

FACSIMILE TRANSMISSION

**United Nations Development Programme**
GLOBAL ENVIRONMENT FACILITY (GEF)

To: Mr. Avani Vaish/~~Ms. Song Li~~, GEF Secretariat **Date:** 11 April, 2000
Mr. Ravi Sharma, UNEP
Mr. Madhav Gadgil, STAP
Mr. Charles Feinstein, World Bank
Ms. Claire N. Parker/Ms. Martha Perdomo,
UNFCCC

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From: Richard Hosier
Principal Technical Adviser
Climate Change

Subject: Submission of proposal for Expedited Financing of Climate Change Enabling Activities (Phase II) - Georgia

We are pleased to submit for your consideration proposals for Expedited Financing of Climate Enabling Activities Phase II for Georgia:

We look forward to receiving your comments and possible approval as soon as possible.

Thank you.

**UNITED NATIONS DEVELOPMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY**

Proposal for Review

Country: Georgia

Project Title: Capacity Building to Assess Technology Needs, Modalities to Acquire and Absorb Them, Evaluate and Host Projects (Expedited Financing of Climate Change Enabling Activities Phase II)

GEF Focal Area: Climate Change
Country Eligibility: [x] Eligible under a financial mechanism of the UNFCCC
[x] Eligible under paragraph nine (b) of the Instrument

Date of Ratification: October, 1994

GEF Financing (Phase I): US\$ 325,000
GEF Additional Financing (requested) (Phase II): US\$ 100,000
Total Costs: US\$ 425,000

GEF Implementing Agency: UNDP

Executing Agency: National Climate Research Center (UNFCCC National Agency)

Local Counterpart Agency: Ministry of Environment and other relevant Ministries

Date of Initial National Communication Submission: Submitted in October 1999

Estimated Starting Date: April 2000

Project Duration: 12 months

1. CURRENT PROJECT STATUS:

The Initial National Communication of Georgia was successfully presented in October 1999 in Bonn. Under the framework of the National Communication, the national inventory, and mitigation and adaptation programmes of the most vulnerable systems were presented. In developing the National Communication, it was determined that:

- Georgia's share in greenhouse gas (GHG) global emissions during 1980-1990 was approximately 0.3%;
- GHG total emissions, calculated in CO₂ equivalent for this period, was approximately 8.6 tons per year (0.0086 Gg/yr);
- at the present time the emissions are approximately 2.6 tons of CO₂ annually; and,
- the main source of CO₂ emissions was the energy (including transport) sector 93% while the Industry sector contributed approximately 3.1%.

An executive summary of the Initial National Communication is available upon request.

2. ACTIVITIES TO BE INVOLVED IN PHASE II PROJECT:

A. Technology Transfer:

(ii) Capacity building to assess technology needs, modalities to acquire and absorb them, design, evaluate and host projects

During the preparation of mitigation and adaptation proposals, a draft of the National Climate Action Plan was prepared and technology needs were identified. When preparing both the Initial National Communication and the feasibility study for the project "Removing the Barriers to Energy Efficiency of Heat and Hot Water Supply Systems in Georgia", problems were faced that were common to the whole country due to the lack of information on GHG emission reduction technologies. It was determined that one of the main barriers for designing the project proposals, and especially the pilot or demonstration projects, was the lack of information on environmentally sound advanced technologies suitable for the local conditions and economically acceptable to the local market, of modalities to acquire and absorb these technologies, evaluate and host projects. In particular, there was a lack of information on energy efficient technologies for abatement the GHGs and promotion of sustainable development of the country.

To build capacity regarding the GHG emission reduction technology needs, the main tasks proposed in this project include:

1. gathering information on the country's needs in environmentally sound technologies;
2. assessing the local and international markets dealing with the technologies necessary for country's sustainable development;
3. creating a data bank on energy-efficient technologies available on international market;
4. training national experts in identifying the technologies appropriate for local economy in specific sectors; and,
5. strengthening the local capacities in designing, evaluating and hosting projects related to the abatement of GHGs.

The following activities promote the fulfillment of the above listed tasks:

1. promotion of the process for developing the national infrastructure for technology transfer;
2. raising of public awareness on the advanced technologies for the reduction of GHGs;
3. training of national experts in assessment of GHGs reduction technologies suitable for the local conditions and economically acceptable to the local market;
4. strengthening of the institutions for coordination of the process of identification and transfer of technology;
5. providing the country with necessary logistics support (hardware, software, network, etc.);
6. identification of the barriers to technology transfer and ways for removing these barriers;
7. assessment of the potential for participation of large companies (e.g., oil, gas), which are key to the economic structure of Georgia, in the technology transfer process.

For the first stage, two main branches of the Georgian economy will be the focus: Energy and Industry sectors. Both of these sectors have a significant potential for GHG reduction. The Energy sector's big potential is determined due to high availability of renewables (e.g., hydro, solar, geothermal, wind, biomass, etc.) in Georgia. The Industry sector, which is just reviving after a drastic decline in the beginning of 1990s, has an opportunity to shift to the environmentally-friendly technologies during its development. In the Industry sector, emphasis will be put on the cement industry, which was well-developed in the past (there were 2 cement factories in Georgia with total emissions of CO₂= 833.2 Gg that represents 69% of total emissions from industry sectors) and is currently making its first steps towards recovery.

