





**COPA TWG on Financing Mechanisms  
Extra-ordinary Meeting – review draft FM Study**  
25<sup>th</sup> January 2023

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**AGENDA**

<b>Welcome: Agenda &amp; Speakers</b>	Ajiniyaz Reimov (UNDP)
<b>1. Introduction of participants</b>	Moderated by Malin Emmerich (GIZ Proklima)
<b>2. Presentation of study draft and key results Direct feedback, Q&amp;A on study draft</b>	Harald Heubaum; Preliminary results and next steps Q&A with all participants
<b>3. Next steps: send feedback, coming activities &amp; meeting, closing remarks</b>	Malin Emmerich (GIZ Proklima); Ajiniyaz Reimov (UNDP)

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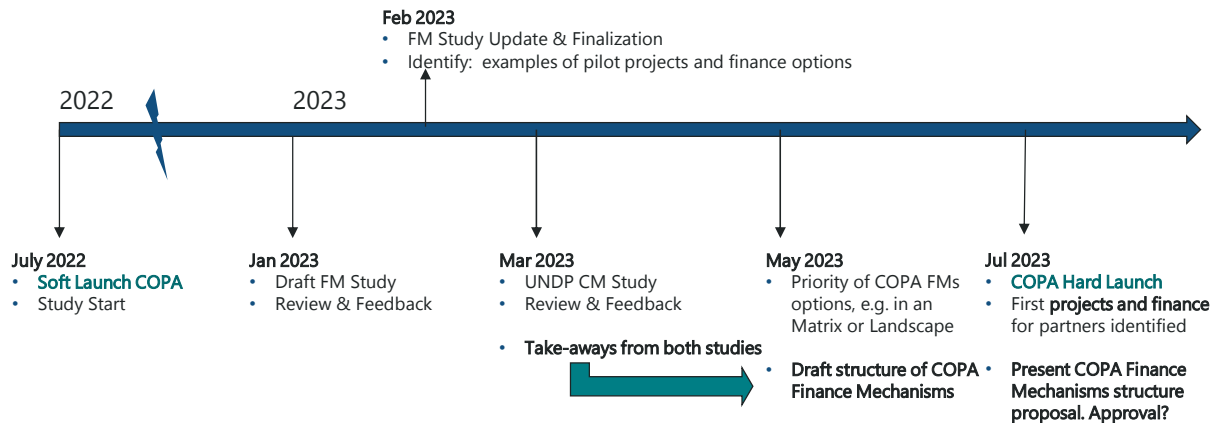
## INTRODUCTION OF PARTICIPANTS

- Introduction round & Poll to get us started
- Please turn on your camera
- Say you your name, organisation, country
- MoM and Participation list will be distributed after meeting.
- Let us know if you agree to share your contact information with the Working Group members.
- Write any questions in the chat. Tabea will support.

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## TIME-LINE OF COPA FINANCING MECHANISMS DEVELOPMENT



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## STRUCTURE OF DRAFT STUDY

1. Introduction to ODS and HFC bank management
2. ODS and HFC Bank Management: State of Play
3. Review of Financing Opportunities: Lessons from the Field
4. COPA Financing Opportunities: **A Matrix**
5. The COPA Financing Mechanism: A Proposal in 3 stages
6. Conclusions

