



联合国



环境规划署

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执行蒙特利尔议定书
多边基金执行委员会
第五十九次会议
2009年11月10日至14日，埃及迦里卜港

关于从借款和其他来源获得补充收入的特别筹资
机制的进一步概念文件（第58/37号决定）

导言

1. 利用额外收入和贷款的融资机制首次是在第五十五次会议提出的，当时有成员建议应当对泰国冷风机优惠贷款项目的退款另行分配，将其作为一项额外收入。此项建议导致一项决定的产生，即应当在执行委员会第五十七次会议上审议此项融资机制的潜在用途（第 55/2 号决定）。基金秘书处编写了一份概念文件供第五十七次会议审议（UNEP/OzL.Pro/ExCom/57/64），并要求根据会议上提出的意见对提出的问题开展进一步工作（第 57/37 号决定）。

2. 第五十八次会议审议了进一步概念文件（UNEP/OzL.Pro/ExCom/58/49），同时要求在委员会提交第二十一一次缔约方会议的报告中详细叙述讨论情况，并请秘书处编写进一步概念文件提交第五十九次会议，详述迄今就会议上提出的要素编写的文件，特别是关于融资机制定义和增值的文件。还请秘书处在财务主任协助下探讨财务主任将如何管理气候变化信用，以使融资机制的该项内容投入运行。执行委员会还请秘书处征求有关碳市场的意见，并接受世界银行的邀请，在第五十九次会议上介绍处理额外融资和基金资源与碳融资混合的机制（第 58/37 号决定）。

3. 本文件详述了迄今就第五十八次会议上提出的要素编写的文件，而且讨论了上文第 2 段阐述的各项要素。它还对执行委员会和缔约方会议收到的有关碳市场的文件进行了总结，随后简要讨论了法律事项和法人资格；共同出资和资源调动建议以及该融资机制给秘书处工作带来的额外负担。

融资机制定义和获得供资的标准

4. 融资机制的最初想法源于可能分配给一种不同用途的贷款退款，因为多边基金的资源意在帮助发展中国家遵守《蒙特利尔议定书》的控制措施。提交第五十七次和第五十八次会议的文件中进一步阐述了该融资机制的可能用途。这些文件指出，正如第十九次缔约方会议第 XIX/6 号决定所建议的，该融资机制可能用于最大限度地增加气候和其他环境惠益，这不要求按照缔约方决定中商定的加快淘汰氟氯烃时间表采取行动。这些文件还建议，该融资机制可用于资助与《蒙特利尔议定书》有关但执行委员会不提供经费的其他活动，例如处置消耗臭氧层物质，因为委员会迄今只资助了数量有限的处置消耗臭氧层物质示范项目。在此基础上，该融资机制的定义及符合该融资机制资助条件的活动首先要最大限度地增加与《蒙特利尔议定书》活动相关的气候和其他环境惠益，但不需要遵守《议定书》规定的控制措施。

5. 该融资机制定义的第二项内容是获得额外来源和贷款产生的收入，忆及迄今为该融资机制保留的款项（约 120 万美元）是一项优惠贷款的退款。额外收入来源可能包括自愿捐助或共同出资的转款以及可以累积为多边基金资助的活动基础的任何信用，后者可能包括减排认证和碳信用。因此，迄今提出的融资机制定义既是额外环境惠益费用的供资来源，也是从额外来源获得的供资储存库。

6. 获得该融资机制供资的标准与消耗臭氧层物质项目的要求相同，即增支费用和适用于最大限度增加气候和其他环境惠益项目的执行委员会现行准则，例如，生产能力扩大仅限于那些不可避免的项目且跨国所有制比率将继续减少的规则将适用于这些项目。项目内容及其增支性将继续根据与最大限度增加非消耗臭氧层物质惠益有关的花费来评估。

该融资机制的增值与使用现有的基金结构资助气候和其他环境惠益

7. 与该融资机制相关的另一个最初想法是，得到的资金可能比初期资本投资更多。这是因为由执行机构执行的冷风机项目一开始便表明它有能力产生数额高达多边基金初期投资两倍的额外收入；因此，此项收入总体上达到初期投资的 12 倍。在现有的基金结构下，这种惠益在正常情况下将带来多边基金不会资助的净增加节省。

8. 题为“关于附有具体报告规定的项目执行情况的报告”的文件对冷风机项目状况进行了审查（UNEP/OzL.Pro/ExCom/59/10）。冷风机项目将为累积了惠益的国家以后的活动使用碳信用产生的额外资源和能量节省。该融资机制的增值部分将捕捉到一部分惠益，这部分惠益可能高于基金提供的初期资本投资。尽管未来的碳信用可能仍留在以后要开展活动的国家，但如果基金累积了这些惠益，而不是由最大的消费者累积这些惠益，它们可能用于为低消费量国家提供更多的激励。该融资机制提供了捕捉某些惠益的手段。惠益由高消费量国家再分配到低消费量国家，就是基金支助的淘汰氟氯化碳的一个特点，也可能成为该融资机制的一个特点。

9. 该融资机制的一项增值是提供了履约要求之外的环境惠益。在这方面，基金只是在碳氢化合物替代技术产生的额外供资方面采取了有限的行动；但是，基金局限于为遵守《蒙特利尔议定书》的控制措施提供便利。如果多边基金为最大限度的气候惠益和其他可能的环境惠益提供资助，该融资机制仍然可以用来资助氟氯烃淘汰管理计划的以后阶段或目前由于技术困难无法供资的销毁消耗臭氧层物质的额外气候和环境惠益。该融资机制提供的资金可用来资助更多昂贵的非氢氟碳化物技术，以获得更高的气候变化惠益。