3. PROJECT MANAGEMENT/INSTITUTIONAL ARRANGEMENT

The Executing Agency of the project will be the UNFCCC National Agency, which is at the Ministry of the Environment. The Department of Science and Technologies of Georgia, which is currently responsible for the country's technology, has several joint projects together with UNDP, TACIS, and NATO dealing with this issue. The project will also involve the Ministry for Fuel and Energy, the Ministry of Industry, and representatives of private enterprises and the Scientific Research Centers and Institutes.

4. MONITORING AND EVALUATION

The Executing Agency will be responsible for managing, coordination and 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 updates or reports on the progress of the project as a whole and the different sub-tasks under it. In addition, an external evaluation will be conducted about 6 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.

Prior to the release of GEF additional financing by the UNDP for Phase II activities, standard UNDP monitoring and evaluation practices will be followed for Phase I. In particular, the UNDP will receive a copy of the latest (i.e., within the past six months) Annual Programme/Project Report (APR) and the Tripartite Review (TPR) Report. At the end of Phase II, a Terminal Report on Phase II will be submitted to the UNDP Headquarters.

The tentative schedule for the implementation of the project is proposed as follows:

1. assessment of the present status of energy and industry sectors (I quarter);
2. gathering the information on the country's needs in modern technologies for the energy sector (I quarter);
3. gathering the information on the country's needs in modern technologies for the industry sector (II quarter);
4. assessment of the technologies available on international market with respect to energy efficiency and bankability (II and III quarters);
5. preliminary assessment of local and international markets dealing with the technologies necessary for the sustainable development of Energy and Industry sectors (III quarter);
6. training of national experts in identification of advanced technologies in specific sectors (III and IV quarters);
7. strengthening the local capacities in designing, evaluating and hosting projects related to the abatement of GHGs. (IV quarter);
8. creation of a data bank of available on international market technologies (IV quarters); and,
9. dissemination of the project results through the publication of UNFCCC National Bulletin dedicated to these problems, and holding a workshop.

TABLE C 2

**ACTIVITY MATRIX FOR PHASE II OF CLIMATE CHANGE ENABLING ACTIVITIES:
Priority activities for additional (interim) funding**

Note: × denotes activities covered by the proposed project

Activity	Planning and Execution	Capacity Maintenance/ Enhancement		
		Data Gathering and Research	Institutional Strengthening	Training, Education and Public Awareness
2. A (i) Identification and submission of technology needs				
2. A. (ii) Capacity building to assess technology needs, modalities to acquire and absorb them, design, evaluate and host projects	X	X	X	X
2. B. Capacity building for participation in systematic observation networks				
2. C. Preparation of programs to address climate change				

Table D 2**PROJECT BUDGET ACCORDING TO GEF ACTIVITY NORMS IN US DOLLARS****Cost estimates for (interim) priority activities**

Activity	Planning and Execution	Capacity Maintenance/ Enhancement			Technical and Administrative Support	Cost Estimates
		Data Gathering and Research	Institutional Strengthening	Training, Education and Public Awareness		
2.A (i) Identification and submission of technology needs	\$43,750		\$21,875	\$19,250	\$2,625	\$87,500
2. A (ii) Capacity building to assess technology needs, modalities to acquire and absorb them, design, evaluate and host projects						
2. B. Capacity building for participation in systematic observation networks						
2. C. Preparation of programs to address climate change						
3. Project management						
4. Monitoring & Evaluation					\$2,500	
TOTAL	\$43,750		\$21,875	\$19,250	\$2,625	\$100,000



საქართველოს გარემოსა და ბუნებრივი რესურსების დაცვის სამინისტრო
MINISTRY OF ENVIRONMENT OF GEORGIA

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29" March 2000

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Mr. Marko Borzotti
UN Resident Coordinator and
UNDP Resident Representative
in Georgia

Letter of Endorsement

Dear Mr. Borzotti,

As you are aware of, in May 1999, the GEF Council approved additional funding for enabling activity projects approved under the expedited procedures to assist countries in addressing priority capacity building needs in the climate change. (*ref. Operational Guidelines for Expedited Financing of Climate Change Enabling Activities, Part II. Expedited Financing for (Interim) Measures for Capacity Building Activities*).

In my capacity of the GEF National Operational Focal Point I have a honour to endorse on behalf of Georgian Government submission of the project titled "Capacity Building to Assess Technology Needs, Modalities to Acquire and Absorb them, Design, Evaluate and Host Projects" for the GEF additional funding under the expedited procedures.

We believe the project will facilitate strengthening the country's capacity to assess, identify and submit technology needs for reducing the greenhouse gas emissions in Georgia.

I would like to thank you in advance for considering the project proposal and assisting in its further promotion.

Sincerely yours,



GEF National Operational Focal Point
Deputy Head of the Department of Environmental Economics
Ministry of Environment of Georgia