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EXECUTIVE COMMITTEE OF
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IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-ninth Meeting
Montreal, 7-11 March 2022
Postponed to 16, 18 and 20 May 2022 (part I) and
16-18 June 2022 (part II)[1]

IDENTIFYING OPTIONS, INCLUDING THE RELEVANT PROCEDURES AND CONDITIONS FOR MOBILIZING FINANCIAL RESOURCES FOR MAINTAINING AND/OR ENHANCING ENERGY EFFICIENCY WHEN REPLACING HFCs WITH LOW-GLOBAL-WARMING-POTENTIAL ALTERNATIVES (DECISION 87/51)

Report by the Secretariat

Introduction

1. At their Twenty-Eighth Meeting, the Parties adopted the Kigali Amendment to the Montreal Protocol (decision XXVIII/1) and adopted decision XXVIII/2 on issues related to the phase-down of hydrofluorocarbons (HFCs). In paragraph 22 of that decision, the Parties requested the Executive Committee to develop cost guidance associated with maintaining and/or enhancing the energy efficiency of low-global-warming-potential (GWP) or zero-GWP replacement technologies and equipment when phasing down HFCs, while taking note of the role of other institutions addressing energy efficiency, when appropriate.

2. At the 82nd meeting, the Executive Committee requested the Secretariat to prepare supporting documentation with information on relevant funds and financial institutions that could mobilize resources for energy efficiency when phasing down HFCs, including the modalities used by those institutions to provide resources to developing countries and the feasibility of the implementing agencies to access such resources to implement those projects. Since then, the Executive Committee has held a series of discussions in plenary and in a contact group. A summary of the documents prepared and the discussions held on this issue is presented in Annex I to the present document.

[1] Due to coronavirus disease (COVID-19), part I of the 89th meeting will be held online while part II will be held in person.

3. Following the discussion in the contact group in June 2021,[2] the Executive Committee *inter alia*: (a) noted the report presented in document UNEP/OzL.Pro/ExCom/87/51; (b) requested the Secretariat to prepare a report for the first meeting of the Executive Committee in 2022 identifying options, within the Multilateral Fund (MLF) and by working with other financial institutions that financed energy efficiency and whose procedures could be compatible with those of the MLF, for mobilizing financial resources for maintaining and/or enhancing energy efficiency when replacing HFCs with low-GWP alternatives in the relevant foam manufacturing sub-sectors and the refrigeration, air-conditioning and heat pump (RACHP) sectors; and (c) requested the Secretariat as part of the requested report to identify the relevant procedures and conditions relating to the provision of grants and other funding options by the other financial institutions for maintaining and/or enhancing energy efficiency (decision 87/51).

4. The Secretariat is submitting the present report pursuant to decision 87/51. This report contains five sections: Section I lists the financial institutions that could finance energy efficiency in the foam manufacturing sub-sectors and the RACHP sectors. Section II presents potential projects and activities that may be undertaken for maintaining and/or enhancing energy efficiency in the manufacturing and servicing sectors while phasing down HFCs and their impact. Section III presents funding options for maintaining and/or enhancing energy efficiency while phasing down HFCs and their compatibility with MLF processes. Section IV describes procedures and conditions for grants and other funding options from the financial institutions for financing energy efficiency while phasing down HFCs. Section V concludes with observations and a recommendation by the Secretariat.

I. Financial institutions that could finance energy efficiency in the foam manufacturing sub-sectors and the RACHP sectors

5. In preparing this report, the Secretariat reviewed the information provided in the Technology and Economic Assessment Panel (TEAP) report in 2018[3] and held informal consultations with representatives from several institutions and other individuals dealing with energy efficiency-related projects in cooling applications, including those projects linked to HFC phase-down. The Secretariat also considered the recent experience on additional funding beyond pledged contributions from Parties provided to the MLF for fast-start support for implementation of the Kigali Amendment.

6. Based on these consultations, the institutions listed in Table 1 were identified and contacted in order to collect information on potential funding sources for energy efficiency and to understand their operational procedures and relevant conditions for grants and other funding options, through a questionnaire developed by the Secretariat, presented in Annex II to this document. The list of institutions is not exhaustive, as there may be more institutions that could potentially fund energy efficiency that may be identified in the future.

Table 1. Institutions with potential funding sources for energy efficiency identified and contacted

Category	Name of the institutions
Multilateral funding institutions	Global Environment Facility (GEF) Green Climate Fund (GCF)
European Commission and regional and multilateral development banks	European Commission Asian Development Bank (ADB) African Development Bank Group (AfDB) European Bank for Reconstruction and Development (EBRD) Inter-American Development Bank (IADB) World Bank Group (WB)

[2] Due to challenges from COVID-19, these contact group meetings were held virtually on 17 and 23 June 2021.

[3] TEAP September 2018: Decision XXIX/10 Task Force Report on issues related to energy efficiency while phasing down hydrofluorocarbons - updated final report (Volume 5).

Category	Name of the institutions
Governments that fund development cooperation	Australia[#], Austria, Belgium[#], Canada[#] Denmark, France, Germany, Italy, Japan, Netherlands, Norway[#], Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America
Philanthropic funds/initiatives	Kigali Cooling Efficiency Programme (K-CEP)[4]

Note: Responses were not received from one regional development bank and five Governments that fund development cooperation.

[#]Funding for energy efficiency relating to HFC phase-down is not available as a category; separate projects could be bilaterally negotiated to include energy efficiency components relating to HFC phase-down.

7. The Secretariat expresses its appreciation to those institutions that provided inputs through writing and telephone discussions.

II. Potential projects and activities for maintaining and/or enhancing energy efficiency in the manufacturing and servicing sectors and their impact

A. Projects and activities

8. In order to identify options for mobilizing financial resources as requested by the Executive Committee in decision 87/51(b), the Secretariat considered it useful to describe the types of projects and activities that may be undertaken to maintain and/or enhance energy efficiency while phasing down HFCs. The activities presented below are not exhaustive and do not prejudge any decision(s) by the Executive Committee on what is required to maintain and/or enhance energy efficiency while phasing down HFCs.

9. In many Article 5 countries, projects for maintaining and/or enhancing energy efficiency while phasing down HFCs are expected to encompass activities in the manufacturing and servicing sectors and would be based on country-specific circumstances and priorities. Similar to HCFC phase-out, policy support and monitoring activities would ensure sustained results achieved by the projects and activities.

10. Guidelines for the preparation of Kigali HFC implementation plans (KIPs) allow countries that wish to do so, to describe the national initiatives, policies, regulations, and standards associated with maintaining and/or enhancing energy efficiency in their overarching strategies for stage I of KIPs (decision 87/50(b)(v)); thus, some countries could provide information on these aspects.

Product manufacturing and design

11. While all Article 5 countries would continue to have servicing needs for the RACHP equipment, only a limited number of countries have manufacturing facilities for foam products and RACHP equipment using HFCs.

12. Projects relating to the manufacturing process for the foam manufacturing sub-sectors and the RACHP sectors need to be designed and developed to ensure synchronised implementation of elements that would improve the energy efficiency of the equipment and phase down the use of HFCs, for cost-effective implementation (e.g., integrated product design, modifications in plant facilities with minimum down time).

13. Improving energy efficiency in RACHP equipment is mainly driven by technology development, market factors and regulatory measures that evolve over time. In general, product redesign and development to improve energy efficiency (e.g., improvements in the design of compressors, heat exchangers and controls) is an activity that needs to be undertaken on a continuous basis by enterprises to ensure superior

[4] Clean Cooling Collaborative, formerly Kigali Cooling Efficiency Programme, is a philanthropic initiative of ClimateWorks Foundation launched in 2017 as the Kigali Cooling Efficiency Program (K-CEP), Clean Cooling Collaborative focuses on solutions that cool people and the planet.

product performance and stay competitive in the market. Moreover, the enterprises generally have a portfolio of products with different energy efficiency performance standards based on their respective business strategy and energy efficiency regulations.

14. Project implementation in the context of a KIP typically takes two to three years from the date of approval, thus defining energy efficiency standards at future (i.e., higher) levels of performance would ensure that at project completion, the products covered in the project would perform at that defined higher energy efficiency standard (i.e., a standard above what would be achieved under a "business as usual" (BAU) scenario). Further, elements to ensure sustained additional improvement in energy efficiency over time need to be incorporated in the project design and implementation process. This may necessitate viewing energy efficiency as a "process" during implementation with appropriately designed activities at different points in time.

15. Projects to improve the energy efficiency of equipment in RACHP-manufacturing countries will influence the adoption of those products in import-dependent markets, including at a regional level. The sooner manufacturing countries can implement measures to improve the energy efficiency of the equipment they manufacture, the more it will facilitate the implementation of regulations for adoption of equipment with higher energy efficiency in import-dependent countries and avoid a "lock-in" of energy-inefficient technologies.

16. Projects in the manufacturing sector would typically include improvements in design and/or the development of components and products (e.g., modification of compressors) during manufacturing and/or installation[5] of RACHP equipment, and improvements in the formulation of foam systems for enhanced insulation performance of the foam products. Those activities could result in an overall increase in manufacturing and/or installation costs (e.g., use of invertor compressors, additional controls for energy efficient operations) but may in some cases also lead to a decrease in overall manufacturing costs (e.g., use of less expensive raw materials, reduction in costs over time due to economies of scale for products and/or components).

Installation, servicing and maintenance of equipment

17. Unlike mass-manufactured equipment such as domestic refrigerators or air-conditioners, in certain categories of equipment, such as refrigeration equipment in supermarkets and air-conditioning in large commercial buildings, energy-efficient operations for the same levels of cooling demand can be achieved through a wider set of interventions, particularly at the installation and operation levels. These include product configuration and design for lower energy use, use of energy-efficient components and accessories in installations, changes in usage practices by consumers through consumer awareness and related programmes, servicing and maintenance for energy-efficient operations.[6]

18. Article 5 countries manufacturing and importing RACHP equipment need to implement activities in the servicing sector to ensure energy-efficient operations of the equipment at the designed energy efficiency levels. Projects in the service sector will *inter alia* include:

(a) Updating of training material to strengthen good practices and energy efficiency-related aspects during assessment, installation, maintenance and servicing of RACHP equipment;

[5] This refers to customized product configuration and installation at site (e.g., large central air-conditioning systems, cold storages, supermarkets).

[6] For example, layout of supermarkets could be changed to avoid excessive heat loads, use of doors instead of open cooling areas to avoid extra heat flows, use of energy-efficient lighting, use of night covers over display cases to reduce heat inflow, consumer awareness building and practices while using equipment and servicing and maintenance involving periodic checks to reduce leakage and ensure the effectiveness of seals to reduce heat inflow.

(b) Development and implementation of competency-based certification schemes for technicians and the strengthening of national institutions to include components relating to maintaining energy efficiency;

(c) Pilot projects designed for and targeted towards end-users and for contractors, for the adoption proper installation and operation of the equipment at the designed energy efficiency level; and

(d) Monitoring the impact of energy efficiency-related activities, and awareness and outreach programmes to promote the introduction of energy-efficient equipment and their energy-efficient operation.[7]

19. In the case of the servicing sector, combining the implementation of activities relating to phasing down HFCs and those relating to maintaining energy efficiency would be cost-effective, as training and capacity-building activities, policy and enforcement activities and outreach activities covering both HFC phase-down and energy efficiency can be implemented in an integrated manner.

20. A desk study on energy efficiency in the servicing sector[8] was undertaken by the Senior Monitoring and Evaluation Officer pursuant to decision 83/9; relevant information available from the desk study including lessons learned was taken into account in accordance with decision 88/9(b)[9] and could be considered while implementing activities relating to energy efficiency in the servicing sector.

Development and implementation of policies and regulations for maintaining and/or enhancing energy efficiency

21. The development and implementation of policies and regulations for energy efficiency is essential to ensure sustained improvements over and above the energy efficiency standards that would be achieved under a BAU scenario. Currently, minimum energy performance standards (MEPS) and labelling schemes allow for supply of equipment at different energy efficiency standards and at different price levels in the market. Those with lower energy efficiency ratings are often sold at lower prices, often resulting in a disincentive for the adoption of the most energy-efficient equipment. Thus, there is a need to develop appropriate policies and incentives to promote the broader uptake of equipment with higher energy efficiency ratings. This should also take into consideration the fact that if financial incentives and concessions (e.g., tax concessions on energy-efficient equipment, key components like compressors, heat-exchangers) are provided to the manufacturers and distribution chain, they would produce and make available equipment with higher energy efficiency ratings that would be more affordable to the general consumer.