10. 该融资机制定义产生的另一项增值是，将其用作额外收入来源和贷款的储存库。应当回顾，一个项目的增支费用取决于该项目的资本费用和业务费用或节省。如果业务费用有了节省，该节省额将从资本费用中扣除以确定赠款价值。同样，如果项目投资通过贷款方案或碳信用产生了额外收入，高达该赠款金额的一笔款项预计将退回基金，以抵消资本投资。在这方面，氟氯烃或处置消耗臭氧层物质活动的赠款可能需要偿还，但不像泰国冷风机项目那样由受益人偿还，而是由基金投资产生的碳信用来偿还，受益人不用出资。

11. 但信用的价值要等项目执行后才能知晓。由于该价值由市场驱动，退还基金的款项可能无法弥补全部资本投资，也有可能超出资本投资。例如，那些拥有得到了减排认证的企业的国家，可以分摊减排认证的风险和惠益，因此可能不愿意退还先前费用之外的更多款项。另外，如果由另一家实体共同出资，也可能需要分享共同出资产生的惠益。

该融资机制的资源

12. 该融资机制的初期资本由上述贷款项目退还的 120 万美元组成。有人建议，该融资机制可能必须寻求并接纳额外的自愿捐助和共同出资。额外的自愿捐助可能由政府或其他供资实体提供，以资助基金未资助的气候和环境惠益。预算外捐助者起什么作用，将由与其捐款相关的各种条件，包括报告规定来决定。但是，提供这种捐款大概需要满足该融资机制的定义要求。

13. 一旦提交了第一份氟氯烃淘汰管理计划以获得该融资机制规定的资源，就会有一些资金注入该融资机制。但是，如果不用与氟氯烃淘汰管理计划（或处置消耗臭氧层物质项目）的具体要求不相干的额外自愿捐助为该融资机制筹集大量资本，就不可能为最初的氟氯烃淘汰管理计划提供这种资金。该融资机制累积的任何碳信用资金的期限就会延长，因为只有在执行了该项目以后才有可能供资。鉴于委员会迄今只批准了有限几个处置消耗臭氧层物质示范项目，目前还不清楚委员会在不久的将来将在多大程度上资助处置消耗臭氧层物质投资项目。处置消耗臭氧层物质的信用兑现为现金可能需要一些时间，然后才能通过融资机制提供。

作为财务主任的环境规划署如何管理该融资机制的额外收入和碳信用？

14. 财务主任根据基金秘书处编写的提要提供关于该问题的信息。本节讨论财务主任获得额外现金收入的能力及其接受执行委员会决定的灵活性以及管理碳信用的以下方面：联合国投资财务管理条例、环境规划署的碳信用经验、是否需要增设信托基金、财务主任业务的额外负担以及额外学习需求。

财务主任获得额外现金收入的能力和接受执行委员会决定的灵活性

15. 财务主任确认环境规划署有能力获得额外收入。环境规划署内部，具体地说多边基金内部也有接纳额外收入进款和报账的充足空间。但重要的是要确保通过执行中的安排给额外资金关系下一个明确的定义，以便这些基金持有人有明确的认识、了解风险、达成协议且给予核准。额外的现金捐款提出的挑战最少，因为环境规划署已经建立了一个机制。

16. 多边基金是环境规划署内部建立的一个信托基金，它遵守联合国和环境规划署在信托资金方面的所有管理条例和细则。多边基金财务主任长期设法审查缔约方的决定，指导他们需要做些什么来满足各种要求，如管理固定汇率机制、期票和帮助成员国能够应付的双边合作方案等其他特别项目。只要给予少许的灵活性，联合国系统内就有充足的空间来处理额外收入。总会部署一名专职工作人员履行多边基金财务主任的职能，该工作人员还负责保管所有适当的记录和支持履行这些职能的系统。

17. 为了应对多边基金的特殊需要，环境规划署还必须向联合国主计长寻求管理期票的特殊设施，以便这些期票在财务报表中被作为资产。关于多边基金的其他特殊要求，如管

理固定汇率机制、双边捐款等项目以及捕捉执行机构的报告，联合国和环境规划署系统内有充足的设施在财务系统内对其进行安排，以便对其进行合理的管理，包括进行报告。

18. 多边基金的固定汇率机制是联合国唯一实现制度化的一项机制，该机制根据缴费会员国的历史通货膨胀率，允许那些达到临界通货膨胀率的国家在整个资金补充期固定其认捐款和付款。当然，在资金补充期内，对美元的汇率会有波动，因此其汇率会出现盈亏。蒙特利尔议定书缔约方会议审查固定汇率机制的运行情况并商定其用途以及调整盈亏。在执行委员会第五十八次会议上，该机制的累积金额为，净盈余 3,500 万美元。应当注意的是，影响该固定汇率机制的仅限于汇率波动，而不是全部市场力量，这种限制进一步局限在历史通货膨胀率中，作为一个可以接受的临界值。

管理碳信用

19. 尽管多边基金财务主任想出了许多办法在固定汇率机制中对盈亏进行记账，而且蒙特利尔议定书缔约方会议也给予核准，但尚未决定是否对碳信用建立类似的机制。碳信用在市场力量影响下极其不稳定性，如果不管不顾，市场力量会轻而易举地使得这种制度无法运行，对此必须进行审查并设计和核准适当的补偿机制。

联合国投资财务管理条例

20. 《联合国财务条例和细则》是在比较保守的思想下设计的，旨在避免资源风险过大。为此，该系统采用现金制，投资局限于定期存款。联合国的投资政策保证了留住本金，管理定期存款的办法是，使资源得到一个较高的，有时是谈判达成的回报率。

