



# **CDM as an instrument for industrial development and poverty alleviation in Caucasus Final Workshop**

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## **CDM in Georgia – current status**

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## **Legal Background**

- **Georgia ratified UNFCCC on 29 October 1994 and has accessed to the Kyoto Protocol on 16 June 1999.**
- **From the three mechanisms defined by the Kyoto Protocol, Georgia, as a Non-annex I party to the UNFCCC can participate only in CDM.**
- **Georgia satisfies CDM participation requirements:**
  - **Georgia is a Party to the Kyoto Protocol.**
  - **Georgia participates voluntary in CDM;**
  - **Georgia has nominated CDM “Designated National Authority” (DNA);**



## **CDM Designated National Authority (DNA)**

**By the Decree of the Government of Georgia dated 20 January 2005 the Ministry of Environment Protection and Natural Resources of Georgia is appointed as a CDM DNA.**

**Main tasks** of the CDM DNA is to confirm that:

- **Georgia participates voluntary in CDM and in the Project;**
- **CDM project will assist Georgia in achieving sustainable development;**
- **CDM Project is in compliance with national environmental regulations;**
- **Stakeholders opinions have been considered and followed.**



## Functions of DNA

### **The mandatory regulatory functions:**

- **Evaluation and approval of submitted CDM Project.** This function is a prerequisite for the project validation process and have to be performed in order to comply with international regulations.

### **Promotional functions (optional):**

- **Facilitate communication between investors and project proponents;**
- **Facilitate capacity building for the CDM stakeholders;**
- **Provide information to support the marketing CERs.**

*These optional functions are not under international regulation.*



## **DNAs capacity**

**Now the functions of DNA's secretariat are performed by the Hydrometeorology and Climate Change Division (HCCD) of the Sustainable Development Department of the Ministry of Environment Protection and Natural Resources (MEPNR). The HCCD is responsible for all activities being led in the frame of the UNFCCC.**



## **DNAs capacity**

**The development objectives is to strengthen the country's capacity to develop and implement carbon finance transactions, including:**

- **To build human and institutional capacity of the Georgian DNA for developing and implementing CDM projects, including small scale projects;**
- **To identify project entities and build their capacity in terms of development of CDM projects;**
- **To improve the access to finance of potential project entities;**
- **To raise awareness of business opportunities in CDM among local/central governmental bodies, private enterprises, local commercial banks and NGOs.**



## **CDM National Board**

**As the scope of CDM Projects is wide, evolving practically all key sectors of economy, the Government of Georgia has decided to create an entity consisting of representatives of the key Ministries related with the CDM.**

**By the Decree of the Government of Georgia (dated 28 September 2005) CDM National Board of Georgia was formed.**

**The main task of the CDM National Board is to determine according to the criteria, established for the CDM projects, whether the proposed project contributes to SD of the country and recommend to DNA to issue letter of approval on behalf of Georgia.**



## **Structure of the CDM National Board**

- **Minister of Environment Protection and Natural Resources, Chairman;**
- **Deputy Minister of Environment Protection and Natural Resources;**
- **Deputy Minister of Economic Development;**
- **Deputy Minister of Energy;**
- **Deputy Minister of Finances;**
- **Deputy Minister of Agriculture;**
- **Senior Representative of the Ministry of Justice**
- **Experts from Ministries and NGOs.**



## **Evaluation and Approval (E&A) of CDM projects**

**E&A is the key regulatory function of the CDM DNA.**

**The E&A process is the main filter that allows a country to ensure that projects being implemented within its territory should pursue the objectives of the CDM in a manner congruent with relevant national policies, strategies and priorities.**





## **National sustainable development criteria and indicators for CDM projects**

**National sustainable development criteria and indicators for CDM projects have been formulated on the basis of Georgia's National SD criteria and Georgia's National environment and development priorities and strategies taking into account experience of countries similar to Georgia. Sectoral sustainability criteria and indicators suggested by relevant ministries have been considered as well.**



## Registered Project

<b>Project Title:</b>	<b>Landfill Gas Capture and Power Generation Project in Tbilisi</b>
<b>Sectoral scope</b>	<b>1: Energy industries (renewable-/non-renewable sources) 13: Waste handling and disposal</b>
<b>Project host</b>	<b>Tbilisi City Municipality</b>
<b>Foreign partner</b>	<b>“Simizu Corporation” (Japan)</b>
<b>Methodology</b>	<b>AMS-I.D, ACM0001</b>
<b>Crediting period:</b>	<b>14 years (renewable)</b>
<b>Estimated reductions in total</b>	<b>About 500,000 t <math>CO_2</math>-eq</b>
<b>Current status</b>	<b>Registered</b>



## Projects under validation

<b>Project Title:</b>	<b>Refurbishment of Enguri Hydro Power Plant</b>
<b>Sectoral scope</b>	<b>1: Energy industries</b>
<b>Project host</b>	<b>Engurhesi Ltd.</b>
<b>Foreign partner</b>	<b>Carbon Purchasing Intermediary of the Multilateral Carbon Credit Fund (the Netherlands)</b>
<b>Methodology</b>	<b>ACM0002 “Consolidated baseline methodology for grid-connected electricity generation from renewable sources”</b>
<b>Crediting period:</b>	<b>10 years (fixed)</b>
<b>Estimated reductions in total</b>	<b>About 1,600,000 t <i>CO</i><sub>2</sub>-<i>eq</i></b>
<b>Current status</b>	<b>Under validation</b>
<b>Envisioned date of registration</b>	<b>Tentatively 2<sup>nd</sup> quarter 2008.</b>