22. In addition, mutual recognition agreements between countries on energy efficiency standards can provide an effective way of ensuring the availability of energy-efficient equipment that is compliant with relevant energy efficiency standards in importing markets; this would avoid the high cost of establishing and managing laboratories for testing and certification in import-dependent Article 5 countries. The establishment of regional energy efficiency testing centers could also promote cost-effective testing and certification processes to encourage the adoption of energy-efficient equipment at a regional level. UNEP Compliance Assistance Programme regional network activities could also take this into consideration in their consultations relating to KIPs.

23. Institutional coordination of national ozone units (NOUs) with the country's energy efficiency authorities is critical to ensure that the energy efficiency-related policies and measures implemented in the

[7] Information relating to this is also available in UNEP/OzL.Pro/ExCom/88/75.
[8] UNEP/OzL.Pro/ExCom/88/10
[9] The Secretariat was requested, when preparing further information and future reports related to energy efficiency, to take into account the information and lessons learned contained in the desk study.

country take into account HFC phase-down obligations and priorities under the Kigali Amendment. Sustained coordination is essential to ensure that Article 5 countries' obligations and priorities related to the HFC phase-down are appropriately considered during the development of national energy efficiency policies and regulations on an ongoing basis. Past experience in ODS phase-out projects (e.g., engaging customs authorities on the monitoring and control of controlled substances, regulatory authorities handling fumigation in quarantine and pre-shipment applications for the adoption of alternatives to methyl bromide) has shown the benefits of such coordination. The collaboration between ozone and energy authorities in the countries could take the form of training sessions between them or even agreements between the different parts of the government in order for the energy authorities to be engaged in the design and implementation of the projects. This collaboration would be also important for linking any project that enhances energy efficiency in products and systems with the MEPS that are applicable in every country as the enforcement of the domestic MEPS will ensure that the funding of energy efficiency while phasing down HFCs provides maximum energy efficiency benefit.

Monitoring the energy efficiency achieved at project level and user level

24. Monitoring and reporting energy savings achieved through the introduction and use of energy-efficient RACHP equipment needs to be carefully designed and managed to show the impact of the actions taken. Given the variation in the usage characteristics and energy consumption of RACHP equipment, monitoring the benefits of energy-efficient RACHP equipment at the end-user level could be complex and expensive. Monitoring mechanisms from the equipment supply side with appropriately designed standards for energy efficiency measurement (e.g., energy efficiency testing procedures for production and/or import of equipment, monitoring adoption of standards for producing energy-efficient equipment and/or imports,) along with processes for measurement at end-user level (e.g., demonstration sites, stratified sampling techniques for end-users) need to be explored to demonstrate the impact of energy efficiency related interventions. Learning from the implementation of monitoring and reporting mechanisms for similar projects and/or activities would help in the design of effective energy efficiency monitoring and reporting systems.

B. Impact

Payback

25. Improving the energy efficiency of RACHP equipment will result in benefits to the user of that equipment and to the country. Use of energy-efficient equipment will result in savings in energy consumption to the user on their premises and will result in cost savings in electricity/energy use. The payback period to the consumer would depend *inter alia* on the power consumption levels of the equipment in comparison with the baseline equipment replaced, usage characteristics, including the way the equipment is installed and operated, and the price of electricity, as well as the impact of the price of electricity on the usage pattern for the equipment, and would therefore vary by country.[10] Further, the propensity of consumers to purchase energy-efficient products increases as electricity prices rise, and the rise in price can also change equipment usage characteristics. While payback can make the adoption of energy-efficient equipment attractive and increase consumer demand for such products, reducing the cost of manufacturing energy-efficient equipment will facilitate its faster availability and adoption. Incentives such as low-cost financing schemes, innovative payment models involving energy providers/utilities, time-bound tax incentives for energy-efficient equipment, will help remove these barriers and facilitate expeditious adoption of energy-efficient equipment.

[10] Use of energy-efficient equipment could result in higher usage of equipment, as less energy consumption could drive end-users to use the equipment for longer durations. Some users will use equipment less frequently if they know doing so is costlier, e.g., a household may turn on a room air-conditioning less frequently and use it with their regular fan to achieve better comfort if the owner knows it is cheaper to do so than using the air-conditioning only.

26. Table 2 provides the potential payback based on different levels of use of a residential air-conditioner for a hypothetical country where the price of electricity is US $0.1/kWh, and the difference in price of an energy-efficient air-conditioner, which offers 10 per cent lower energy consumption compared to a typical air-conditioner, is US $80.

Table 2. Payback on the operation of an air-conditioner with 1 kW[11] power rating

Particulars	Baseline equipment*				Annual savings (10%) for an energy efficient equipment (US $)	Price difference for an energy efficient equipment (US $)	Payback (years)
	Power usage in Watts	Hours of usage per year	Energy consumption per year (kWh)	Annual cost of electricity (US $)[#]			
Situation A	1,000	2,000	2,000	200	20	80	4.00
Situation B	1,000	3,000	3,000	300	30	80	2.67

* Baseline equipment is defined as equipment that is not energy efficient and available in the market at a price lower than energy-efficient equipment.

[#] Price of electricity is US $0.1/kWh; a higher price of electricity will result in faster payback for the same levels of usage.

27. At a broader level, countries that implement energy efficiency measures also realize savings in the capital investment required for power generation. For example, if an air-conditioner with a 1 kW power rating consumes 10 per cent less power through energy-efficient design, the power required to operate this air-conditioner would result in a saving of 0.1 kW/unit. If 100,000 units of such air-conditioners are sold and used, this would translate to about 10 MW of reduction in power generation load on the electricity grid, which would translate to approximately US $10 million savings through the installation of power generation equipment.[12]

Greenhouse gas (GHG) emission reduction

28. The impact on GHG emissions of improving energy efficiency while phasing down HFCs varies depending upon the source of power supply in the country. In the example above, with an assumed 2,000 to 3,000 hour annual usage of equipment, annual CO_2 emissions savings with a fuel that has a carbon intensity of 0.41 kg/kWh (e.g., gas-based power generation), would be about 8,200 to 12,300 tons of CO_2 for 100,000 units of equipment in operation, while with a carbon intensity of 0.024 kg/kWh (e.g. hydroelectric), annual CO_2 emission savings would be about 480 to 720 tons of CO_2 for 100,000 units of equipment in operation.

29. It is important to note that irrespective of GHG emission reductions, improving the energy efficiency of equipment will reduce energy costs to the end-user and reduce the investments needed for power generation, especially to fulfill peak power demand, in the country.

III. Funding options for maintaining and/or enhancing energy efficiency while phasing down HFCs and their compatibility with Multilateral Fund processes

A. Funding options

30. In light of the information above relating to type(s) of projects and activities for addressing energy efficiency along with key aspects relating to such projects, three funding options that could be considered

[11] A one-refrigeration-tonne (RT) split air-conditioning with a three-star energy efficiency rating will have a power rating of approximately 1 kW.

[12] Assuming US $1 million for installing in 1 MW power plant; the cost of power plant installation varies depending upon the choice of fuel and other design/operational parameters. Further, investments in transmission and distribution infrastructure would also decrease.

by the Executive Committee for maintaining and/or enhancing energy efficiency while phasing down HFCs are presented below.

31. In addition, in light of the very limited experience of the MLF addressing energy efficiency in phasing out controlled substances, the Executive Committee could consider allocating funding through a special funding window under the funding options mentioned below when feasible, for starting actions on energy efficiency through pilot projects for identified priority areas and/or activities. Implementation of these activities at the earliest possible instance for an initial period would help the Executive Committee understand the impact of these energy efficiency-related interventions and provide additional policy guidance for the future including type of interventions that can be funded and how the results of these interventions can be monitored. Based on criteria that will have to be agreed by the Executive Committee, initial activities that might be funded may include investment projects covering certain manufacturing sectors/sub-sectors focusing specifically on those components required to maintain and/or enhance energy efficiency while phasing down HFCs with low-GWP alternatives and pilot projects in the servicing sector covering energy efficiency-related policies and measures including institutional coordination to incorporate HFC phase-down-related obligations in such policies and measures, and capacity-building activities to maintain energy-efficient operation of equipment.

32. These projects should be designed for a short implementation period (i.e., 2-3 years), as the outcomes would determine the future direction that the Executive Committee may wish to take on this matter. Implementation of these activities with the initial set of KIPs would help the Executive Committee understand the cost-effectiveness and environmental and climate benefits of these activities while implementing KIPs, and identify any challenges. These initial projects would help define a long-term plan[13] to address energy efficiency for maximising climate benefits while implementing HFC phase-down under the Kigali Amendment. Similar initiatives were taken in the past to explore potential opportunities to achieve specific objectives relating to phase-out of controlled substances and other new initiatives[14].

Option 1: Funding as part of regular contributions to the Multilateral Fund

33. Under this option, both HFC phase-down and energy efficiency activities would be directly funded by contributions from non-Article 5 countries through the MLF replenishment process as a part of their regular assessed contributions. A portion of the regular contribution could be allocated for energy efficiency-related projects and activities including those starting actions through pilot projects under the special funding window. The Executive Committee would need to approve relevant guidelines and criteria for funding projects that specifically address energy efficiency, including relevant performance metrics, which would be followed during project formulation, review, approval, and implementation. Additional resources may be required by the various MLF institutions for project formulation, review, approval, and implementation, as these project components may be more complex and require different skills for project development, review and implementation. These additional costs may be associated with the operational and administrative management of projects.

Option 2: Funding from additional contributions by donor countries outside the MLF replenishment

34. Implementation of this option would be similar to the process used for the additional contributions for fast-start support for implementation of the Kigali Amendment.[15] Under this option, funding for energy

[13] This would necessitate Executive Committee decisions relating to criteria and policies (e.g., eligibility criteria for project proposals including methods of assessing "additionality" of target energy efficiency standards, cost effectiveness thresholds, monitoring and reporting mechanisms, how to ensure complementary funding support and avoid duplication of activities, etc.) for supporting energy efficiency-related activities while phasing down HFCs.

[14] Paragraph 34 of UNEP/OzL.Pro/ExCom/86/93

[15] At its 77th meeting, the Executive Committee accepted, with appreciation, the additional contributions from 17 non-Article 5 Parties of US $27 million to assist Article 5 countries for certain activities to fast-start implementation of the Kigali Amendment.

efficiency activities including those starting actions through pilot projects under the special funding window would come from additional contributions by any donor countries interested in financing energy efficiency in the foam manufacturing sub-sectors and the RACHP sectors, on an ongoing basis subject to the Executive Committee's approval. Agreements with the respective donors would need to be concluded in order to receive and use these funds. The assumption of this funding option is that project management procedures, including project formulation, review, approval, implementation, monitoring and reporting would follow those established by the MLF.[16] The additional contributions would be made up front and would be used exclusively for energy efficiency-related project components, the eligibility of which would be based on policies and guidelines that would be approved by the Executive Committee for those projects. Such voluntary contributions would be additional to the regular assessed contribution under the replenishment. The HFC phase-down component of the project would be funded under the regular contributions. Based on the experience gained in those starting actions through pilot projects under the special funding window, the Executive Committee could decide on future policies relating to sources of funds and how those funds could be utilized to maintain and/or enhance energy efficiency while phasing down HFCs.

Option 3: Funding from additional contributions negotiated with the GCF and/or the GEF and other funding institutions

35. Under this option, funding for energy efficiency activities including those starting actions through pilot projects under the special funding window would come from contributions by the GCF and/or the GEF and from other funding institutions[17], through negotiated agreements for financing energy efficiency in the foam manufacturing sub-sectors and the RACHP sectors. This is similar to option 2 except that these funds would be limited to and negotiated with the GCF and/or the GEF and other funding institutions. The HFC phase-down component of projects would be funded under the regular contributions. Based on the experience gained from those starting actions through pilot projects under the special funding window, the Executive Committee could then decide on future policies relating to how these funds can be utilized to maintain and/or enhance energy efficiency while phasing down HFCs.

36. Given that the GCF and/or the GEF and the other funding institutions allocate resources based on their own governance and operational project management processes (e.g., use of STAR[18] allocation for the climate change focal area funding in the case of GEF), the agreements have to be negotiated with the respective institutions taking into consideration those processes, as well as the agreed administrative costs under the MLF, while ensuring that the policies, procedures and guidelines, and project management processes of the MLF, including project formulation, review, approval, implementation, monitoring and reporting,[19] are followed. These agreements must be designed to ensure that a simple and easy monitoring and reporting process for energy efficiency-related project components are followed in line with the MLF's monitoring and reporting process. The feasibility of this option needs to be further discussed with the respective institutions.

37. Table 3 below presents a summary of the key aspects relating to the different options in terms of the overall project approval and management process, and management capacity on the part of NOUs and agencies.