21. 另一方面，碳信用的价值会随着市场力量而波动，因此，联合国不青睐这种机制，除非为此目的获得了特别补贴和核准。由于兑现现金过程取决于市场从购置到兑现现金的方向，投资可能有得有失，因为碳信用价值或盈或亏是不可避免的。

22. 即使管理股票的技巧大大增强且得到计算机化的辅助，也无人能保障永远都是正盈余。联合国的政策是避免损失其资本，因此不会参与这种没有任何特别安排和没有如何弥补损失的具体准则和核准意见的投机行为。这并不是因为核准过程本身，而是因为会遇到一定程度的风险。另外，由于联合国系统没有灵活性，业务会遇到现金流问题，因为兑现现金不一定能满足业务的需要，兑现现金可能赶不上实地的要求。

环境规划署的碳信用经验

23. 环境规划署管理碳抵消方面的经验非常有限，几乎不会对设想的融资机制使用。确定所有公务差旅所需的碳抵消是一项简单的制度，以便将公务差旅使用的相同数额记在抵消费用账上。然后，收缴到的这些资金用来购买项目的抵消额，这一做法被视为对气候变化所做最有效的贡献。这些信用一旦购买便立即隐没，以避免将其作为资产而持有，需要对其价值进行跟踪和记账，直到其隐没为止。

24. 购买的碳信用抵消额立即隐没，旨在避免将其保留同时着手开展常数估算并相应地登记其盈亏情况。因此，如果按照环境规划署管理该制度的办法，记录就不会有盈亏情况。采购过程决不是处理在市场中遇到波动的最佳办法。

是否需要增设信托基金

25. 将多边基金资源与碳抵消资源混合使用可能不太慎重。多边基金保留了跟踪记录，拥有稳定的供资安排及固定程序和过程，而碳信用的资源可能需要先经过试点处理，然后再具体落实所设想的管理要求的细节。如果碳信用作为一项单独的信托基金来管理，则是理想的，以便多边基金在继续开展业务的时候不会受到不稳定的碳信用市场可能出现的风险的过度影响。

26. 只要蒙特利尔议定书缔约方会议提出具体准则并经联合国总部核准，环境规划署建立单独的信托基金来管理碳信用是不会有问题的。

财务主任业务的额外负担

27. 管理碳信用给担任多边基金财务主任的环境规划署带来了截然不同的挑战。如果要求环境规划署履行管理碳信用的职能，则需要与多边基金一同审查这些职能，必须调整费用以考虑到是否需要补充资源。

额外研究需要

28. 正在考虑的融资机制在管理碳信用时需要采用一种更加面向市场的办法。财务主任认为，碳信用问题可能要求碳信用专家进一步研究。可能需要进行全面研究，以考虑各种风险的所有参数并将其量化，以便指导如何运作管理盈亏的机制——重点放在最大限度降低亏损上。碳信用专家应当审查联合国的环境规划署管理系统，旨在使建议适合被人采纳。随后环境规划署会同联合国主计长一起审议关于运作这种系统的建议。

如何按照第 58/37 号决定 (e) 段在该融资机制范畴内最好地利用碳市场

29. 执行委员会请秘书处征求外部碳市场专家的意见，指导从长远来看如何在该融资机制范畴内最好地利用碳市场。针对这一要求，秘书处首先考虑这一事实：执行委员会收到了这方面的一个讲习班的信息、一份说明和一些报告，在第五十九次会议期间都能提供。

30. 例如，执行委员会同意世界银行的要求：从其财务部挑选一名代表出席执行委员会第五十九次会议，介绍处理额外供资和多边基金资金与碳融资混合使用的机制，如预付款机制（第 58/37 (f) 号决定）。

31. 世界银行还提交了一名题为“通过自愿碳市场获得资金以销毁无用消耗臭氧层物质的研究”的文件（UNEP/OzL.Pro/ExCom/59/Inf.2），该文件特别涉及：销毁消耗臭氧层

物质、了解碳市场、进入自愿市场、通过自愿市场获得资金的财务可行性、自愿碳市场资源供应情况、在自愿市场上销毁消耗臭氧层物质的方法、挑战和潜在的解决办法以及个案研究。

32. 臭氧秘书处编写了一份题为“臭氧秘书处就销毁消耗臭氧层物质供资机会有关的问题提供的进一步信息”的资料文件提交第二十一一次缔约方会议（UNEP/OzL.Pro.21/INF/6）。该文件从以下方面安排了 20 多个供资机会：属于《蒙特利尔议定书》自身范围内的供资机会；《蒙特利尔议定书》与其他机构合作产生的供资机会，包括共同出资；个别缔约方能够提供的供资机会；以及其他机构能够独立提供的供资机会。该文件还涉及到臭氧秘书处在全球环境基金和其他多边环境协定方面所做的努力、关于生产商或制造商责任/收回方案的信息，以及与多边基金为了销毁消耗臭氧层物质提供资助有关的法律问题。该文件还包括一份附件，提到工发组织就生产商责任方案提供的信息，其定义为，“采用一种环境政策办法，借此将生产商对产品的有形责任和财务责任扩展至产品生命周期的消费后阶段。”文件援引了拥有这种方案的国家实例，还表明如何设计处置消耗臭氧层物质活动以便列入要求目前还没有回购方案的第 5 条国家实施这种方案的立法。

