance of exchange of information and experience at the national level, as well as regionally and internationally.

ISSUES, ACTIONS AND RISKS

The ultimate criteria of success will be how the results of the Project will be incorporated in the broader development goals of Georgia. The Project tries to address this issue by establishing an institutional framework for cooperation and involvement of all the relevant partners as well as ensuring that other presuppositions for close collaboration exist.

Considering the immediate results of the Project, a crucial element will be the close collaboration between the different Ministries and Departments at the institutional level as well as collaboration of Project personnel at the individual level with each other and the Project support staff paid by the Government. Another issue is international collaboration, especially when preparing a work plan for and implementing the activities 4, 5 and 6. During this process, common methodologies will be used and among others IPCC and UNEP will be consulted to ensure that the methods and details of the subject are relevant. The Project will also use the results of ongoing or finalised projects like the UNEP Country Case Studies on Climate Change Impacts and Adaptation Assessments, UNDP/GEF ALGAS (Asian Least-Cost Greenhouse Gas Abatement Strategies), CC:TRAIN and US Country Study Program to avoid duplication of effort and ensure the effective implementation of the Project.

INSTITUTIONAL FRAMEWORK AND PROJECT IMPLEMENTATION:

The Executing Agency of the project will be the Department of Hydrometeorology under the Ministry of Environment and Natural Resources Protection. The Project Steering Committee will be charged with overseeing and advising the project execution and will have decision making power over all aspects of the project. The project will also collaborate closely with all the other relevant ongoing projects in Georgia, both through the Project Steering Committee and between the research teams in order to enable an effective information exchange between the projects and full utilisation of their results in the formulation of effective response measures to climate change.

Under the different sub-tasks, study tours will be undertaken and working links with international partners will be established in order to ensure effective change of information and appropriate implementation of the Project.

With these arrangements the Project seeks to establish close links with other climate change related activities being carried out by other GEF implementing agencies or by other multilateral or bilateral organisations. It will do so practically as figured above and also by participating in the informal consultative mechanism, CC:FORUM, being set up by the UN FCCC Secretariat, to ensure that the results and outputs of this Project will be shared among all actors involved in climate change activities, in order to enable such actors to mutually benefit from one another's activities

MONITORING AND EVALUATION:

After a detailed work plan for the project has been prepared, an external review of it will be undertaken. The purpose of the review is to identify in the very early stage of the project the eventual gaps, or overlaps and other risks of the successful implementation as well as to identify potential

partners and sources of information from which the project could benefit.

The Project Steering Committee, together with the Executing Agency, will be responsible for monitoring the project on a continuous basis. In order to do this, the Project Manager, with the help of the leaders of the research teams, will prepare regular reports on the progress of the project as a whole and the different sub-tasks under it. In addition to this, an external midterm evaluation will be conducted about 12 months after the start of the project. The purpose of the evaluation is to review the overall success of the project and suggest modifications to the implementation of the project for the remaining part. It is vital that the recommendations from the evaluation are disseminated immediately, so that appropriate action can be undertaken without delay. A joint meeting of the evaluators together with the Project Steering Committee has been designed for this purpose.

For the remaining part the project will rely on common UNDP monitoring and evaluation practices.

A STANDARD ACTIVITY MATRIX FOR CLIMATE CHANGE ENABLING ACTIVITIES IN GEORGIA

Enabling Activity Commitment	Output (Planning, execution, limited research)	Capacity Building Institutional strengthening	Capacity Building Training
Inventories and Stocktaking			
Emission inventory			
- CO2 from energy sources	X	X	X
- CO2 from land use change	X	X	X
- CH4 from energy source	X	X	X
- CH4 from other source	X	X	X
- N2O	X	X	X
- other sources and gases	X	X	X
Vulnerability Assessment			
- agriculture	X	X	X
- forestry	X	X	X
- coastal zone	X	X	X
- water resources	X	X	X
- health impacts	X	X	X
- natural ecosystems	X	X	X
- other impacts	X	X	X
Identification of Options to Meet the Objectives of the Convention			
Mitigation Options			
- energy related			
: industry	X	X	X
: transport	X	X	X
: energy supply	X	X	X
: residential	X	X	X
- non-energy sources			
: agriculture	X	X	X
: forestry	X	X	X
: waste management	X	X	X
: other	X	X	X
- sink enhancement	X	X	X
Adaptation Options (stage I)	X	X	X
Preparation of a Plan to Fulfill Commitments			
- national plan for mitigation	X	X	X
- national plan for adaptation	X	X	X
- limited public awareness building	X	X	X
Preparation of a National Communication			
- inventory	X	X	X
- mitigation options	X	X	X
- vulnerability and adaptation	X	X	X
- other relevant information	X	X	X

Legend

X activity undertaken in the proposed project
$$$ activities already covered by other projects or programs; following acronyms are used:
ADB = Asian Development Bank
ALG = ALGAS Project
CCT = CC:TRAIN
GEF = Other Regional or Country Specific GEF "Enabling" Project
GTZ = German Agency for Technical Cooperation
OEC = OECD/IPCC Programme
UNEP = UNEP
US = U.S. Country Stydies Program
X($$$) some preiminary activities have already been undertaken, but additional activities undertaken in the proposed project are needed to finalize the task
NA not applicable
0 not covered

ANNEX 1

GEORGIA - ENABLING GEORGIA TO FULFIL ITS COMMITMENTS TO THE UNFCCC

PROJECT BUDGET ACCORDING TO GEF ACTIVITY NORMS IN US DOLLARS

	Output (Planning & Execution)	Institutional Strengthening	Training	Technical & Admin. Support	Total Cost
Inventory/Stocktaking					
-Greenhouse gas inventory	35,000	16,000	15,000	10,000	76,000
-Vulnerability assessment	20,000	10,000	5,000	5,000	40,000
Identification of Options					
-Mitigation options	20,000	15,000	5,000		40,000
-Stage I adaptation	20,000	15,000	5,000		40,000
Preparation of Plan	20,000		10,000	10,000	40,000
Preparation of National Communication	12,000		5,000	3,000	20,000
Fixed Project Costs					
-Project management	19,500	5,000	20,000		44,500
-Monitoring/Evaluation					15,000
Subtotal	*146,500*	*61,000*	*65,000*	*28,000*	*315,500*
Project Support Services					9,500
Total Cost	*146,500*	*61,000*	*65,000*	*28,000*	*325,000*
Percentage of total budget	48%	19%	21%	9%	