[16] Multiple reporting processes for energy efficiency components would tremendously increase the workload of the agencies and the countries implementing these components, as well as the Executive Committee and the Secretariat.

[17] The other funding institutions refer to non-GCF/GEF funding institutions and could include multilateral development banks, and other specialised institutions financing energy efficiency in RACHP and foam sectors.

[18] System for Transparent Allocation of Resources

[19] Multiple reporting processes for energy efficiency components would tremendously increase the workload of the agencies and the countries implementing these components, as well as the Secretariat. Therefore, any additional contributions that would require additional monitoring and reporting beyond that agreed by the Executive Committee would not be accepted.

Table 3. Evaluation of options for funding energy efficiency components while phasing down HFCs

Criteria	Option 1	Option 2	Option 3	
What does the option relate to	**Regular MLF funding**	**Additional contributions by donor countries outside the MLF replenishment**	**Negotiated funding with the GCF and/or the GEF**	**Negotiated funding with other funding institutions**
Predictability of funding	High	Medium (uncertainty higher in securing funding)	High (but high uncertainty whether the institutions would agree on funding upfront)	
Sustainability of funding	High	Medium (uncertainty higher in securing funding)	Medium (uncertainty higher in securing funding)	
Speed of operationalization for implementation	High	Medium (slower due to time taken for finalizing arrangements and implementation process)	Medium (slower due to time taken for finalizing arrangements and implementation process)	
Synchronization with HFC phase-down	High	High	High	
Management under MLF process including oversight by the Executive Committee	Yes	Yes (per the negotiated agreements)	Yes (per the negotiated agreements)	
Ease of understanding of operational process for agencies and NOUs	High	High	High	Medium
Sustainability of energy efficiency improvement (ongoing basis)	High (based on policies for project implementation)	Depends upon funding available on an ongoing basis and policies for project implementation	Depends upon funding available on an ongoing basis and policies for project implementation	

Note: The levels of difference between "high" and "medium" mentioned above in assessment of options is not precise and difficult to quantify.

38. The above options may also be implemented in parallel or in combination as the one does not exclude the other. While some of these options could be operationalized in a faster manner (e.g., option 1), other options may take more time, primarily for the negotiation of funding arrangements and legal agreements, and relevant finalization.

39. Different steps would be required to operationalize whichever option or options are approved by the Executive Committee. In the case of option 1, the project approval process could be undertaken in a fast-track manner based on guidelines that would be agreed by the Executive Committee. In the case of options 2 and 3, the relevant funding arrangements and associated conditions, keeping in view MLF procedures and management processes, would have to be discussed and negotiated with the respective donors; these arrangements may require additional approvals by the Executive Committee (e.g., certain project implementation conditions, timelines for fund availability, etc.) before finalization.

40. Any of the above options could also be combined with possible efforts made by bilateral and implementing agencies to source funding for energy efficiency from non-MLF institutions. This will be outside the MLF processes, and the agencies on their own may be able to mobilize or manage such resources for energy efficiency-related components. Funding for components related to HFC phase-down will still be provided by the MLF through regular contributions. For example, agencies could mobilize funds from any institution including those identified in Table 1 to address energy efficiency and possibly other ineligible HFC phase-down activities,[20] which could facilitate faster and more sustainable implementation of the HFC phase-down in specific sectors (e.g., air-conditioning sector).

41. While the Executive Committee would monitor the project progress for HFC phase-down through the regular monitoring and reporting procedures, it could request the agencies to share information on the energy efficiency components and other relevant activities, to the extent feasible and necessary.

42. The implementation modality would be similar to how the energy efficiency components of some projects (e.g., conversion project for Mabe Mexico) under decision 78/3(g) were addressed.[21] The HFC phase-down component would be implemented with MLF funding through the regular project implementation process; the energy efficiency component would be combined in these projects with funding support from external institutions and/or internal non-MLF resources (e.g., enterprise's internal funding sources).

B. Compatibility with Multilateral Fund processes

43. Decision 87/51(b) requested the Secretariat to identify options involving working with other financial institutions that financed energy efficiency and whose procedures could be compatible with those of the MLF. Based on the information collected from the institutions consulted for this report, every institution has its own procedures for project identification and development, review, approval, implementation, monitoring and reporting; these procedures are designed to ensure conformity with the governance, policies and relevant operating procedures of the institutions and appropriate reporting to their governing bodies. Annex III includes more information relating to the project development, approval and implementation processes of different funding and financial institutions.

44. While some of the elements of the procedures of the institutions for funding and implementing energy efficiency components could be similar to the MLF procedures in some respects, they would not be entirely compatible. In addition, the procedures followed by the different institutions, as well as the conditions relating to project monitoring and reporting, also change depending upon the respective institutions' business strategies and priorities.

IV. Procedures and conditions for grants and other funding options from the financial institutions for financing energy efficiency while phasing down HFCs

45. Decision 87/51(c) requested the Secretariat to provide information on procedures and conditions for grants and other funding options from financial institutions to finance energy efficiency while phasing down HFCs. Annex III contains relevant information collected by the Secretariat from different funding and financial institutions that were contacted and provided responses.

46. A summary of the key findings based on the responses received is presented below:

[20] For example, such additional funds could be used to convert non-eligible enterprises to the same low-GWP technology as eligible enterprises assisted by the Fund.

[21] In this conversion project, Multilateral Fund funds were provided for the conversion of a manufacturing facility of domestic refrigerators from HFC-134a to R-600a; some project components relating to product design for energy-efficient performance were funded through K-CEP.

(a) Sources for financing energy efficiency are available in different funding institutions through both grant and non-grant instruments, such as loans, guarantees and equity. The types of non-grant instruments vary depending on specific project and/or programme outcomes;

(b) Procedures and conditions for accessing project grants and other funding options from the financial institutions are based on the governing structures and guidelines defined by the respective institutions;

(c) Blended financing options are used to fund projects based on project specific needs. For example, in a GEF project that was approved to fund energy efficiency in buildings, blended finance was proposed according to the following breakdown: GEF funding to address policy initiatives, market transformation initiatives and the capacity-building of different stakeholders; funding from banks for investments in energy-efficient buildings; and private sector funding to develop energy-efficient technologies and solutions. Project financing structures involving blended finance are agreed with the project proponents and the relevant personnel in the respective funding and financial institutions;

(d) There are no dedicated funding windows available for exclusively addressing energy efficiency in the foam manufacturing and RACHP sectors. Unlike the MLF, which focuses in this case on HFC phase-down in the RACHP and foam sectors, the different funding and financial institutions have funding windows that cover larger projects and programmes (e.g. sectoral projects addressing cold chain technology, energy-efficient buildings and cooling, energy supply and demand, etc.) that may include energy efficiency in RACHP and foam sector as their components;

(e) The GCF and the GEF provide funding support for energy efficiency in different applications including RACHP and the foam sector.[22] The project funding is defined by the funding priorities of the respective institutions. For example, under the current GEF-8 negotiations on programming priorities, discussions are underway on Integrated Programs (IPs) that are cross-cutting across different focal areas and these could include energy efficiency-related components;

(f) In the majority of the cases, donor funding by bilateral donors is provided through multilateral institutions such as the GCF or the GEF for projects based on those institutions' strategic priorities, project cycle and approval procedures. There are some bilateral donors (e.g., the Government of France, the Government of Germany) that have funding windows that could finance energy efficiency in RACHP and foam applications. These funding windows could include both grant and non-grant instruments for financing energy efficiency and have their own project approval, review and monitoring processes;

(g) Bilateral donors provide funding for projects or programmes through negotiated arrangements with partner countries based on their strategic priorities. These projects would fall under their respective bilateral aid funding portfolio and are finalized with specific conditions for such projects or programmes. For such projects, the project proposals need to be submitted in line with the applicable procedures and are negotiated on a case-by-case basis. These projects are monitored through their own project monitoring and review process; and

[22] As an example, information on a Cooling Facility project approved by the GCF is available in https://www.greenclimate.fund/project/fp177.

(h) Broadly, different funding and financial institutions are aware of the Montreal Protocol and its Kigali Amendment. However, their knowledge about activities undertaken under the Montreal Protocol (e.g. types of projects funded under the Protocol, countries that are provided funding, etc.) is limited. The institutions contacted expressed interest in understanding the activities undertaken by the MLF relating to energy efficiency and/or HFC phase-down so that they could use them, as needed, in their project development and implementation process.

V. Observations and recommendation by the Secretariat

Observations

47. Based on the information collected for the preparation of this document, the following key points may be noted:

Funding institutions

(a) It appears that there is no dedicated funding source for exclusively financing energy efficiency while phasing down HFCs in the foam manufacturing sub-sectors and the RACHP sectors. The Kigali Cooling Efficiency Programme provided support to some countries to implement energy efficiency-related projects; some of these projects supported beneficiaries that received MLF funding under decision 78/3(g) for HFC phase-down projects.[23] Blended finance for funding energy efficiency-related components for projects is undertaken based on project- and/or programme-specific requirements. Such projects could be structured so that MLF funding could address the HFC phase-down and non-MLF funding could address energy efficiency;

(b) Since energy efficiency is funded by different institutions covering a range of activities, including those in RACHP and foam applications, under their climate change or other priority areas (e.g., health sector, agriculture sector, etc.), there is a need for closer collaboration among institutions and coordination of activities relating to energy efficiency to ensure that: the institutions are aware of the technical and policy developments relating to HFC phase-down; and that HFC phase-down requirements relating to the Kigali Amendment are integrated into the respective projects and activities; and

(c) If the project funding and implementation monitoring for energy efficiency components were to be undertaken by the Executive Committee, the funds would need to be managed by MLF processes and directly supervised by the Executive Committee. The relevant procedures must be designed to avoid complex and costly reporting processes for reporting performance indicators (e.g., energy efficiency targets) at different levels (e.g. by the Secretariat, agencies and the NOUs), and to ensure accountability relating to the use of funds from different sources.[24]

Procedures and conditions for accessing funds

(d) The procedures for accessing funds are dependent on the project approval processes adopted by the respective institutions, which are different from the procedures followed by the MLF; they also vary based on a range of factors such as whether these funds are secured from grant or non-grant instruments, and the approval procedures for projects with different

[23] Currently, K-CEP has been restructured and renamed as Clean Cooling Collaborative that is expected to work on projects to deliver climate-friendly cooling to all.
[24] Paragraphs 24 to 28 of UNEP/OzL.Pro/ExCom/87/51.

levels of funds. Furthermore, these procedures may also change over time. Thus, the compatibility of the procedures and conditions of non-MLF funding sources with MLF procedures and management processes seems to be limited.

Key aspects of projects and activities relating to maintaining and/or enhancing energy efficiency while phasing down HFCs

(e) If the projects for energy efficiency improvement of RACHP equipment and foam products while phasing down HFCs are implemented in parallel with HFC phase-down projects, cost savings would be achieved (e.g., integrated equipment design activities for HFC phase-down and energy efficiency, reducing plant down time during conversion, integrated policies for energy efficiency, and the adoption of HFC-free equipment). Such early action would avoid a market "lock-in" of less energy-efficient products and/or products using HFCs that are energy efficient;

(f) Capacity building of RACHP equipment servicing agencies and technicians in equipment assessment, installation, servicing and maintenance is critical to maintaining energy-efficient performance of the equipment, including the adoption of energy-efficient, low-GWP-refrigerant-based equipment. Synergies between energy efficiency-related activities and servicing sector activities undertaken under KIPs could be considered while developing capacity-building projects/programmes;[25]

(g) Prevailing trends show that the energy efficiency of RACHP equipment and foam products improves over time. Thus, energy efficiency-related projects/programmes in manufacturing would need to ensure that the products' energy efficiency is not only maintained and/or enhanced at the time of submission, but also periodically updated to standards, over and above BAU levels. Thus, maintaining and/or enhancing energy efficiency while achieving HFC phase-down needs to be viewed as a "process" rather than as a project or a programme; and

(h) Energy efficiency targets for projects would need to be based on future energy efficiency standards as the projects are implemented, typically over two to three two years; during which period, the energy efficiency of the equipment covered by the standards would experience improvement.

Policies and regulations for maintaining and/or enhancing energy efficiency

(i) Policies and regulations, including MEPS and labelling programmes, are essential for ensuring the adoption of energy-efficient equipment and/or products in RACHP and foam applications. These policies and regulations need to be prioritized and implemented in a way that incorporates relevant elements addressing HFC phase-down to avoid unintended growth of energy-efficient HFC-based technologies.