33. 开发计划署在执行委员会第五十七次会议上向其介绍了多边基金范围内的融资机制概念。秘书处请开发计划署提供碳市场作为该融资机制筹资来源的作用方面的信息。附件一提供了开发计划署的一份文件。该文件介绍了该融资机制对于碳市场的各种重要性，并且总结了开发计划署关于通过消耗臭氧层物质气候融资机制进入碳市场的提案。

34. 在审查该信息之后，谨提议执行委员会建议需要进一步关注的领域，以便秘书处可以向外部碳市场专家征求补充意见。

法律事项和法人资格

35. 秘书处在其提交第二十一一次缔约方会议报告中详细介绍了对该融资机制的讨论（UNEP/OzL.Pro.21/6）。秘书处就提交第五十八次会议的文件咨询了法律专家，该文件详细评估了法律问题。正如以前关于融资机制的文件所述，多边基金似乎能够在其现有结构中接纳该融资机制，只要该机制与受控物质淘汰相关。但是，关于该问题的法律事项最终由《蒙特利尔议定书》缔约方本身定夺。臭氧秘书处编写的上述文件（UNEP/OzL.Pro.21/INF/6）也涉及法律问题并且得出了类似的结论。

36. 通过向缔约方会议详细介绍关于该融资机制的讨论情况，缔约方得到了一个机会：就执行委员会迄今采取的行动发表意见并且对根据《议定书》第 10 条进一步制定该融资机制提供进一步指导。根据以前的分析，该融资机制不需要拥有单独的法人资格，因为按照设想，该融资机制将在多边基金、执行委员会和缔约方会议下运作。但是，法人资格等问题最终也由缔约方定夺。第五十八次会议上提出的另一个问题是该融资机制本身是否将成为一个新的供资实体。秘书处认为，其意图是将该融资机制作为供资来源的扩展，以实现消耗臭氧层物质控制措施要求以外的其他环境目标，而不是建立新的供资实体。

共同出资和资源调动建议

37. 在第五十八次会议上就该融资机制讨论期间，一名成员建议秘书处与全球环境基金秘书处协商，编写一份文件，审查是否有机会共同出资，同时特别强调现有的供资资源和模式，以便提请委员会对项目进行审议。秘书处与全球环境基金秘书处代表讨论了该事项，认为应当在全球环境基金下一个资金补给期提供资金，以便共同出资，通过全球环境基金最大限度地增加气候惠益。但是，全球环境基金资金补充问题目前正在讨论之中。此外，执行委员会讨论气候和其他环境惠益的程度，将取决于委员会在第五十九次会议前对氟氯烃费用准则持续讨论的情况。一旦准则拟定完毕，秘书处将继续与全球环境基金讨论，以便全球环境基金加快核准与多边基金共同出资的项目。

38. 缺乏同全球环境基金的先验协定不会阻止执行机构按照制定氟氯烃淘汰管理计划准则时的设想，为初期氟氯烃淘汰管理计划采用同全球环境基金共同出资的办法。事实上，世界银行指出，它正在为其氟氯烃淘汰管理计划项目努力调动资源。开发计划署、工发组织和世界银行再次提出要求，要求努力资源调动，以为氟氯烃淘汰管理计划活动获得共同出资（可能还有碳信用）提供便利。谨提议执行委员会考虑开发计划署、工发组织和世界银行工作方案修正案（UNEP/OzL.Pro/ExCom/59/13、15 和 16）中提及的请求，以为列入氟氯烃淘汰管理计划和销毁消耗臭氧层物质项目其他潜在的收入来源提供便利。

该融资机制给秘书处工作带来的额外负担

39. 有关该融资机制给财务主任带来的额外负担，如上所述，如果执行委员会建立该融资机制，需要评估秘书处在满足该融资机制要求方面的需求。如基金秘书处以前编写的两份文件所提到的，融资机制的初期试验阶段可以纳入现有的结构，而且不会给基金秘书处带来过重的额外负担。但是，如果该融资机制成为基金活动的重要资金来源，秘书处的负担就可能加重，这主要取决于随着该融资机制的发展其复杂程度如何。

建议

40. 谨提议执行委员会：

- (a) 注意到秘书处提交的 UNEP/OzL.Pro/ExCom/59/54 所载题为“关于从借款和其他来源获得补充收入的特别筹资机制的进一步概念文件”的文件；以及
- (b) 考虑就该融资机制和各执行机构所提资源调动的申请采取进一步的行动。



ISSUES PAPER
8 October 2009

THE FACILITY FOR ADDITIONAL INCOME
UNDP INPUTS ON CARBON MARKETS AS A POTENTIAL FINANCING SOURCE

INTRODUCTION

At the request of the Executive Committee to the Multilateral Fund, the Fund Secretariat has been exploring the possibility of a Facility for Additional Income ('the Facility') to address the climate benefits related to the Montreal Protocol's activities. The Fund Secretariat has issued two papers on the subject, for the 57th and 58th Meeting, and is preparing a revised paper for the 59th Meeting.

At the request of the Fund Secretariat, UNDP has prepared this Issues Paper on the role of carbon markets as a financing source for the Facility. UNDP recognizes the broader ongoing discussions on other sources of co-financing, however, in order to be focused, this paper specifically concentrates on the carbon markets.

Overall, given their current size and growth potential, UNDP believes the exploration of the global carbon markets as a source of co-financing for climate benefits is interesting for the Montreal Protocol community. The comments provided in this Issues Paper are given with the objective of identifying what steps would be necessary to successfully achieve co-financing by the carbon markets.

This Issues Paper is organized as follows:

- In Section 1, some key considerations for the Facility with regard to the carbon markets are set out.
- In Section 2, UNDP's proposal for accessing the carbon markets, the ODS Climate Facility, is described.
- In the Annex, for ease of reference, certain key terms in the carbon markets are explained.

