COPA TWG on Financing Mechanisms
Meeting 1
1 December 2022

AGENDA

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<th>Welcome &amp; Agenda</th>
<th>Ajiniyaz Reimov (UNDP)</th>
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<td>1. Introduction of participants (5 min)</td>
<td>Moderated by Ajiniyaz Reimov (UNDP) and Malin Emmerich (GIZ Proklima)</td>
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<td>2. How does TWG FM fit into COPA? (10 min)</td>
<td>Ellen Michel, GIZ Proklima, Head of COPA Secretariat</td>
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<td>3. Outline of the TWG FM ToR (5 min)</td>
<td>Malin Emmerich (GIZ Proklima)</td>
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<td>4. Nominations and Election of TWG FM Chair and Vice-Chair (10 min)</td>
<td>Ajiniyaz Reimov (UNDP) - explain the process</td>
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<td>5. Presentation of a study on financing options (10 min)</td>
<td>Harald Heubaum; Objective, status, next steps</td>
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<td>6. Q&amp;A (15 min)</td>
<td>Ajiniyaz Reimov (UNDP), Malin Emmerich (GIZ Proklima)</td>
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<td>7. Closing remarks, next meeting (5 min)</td>
<td>Ajiniyaz Reimov (UNDP)</td>
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1. Introductions

INTRODUCTION OF PARTICIPANTS

- Please write your name, organisation, country in the chat
- Participation list will be distributed after meeting.
- Please let us know if you agree to share your contact information with the Working Group members.
2. The Climate and Ozone Protection Alliance & TWG FM
Ellen Michel, GIZ
THEMATIC WORKING GROUPS (TWG)

OUR WORKING GROUPS
Together with partners and stakeholders from academia, the private sector, civil society and policy makers, we are working on the following topics:

1. Policy Framework
   For an effective management of refrigerants and foams at end-of-life, suitable policy measures are required like venting bans or mandatory recovery.

2. Technology Solutions
   Working towards the best technical solutions for ODS and HFC recovery, reclamation and destruction.

3. Financing Mechanism
   The infrastructure for end and operation of a collection scheme and the destruction or reclamation of ODS and HFCs needs to be based on a sustainable financing mechanism.

4. Implementation Models
   Putting theory into practice and demonstrating how sustainable refrigerant management can be implemented.

THEMATIC WORKING GROUPS (TWG) IN COPA

- Open to all COPA Members --> member-driven!
- Define own specific goals, detailed work plans and implementation activities
- Meet on a regular basis (5-6 times per year), and report annually to the Plenary
- Collaborations and exchange between the TWGs are encouraged.
- Expected Output: Articles, Publications, Presentations, online sessions
- Set-up of COPA and TWGs ongoing in parallel
**COPA ACTIVITIES**

**Tools:**
1. International Alliance
2. Thematic Working Groups (TWGs)
3. COPA Finance Mechanism
4. COPA Secretariat

**member driven**

**Results:**
- Promote international dialogue on the importance of sustainable ODS & HFCs bank management.
- Closing the loop to a circular economy in the cooling sector through sustainable refrigerant management

**Services:**
1. Action support
2. Technical support
3. Financial support

**for members & partners**

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**TWG FM ToR**
Malin Emmerich (GIZ)
TWG FINANCE MECHANISMS (TWG FM)

Purpose
To bring together interested COPA Members, supported by invited external experts and consultants, to jointly work on identifying and developing financial mechanisms suitable for GHG mitigation measures in the ODS and HFC banks sector.

TERMS OF REFERENCE

- Guidance for work and collaboration
- Purpose of work specified
- Main Milestones (right now for set-up)
- Work Plan - as a living document, continuous updates, e.g., in annex

- Milestone Goal:
  Finalize an updated TWG FM workplan until first COPA Plenary (COPA Hard launch) together with the TWG FM group members
TERMS OF REFERENCE - MILESTONES

Today:
• Launch the TWG FM in a meeting
• Confirm members participation
• Date for the 2nd TWG FM meeting

Next steps:
• What topics are relevant for the TWG FM?
• Collect initial ideas for working programme from members
• Review and feedback to Financing Mechanisms study draft (January)
• Nominate & elect rotating TWG Chair & Vice Chair for 2 years period (online)

TWG FM Chair and Vice-chair elections
Ajiniyaz Reimov (UNDP)
ROLE DESCRIPTION: TWG FM CHAIR & VICE CHAIR