Institutional coordination

(j) NOUs need to coordinate with the national authorities responsible for energy efficiency-related matters (e.g., energy efficiency standard development and enforcement authorities) to ensure systematic implementation of measures to maintain and/or enhance energy efficiency while phasing down HFCs; these actions must be implemented as a

[25] These issues are covered in UNEP/OzL.Pro/ExCom/89/8 and UNEP/OzL.Pro/ExCom/89/11.

priority to ensure integrated policies and regulations that address HFC phase-down and energy efficiency.

Monitoring impact and payback

(k) Monitoring the energy efficiency performance of products at the end-user level can be challenging given different end-users' usage characteristics. Thus, designing cost-effective processes to monitor energy efficiency performance from the supply side coupled with well-designed demand-side monitoring methods may need to be explored for greater impact in terms of monitoring energy efficiency performance. Options for cost-effective compliance monitoring, such as mutual agreements, regional testing and certification facilities also need to be explored; and

(l) End-users of energy-efficient equipment gain as a result of the lower energy costs of that equipment; as explained in Table 2 above, the payback for the additional initial cost of energy-efficient equipment could be less than four years. Payback to consumers would create an incentive for the adoption of energy-efficient equipment,[26] which, in combination with a reduction in the cost of manufacturing energy-efficient equipment would play an important role in accelerating the availability and adoption of those products. Use of more energy-efficient equipment would also reduce the need for investments in power generation at the national level.

Experience of Multilateral Fund institutions in addressing energy efficiency

(m) It must also be noted that MLF institutions have limited experience in implementing energy efficiency-related activities. Therefore, in addressing energy efficiency, project implementation mechanisms that follow a "learning by doing" approach as well as learning from the experience of other mechanisms, wherever feasible, would be helpful. Decision 82/83(b) provided flexibility for the Parties operating under Article 5 engaged in enabling activities in relation to implementation of the Kigali Amendment, to undertake: (i) development and enforcement of policies and regulations to avoid market penetration of energy-inefficient RACHP equipment; (ii) promotion of access to energy-efficient technologies in those sectors; and (iii) targeted training on certification, safety and standards, awareness-raising and capacity-building aimed at maintaining and enhancing the energy efficiency. Projects approved under decision 78/3(g) allowed the collection of information, where applicable, changes in the energy efficiency of the products being manufactured and any related policies established by the Government. Decision 87/50(b)(v) allowed countries to describe the national initiatives, policies, regulations, and standards associated with maintaining and/or enhancing energy efficiency in their overarching strategies for stage I of KIPs. Implementing pilot project activities for an initial period and using the experience from these activities to design future policies relating to projects for maintaining and/or enhancing energy efficiency while phasing down HFCs, would further encourage Article 5 countries, that wish to do so, to include relevant aspects timely into their stage I of KIPs; and

(n) Capacity building of different institutions involved in the development and implementation of energy efficiency-related components while phasing down HFCs is essential for sustaining the implementation of energy efficiency-related activities. This would include *inter alia* NOUs, agencies and the Secretariat. Support for capacity building (e.g., technical aspects, policies and measures, etc.) needs to be explored for sustainable and cost-effective

[26] Payback to the consumers could drive innovative financing models for adoption of energy efficient technologies.

implementation of activities. This could be addressed in the context of discussions relating to decision 84/86(a).

Recommendation

48. The Executive Committee may wish:

(a) To note:

(i) The report identifying options, including the relevant procedures and conditions for mobilizing financial resources to maintain and/or enhance energy efficiency when replacing HFCs with low-global-warming-potential alternatives (decision 87/51) contained in document UNEP/OzL.Pro/ExCom/89/12;

(ii) With appreciation, the participation of the funding and financial institutions that provided information to the Secretariat as part of its data collection exercise undertaken for the report identified in sub-paragraph (a)(i);

(b) To consider:

(i) The options identified in paragraphs 30 to 42 of document UNEP/OzL.Pro/ExCom/89/12;

(ii) Establishing a special funding window in the current business plan at a funding level to be decided by the Executive Committee for pilot projects to maintain and/or enhance energy efficiency in projects funded by the Multilateral Fund for phasing-down HFCs, on the understanding that the pilot projects would inform future discussions on the options identified in sub-paragraph (b)(i) above; and

(c) To request the Secretariat, [should the funding window in sub-paragraph b(ii) be agreed], to prepare for the consideration of the Executive Committee, at its 91st meeting, criteria for pilot projects to maintain and/or enhance energy efficiency in projects funded by the Multilateral Fund, to allow the Executive Committee to gain experience in understanding the elements and costs associated with such projects.

Annex I

SUMMARY OF DECISIONS AND DISCUSSIONS AT THE EXECUTIVE COMMITTEE MEETINGS UP TO THE 87TH MEETING

82nd meeting

1. The Secretariat was requested to provide to the 82nd meeting the summary of the Parties' deliberations at the 40th meeting of the Open-ended Working Group of the Parties (OEWG) to the Montreal Protocol and the Thirtieth Meeting of the Parties to the Montreal Protocol in relation to the report by the Technology and Economic Assessment Panel (TEAP) on issues related to energy efficiency in response to decision XXIX/102 (decision 81/67(b)). During the discussion of this paper in the meeting including relevant components of decision XXX/5,[1] the Executive Committee *inter alia* requested the Secretariat to prepare a paper for consideration by the Executive Committee at its 83rd meeting, providing, as a first step, information on relevant funds and financial institutions mobilizing resources for energy efficiency that might be utilized when phasing down HFCs under the Multilateral Fund, including the modalities used by those institutions to provide such resources to developing countries and the feasibility of implementing agencies implementing the co-funding requests of those institutions (decision 82/83(b)).

83rd meeting

2. In response to decision 82/83(d), the Secretariat submitted to the 83rd meeting,[2] document UNEP/OzL.Pro/ExCom/83/41, Paper on information on relevant funds and financial institutions mobilizing resources for energy efficiency that may be utilized when phasing down HFCs. The Executive Committee agreed to task the contact group on energy efficiency with consideration of the issues raised; however, owing to time constraints, the contact group was unable to address the issues. Subsequently, the Executive Committee deferred to the 84th meeting consideration of the issues raised by the document (decision 83/63).

84th meeting

3. In line with decision 83/63, the Secretariat resubmitted the paper on information on relevant funds and financial institutions mobilizing resources for energy efficiency that may be utilized when phasing down HFCs as document UNEP/OzL.Pro/ExCom/84/68, to the 84th meeting. During discussion of this item, the Committee agreed to refer it to the contact group on energy efficiency. Following a discussion in the contact group, the Executive Committee *inter alia* requested the Secretariat:

(b)(i) To prepare, in consultation with implementing agencies, a document for the 85th meeting that could provide a framework for consultations with relevant funds and financial institutions to explore, at both the governing and operational levels, the mobilization of financial resources, additional to those provided by the Multilateral Fund, for maintaining or enhancing energy efficiency when replacing HFCs with low global-warming-potential refrigerants in the refrigeration and air-conditioning sector; and

(b)(ii) To continue the informal exchange of information with relevant funds and financial institutions, including for the preparation of the document referred to in sub-paragraph (b)(i) above (decision 84/89(b)(i) and(ii)).

[1] Decision XXX/5 on access of parties operating under paragraph 1 of Article 5 of the Montreal Protocol to energy-efficient technologies in the refrigeration, air-conditioning and heat-pump sectors.
[2] Montreal, 27–31 May 2019.

85th and 86th meetings

4. The Executive Committee decided to discuss the document requested under decision 84/89(b)(i) at its 85th meeting. However, in light of the COVID-19 pandemic, the Executive Committee agreed to postpone its 85th meeting, originally scheduled from 25 to 29 May 2020, and to hold it back-to-back with the 86th meeting in November 2020. In order to ensure continuity of compliance-related activities in Article 5 countries, and to reduce its workload when convened, the Executive Committee decided to implement an intersessional approval process for projects and activities that were to be submitted to the 85th meeting;[3] agenda items that were not considered intersessionally would be included in the agenda of the 86th meeting. Given the evolution of the pandemic, the Executive Committee further deferred both meetings to March 2021, leading to a 15-month period between the 84th and 86th meetings.

5. In line with decision 84/89(b), the Secretariat has submitted the document UNEP/OzL.Pro/ExCom/86/93, to the 86th meeting. Following a discussion,[4] the Executive Committee agreed to reconstitute the contact group on energy efficiency to discuss the matter further and that the contact group would meet again after conclusion of the formal online 86th meeting, but still during the period agreed for the IAPext-86, on 21 April 2021. It was agreed that any draft decision agreed on by the contact group would be posted on the in-session website of the 86th meeting for consideration by the Committee on a non-objection basis. If any delegation expressed an objection to the draft decision, or if the contact group were unable to reach agreement, consideration of the matter would be deferred to the 87th meeting.

6. Following a discussion in the contact group, the convener informed the Chair that the group had been unable to arrive at a conclusion. Subsequently, the Executive Committee decided to continue, at its 87th meeting, consideration of the framework for consultations with relevant funds and financial institutions to explore the mobilization of additional financial resources for maintaining or enhancing energy efficiency when replacing HFCs with low-global-warming-potential refrigerants in the refrigeration and air-conditioning sector, on the basis of the working document produced by the contact group (decision 86/94).

[3] The intersessional approval process commenced on 4 May 2020 and concluded on 8 June 2020; through this process the Committee considered 42 meeting documents, namely, the Reports on projects with specific reporting requirements, the Overview of issues identified during project review; project proposals submitted under bilateral cooperation and under the 2020 work programmes of UNDP, UNEP and UNIDO; and project proposals in 35 Article 5 countries and the 12 Pacific Island Countries (the report on the process is contained in document UNEP/OzL.Pro/ExCom/85/IAP/3).

[4] The Executive Committee discussed this matter during the formal online meetings held in April 2021.

Annex II

INFORMATION SOUGHT FROM RESPONDENTS

Name of the institution:	Name of the respondent with designation:
Address:	Email id and telephone no. of the respondent:
Date:	

1. Please indicate if your institution provides funding for energy efficiency promotion measures in refrigeration, air-conditioning and heat pump (RACHP) and foam applications. This could be under specific window for the said applications or other funding windows (e.g., climate change related, energy efficiency related).

2. Please provide information on the types of funding instruments available in your organisation for financing energy efficiency in refrigeration, air-conditioning and heat pump (RACHP) and foam applications.

Source of funds	**Yes/No**	**Allocated level of funds (US $) (if available)**
Grants		
Equity investments		
Debt instruments including loans including concessional lending		
Performance guarantees (e.g., cooling performance, energy performance)		
Others (please include if available)		

3. Please provide information on whether there is a minimum level of funding (if applicable) that would be necessary for projects to be considered by your organisation for funding in the above mentioned applications.

4. Does your organisation have earmarked grant funds that can be provided to other external multilateral institutions like MLF for funding energy efficiency in RACHP and foam applications. If yes, please provide information such grant funds.

5. Please provide information on whether "blended finance" for projects covering the above RACHP and foam applications, both in terms of types of instruments and sources of funding, are used by your organisation for funding. (in a 3-4 sentences)

6. Please provide information relating to type of entities/organisations that can submit projects for funding support from your organisation for maintaining/enhancing energy efficiency in RACHP and foam applications (e.g., Government institutions, UN agencies, private enterprises etc.)

7. Please provide a brief overview of the implementation modality(ies) used for project implementation by your organisation. (3-4 sentences)

8. Please provide information on specific limitations on the type of entities that can access funding from your organisation (e.g., geographic limitations, accreditation of entities, type of organisations that can access funding, levels of co-funding).

9. Please provide information on project submission and approval process for maintaining/enhancing energy efficiency in RACHP and foam applications; if specific documents (e.g., templates) are available explaining procedures of project submission and approval process, please provide such templates. If there are specific websites that could provide these information, please provide information on such websites.

Annex III

INFORMATION ON PROCEDURES AND CONDITIONS FOR GRANTS AND OTHER FUNDING OPTIONS FROM THE FINANCIAL INSTITUTIONS FOR FINANCING ENERGY EFFICIENCY WHILE PHASING DOWN HFCs

A. Multilateral funding institutions

Global Environment Facility (GEF)

1. The GEF provides funding for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, persistent organic pollutants (POPs), mercury, sustainable forest management, food security, sustainable cities. The GEF concluded its seventh replenishment in June 2018 at a total pledged funding of US $4.1 billion, of which US $802 million has been set aside for the Climate Change Mitigation (CCM) area that includes energy efficiency related project activities. Since CCM falls within the System for Transparent Allocation of Resources (STAR allocation) process, any funding required for enhancing energy efficiency related activities in the refrigeration and air-conditioning (RAC) sector would need to be part of the projects submitted by the Article 5 country concerned under the CCM portfolio. Further, under the GEF-8 strategy that is currently under negotiation and expected to be launched in July 2022, energy efficiency is expected to be included under the CCM Focal Area.