## Projects under validation

<b>Project Title:</b>	<b>Georgia Small Hydro Rehabilitation Project, Number 1-2. (bundling project)</b>
<b>Sectoral scope</b>	<b>1:Energy industries (renewable-/non-renewable sources)</b>
<b>Project host</b>	<b>Energy Efficiency Centre Georgia</b>
<b>Foreign partner</b>	<b>IBRD as the Trustee of the Community Development Carbon Fund</b>
<b>Methodology</b>	<b>AMS.I D - Grid connected renewable electricity generation</b>
<b>Crediting period:</b>	<b>21 years (renewable)</b>
<b>Estimated reductions in total</b>	<b>108,800 t CO<sub>2</sub>e ( during first 7 years)</b>
<b>Current status</b>	<b>Under validation</b>
<b>Envisioned date of registration</b>	<b>2<sup>nd</sup> quarter of 2007</b>



## Projects under preparation

<b>Project Title:</b>	<b>Nitrous Oxide Emission Reduction at Rustavi Enterprise “Azoti”</b>
<b>Sectoral scope</b>	<b>5. Chemical industry</b>
<b>Project host</b>	<b>Enterprise “Azoti” of the JSC “Energy Invest”</b>
<b>Foreign partner</b>	<b>ZMB GmbH (Germany)</b>
<b>Methodology</b>	<b>AM0028 (if applicable, otherwise a deviation from methodology)</b>
<b>Crediting period:</b>	<b>Fixed – 10 years</b>
<b>Estimated reductions in total</b>	<b>Not determined yet (measurements of actual emissions are being carried out)</b>
<b>Current status</b>	<b>Baseline study</b>
<b>Envisioned date of registration</b>	<b>3<sup>rd</sup> quarter 2008</b>



## Projects under preparation

<b>Project Title:</b>	<b>Methane Leak Reduction from Natural Gas Pipeline</b>
<b>Sectoral scope</b>	<b>10. Fugitive emissions from fuels</b>
<b>Project host</b>	<b>Georgian Oil and Gas Corporation</b>
<b>Foreign partner</b>	<b>?</b>
<b>Methodology</b>	<b>NM0242 (not approved)</b>
<b>Crediting period:</b>	<b>Fixed – 10 years</b>
<b>Estimated reductions in total</b>	<b>Tentatively more than 3,000,000 t CO<sub>2</sub>eq.</b>
<b>Current status</b>	<b>Draft PDD completed</b>
<b>Envisioned date of registration</b>	



## Projects under preparation

<b>Project Title:</b>	<b>GHG Emission Reduction at Tbilisi Natural Gas Distribution Network</b>
<b>Sectoral scope</b>	<b>10. Fugitive emissions from fuels</b>
<b>Project host</b>	<b>JSC “KazTransGas - Tbilisi”</b>
<b>Foreign partner</b>	<b>Unilateral project ?</b>
<b>Methodology</b>	<b>AM0023</b>
<b>Crediting period:</b>	<b>Not decided yet</b>
<b>Estimated reductions in total</b>	<b>Not estimated yet</b>
<b>Current status</b>	<b>(measurements of leaks)</b>
<b>Envisioned date of registration</b>	<b>3<sup>rd</sup> quarter 2008</b>



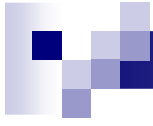
## Projects under preparation

<b>Project Title:</b>	<b>Gudauri Small Hydropower Project</b>
<b>Sectoral scope</b>	<b>1:Energy industries (renewable-/non-renewable sources)</b>
<b>Project host</b>	<b>Energo Aragvi Company</b>
<b>Foreign partner</b>	<b>Posch &amp; Partners</b>
<b>Methodology</b>	<b>ACM0002 “Consolidated baseline methodology for grid-connected electricity generation from renewable sources”</b>
<b>Crediting period:</b>	<b>Renewable (14 years)</b>
<b>Estimated reductions in total</b>	<b>about 300,000 t CO<sub>2</sub>eq (during 7 years)</b>
<b>Current status</b>	<b>Draft PDD prepared</b>
<b>Envisioned date of registration</b>	<b>2<sup>nd</sup> quarter 2008</b>



## Potential CDM projects

- ◆ Refurbishment of the big and medium Hydro power plants;
- ◆ Methane leak Reduction from the relatively high pressure pipes of the Tbilisi Natural Gas Distribution Network (total GHG reduction during 10 years approximately 2,000,000 tones of CO<sub>2</sub>eq);
- ◆ Optimization of cement production technology and introduction of energy and raw material saving measures at Rustavi and Kaspi cement plants (annual GHG reduction about 350,000 tones of CO<sub>2</sub>eq);
- ◆ Energy efficiency improvement in Thermal Power Plant (annual emission reduction about 30,000 of CO<sub>2</sub>eq);
- ◆ The methane extraction from Tbilisi organic waste-water treatment plant for grid-connected electricity supply (emission reductions are not estimated).



**Thank you !**