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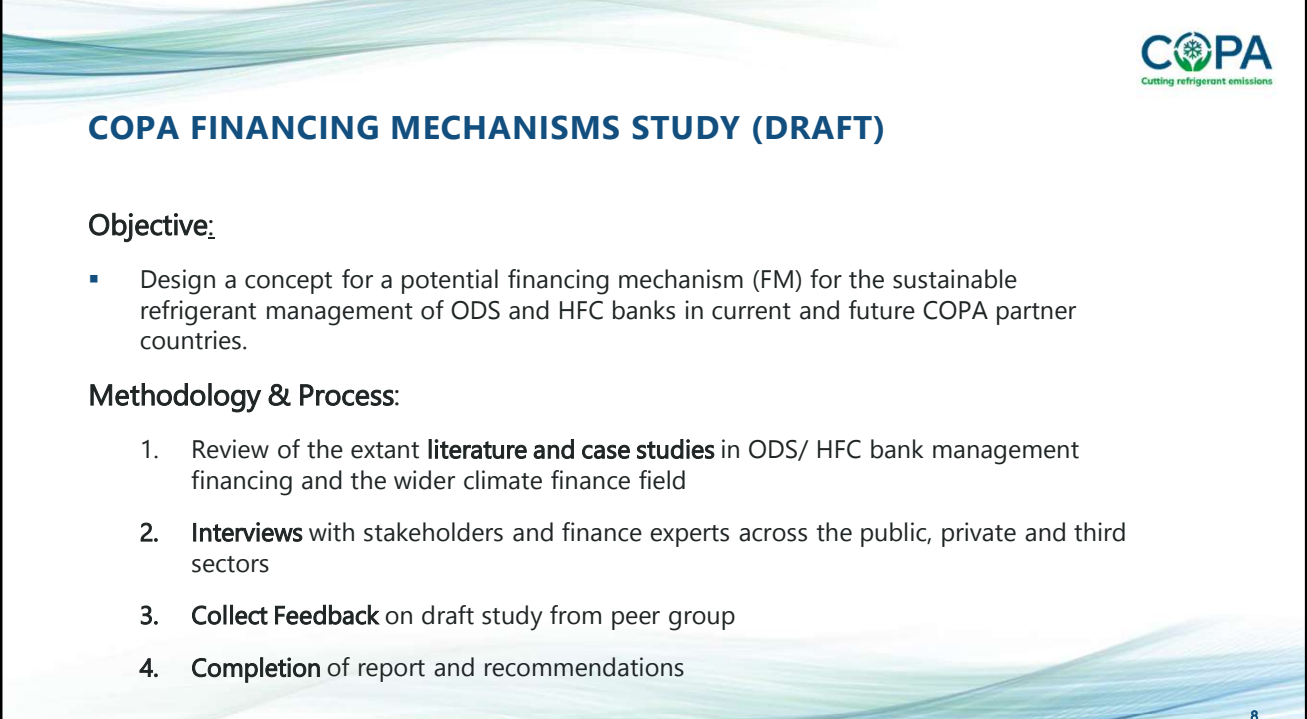
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**COPA**  
Cutting refrigerant emissions

**2.** Study draft – preliminary results, status, next steps  
Harald Heubaum

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**COPA FINANCING MECHANISMS STUDY (DRAFT)**

**Objective:**

- 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.

**Methodology & Process:**

1. Review of the extant **literature and case studies** in ODS/ HFC bank management financing and the wider climate finance field
2. **Interviews** with stakeholders and finance experts across the public, private and third sectors
3. **Collect Feedback** on draft study from peer group
4. **Completion** of report and recommendations

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## FEEDBACK IS KEY!!!

**Provide Feedback** on the draft study. It will be incorporated into final study (February 2023). Submit your written comments and proposal for text formulations (more details later).

### Especially provide feedback on:

- **Conceptual issues** – is your perspective on finance for HFCs/ODS covered sufficiently?
  - Should an annex with all available finance instruments be added?
  - What do you think needs more detail / explanation?
  - What finance do you think would be the most appropriate?
- **Any structural issues?**



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## PRELIMINARY RESEARCH RESULTS

- **Circumstances vary across partner countries**  
Size of banks; existing infrastructure for collection, transport and destruction; financing needs; regulatory environments; etc.
- **Need to build shared understanding & raise awareness**  
The understanding of the requirements and opportunities for financing implementation of ODS and HFC banks management varies greatly between different stakeholder groups. Awareness raising and capacity enhancement can support building understanding of the complexity of the issue for all stakeholders.
- **Recommendation for FM contains a variety of financial approaches**  
The potential FM will need to offer a variety of financial approaches to tailor to partner needs. Shift away from donor thinking (“a single fund for all projects”) towards a more diversified thinking bringing in several different types of finance for different technical issues.

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## DIFFERENT PERSPECTIVE ON ONE PROBLEM

### FINANCING ODS & HFC BANK MANAGEMENT

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- **Technical solution** can be reached by changing market drivers through policy regulations
  - *In other words, the required solution needs policy interventions in order to make the technical solutions viable.*
  - **A one-donor approach**  
→ One fund for different measures
  - Provide incremental cost coverage for specific measures for consumption reduction
  - Monitoring of compliance is fairly easy
  - **There is a wide variety of instruments out there!**
  - Different type of finance has different risk and return expectations  
→ the “donor approach” is one of many financing approaches
  - No one-size finance that fits all projects

