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Annual Status Report on Nationally Appropriate Mitigation Actions (NAMAs)

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Acknowledgements

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Disclaimer

The opinions expressed in the articles are the author's own and do not necessarily reflect the view of their respective organisations.

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List of abbreviations

ADB	Asian Development Bank	LECB	Low Emission Capacity Building Programme, run by UNDP
AfDB	African Development Bank	LEDs	Low Emission Development Strategy
AWG-LCA	Ad Hoc Working Group on Long-term Cooperative Action	MAIN	Mitigation Action Implementation Network, run by CCAP
BMUB	Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (Germany)	MDB	Multilateral Development Bank
BUR	Biennial Update Reports	MDGs	Millennium Development Goals
CAF	Development Bank of Latin America	MRT	Mass Rapid Transport
CCAP	Centre for Clean Air Policy	MRV	Measuring, reporting and verification
COP	Conference of Parties to the UNFCCC	NAMA	Nationally Appropriate Mitigation Action
CPI	Climate Policy Initiative	NDA	National Designated Authority
CTF	Climate Technology Fund	NDC	Nationally Determined Contribution
DECC	UK Department of Energy and Climate Change	NEFCO	Nordic Environment Finance Corporation
DFI	Development Finance Institution	RAC	Refrigeration and Air Conditioning
EBRD	European Bank for Reconstruction and Development	SDGs	Sustainable Development Goals
EEBPB	Energy Efficiency in Public Buildings Programme	SD-PAM	Sustainable Development Policies and Measures
ECN	Energy research Centre of the Netherlands	SIDS	Small Island Developing States
FIRM	Facilitating Implementation and Readiness for Mitigation, run by UNEP	SREP	Scaling up Renewable Energy Programme
GCF	Green Climate Fund	SSRE	Expanding Self-supply Renewable Energy systems in Chile
GEF	Global Environment Facility	TOD	Transit-Oriented Development
GET	Green Economy Transition	UNDP	United Nations Development Programme
GHG	Greenhouse Gases	UNEP	United Nations Environment Programme
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	UNEP DTU	UNEP Technical University of Denmark Partnership (also: UDP)
IDB	Inter-American Development Bank	UNFCCC	United Nations Framework Convention on Climate Change
IEA	International Energy Agency	WRI	World Resources Institute
IIC	Inter-American Investment Cooperation		
IISD	International Institute for Sustainable Development		
IKI	International Climate Initiative		
INDC	Intended Nationally Determined Contribution		
IUCN	International Union for Conservation of Nature		
J-CCCP	Japan-Caribbean Climate Change Partnership		
LAC	Latin-American and Caribbean		
LDCs	Least Developed Countries		



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Foreword

Peter Reffeltrath

Manager International Sustainable Energy Group, ECN Policy Studies

2016 was a pivotal year in the global effort to build a new regime to combat climate change and limit global warming to well below 2 degrees Celsius. On 4 November the Paris Agreement entered into force – over 80 Parties have ratified the agreement to date, including India, China, the United States and the European Union, covering roughly 62% of global emissions. The first session of the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement will take place in Marrakech in conjunction with the 22nd Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC). With the ratification of the Paris Agreement, the majority of Intended Nationally Determined Contributions (INDCs) submitted in the run up to COP21 have been converted into Nationally Determined Contributions (NDCs). All Parties are requested to submit their new or updated NDCs by 2020 and in consecutive cycles every five years thereafter.

While these are crucial steps toward building a global regime to reduce greenhouse gases (GHG), national targets will need to become more ambitious and the implementation of mitigation actions will need to accelerate substantially to reach the goal of limiting a rise of global temperature to well below 2 degrees or even 1.5 degrees Celsius. This NAMA Status Report takes a closer look at what role Nationally Appropriate Mitigation Actions (NAMAs) can and should play within this new climate change landscape. The following Chapters look back at how far NAMAs have come since the concept was born nearly a decade ago, take stock of what is happening in the world of NAMAs today and provide an update on the NAMA pipeline, then zoom in and unpack this pipeline to identify the state and stages of NAMAs. The report includes contributions from a number of finance institutions on the opportunities and challenges of NAMA finance and concludes with an outlook on what NAMAs may mean today and what role they may play tomorrow. I trust that this report will further enable an exchange of knowledge and lessons learned from the world of NAMAs and I hope that it will inspire readers to increase ambition and accelerate mitigation action in pursuit of our common global goal of limiting climate change and its effects.