The current design of the Facility remains at a preliminary stage. If the specific goal of co-financing in the carbon markets is to be successfully achieved by the Facility, UNDP believes that it will be necessary to fully address the considerations set out in Section 1. As such, it is hoped that the detailed description of the ODS Climate Facility, which is expressly designed to access the carbon markets as a financing source, can be helpful as the design process moves forward.

1. KEY CONSIDERATIONS FOR THE FACILITY WITH REGARD TO THE CARBON MARKETS

This section identifies a number of key themes for the Facility related to accessing the carbon markets to finance climate benefits.

1.1 Addressing the full scope of climate benefits through the carbon markets

There are potentially 3 forms of interactions with the carbon markets:

- Energy efficiency gains from HCFC phase-out (CDM)
- Direct emission avoidance from HCFC phase-out (voluntary carbon markets)
- Direct emission avoidance from ODS destruction (voluntary carbon markets)

A current objective of the Facility is to address the climate benefits from energy efficiency under the Kyoto Protocol's CDM. This is understandable, as the CDM is a well-established carbon mechanism and is underpinned by a defined oversight framework. At the same time, the contribution of energy efficiency climate benefits may be relatively minor in the key sectors in which HCFC phase-out will take place. This will likely result in small financial flows and make transactions costs a sensitive issue.

With these facts in mind, UNDP suggests that consideration is given to expanding the Facility's carbon market interactions to include direct emissions from both HCFC phase-out and ODS destruction activities (collectively, 'ODS Direct Emissions'). UNDP is aware that the inclusion of ODS destruction activities may depart from the mandate given by the Executive Committee to focus the current work of the Facility on HCFC phase-out (Decision XIX/6). However, targeting ODS Direct Emissions in their entirety will address the full range of climate benefits, with the largest greenhouse gas (GHG) impacts, and will maximize the possible financial flows from the carbon markets.

It can be noted that the inclusion of ODS destruction activities can often be organized in association with early retirement programmes which provide major energy efficiency benefits, and where currently organizations such as GEF are taking the lead.

1.2 The need for further development of the nascent carbon markets for ODS Direct Emissions

Currently, ODS Direct Emissions are not recognized by the oversight frameworks which create and drive the compliance carbon markets. Rather, they are new and innovative areas of the voluntary carbon markets.

The fact that ODS Direct Emissions are a nascent part of the voluntary carbon markets raises a number of issues. The necessary oversight framework to ensure high quality, robust credits for ODS Direct Emissions is only now beginning to be developed by certain voluntary carbon market standards, and the quality of these standards is not yet assured. Equally importantly, demand for credits from ODS Direct Emissions under the voluntary market is uncertain and is likely to be low. This is because buyers in the voluntary market are often more discerning than those in the compliance market, requiring that the project type has a good story-line and track record. UNDP has some concern that ODS credits in the voluntary market may not be seen as attractive by many voluntary buyers who will not share the insights of the Montreal Protocol community itself.

To the extent that ODS Direct Emissions are included, a considerable risk for the design of the Facility would be to assume that mature voluntary markets for ODS credits exist. The required level of market maturity may never materialize.

UNDP suggests that consideration is given to a design for the Facility that specifically assists in the development of the currently immature carbon markets for ODS Direct Emissions. In the long term,

UNDP believes that the goal should be for ODS Direct Emissions to be part of the compliance markets. Such an approach is set out in Section 2, where one of the main purposes of UNDP's proposal for the ODS Climate Facility is to achieve this objective.

1.3 Form of investment by the Facility and alignment with carbon market practice

The carbon markets, such as the CDM, are market mechanisms with particular characteristics and practices. If the Facility is to effectively develop and harness the carbon markets to finance climate benefits in the short term, it is important that the Facility engages carbon market norms and is simply structured, thereby incentivizing private sector participation and earning widespread credibility.

With a view to maximizing the smooth integration of the Facility to the carbon markets, UNDP suggests that consideration is given to the following:

- First, that the Facility conforms to market practice and provides its carbon-based co-financing to projects through an Emission Reduction Purchase Agreement ('ERPA'). An ERPA is the established contractual approach for purchase of credits between buyer and seller.
- Secondly, that the Facility - at least in its initial form - does not seek to be self-financing through claiming a share of a project's credits in return for its co-financing investment. Such an approach can insert additional complexity, with the considerable risk of turning away private sector involvement.

UNDP recognizes that the direction of the above suggested approaches may introduce apprehensions in governments that are not comfortable with a carbon market objective, and who would prefer the Facility as a vehicle for other sources of co-financing, such as direct grants. However, it needs to be recognized that structures that are optimal for interaction with the carbon market may not be optimal for other forms of co-financing. Grant based co-financing will likely undermine any concurrent ERPA-based approach in the eyes of the carbon markets. A key challenge in the design of the Facility is in reconciling the interests of a number of disparate stakeholders simultaneously.

1.4 Near term delinking from HPMPs for practical purposes

With the advent of HPMPs, there is theoretically the possibility to link ozone and climate financing for all HPMPs through the Facility and the Multilateral Fund's existing activities, creating a one-stop-shop financing solution for Article 5 countries.

In the long term, UNDP would welcome the exploration of such a linkage. In the immediate term, for practical reasons, UNDP recommends that there is no obligation for the Facility to finance the climate benefits of HPMPs themselves, as this will avoid unnecessarily delaying HPMPs which are about to launch.