Eligibility

2. For the eligible governments[1] and non-governmental organizations (NGOs), project proposals can be developed by eighteen institutions acting as GEF agencies.[2] The GEF agencies also assist them in managing the projects for achieving the relevant objectives. GEF agencies also work together on GEF projects, thus, pooling expertise to achieve the overall goal of the programme.

Policies and procedures

3. GEF mainly uses grant instruments for funding its projects. For accessing GEF funding, there are four project modalities: (1) Full-sized Project (GEF funding greater than US $2 million); (2) Medium-sized Project (GEF funding up to US $2 million); (3) Enabling Activity;[3] and (4) Program.[4] Each of these modalities have specific project cycle and guidelines/templates for project preparation and submission.[5]

4. GEF's Non-Grant Instrument Program (NGI Program), which includes but is not limited to (i) debt, (ii) risk mitigation products, and (iii) equity instruments, can also be used for project implementation. The NGI Program seeks to catalyze private sector investment at global and national levels aligned with GEF focal area objectives.[6]

[1] The list of recipient countries is available in link: https://www.thegef.org/projects-operations/recipient-countries
[2] Information on the list of GEF agencies is available in link : https://www.thegef.org/partners/gef-agencies
[3] Enabling Activity means a project for the preparation of a plan, strategy, or report to fulfil commitments under a Convention.
[4] Program means a longer-term and strategic arrangement of individual yet interlinked projects that aim at achieving large-scale impacts on the global environment.
[5] Information covering implementation arrangement for each of the four modalities is available in the GEF project and program cycle policy (pages 6-13) and the guidelines on the project and program cycle policy (https://www.thegef.org/documents/project-and-program-cycle).
[6] More information relating to NGI program is available at: https://www.thegef.org/what-we-do/topics/non-grant-instruments.

Green Climate Fund (GCF)

5. The GCF is the world's largest multilateral climate fund, established by the United Nations Framework Convention on Climate Change (UNFCCC) as an operating entity of the Financial Mechanism to assist developing countries in adaptation and mitigation practices to counter climate change. Developing countries have a direct access modality so that national and sub-national organizations can receive funding directly beyond that of the multilateral institutions.

6. GCF also seeks to have an impact within eight mitigation and adaptation results areas[7] for achieving their overall objectives. Of these, result area titled "buildings, cities, industries and appliances" addresses energy efficiency in the foam manufacturing sub-sectors and the refrigeration, air-conditioning and heat-pump (RACHP) sectors. As of the GCF Board meeting held in October 2021, 31 projects have been approved in this result area, representing US $1.5 billion in GCF financing.

7. Further, at the GCF Board meeting held in October 2021, the Cooling Facility project was approved at a total GCF funding level of US $157 million (which includes US $32 million grants and US $125 million loan) for the World Bank.[8] The project is expected to attract another US $722,840,000 as co-financing. This project covers nine countries, in three priority groups (Least Developed Countries, Small Island Developing States, and African States) and focuses on regulation and policy, technical assistance and financing to address and help remove barriers to the development of sustainable cooling investments. The project would be implemented over ten years. The planned measures include financing for investments in innovative, climate-friendly cooling technologies and systems, and creating an enabling environment by strengthening institutional, policy and regulatory frameworks and building capacity of key stakeholders in technologies, business models and cooling project appraisal and implementation.

Eligibility

8. The developing countries which are parties to the UNFCCC can be funded by the GCF. Concept notes and funding proposals can be submitted for different countries for GCF financing through Accredited Entities (AEs). These include Direct Access Entities and International Access Entities.[9] As of 6 January 2022, the GCF board has approved accreditation of 113 entities.[10]

Policies and procedures

9. GCF uses a combination of financial instruments for funding projects, including grants and non-grant instruments (e.g., loans, equity, guarantees, etc.). AEs are responsible for presenting concept notes and funding proposals to GCF, and then overseeing, supervising, managing, and monitoring the overall GCF-approved projects and programmes. The project preparation and approval process includes preparation and submission of a concept note, submission of a project funding proposal, detailed assessment of the funding proposal including how it matches GCF investment criteria, GCF board approval and finalization of legal agreement for implementation.[11]

[7] The eight result areas are Health, food and water security, Livelihoods and people and communities, Energy generation and access, Transport, Infrastructure and built environment, Ecosystems and ecosystem services, Buildings, cities, industries and appliances and Forests and land use.

[8] More information relating to the Cooling Facility project is available at https://www.greenclimate.fund/project/fp177.

[9] Direct access entities need to be nominated by National Designated Authorities (NDAs)/focal points. International Access Entities do not have to be nominated by NDAs/focal points.

[10] The details of accreditation and the entities are available at https://www.greenclimate.fund/about/partners/ae.

[11] More details relating to the project approval process are available at https://www.greenclimate.fund/projects/process.

10. GCF also has a Simplified Approval Process Pilot Scheme (SAP) for smaller-scale projects or programmes that require a GCF contribution of up to US $10 million under certain conditions.[12]

11. Further, through Requests for Proposals (RFP) and pilot programmes which focus on specific themes, GCF seeks to target those areas that have large potential but are not adequately financed through current channels, in order to address gaps in the current climate finance landscape. As each RFP is different, GCF suggests that the project proponents should contact the GCF Secretariat to verify that climate projects being proposed meet the criteria set.[13]

B. European Commission, regional and multilateral development banks

European Commission (EC)

General

12. The seven-year European Union (EU) budget for the period 2021-2027 (Multi-annual Financial Framework (MFF)) amounts to about Euro 1,824 billion (US $2,014.6 billion). Of this, 'Neighbourhood, Development and International Cooperation Instrument (NDICI)' - Global Europe has a budget of Euro 79.5 billion (US $87.8 billion) and combines the seven previous funding instruments[14] financing external actions into one, making it more transparent and flexible. NDICI was approved and entered into force on 14 June 2021 and is expected to support countries in need to achieving the international commitments and objectives that the European Union has agreed to, in particular the Sustainable Development Goals (SDGs), the 2030 Agenda and the Paris Agreement.

13. The European Investment Bank (EIB) is the lending arm of the European Union. One of the priority areas of EIB is climate and environmental sustainability. EIB works with public and private sector organisations to increase investment in projects that help the climate and environmental sustainability. EIB mainly provides loans to large companies and offers other assistance to local banks that finance small projects.

Eligibility

14. The countries that are eligible for support through the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) can receive EC funding support. While there is no earmarked funding for energy efficiency projects, energy efficiency related components could be developed as specific projects and/or part of other relevant projects.

Policies and procedures

15. EC funding support to the countries is through grant as well as non-grant instruments.

16. For project funding, a contract is signed with the recipient country or implementing organisation based on a project proposal submitted by the country or relevant organisation. These proposals are considered based on the multi-annual indicative programmes (MIPs) that set the political priorities and their

[12] AEs, NDAs or FPs can submit concept notes under the SAP. Funding proposal for projects can be submitted by AEs. More details relating to the project approval process are available at https://www.greenclimate.fund/projects/sap.
[13] Additional details of the process are given at: https://www.greenclimate.fund/projects/sap.
[14] European Development Fund (EDF), Guarantee Fund for External Actions, Partnership instrument for cooperation with third countries (PI), Instrument contributing to Stability and Peace (IcSP), European Instrument for Democracy and Human Rights (EIDHR), Development Cooperation Instrument (DCI) and European Neighbourhood Instrument (ENI)

modalities. The contractual terms *inter alia* cover the project implementation and reporting conditions of the EC contractual framework.[15]

17. The EC funding could be mobilised through a partnership framework or equivalent; this would entail development of operational modalities of the partnership framework in liaison with the relevant EC Service(s). Depending upon the project outcomes, the project funding needs to be routed through the appropriate Directorate General (DG), i.e., Directorate General International Partnerships, Directorate General Climate Action, Directorate General Energy, depending upon the project outcomes. An overview of the procedures is given below:

(a) The relevant EC Service (either in a DG or in the EU Delegation) works together with the international projects (IP) project officer to develop/finalize a project concept note (including an indicative EU financial contribution that would be confirmed later) around the environmental topic of joint interest that may result in an EC-funded project/programme;

(b) On basis of an approved concept, the IP project officer develops the project documents (description of the action, log frame, budget, communication plan, etc.) for feedback/approval by the EC Service; and

(c) When the project documents are approved by the EC Service and the EC's internal administrative process is completed, the EC Service issues the agreement for signature by the IP (the agreement includes the approved project documents and additional annexes using EC templates).

18. Under the current procedures, new agreements concluded with the EC are fully managed through the new EC ERP system managing entire life cycle of EC-funded projects from the issuance of the agreement to the closure of the agreement/project.

Asian Development Bank (ADB)

19. The ADB envisions a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty in the region. ADB assists its members, and partners, by providing loans, technical assistance, grants, and equity investments to promote social and economic development.

20. Promoting energy efficiency investment, both supply and demand side, is an integral part of ADB's clean energy development for the energy transition to low carbon besides promoting renewables. Energy efficiency related activities are funded under relevant projects funded by the Asian Clean Energy Fund under the Clean Energy Financing Partnership Facility, which is fully administrated by ADB. Further, other sources like High Level Technology Fund, Japan Fund, People's Republic of China (PRC) Poverty Reduction and Regional Cooperation Fund and other state funds can also be used to support projects in RACHP and foam applications.

Eligibility

21. All ADB developing member countries (DMCs) are eligible for funding except those that have graduated from regular ADB assistance.[16]

[15] More details relating to application for project funding is available in https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes_en.

[16] The details of the classification of DMCs through the following link: Operations Manual Policies and Procedures (Section A1) - Classification and Graduation of Developing Member Countries (adb.org).

Policies and procedures

22. The energy efficiency projects/components are funded with both grant and non-grant instruments. There is no minimum level of funding for projects.

23. The processes to be followed by the country to access funding need to be coordinated with the ADB's Office of Co-financing Operations (OCO). OCO mobilizes and facilitates co-financing in the forms of concessional loans and grants for investment projects and technical assistance. The suitability of the projects are determined based on ADB Country Partnership Strategies (CPS)[17] and Country Operations Business Plans (COBP).[18]

24. For obtaining ADB fund support, the borrower needs to prepare a concept note and provide it to the relevant project officer for review. The project officer will find proper fund source from ADB to process it.[19] The project officer could apply funds available through multilateral funds (e.g., GEF) to finance a portion of the proposed project in ADB. The project officer shall contact the fund manager to check the availability and fulfil the due procedures (e.g., filling relevant forms) for securing these funds.

African Development Bank Group (AfDB)

Background

25. The objective of AfDB Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs and providing policy advice and technical assistance to support development efforts.

26. Energy efficiency projects/components are funded by AfDB through various project funding instruments and could form a part of their investments in relevant sectors; typically, these projects are handled by energy efficiency and renewable energy department under Power Energy, Climate and Green Growth complex.

Eligibility

27. AfDB provides assistance to its 54 RMCs[20] with a view to helping them achieve their development goals. The energy efficiency projects/components are funded with both grant and non-grant instruments, for public and private sector entities.

Policies and procedures

28. For project funding, the government of RMCs send an official request to AfDB with information relating to the project for funding. The Bank screens the request to check if the project is in line with the AfDB and the Country's development strategy and priorities and if the project is economically, environmentally, financially and technically viable and sustainable. Once the request is cleared at the screening stage, the relevant department engages with the concerned Government to develop a project concept note (PCN) based on the information provided by the RMC and the requirements of specific

[17] ADB CPS provide the framework for ADB's engagement with its developing member countries.
[18] COBP identify the specific projects and the resources that would be needed to implement them within a three-year rolling period.
[19] Details relating to how the process works are available through the following link: https://www.adb.org/business/how-to/government-wants-cofinance-how-can-i-find-appropriate-projects
[20] The list of RMCs is available at https://www.afdb.org/en/countries.

funding source (e.g., Sustainable Energy Fund for Africa (SEFA),[21] Bilateral funding from a donor, GCF). If satisfactory, the PCN is then cleared by the relevant funding source Management Committee to proceed to the next stage during which the Bank's Task team confirms with the Government and stakeholders the objectives and expected results of the projects and develops the project to ensure sound project design and viability. The key outcome of this stage is the project appraisal report (PAR) developed by a task manager assigned for a project with the support of task team members including procurement, financial management, disbursements, safeguards and crosscutting issues (gender, climate change and green growth, etc.). The PAR is then submitted to Board for approval after which funding and other relevant legal agreements are finalized for project implementation.[22]

29. Blended financing of projects with funds from relevant sources of funds is used for certain projects for achieving the project objectives. The details of use of blended finance would vary with the types of projects and are determined on a case-by-case basis.