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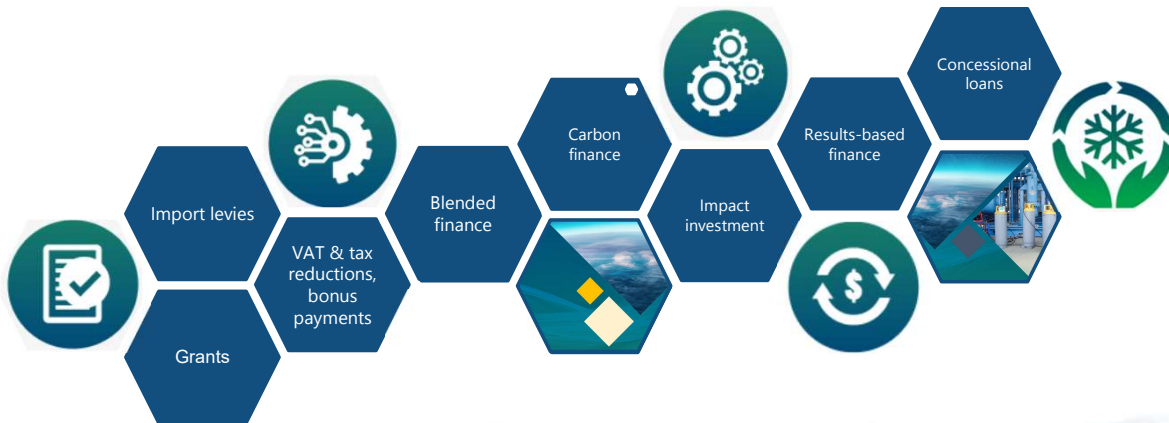
## THE MATRIX OF FINANCING OPPORTUNITIES

- **The matrix as the main result**  
The main result of the study is an overview matrix of potential financial interventions supporting effective ODS and HFC bank management. (Ch. 4)
- **How to read the matrix**  
The matrix distinguishes between interventions by (1) type of finance, (2) the type of actor involved, (3) the level at which they are likely to be effective, including the types of projects they could support, as well as (4) the barriers to their implementation.
- **How the matrix can help decision-makers**  
The matrix is intended to help decision makers understand both the different financial appetite of different funding sources, and the availability and range of interventions to address the HFC/ODS market. Its function is similar to that of a toolbox, helping to identify the appropriate tool for each specific situation.

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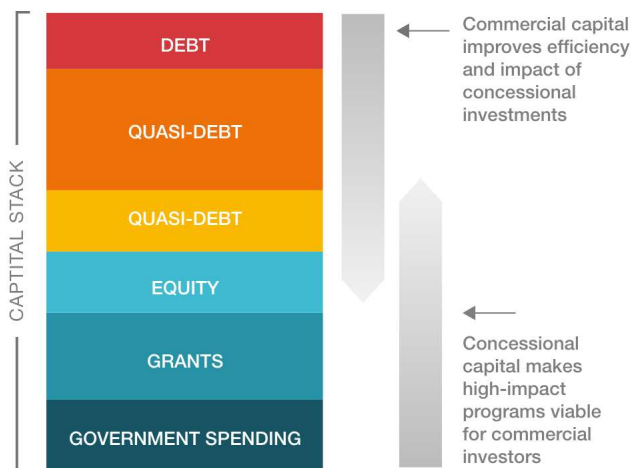
## FINANCIAL INSTRUMENTS INCLUDED IN THE MATRIX



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## COPA FM - MATRIX OF FINANCING OPPORTUNITIES



Source: Health Finance Coalition

### Capital stack:

- A project finance approach that can be considered **blended finance** but more explicit in the breakdown of **different types of capital** (especially non-donor finance) that can be **employed at different points** of the value chain.

### For ODS/HFC bank management, the capital stack approach:

- allows for investment at every scale
- develops a new narrative for risk-sharing.

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## A POTENTIAL FINANCIAL MECHANISM – SCALE UP FINANCE SOLUTIONS

### 1<sup>st</sup> phase: proof of concept/ pilot phase

- pilot-based implementation, proof of concept; work with industry and policymakers → 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

Reporting requirements

### 2<sup>nd</sup> 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

Reporting requirements

### 3<sup>rd</sup> 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

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## QUESTIONS & ANSWER SESSION

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**3.** Next steps:  
send feedback, upcoming meetings and activities


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## FEEDBACK ON DRAFT STUDY

Welcome to submit:

- ✓ Via e-mail: [contact@copalliance.org](mailto:contact@copalliance.org)
- ✓ Written comments, proposal for text formulations and with link to sources
- ✓ **Tracked changes** in word document (attached)
- ✓ Submit until Tuesday **1 February 2023**



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## ACTIVITIES & NEXT MEETINGS

- **Feb. / March 2023 (online distribution)**
  - ✓ **Survey** from TWG FM until 1<sup>st</sup> February, see **new link in mail**.  
Nominate persons for Chair and Vice-chair.
  - ✓ Final Study on FM
  - ✓ Online election of TWG FM Chair and Vice-chair
  
- **30<sup>th</sup> March 2023 - TWG FM #2 (online meeting)**
  - ✓ Develop Working Programme
  - ✓ Welcome new TWG FM Chair and Vice-chair
  
- **July 2023 – Hybrid meeting (personal + online)**
  - ✓ COPA Hybrid Hard Launch in alignment with OEWG Bangkok
  - ✓ TWG FM #3



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**THANK YOU FOR YOUR PARTICIPATION**

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