1.5 The possible impact on the carbon markets of the current proposal to amend the Montreal Protocol to include HFCs

It is worth noting that the current proposal for inclusion of HFCs under the Montreal Protocol, if adopted, will limit the scope of the carbon markets to provide co-financing for climate benefits related to HCFC phase-out.

Decision XIX/6 provides the opportunity to make strides in reducing greenhouse gas emissions of HCFCs which themselves have significant global warming potentials (e.g. HCFC-22 with a GWP of 2270). However, as there is currently no obligation to adopt the most climate beneficial solution, the cost of adopting technologies with lower climate impact is considered 'additional' in the carbon markets, hence qualifying for appropriate carbon credits.

The introduction of an HFC phase-down, depending on its specific timing, could drive a much stronger presumption against HFC-based projects and would make it more difficult to establish the “additionality” threshold. If so, HCFC-phase out could largely be ruled out of carbon markets co-financing, although early avoidance of HCFCs (i.e. ahead of the HCFC phase-out schedule) could be counted as an acceleration and still qualify if high GWP alternatives remain an option at project level.

1.6 Summary

As set out above, a key challenge with respect to carbon markets will be the currently immature nature of these markets for ODS destruction, and the need to assist in their development. Another key challenge arises from reconciling the design needs of housing multiple sources of co-financing within the Facility.

If co-financing from the carbon markets is to be successfully achieved, UNDP suggests an approach focused on developing and exploring carbon markets, delinked initially from the Montreal Protocol compliance, and which would conform in its practices with standard carbon market norms. This approach is taken with the ODS Climate Facility and is set out in the next section.

2. UNDP’S PROPOSAL TO ESTABLISH CARBON MARKETS AS A SOURCE OF CO-FINANCING FOR CLIMATE BENEFITS.

At a side-event at the 57th Meeting, UNDP put forward a proposal on carbon markets, including an ODS Climate Facility. This proposal has now been further refined. This section sets out key components of the proposal.

2.1. Objectives of UNDP’s proposal

The objective behind UNDP’s proposal is to explore a pathway to establishing the carbon markets as the source of financing for climate benefits. This objective can be split into 2 phases.

- Phase I: Setting up an interim ODS Climate Facility, which would consist of a donor-led fund and an accompanying oversight framework to facilitate the purchase of credits from ODS Direct Emissions (HCFC phase-out and ODS destruction) projects. The purpose of the ODS Climate Facility would be to gain experiences across project types and to set an example, thereby helping establish credibility and develop the carbon markets. It is important to note that the ODS Climate Facility would not represent an irrevocable commitment by the Montreal Protocol community to the carbon markets, but is instead an exploratory and preparatory initial step, which may be terminated or followed by a subsequent Phase II.
- Phase II: Linkage of ODS Direct Emissions to the compliance carbon markets. Should the ODS Climate Facility be regarded as successful, the objective can be to build on its experiences and to include the category of ODS Direct Emissions in a future compliance carbon markets regime – for example, a post 2020 international agreement. Once linked to the compliance carbon markets, the ODS Climate Facility’s fund component would no longer be necessary to ensure demand for ODS credits, as this demand could come from the compliance market. The ODS Climate Facility’s oversight framework would remain in place and be further developed as the oversight instrument for any compliance markets mechanism.

Overall, if the carbon markets are to be a source of financing for climate benefits, UNDP believes that the long term objective should be the compliance markets, with the voluntary markets only as an interim step. The ODS Climate Facility effectively acts as a ‘controlled’ or ‘contained’ instrument in the voluntary market, prior to the real objective of inclusion of ODS Direct Emissions in the compliance markets.

2.2 ODS Climate Facility: possible structure

Structurally, the ODS Climate Facility can be seen to have two key functional components: a fund and an oversight framework. These components could either be established within the Montreal Protocol Bodies (including the Multilateral Fund) or at the Implementing Agency level (for example UNDP, the World Bank).

Three possible structural configurations for the ODS Climate Facility can be envisaged:

Configuration	Fund	Oversight Framework
#1	Multilateral Fund	Montreal Protocol Bodies
#2	Implementing Agencies	Montreal Protocol Bodies
#3	Implementing Agencies	Implementing Agencies

The selection of an appropriate configuration can be a function of a number of factors. Considerations may include:

- The need for the Executive Committee, and/or the parties to the Montreal Protocol, to get involved with carbon market mechanisms directly.
- In respect of the management of the fund, the existing experience of the Implementing Agencies with the carbon markets may be a relative strength, for instance in contractual aspects such as entry into ERPAs to acquire credits.
- For the oversight framework, the Montreal Protocol bodies are particularly well suited, given their long-standing technical expertise with ODS banks and transition technologies, accounting of ODS trends and ODS project validation capabilities.

2.3 ODS Climate Facility: fund component

Within the ODS Climate Facility, the objective of the fund component is to provide financing for climate benefits, by purchasing and ensuring demand for ODS credits generated by projects under the ODS Climate Facility's oversight framework. The fund is necessary because in the current absence of compliance markets, demand in the voluntary market for ODS credits is uncertain and likely to be low.

2.3.1 Fund sponsors

The ODS Climate Facility's fund, or funds (if an Implementing Agency based funding model is taken), can be capitalized by sponsors, whether governments or private sector, that support the ODS Climate Facility's objective.

As a result of its purchases, the fund(s) would acquire ODS credits whose ownership would be pro-rated to sponsors according to their contribution to the fund(s). These ODS credits could either be held in the fund(s) or retired on behalf of donors.