Inter-American Development Bank (IDB)

General

30. The Inter-American Development Bank (IADB or IDB or BID) is the largest source of development financing for Latin America and the Caribbean countries. The Bank supports Latin American and Caribbean (LAC) economic development, social development and regional integration by lending to governments and government agencies, including State corporations.

31. The IDB helps member countries expand the coverage and quality of energy services through the projects under infrastructure and energy sector. This includes support for financing energy efficiency project activities.

Eligibility

32. IDB and IDB Invest funding is limited to LAC countries. For public financing under the IDB, loans require a sovereign guarantee depending on the country, and are only granted to federal governments and in some cases to sub-national governments. In the case of IDB Invest, operations are evaluated on a case-by-case basis and are aimed at private institutions with a feasible business case. Energy efficiency projects are funded by IDB through various project funding instruments, including grant and non-grant instruments.

Policies and procedures

33. Project proposals for funding support can be submitted to IDB through two routes:

(a) IDB project funds which flows through Government Institutions and National Development Banks; these are funds with sovereign guarantee; and

(b) IDB Invest[23] which flows through private companies, investment funds, and state-owned companies without a sovereign guarantee from the Government.

[21] SEFA is a multi-donor Special Fund managed by the African Development Bank. It provides catalytic finance to unlock private sector investments in renewable energy and energy efficiency.

[22] An overview of the project development process is given through the following link: https://www.afdb.org/en/projects-and-operations/project-cycle.

[23] IDB Invest aims to be the partner of choice for the private sector in LAC; they finance projects to advance clean energy, modernize agriculture, strengthen transportation systems and expand access to financing.

34. The projects can be structured through different options such as with the National Development Banks, through performance contracts, traditional financing with appropriate lending instruments and vendor finance. Different types of financing structures in line with the IDB investment policies and guidelines can be adopted based on project needs.

35. IDB periodically defines and revises its country strategies through a structured and continuous dialogue with the borrowing member country. The country and the Bank jointly identify initiatives to be incorporated to the Bank's active pipeline. These initiatives are identified through several tasks: diagnostic studies, objective formulation, analysis of alternatives, and selection of the financial instrument. The results of these tasks are developed into a Project Profile (PP). The PP provides basic information on the project, including its justification and objectives, the technical aspects and its relevant sector background, the proposed environmental and social safeguards, a fiduciary evaluation, the projected funding amount, and a preliminary agenda for the project's execution. The PP is first evaluated at the Eligibility Review Meeting (ERM), which determines the eligibility of the operation, its strategy for development, and validates its timeline and resource requirements. Following approval of the PP by the ERM, the Proposal for Operations Development (POD) is drafted. The POD specifies the activities, resources and a timetable that are necessary to prepare and supervise the project. The POD also includes the Development Effectiveness Matrix (DEM), Monitoring and Evaluation Plan (M&E), and the Economic Rate of Return (ERR). The POD is evaluated to determine if the institution's resources will be properly used. The POD undergoes further examination in the Quality and Risk Review (QRR). Further adjustments are made if needed, and then a Draft Loan Proposal (DLP) is prepared for the Operations Policy Committee (OPC) for approval. Once the OPC approves the DLP, the project team may proceed to distribute the document for Board consideration and approval. Once the Board approves the project, the loan contract can be signed by the borrowing member country. These projects can include financing from multiple sources of funding (e.g., different climate funds, bilateral agencies); thus, the bank can provide blended finance for projects by combining their own resources with other external resources for different types of project components.[24]

36. IDB Invest, which finances projects without sovereign guarantee, can structure financing through a range of instruments such as supplier financing, portfolio purchase, purchase of credits titles and other mechanisms such as performance contracts.[25]

37. The IDB can support the implementation of projects through blended finance, mainly aimed at replacing inefficient refrigeration and air-conditioning equipment, in different applications. The IDB is accredited to channel funding from different climate funds and bilateral cooperation agencies which allows the Bank to provide blended finance for projects by combining its own and external resources with different levels of concessionality and different types of instruments (i.e., loans and grants). The specific project designs for use of blended finance is decided on a case-by-case basis.

The World Bank Group

38. The World Bank Group (WBG) provides funding for energy efficiency promotion measures via the International Bank for Reconstruction and Development (IBRD) loans and the International Development Association (IDA) credits and grants. In addition, the Bank administers grant resources from other sources.[26] Specific examples of funding that relate to and may be available for energy efficiency improvements in the RACHP and foam sector are provided below:

[24] More details relating to project development and implementation process is available at https://www.iadb.org/en/how-projects-are-made/how-projects-are-made.

[25] More details relating to the financial sources are available at https://www.idbinvest.org/en/solutions. The following web-link provides more information on IDB invest. https://www.idbinvest.org/en/about-us

[26] A summary of the products and services the Bank provides can be found at https://www.worldbank.org/en/what-we-do/products-and-services.

(a) The Bank's Energy Sector Management Assistance Program (ESMAP) – a global technical assistance and knowledge program (www.esmap.org) – leads an "Efficient, Clean Cooling Program" which provides grant funding for analytical work and technical assistance to support project preparation and implementation; the bulk of the funding is Bank-executed. ESMAP also supports energy efficiency-related technical assistance – broader than cooling – through its Zero Carbon Public Sector initiative (the grants are also Bank-executed).

(b) The World Bank has an energy efficiency portfolio supported through IBRD loans and IDA grants/credits. While most of the Bank's financing of energy efficiency investments typically take place in operations led by the Bank's Energy and Extractive Global Practice (EEX GP), some energy investments are also supported through other Global Practices, such as Urban or Agriculture. Some of these energy efficiency operations involve HVAC/RACHP sectors. Such World Bank operations may also draw on climate grant resources from GEF, Climate Investment Funds (CIF) or GCF.[27]

(c) The World Bank – through the EEX GP and ESMAP – has developed a multi-country (covering nine countries) Cooling Facility, mobilizing concessional finance from the GCF to help shift growing demand for cooling from business as usual to more climate friendly, passive, and low-carbon solutions. The Cooling Facility's funding proposal was approved by the GCF Board at its meeting in October 2021.

(d) The Bank-managed CIFs (https://www.climateinvestmentfunds.org) have provided concessional finance for greenhouse gas (GHG) mitigation, energy, and technology projects at scale.

(e) The Bank's Environment, Natural Resources and Blue Economy Global Practice (ENB GP) and Montreal Protocol team builds capacity to operationalize energy efficiency and HFC phase-down synergies through activities such as industrial conversion to inverter technology in AC manufacturing (with funding from the Kigali Cooling Efficiency Programme), and efficient cold chains and refrigerated transport in South Asia (funded by the Department for Environment, Food and Rural Affairs (Defra) in the United Kingdom of Great Britain and Northern Ireland), which feed into Bank lending operations.

(f) The International Finance Corporation (IFC) promotes energy efficiency in commercial and industrial operations through technical assistance (e.g., Excellence in Design for Greater Efficiencies (EDGE)) and its various investment and financing instruments (loans, equity, guarantees, etc.). Examples include district cooling and cold chain operations. The IFC operates the TechEmerge program, which helps transfer energy efficiency cooling technology to developing country clients.

39. Support for energy efficiency is not necessarily limited to direct financing for energy efficiency in equipment but can involve policy loans for sector and pricing reform, strengthening of codes and energy performance standards (e.g., minimum energy performance standards (MEPS)), financial support for demand-side management programs, or guarantees to help commercial banks lend to their clients for energy efficiency measures including RAC equipment. However, to fully mainstream energy efficiency projects in the RACHP sector in relevant Bank operations remains a challenge.

[27] Some energy efficiency projects are financed solely with grant resources from other donors, TFs, etc., such as GEF.

Eligibility

40. There are no earmarked funds for specific multilateral funds; CIF funds are earmarked for Multilateral Development Bank (MDBs) and are used for funding specific projects.

41. IBRD and IDA financing can only be accessed by/through ministries of finance for development purposes. There are no geographic limitations other than IBRD or IDA membership and eligibility (i.e., countries graduate out of IDA and IBRD financing based on per capita income.) The overall loan volume to any single country is limited by risk exposure rules and the country partnership framework between the Bank and country.

Policies and procedures

42. WBG policies require that project preparation (e.g., feasibility studies) and implementation, in particular procurement and safeguard activities, are executed by the client, typically through a government line agency's project management unit, and follow World Bank guidelines and procedures or equivalent country systems. World Bank task teams can assist clients with Bank-executed analytical work, advisory services, and technical assistance, but are otherwise limited to project supervision. At the project preparation stage, task teams prepare a project concept based on client input and consultations and later a project appraisal document for management review and management or Board decision of the requested loan or other financing.

43. Projects close with a completion report after a set number of years, possibly after project extension and additional financing has been made available. Performance is tracked during project implementation through indicators and evaluated by an independent operational evaluation department at the end of project life.

44. Investment project financing operations can blend IBRD loan and IDA credit/grant financing with funding from other WBG-administered trust funds. For example, blending with GEF grants is common. In addition, private sector, bilateral and/or client government funds also provide project co-financing. However, blending Bank finance with funding from external sources that have their own project criteria, timelines, processing rules and governance can be difficult and involve risks, particularly since adherence to World Bank operational policies is required.[28]

45. For Bank loans and IDA credit/grants, the clients have to complete application forms/templates covering different aspects (e.g., Environmental and Social Safeguards, Information on financial internal controls); based on this information, project appraisal and decisions are taken. Bank trust funds such as ESMAP, GEF, GCF, or CIFs have their own application templates, which are typically completed by Bank teams for Bank-executed activities in support of a client.

C. Governments that fund development cooperation

Government of France

Agence Française de Développement

Background

46. The French Development Agency - Agence Française de Développement (AFD) group finances, supports and accelerates transitions towards a fairer and more sustainable world mainly in climate, biodiversity, peace, education, urban planning, health, and governance. Their teams are involved in more

[28] https://policies.worldbank.org/en/policies

than 4,000 projects in the Overseas Territories and 115 countries contributing to the commitment of France and the French in favor of the SDGs.

47. AFD aims to achieve a fairer and more sustainable world through six major transitions: social, energy, territorial, digital, civic and economic. AFD support helps making these transitions which are essential to achieving the SDGs. In 2020, AFD Group committed Euro 12.1 billion (US $13.4 billion) to development projects.

48. In 2020, AFD Group invested Euro 1.5 billion (US $1.7 billion) in projects in the energy sector. Energy efficiency is a priority axis of AFD Group's Energy Transition Strategy. AFD Group invested Euro 281 million (US $310.2 million) towards energy efficiency in infrastructure projects. AFD Group also supports energy efficiency through technical project assistance, concessional loans and investment grants (Programme for Energy Efficiency in Buildings (PEEB), Sustainable Use of Natural Resources and Energy Finance (SUNREF)).

Eligibility

49. AFD's funding is aimed at governments, local authorities, public and private companies, including banks, French NGOs and foundations. About 115 countries are eligible for funding support from AFD.

50. There is no minimum level of funding.

Policies and procedures

51. AFD has a wide range of financial tools to support their partners and the priorities of the partners; these include non-grant instruments such as loans and grant instruments. Faced with constantly changing needs, the different options for financing are developed by AFD.[29]

52. There are also specific funding windows under AFD (e.g., SUNREF, PEEB) designed for energy efficiency related project funding.

Proparco (Funding for energy efficiency under AFD for the private sector)

Background

53. Proparco, a subsidiary of the AFD Group dedicated to the private sector, has been working for more than 40 years to promote sustainable development in economic, social and environmental terms. Proparco participates in financing and supporting companies and financial institutions in Africa, Asia, Latin America and the Middle East. Its action focuses on key development sectors namely infrastructure with a focus on renewable energies, agro-industry, manufacturing, financial institutions, health, and education.

54. Its interventions aim to strengthen the contribution of private actors to the achievement of the SDGs, adopted by the international community in 2015. To this end, Proparco finances private sector companies whose activity contributes to the creation of jobs and decent incomes, the provision of essential goods and services, and the fight against climate change. They contribute to building sustainable economic growth and reducing poverty. Investments for energy efficiency of enterprises in RACHP and foam applications can be financed by Proparco.

[29] The following website provides information on different funding sources available at AFD: https://www.afd.fr/fr/financer-les-projets.

Eligibility

55. Enterprises in countries eligible for funding by AFD qualify for Proparco funding support. There are no specific funding limits for individual projects. The "smaller" private sector clients (SMEs) would be financed through financial intermediaries financed by Proparco, and the "larger" private sector clients (midcaps) would be financed directly by Proparco.

Policies and procedures

56. A full range of financial instruments, from senior loans to equity, including several forms of blended finance, convertible bonds and guarantees are used for meeting most of the financing needs of Proparco. The beneficiaries are funded based on their credit profiles and bankability criteria which are evaluated following the internal procedures for financing through Proparco.