• Initiative-taker and driver of topics
• Rotating positions, mandate period of 2 years
• TWG FM Coordination function
• Supported by COPA Secretariat, UNDP & GIZ TWG FM Coordinators
• Elected by TWG FM Members, represent TWG FM
• Prepare updates in-between regular meetings

ELECTION: TWG FM CHAIR & VICE CHAIR

• After the meeting, an MS Forms will be shared inviting the nominations
• Voting will be organized based on nominations (online)
• Results will be communicated at next TWG FM meeting

Impact through action!
COPA FM STUDY

Objective

- The core objective is to design a concept for a potential financing mechanism (FM) for the sustainable refrigerant management of ODS and HFC banks in current and future COPA partner countries.

- This is achieved through (1) a review of the extant literature and case studies in ODS/HFC bank management financing and the wider climate finance field, and (2) interviews with stakeholders and finance experts across the public, private and third sectors.

- Circumstances vary across partner countries (size of banks; existing infrastructure for collection, transport and destruction; financing needs; regulatory environments; etc.) and the potential FM will offer a variety of approaches to tailor to partner needs.
COPA FM STUDY

Status

- Literature review and case study/baseline study review ongoing (to be completed in December).
- Interviews underway (to be completed in January) → then draft of potential COPA FM design features.
- Feedback on draft from COPA Core Group and TWG FM in January 2023.
- Final report to be completed end of February.

COPA FM - MATRIX

Key output: the matrix identifies several aspects, including the biggest challenges, scale of financing needs, use of financial tools, regulation, linkage to existing finance mechanisms, and profitability of projects. Some examples below:

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<th>Thematic area</th>
<th>Expert views</th>
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<td>Scale of financing needs</td>
<td>Interviews have identified a need for financing, largely focused on (1) support for some core infrastructure, (2) capacity building, and (3) awareness-raising among the wider population to ensure the collection of sufficient quantities of refrigerants.</td>
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<td>Use of financial tools</td>
<td>Trade interventions&lt;br&gt;E.g. levies on the import of ODS and HFC in bulk or contained within specific appliances to help pay for their later disposal.&lt;br&gt;Financial incentives&lt;br&gt;E.g. incentives for safe disposal (VAT reductions for the purchase of new, more energy efficient and climate friendlier appliances and return of the older units.)&lt;br&gt;Blended finance&lt;br&gt;E.g. de-risking through combining public and private finance.&lt;br&gt;Infrastructure investment&lt;br&gt;E.g. investment in collection points to enable effective recovery.</td>
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<td>Regulation</td>
<td>Regulation has proven key in a number of different countries, with interviews indicating uplifts in the amount of ODS and HFC banks recovered following mandatory legislative provisions. However, implementation remains a challenge where compliance culture and capacity are relatively poorly developed.</td>
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COPA FM – REPORT OUTLINE

Contents

- Executive Summary
  1. Introduction
  2. ODS and HFC Bank Management: State of Play
  3. Review of Financing Opportunities: Lessons from the Field
  4. COPA Financing Needs and Opportunities: Expert Views
  5. The COPA Financing Mechanism: A Proposal
  6. Conclusion

- Bibliography
- Annex

A POTENTIAL MECHANISM

1\textsuperscript{st} phase: proof of concept/pilot phase
- pilot-based implementation, proof of concept; work with industry and policymakers \textarrow{clear business case to be established}
- draw on potential financing models: import levies, tax/financial incentives, carbon markets
- some grant funding for specific infrastructure/capacity support

2\textsuperscript{nd} phase: scaling up
- scaling up beyond initial pilots and expansion of member countries, policy/regulatory work in parallel
- potential mix of grant funding and concessional lending for specific infrastructure/capacity support
- first loss guarantee/de-risking of projects

3\textsuperscript{rd} phase: commercialization/mainstreaming
- a functioning mechanism, private sector involvement at scale, supportive regulatory environment with enforcement
- mix of concessional lending and private finance, though a small amount of grant funding may remain

Reporting requirements

Reporting requirements

Reporting requirements
6. Q&A
   All participants

7. Conclusion and Next meeting
NEXT MEETINGS

• End of January 2023
  Review and feedback of draft study
• March/April 2023
  Develop Working Programme and final study
• Reminder:
  Please let us know if you agree to share your contact information with the Working Group members.

THANK YOU FOR YOUR PARTICIPATION