2.3.2. Fund investment approach

ERPA Modality

The fund(s) would make financing investments in projects for the climate benefits, utilizing the standard carbon market contractual modality of an ERPA, where the unit of account is a credit representing 1 tonne of CO₂e. The Fund would enter into an ERPA with each ODS Direct Emission project at the beginning of its project cycle, according to which the Fund will agree to pay a set price per ODS credit, for an agreed volume of ODS credits to be delivered over an agreed period of time.

Pricing Mechanism under ERPA

A key aspect of the fund(s)' ERPAs would be to take a 'cost-plus' approach to pricing the ODS Credits under the ERPA. This 'cost-plus' pricing would mean that the purchase price being offered will differ from one category of project to another, so that a more costly technology type for addressing ODS Direct Emissions, for example ODS recovery from foams, would receive a higher price per ODS credit.

This 'cost-plus' pricing will have a number of benefits:

- It will maximize the number of projects financed under the fund, as the fund will not overpay
- The fund(s) will not pay a high price per ODS credit for so called 'low-hanging fruit' project types which have a very low cost. In this way, this will avoid a re-occurrence under the ODS Climate Facility of the HFC-23 scenario under the CDM.

A further valuable role of the ODS Climate Facility would be to gather and publicly disseminate information on costs and pricing of different technology types. It is possible that there will be a certain level of other voluntary carbon market activity on ODS Direct Emissions outside the ODS Climate Facility. Information on pricing and real costs disseminated by the ODS Climate Facility can moderate any external prices being paid, again acting against a 'low-hanging fruit' scenario.

Advance Payment under ERPA

Some ODS Direct Emissions project types may have substantial up-front costs, and projects may have difficulty accessing financing to cover these up-front costs. Typically, carbon credit buyers make their payments under an ERPA on an annual basis during the lifetime of the project, when the project delivers its annual credits to the buyer. However, for these projects types with substantial up-front costs, it can be possible for advance payments to be made under the ODS Climate Facility's ERPAs at the beginning of the project cycle, thereby addressing this issue.

2.4 ODS Climate Facility: oversight framework

Within the ODS Climate Facility, the objective of the oversight framework would be to ensure that the ODS credits generated by its projects, and purchased by its fund(s), are high quality and robust. The oversight framework will ensure high and uniform standards in quantifying the GHG benefits of ODS Direct Emissions, and tracking the use of ODS credits generated by these projects under appropriate registries. With the aim of developing the carbon markets, and in the absence of monitoring from the oversight bodies of compliance markets, the ODS Climate Facility's oversight framework can be key to raising the profile and credibility of ODS credits.

2.4.1 Approach to Oversight Framework.

There has recently been substantial activity in developing of protocols and methodologies for ODS destruction projects under two voluntary carbon market programmes, namely the Climate Action Reserve (CAR) and the Voluntary Carbon Standard (VCS). Both have the potential to be rigorous ODS protocols, with the CAR programme having slightly higher reputational value (and hence carbon price) while the VCS has the potential for wider geographic applicability than CAR – at least in the short-term.

The preferred oversight framework for the ODS Climate Facility is envisaged to combine complementary roles for the Montreal Protocol bodies and selected voluntary carbon market standards, maximizing existing expertise and sharing responsibilities. As such, it might be possible to see the content of the respective protocols reviewed by an Assessment Panel (most likely the TEAP) and the application of the protocol be addressed by the Fund Secretariat in a validation role at project level. This same oversight could also extend to the specific methodologies.

Similarly under the preferred oversight framework, since both voluntary carbon market programmes either already have, or are in the process of developing, registries that could be relied upon for tracking ODS Direct Emission projects, there appears to be no need to recreate these at Montreal Protocol level. However, it could be proposed that the Ozone Secretariat either directly, or via Parties, acts as a repository for ODS Direct Emission credit reports from the voluntary carbon market actors such as VCS and CAR. If such a reporting requirement could be enforced in some way, the Montreal Protocol community could keep an appropriate track on the credits being claimed.

As an alternative to the preferred oversight framework, it is possible that the Montreal Protocol community decides that it is not appropriate at this stage to be directly involved in the ODS Climate Facility, but rather that the ODS Climate Facility should be an Implementing Agency-led activity. In this scenario, the Implementing Agencies could establish an oversight framework in conjunction with selected reputable voluntary carbon market programmes.

2.5 ODS Climate Facility: projects and co-financing

2.5.1 Overview of projects

A key role of the Implementing Agencies, such as UNDP, would be to source and facilitate projects under the ODS Climate Facility. This role can involve identifying projects, assisting in preparation of project documentation, and assisting and overseeing the operation of the project activity.

Projects would be selected with the over-riding objective of the ODS Climate Facility acting to develop the carbon markets. The aim will be to gain a broad range of experiences, to understand the benefits and challenges of carbon markets as a financing source across different project types.

The project portfolio for the ODS Climate Facility would target the following general characteristics:

- It would be limited to (i) HCFC phase-out and (ii) ODS bank management
- It would encompass a range of geographies
- It would encompass a range of technology types, including refrigerants and foams, but needing to make case-by-case decisions on halon and CTC destruction
- It would include a range of project sizes, in order to better understand the impact of transaction costs
- The number of projects would be a function of the funding made available by sponsors and the size of the projects that are targeted

2.5.2 Co-financing of projects

The ODS Climate Facility, as envisaged, would have the specific focus of developing financing from carbon markets to address ODS Direct Emissions.

Where there are other sources of financing in addition to the carbon markets, either ozone (for instance, with a HCFC phase-out project), or climate (for instance, through energy efficiency either through the GEF or CDM), the Multilateral Fund and Implementing Agencies can act as one-stop-shop for projects, combining these financing sources.