Programme for Energy Efficiency in Buildings

Background

57. PEEB provides innovative financing solutions for not only large building projects, such as hospitals or schools, but also large national green building programmes. The programme supports its partner countries to make policies, standards and Nationally Determined Contribution (NDCs) more ambitious and effective to channel investments towards green buildings. Capacity-building for professionals and decision-makers in the buildings sector prepares the ground for investments.

58. PEEB is catalysed by the Global Alliance for Buildings and Construction (GlobalABC) and supports the implementation of the GlobalABC roadmap "Towards low GHG and resilient buildings". The programme was initiated by the Governments of France and Germany at the twenty-second session of the Conference of the Parties (COP 22) in 2016. It combines the expertise of its implementing agencies namely AFD, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and Agence de l'environnement et de la maîtrise de l'énergie (ADEME).

Eligibility

59. PEEB targets projects with a transformative character and with high climate mitigation and adaptation potential. Residential housing programmes, hospitals, schools, factories, heritage buildings and commercial buildings are among the projects. PEEB's focus is on both existing and new buildings.

Policies and procedures

60. The minimum criteria for consideration of the projects are (a) a target of at least 20 per cent in terms of energy performance above existing building codes and regulations, if applied, or a baseline scenario relevant to the respective countries, (b) application of the most efficient locally available technologies and systems, and (c) demonstration of the possibility for large-scale replication and duplication. There is no minimum funding level.

61. PEEB's criteria ensure that projects not just adhere to the building codes and regulations in the respective country, but also apply the most efficient locally available technologies and systems to demonstrate the possibility for large-scale replication and duplications.[30]

[30] Details of PEEB criteria for buildings is provided through the following link: https://www.peeb.build/imglib/downloads/PEEB_criteria_june%202019.pdf

SUNREF (launched by AFD and Proparco)

Background

62. SUNREF, an AFD Group green finance label, supports businesses in developing countries to seize opportunities related to energy and environmental transitions, and encourages local financial institutions to finance them; the projects related to energy efficiency are also financed through SUNREF. SUNREF is a label developed with the financial participation of the European Union and in cooperation with the French Facility for Global Environment (FFEM).

63. SUNREF uses a combination of loans, investment grants and technical support to finance companies' ecological transition projects. SUNREF also offers banks in the South privileged partnership conditions to enable them to seize the opportunities of green finance.

64. The SUNREF program also benefits from the support of international partners committed to sustainable development – namely European Bank for Reconstruction and Development (EBRD) and Department of International Development (DID), Government of Switzerland. Cooperation with these institutions contributes to the development of expertise around the subject of green finance.

Eligibility

65. SUNREF programs cover three investment sectors: energy efficiency, renewable energies and the environment. Energy efficiency projects in the private sector are eligible for funding under SUNREF.

Policies and procedures

66. SUNREF is based on an active partnership with banks involved in the financing of green projects.

67. Projects for green energy efficiency investments should meet the following conditions: (a) A reduction of energy consumption of at least 20 per cent compared to standard technologies; (b) An internal rate of return (IRR) of at least 10 per cent of savings on energy costs from project upgrading or (c) An IRR of at least 20 per cent of energy efficiency gains for investments involving an increase in the production capacity of at least 50 per cent. There is no minimum funding level.

68. As the procedure and technical assistance vary depending on the local conditions, the loan amount and the level of complexity of the project, it is recommended that the interested beneficiary contacts the partner banks and local teams to submit a project.[31]

69. SUNREF follows a financial approach and technical approach that builds capacity of the national financial institutions on green financing process. Technical assistance is provided to different actors free or at affordable cost for upgrading facilities. The programme generally comprises development of communication and information tools, creation of a portfolio of energy efficiency and renewable energy subprojects eligible for the credit line and capacity building for the different actors and knowledge transfers.

French Facility for Global Environment

Background

70. The FFEM (“Fonds Français pour l’Environnement Mondial”), whose Secretariat is hosted by AFD, supports innovative environmental solutions in developing countries including energy efficiency

[31] Details of the six-step process for evaluation of the project is given through the following link: https://www.sunref.org/en/sunref-2/submit-a-project/

related initiatives. It was established in 1994 by the French Government after the first Earth Summit. The projects it finances generate environmental, social and economic benefits for local populations. They help preserve biodiversity, climate, international waters, land and the ozone layer while combating pollution. The FFEM also has an approach that involves supporting pilot projects to learn lessons from them and disseminate their innovations on a larger scale.

71. The FFEM mandate covers (a) the fight against climate change and its harmful effects; (b) the preservation and sustainable management of biodiversity and natural resources; (c) the protection of international inland and marine waters; (d) the fight against desertification and land degradation, including deforestation; (e) waste management and the fight against chemical pollutants; and (f) the elimination of substances that deplete the stratospheric ozone layer (as bilateral agency for the Multilateral Fund (MLF)).

72. Under its current strategy, the FFEM is focusing on five priority themes namely (i) Protection and enhancement of biodiversity; (ii) Sustainable forests and agricultural lands; (iii) Resilience of aquatic ecosystems; (iv) Energy transition and resilient cities; and (v) Product life cycle, pollution, and wastes. Under the priority theme on "Energy transition and resilient cities", the key areas include decarbonisation and energy efficiency, including planning, buildings, cooling systems, transport. In relation to cooling, there is a specific focus on air-conditioning, cooling and storage networks, green cooling (connected to impacts on the ozone layer), passive solutions for surfaces of buildings (e.g. cool roofs that reflect solar heat), and recovery of heat emitted by air-conditioning systems.

73. As part of this strategy, in addition to the "usual" project submission cycle, a specific call for project proposals was launched on "sustainable refrigeration and air-conditioning". It was open from June to October 2020.[32] These proposals are currently being evaluated and include projects which are co-financed through MLF funding. Even though this specific call for project proposals is now closed, projects in this area can still be submitted any time for consideration by the FFEM under the "usual" project submission cycle.

Eligibility

74. Any legal entity (excluding individuals/natural persons) may submit a project, as long as they fall within the mandate and guidelines of the FFEM and meet the eligibility, funding and geographic criteria. The FFEM co-finances projects in any developing country eligible for official development assistance.

Policies and procedures

75. Projects presented to the FFEM must meet the following eight criteria: contributes to the preservation of the global environment; contributes to local sustainable development in one or more developing countries; has innovative features; has a demonstrative and replicable nature; provides for post-project economic and financial sustainability; is ecologically and environmentally viable; has social and cultural acceptability; has an appropriate institutional framework.[33]

76. Funding level between Euro 500,000 (US $552,000) and Euro 3 million (US $3.3 million) per project can be provided; the minimum funding level is Euro 500,000 (US $552,000) per project.

77. FFEM funding is provided only within the scope of co-financing. The FFEM can currently contribute up to 30 per cent of the total project budget and co-financing should amount 70 per cent. The

[32] Information can be found at https://www.ffem.fr/en/call-project-proposals-sustainable-refrigeration-and-air-conditioning.

[33] The procedures for project submission are defined in the project cycle through the following link: https://www.ffem.fr/en/submit-project.

co-financing requirement target could evolve in the context of the next programming strategy of the FFEM which will be adopted for the period 2023-2026.

French Treasury

Background

78. The French Treasury provides support through grants and sovereign loans that could finance such projects. These loans could also be mixed with a commercial loan secured by Bpifrance Assurance Export acting on behalf of the French government, for the financing of bigger projects. It should be noted that the Treasury loans are regulated by the OECD Arrangement on officially supported export credits and present strict French content requirements.

Eligibility

79. The geographic limitations of the loans and grants provided by the French Treasury are updated on an annual basis. Information on the updated list of countries is available in https://www.tresor.economie.gouv.fr/services-aux-entreprises/le-pret-du-tresor.

Policies and procedures

80. French treasury provides funds only to French private companies working with the Governments of the beneficiary countries. The Treasury Loan is a loan between the French Government and a foreign Government to finance an infrastructure or service project with a strong French content. An intergovernmental agreement (AIG) is negotiated between the Government of France and the Government of the beneficiary country to set the terms of repayment of the loan. The funding is paid directly from the French State to the company carrying out the service; this payment is made as the project progresses. The foreign state reimburses the French state according to the negotiated conditions of the loan.

81. The French Treasury provides two types of loans namely (i) concessional loan that is provided on very favourable financial terms for projects/programmes, which contributes to France's development aid policy and (ii) direct loan that is a non-concessional loan intended to finance export projects on terms close to those of the market. The concessional loan includes grants equivalent of up to 35 per cent and are granted to lower-middle income countries (LMICs); the minimum amount of loan funding is around Euro 10 million (US $11 million).

82. Le “Fonds d’étude et d’aide au secteur privé” (FASEP) is a grant or repayable advance to fund feasibility studies or innovative technology demonstrators, which France offers to foreign governments. It enables French companies to finance certain upstream activities of infrastructure projects (feasibility study) or to obtain a “showcase” effect (demonstrator). It also allows French beneficiary companies to establish the effectiveness of their methods and to win over major customers to become a reference in the partner countries. When granted in eligible sectors and countries, the FASEP is recognized as a part of French official development assistance.

83. The steps to be followed for accessing the Treasury Loans (i.e., Terms of Access) and overall information on conditions relating to these financing instruments are available in https://www.tresor.economie.gouv.fr/services-aux-entreprises/le-pret-du-tresor.

Government of Germany

Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)[34]

Background

84. BMZ encourages economic development within Germany and in other countries through international cooperation and partnerships. It cooperates with international organizations involved in development.

85. BMZ directly funds projects fully or partially in the foam manufacturing sub-sectors and the RACHP sectors through different instruments such as contribution to the MLF of the Montreal Protocol including bilateral contribution to the Montreal Protocol, the global project Proklima Integrated Climate and Ozone Protection, which uses the Green Cooling approach to promote energy efficiency measures in the cooling sector, bilateral cooperation projects which promote the development of climate-friendly and energy-efficient technologies in newly industrialized and developing countries – including least-developed countries, mainly implemented by the German Agency for International Cooperation (GIZ)[35] and KfW[36] and contributions to multilateral funds which finance such projects, e.g. the GCF.

Eligibility

86. Governments of different countries can propose projects for consideration of funding by BMZ.[37]

87. Further, BMZ has developed a strategy (BMZ 2030) to focus development measures and funding more strategically and effectively with a focus on areas including climate, health and family policy, sustainable supply chains, harnessing digital technology, technology transfer and strengthening private investment. The strategy also focuses on engagement with countries that have a strong focus on reforms and demonstrating impact of their progress on the reforms.

Procedures

88. BMZ is not directly funding external partners in the RACHP and foam sector. Therefore, there are no specific procedures relating to funding external partners. There are no specific funding levels for projects; they vary depending upon the projects.

Bundesministerium für Umwelt, Naturschutz, nukleare Sicherheit und Verbraucherschutz (BMU)[38]

Background

89. BMU has supported since 2008 through its "International Climate Initiative (IKI)" international climate action.[39] Since 2008, there were also many projects selected and funded that focused on the transition from ODS/HFC to climate friendly natural refrigerants, while also focusing on the enhancement

[34] Federal Ministry for Economic Cooperation and Development, Germany.
[35] Deutsche Gesellschaft für Internationale Zusammenarbeit is a German development agency that provides services in the field of international development cooperation and international education work.
[36] Kreditanstalt für Wiederaufbau along with its subsidiaries is German state-owned investment and development bank.
[37] The list of countries currently supported by BMZ as part of bilateral governmental cooperation are available through the following link: https://www.bmz.de/en/countries.
[38] The German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
[39] Due to restructuring of the Government, there could be changes in implementation of IKI in the future.

of the energy efficiency of cooling appliances. These projects can also be supported under NDC partnerships.

90. Each year the IKI launches a tender defining the funding priorities for the funding period. In 2020, the thematic funding priority included climate-conscious energy transition in the building sector with a focus on heating and cooling; this can include projects that address energy efficiency in RACHP and foam applications.

91. In some years, there is a specific thematic focus on the topic "Alternatives to F-Gases". The overall aim is to establish the use of natural coolants on an international basis, and to introduce energy-efficient cooling and air-conditioning units that are also powered by renewable energy.[40]

Eligibility

92. NGOs, commercial enterprises, universities and research institutions from Germany and abroad, implementing organisations in the Federal Republic of Germany, institutions in cooperation countries (including national implementing organisations accredited at international or multilateral organisations) as well as international intergovernmental organisations and institutions, such as development banks or United Nations organisations and programmes can submit projects. The projects need approval by the Government of the partner country where the project would be implemented.

93. Depending on the funding priority, the funding amount per project can range from Euro 5 million (US $5.5 million) to Euro 30 million (US $33.1 million). Adequate own funds and own contributions from implementing organisations are generally a prerequisite for funding. The adequacy of own and external funding will be assessed on a case-by-case basis, taking into account the financial strength of the consortium or the fiduciary institution submitting the project outline.

Procedures

94. Projects must demonstrate the quality of their approaches by applying the principles of results-based project planning (Impact Logic) as set by the OECD. Their impact should be plausibly presented in the relevant context, and should provide a sufficiently ambitious yet realistic target and detailed solutions to the problems involved in the project. The project must pursue ambitious goals designed to produce quantifiable results.

95. Projects submitted for IKI funding should contribute to social and economic transformation towards an emissions-neutral society and a way of life that considers the physical limits of the planet. Transformative change is far-reaching and brings about profound changes across all levels of society – environmental, economic and social.[41]

96. Projects are selected through country-specific selection procedures, thematic selection procedures, IKI medium grants and IKI small grants. A brief overview of each of the above is given below:

(a) In the thematic selection process, current challenges in climate protection and biodiversity conservation are usually addressed once a year. Funding priorities for these challenges are then defined, for which project outlines can be submitted. Depending on the funding priority, the funding amount per project can range from Euro 5 million (US $5.5 million) to Euro 30 million (US $33.1 million). The selection process of the projects is in two stages.

[40] More information relating to this is available at https://www.international-climate-initiative.com/en/issues/mitigation/f-gases.

[41] The guidelines for project and programme planning are available through the following web-link: https://www.international-climate-initiative.com/fileadmin/Dokumente/2019/20190503_Guidelines_on_project_and_programme_planning.pdf

In the first stage, the BMU pre-selects promising project outlines from those submissions that meet the mandatory requirements. The second stage of the selection process begins with a notification sent to all lead implementing organisations on the outcome of the initial evaluation. The lead implementing organisations with successful project outlines are then invited to submit a detailed project proposal.

(b) Within IKI country-specific selection procedures, BMU jointly with its respective partner ministries agrees on cooperation topics, generally two, for bilateral projects. The funding amount provided by IKI usually amounts to Euro 12 million (US $13.2 million) to Euro 15 million (US $16.6 million) per project. These topics are published in a country-specific competition, so-called IKI country calls. Subsequently, in close cooperation of both governments, a preselection of projects is taken in a two-stage process. In the first stage, both governments agree on a pre-selection of project outlines. These project ideas are then reviewed in detail on the basis of the formal and technical criteria as defined in the funding information. Subsequently, BMU and the respective partner government decide which outlines will be pursued in the second stage of the procedure. At the beginning of this second stage, the main implementing organizations of successful project outlines are requested to prepare and submit their comprehensive project proposal.

(c) The IKI Medium Grants funding programme addresses civil society actors based in Germany that work in collaboration with local partners in selected overseas development assistance (ODA) - eligible implementing countries, to put measures in place to intensify North-South cooperation on climate action, adaptation to the impacts of climate change and biodiversity conservation. The programme explicitly aims to strengthen civil society actors and their international networks. Specifically, IKI Medium Grants support project activities that address innovative, bottom-up contributions for implementing the Paris Agreement and the Convention on Biological Diversity. To achieve this, the BMU sets varying funding priorities each year, for which interested parties can apply with innovative project ideas. The selection procedure for IKI Medium Grants is in two stages. In the first stage, project outlines are submitted. After positive assessment, comprehensive project proposals are elaborated in the second stage of the procedure.

(d) IKI Small Grants is implemented by GIZ and provides funding within two components: ‘International Calls’ and ‘Funding Institutions’. Both components fund non-profit projects and initiatives that address the four IKI support areas: mitigation of GHG emissions, adaptation to the impacts of climate change, conservation of natural carbon sinks/REDD+,[42] and conservation of biodiversity. Projects under the ‘International Calls’ component are identified via annual calls for proposals with a single-stage selection procedure. Under the ‘Funding Institutions” component, national and regional institutions receive technical and financial support for implementing calls for proposals or providing funds at a local level. In both components, capacity development is an important and integral part in order to strengthen climate and biodiversity actors worldwide and encourage these organisations to accelerate their role as agents of change.[43]

[42] Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

[43] More information relating to this including IKI guidelines is available at https://www.international-climate-initiative.com/en/project-funding/information-for-applicants.

Government of Italy

Background

97. The Italian Agency for Development Cooperation (AICS) is one of key innovations established by the Italian law on international cooperation (Law No. 125/2014). The Agency began operating in January 2016, with the aim of aligning Italy with its principal European and global partners in the endeavor of development. The Agency is committed to supporting the sustainable management and use of natural resources through actions in partner countries for protecting water, air and soil, and for preserving biodiversity and combating desertification. Moreover, the AICS's priorities include implementation of measures for mitigating the effects of climate change and fostering resilience. This could include projects relating to energy efficiency in RACHP equipment and foam sector.

Eligibility

98. The following are priority countries of the Italian Cooperation.

(a) Sub-Saharan Africa: Burkina Faso, Senegal, the Niger, Ethiopia, Kenya, Somalia, the Sudan, South Sudan, Mozambique;

(b) Mediterranean: Egypt, Tunisia;

(c) Middle East: Lebanon, Palestine;

(d) Balkans: Albania;

(e) Latin America and the Caribbean: Bolivia (Plurinational State of), Cuba, El Salvador;

(f) Asia: Afghanistan, Myanmar, Pakistan.

99. There is no minimum level of funding defined for projects; do not cross Euro 2 million (US $2.2 million) and are grants, although the executing entity provides co-financing.

Policies and procedures

100. The project considered for funding would include grants and non-grant instruments. On an annual basis, AICS invites bids from NGOs, private companies and regions/small cities for projects covering areas that are development priorities for the Government of Italy. The projects, including those relating to energy efficiency while phasing down HFCs, can be submitted by the relevant project proponents. Largely, the projects are developed by the proponents in close consultation and support from the country offices of the priority countries. The screening of projects is undertaken at the country offices based on the project preparation and other relevant policy guidelines. These projects are then sent to head quarters for their final consideration and approval.

Government of the Netherlands

Background

101. The Government of the Netherlands provides support for climate change related activities; promoting sustainable growth and climate action worldwide is given as one of the three overarching goals of the Government's development policy and bilateral development assistance. The priority areas for assistance relating to energy and climate change include access to electricity and clean cooking solutions. Support to international energy efficiency activities is mostly part of the broader package of work of

supported at multilateral institutions like GEF, GCF, CIF and trust funds with the World Bank Group and EBRD. Given the broad nature of energy efficiency activities, they generally form a part of the overall project funding of related projects that cover specific sectors or thematic areas (e.g., energy efficient cities, clean cooling, energy efficiency in buildings)

102. The Government of the Netherlands currently focuses on rationalising climate finance and reducing the number of partners.

103. Private sector funding is available through Dutch development bank (FMO)[44] which is a bilateral development finance institution and recently established Invest International.[45]

Eligibility

104. The Government of the Netherlands provides support to countries through multilateral institutions such as GCF, GEF, CIF and the World Bank Group. Eligible countries can get funding support for relevant projects from these funding institutions.

Procedure for project funding

105. There are no specific procedures for directly accessing bilateral funding from the Government of the Netherlands for international energy efficiency projects.

106. For accessing project funding through FMO and Invest International, project specific procedures need to be followed in consultation with relevant personnel handling those projects in the respective organisations.

Government of Switzerland

Background

107. Switzerland's international cooperation strategy is a foreign policy instrument that is rooted in the Federal Constitution. Its purpose is to alleviate need and poverty around the world, to foster respect for human rights, to promote democracy and to conserve the environment.

108. Based on the Federal Constitution and legislation, every four years, the Federal Council and the Parliament define the strategic approach of Switzerland's international cooperation. Alleviating need and poverty in the world and sustainable development are at the heart of the international cooperation mandate. For this, Switzerland has defined the following four thematic priorities for the 2021–2024 period namely (a) creating decent local jobs, (b) addressing climate change, (c) reducing the causes of forced and irregular migration and (d) working to promote the rule of law. This new approach will also give Switzerland greater flexibility in responding to crises and opportunities.

109. The thematic area related to climate change includes support for addressing energy efficiency in RACHP and foam sector. The projects addressing energy efficiency in RACHP and foam sector could form a part of the projects supported through Switzerland’s international cooperation strategy.

110. The Swiss Agency for Development and Cooperation (SDC), the Swiss State Secretariat for Economic Affairs (SECO) and the Swiss Federal Office for the Environment are the three key government units supporting developing countries to address the key drivers for environmental degradation and promoting the protection and sustainable use of natural resources.

[44] https://www.fmo.nl/
[45] https://investinternational.nl/

Eligibility

111. The priority countries of SDC and SECO in the four priority regions can apply for support for projects in the identified thematic priority areas.[46]

Policies and procedures

112. There is no minimum level of funding defined for projects. The projects are predominantly funded through grant instruments.

113. As mentioned earlier, addressing climate change and its effects and managing natural resources sustainably is one of the four overarching objectives of the Swiss international cooperation strategy 2021-2024. Thematic priorities for each country are defined in country specific programs and detailed in a dialogue with the partner country. Climate relevant support is also provided through bilateral cooperation. Further details on how this strategic objective will be implemented (including policy priorities and sectors) with Switzerland's partner countries in the various geographic regions are provided in Switzerland's International Cooperation Strategy 2021–2024.[47]

114. The projects for support to different countries to address energy efficiency would be selected based on the needs, effectiveness, sustainability and scalability as well as the political will and role of the country in addressing the climate change challenge. These projects need to be endorsed by the recipient countries and can be presented by the country with assistance from partner agencies (e.g., regional development banks, United Nations agencies) as found necessary. Based on the strategic priorities of Switzerland, projects are approved for implementation.

The United Kingdom of Great Britain and Northern Ireland

Background

115. The Government of the United Kingdom of Great Britain and Northern Ireland provides support to energy efficiency related projects and programmes through bilateral programmes; this includes support for energy efficiency initiatives while phasing down HFCs. At COP26, the Government of the United Kingdom of Great Britain and Northern Ireland committed an additional £12 million (approximately US $16.34 million) funding for developing countries to make rapid progress on reducing hydrofluorocarbons and adopting energy efficient cooling solutions. This £12m builds on existing Defra-funded work, in particular further support for the Africa Centre of Excellence for Sustainable Cooling (ACES) through United for Efficiency (U4E) in UNEP and the University of Birmingham, Model Regulations, MEPS and Sustainable Public Procurement (SPP) through U4E in UNEP, HFC Outlook+ through U4E in UNEP. Defra also are funding activities through the World Bank aimed at operationalizing energy efficiency and HFC Phase-down Synergies.

Eligibility

116. The review of the Government of the United Kingdom of Great Britain and Northern Ireland of the foreign, defence and development policy identified Africa and the Indo-Pacific as the two priority regions. Priorities within those regions included Nigeria, East Africa, South Africa, Pakistan, and Bangladesh.

[46] Link to priority countries of SDC: https://www.eda.admin.ch/deza/en/home/countries/schwerpunktregionen-iza.html. Link to priority countries of SECO: https://www.seco-cooperation.admin.ch/secocoop/en/home/laender.html

[47] https://www.eda.admin.ch/dam/deza/en/documents/die-deza/strategie/broschuere-IZA-strategie-2021-2024_EN.pdf

117. The Government also provides contributions to multilateral funding institutions (e.g., GEF, GCF) and countries that are eligible under the relevant procedures for those funding institutions. In allocating aid, the Government of the United Kingdom of Great Britain and Northern Ireland carefully considers the fit with its strategic objectives, the level of need, the ability of partner countries to finance their own development, what support they get from others and their future risks, including humanitarian, economic and climate.

Policies and procedures

118. The United Kingdom of Great Britain and Northern Ireland is a member of the Development Association Committee (DAC). The DAC provides international agreed rules for ODA programmes including details on countries which are eligible to receive ODA. The Government of the United Kingdom of Great Britain and Northern Ireland provides primarily grant funding under its bilateral programmes.

119. For the project funding support, the projects should fall under the portfolio of priority activities under the Government's international development strategic priorities.

120. Funding is bid for by respective Departments as part of a regular spending review cycle and decisions are taken on which areas are allocated funding. Within each spending review, Her Majesty's Treasury allocates an ODA budget to several Departments. Departments are then responsible for ensuring that their own ODA budgets are allocated optimally and spent well. Following the spending, the review process of the decisions to consider a specific project for funding is made based on the individual project's merits.[48]

[48] Details of UK ODA funded projects can be found on https://devtracker.fcdo.gov.uk/