As a practical matter in terms of co-financing, the ODS Climate Facility would not be automatically linked to HPMPs. This is because the Facility – with its objective of developing the carbon markets - is intentionally, at this stage, not exhaustive in its scope and will only address a subset of HPMPs. In the longer term, assuming ODS Direct Emissions are included in a compliance mechanism, full linkage with HPMPs can be pursued.

2.6 ODS Climate Facility: timing

2.6.1 Establishment and term of ODS Climate Facility

Should there be support for the ODS Climate Facility, there are benefits to an immediate launch. Although still in the early stages, activities in the voluntary carbon market for ODS Direct Emissions are progressing, and there is a closing window for the Montreal Protocol community to influence the carbon markets development in a positive manner. The risk of not moving quickly would be that the voluntary markets would take on the ODS Direct Emission projects in an uncontrolled way and that reputational damage could be done.

As to the lifetime of the ODS Climate Facility, this would be a function of a number of factors including:

- Sufficient experience and data on ODS Direct Emissions projects having been gained. This information will be necessary to design a well-functioning compliance approach.
- The timing of negotiations and the establishment of substantive compliance mechanisms which may include ODS Direct Emissions.

It may also be prudent for the design of the ODS Climate Facility to include a pre-defined term, should subsequent linkage to a compliance mechanism not be desired/possible.

2.6.2 Timing considerations related to HCFC phase-out and emissions from ODS bank management

There is clear evidence from the work of TEAP in response to Decision XX/7 that the opportunities for ODS Bank Management are at their greatest at this point in time because of the significant element of CFCs in the products currently entering their respective waste streams. This proportion will decline over the next fifteen years and it will be important that an optimal credit value is established during that period to support the maximization of bank management opportunities. That said, current TEAP estimates suggest that the opportunity for annual refrigerant recovery and destruction alone is likely to be above 200 Mt tonnes CO₂-eq in 2025 and 150 Mt tonnes CO₂-eq in 2030, based on the vast quantities of HCFC-22 still reaching the waste stream over that period.

In the case of technology transition projects related to the HCFC phase-out objectives of Decision XIX/6, the timescales for individual transitions will be spread across the overall phase-out period. However, since the HPMPs need to identify and ideally maximize the climate benefits of their respective project portfolios at the start of the overall project cycle (i.e. during 2010), an early awareness of the likely climate incentives will be essential.

ANNEX: KEY CONCEPTS IN CARBON MARKETS

For ease of reference, this annex sets out some common concepts in the carbon markets.

“Carbon Credit” refers to a right, interest, benefit or allowance for the holder to emit greenhouse gases. The standard unit of measure of a Carbon Credit is one ton of carbon dioxide equivalent (CO₂e). There are two broad types of Carbon Credits:

- an “offset” is a carbon credit which is created in recognition of a reduction in greenhouse gas emissions below an accepted business-as-usual baseline.
- an “allowance” is a right or permit to emit greenhouse gas and is granted under a regulatory regime, like the EU ETS.

“Compliance Market” refers to Carbon Credit trading activities which are conducted by entities who are subject to regulatory requirements to limit or cap on their greenhouse gas emissions. The most common Compliance Markets are created by the Kyoto Protocol and the EU Emissions Trading Scheme. The value of trading in the Compliance Market in 2008 was US\$125 billion (1).

“Clean Development Mechanism” or “CDM” is a flexibility mechanism created under the Kyoto Protocol under which emission reduction activities which occur in developing countries may be registered to create Carbon Credits. These CDM Carbon Credits can be acquired and utilized by developed nations, where the cost of reducing emissions is higher, to contribute to meeting their Kyoto Protocol compliance obligations. In 2008, the total value of CDM Carbon Credits transactions was US\$32.8 billion (1).

“Emission Reduction Purchase Agreement” or “ERPA” means a legal contract between a buyer and a seller for the sale of Carbon Credits. An ERPA is often signed to secure a “forward sale” of Carbon Credits, meaning that the terms of the contract are agreed at the date of signing for future dates of delivery of carbon credits.

“Methodology” is an approach to calculate either (i) the baseline, or business-as-usual, emissions that are forecast to occur if a particular project idea is not implemented, or (ii) the actual emission reductions that have occurred due to implementing a project idea. A methodology is an essential tool towards crediting a project’s emission reductions (whether in the compliance or voluntary market).

“Protocol” means a governing framework for compliance or voluntary market carbon projects which is designed to ensure the environmental integrity and quality of Carbon Credits from those projects. A Protocol will generally set out a specific project cycle for accreditation of projects under the Protocol, including validation against a prescribed standard.

“Registry” is a central depository of accounts for the holding and trading of Carbon Credits. Each of the major Protocols has established a registry system for Carbon Credits which are created and verified pursuant to its protocol. The Voluntary Carbon Standard and Climate Action Reserve each have their own registry. In addition to holding and transferring, a registry can be used to cancel or “retire” a Carbon Credit. Once a Carbon Credit is cancelled or retired, it will cease to exist and thus cannot be traded or utilized for any future offsetting purposes.

“Voluntary Market” refers to trading in Carbon Credits which is conducted for any reason other than to meet a regulatory compliance obligation. Carbon Credits traded in the Voluntary Market are generally called “VERs”, meaning “Verified Emission Reductions”. Purchasers may buy VERs on the voluntary market for a number of reasons, including: (i) as a means to hedge against future compliance obligations, (ii) branding or public relations purposes, (iii) as an investment or asset to trade, or (iv) out of a sense of

moral or ethical duty to offset one's emissions. In 2008, the value of transactions in the voluntary market was US\$397 million.¹

¹ Source: State of the Carbon Markets, 2009.