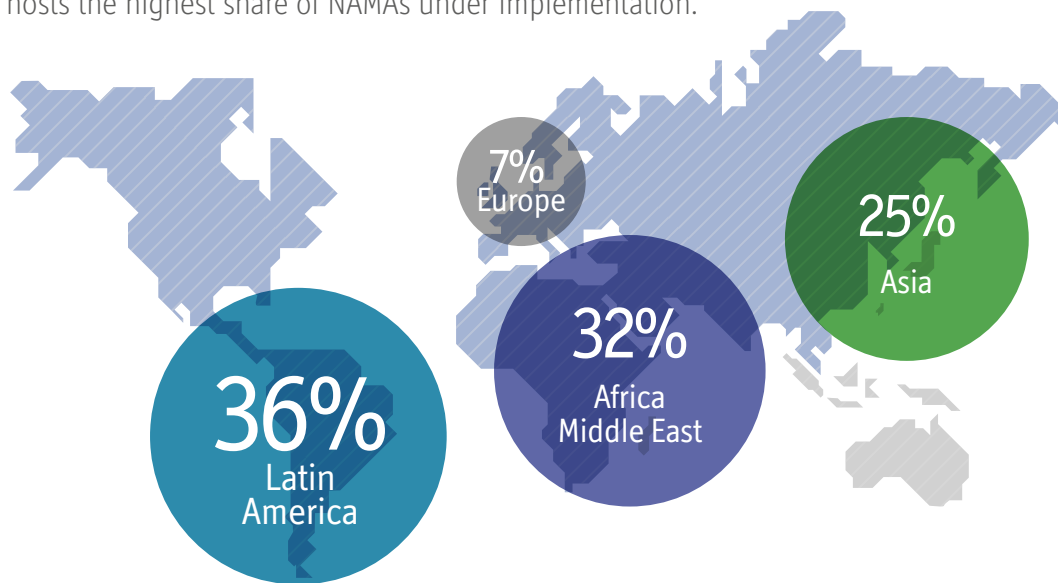
WHAT IS happening in the world of **NAMAS** ?

There are currently 203 NAMAs in 64 countries spread across regions and sectors.

The total number of NAMAs has increased by 23% in the last twelve months.

Regional Overview

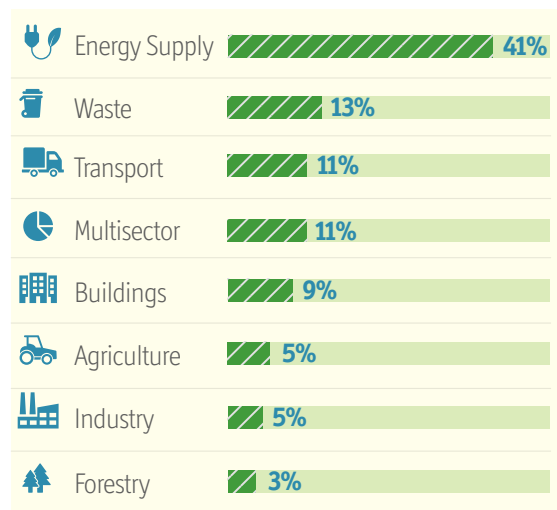
Latin America continues to be the leading region in NAMA development while Asia now hosts the highest share of NAMAs under implementation.



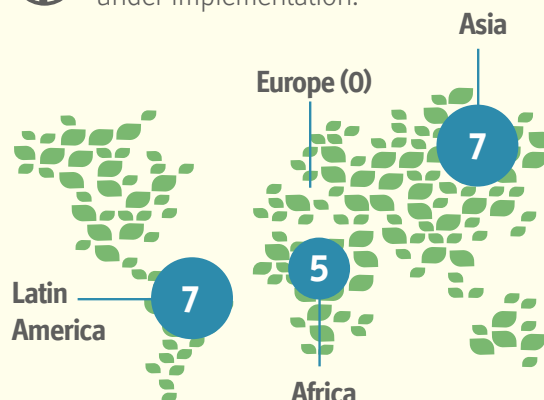
Sectoral Overview

The waste sector has seen a considerable increase in NAMA activities in the last year, becoming the second most important NAMA sector after energy.

 Under development **184** |  Under implementation **19**



 Only **9.4%** of the NAMAs are currently under implementation.





EXECUTIVE SUMMARY

A LARGE gap remains between the number of NAMAs under development (184) and those under implementation (19). Only a third of the NAMAs under implementation are already implementing mitigation activities on the ground.



WHILE NAMAS continue to play a role in a Post-Paris climate landscape, securing funding toward implementation remains a key obstacle. Identifying the state and stage NAMAs are in can help to recognise bottlenecks that may hinder progress as well as the support needed for development and implementation.

CONTRIBUTIONS from AfDB, EBRD, GCF and IDB highlight that these finance institutions are generally open to financing NAMAs, but are seldom approached by countries to do so. They point out that NAMAs will need to comply with certain funding requirements to access these sources, but that support is available to facilitate the development of 'bankable' proposals.

ALTHOUGH TAILOR-MADE financing for NAMAs remains a key bottleneck, well-designed NAMAs contain all the building blocks for implementation funding from various sources such as the GCF and development banks. The focus must now be on improving the effectiveness and appropriateness of NAMA proposals, aligning with NDC and sustainable development efforts, and making actions investable.

LOOKING AHEAD, the NAMA concept continues to have many merits: NAMAs are intended to enable country ownership and broad stakeholder engagement, they explicitly align mitigation actions and development impacts and stand for accountable measures, providing a common frame for peer learning and international cooperation.

BALI

COPENHAGEN

CANCUN

PARIS

MARRAKECH

1. Introduction

With the historic Paris Agreement ratified this year, the two themes for mitigation are increasing ambition and moving NDCs toward implementation. In the May 2016 Status Report we observed that, while the Paris Agreement does not explicitly mention NAMAs, it requests Parties to implement mitigation actions to achieve their overall mitigation objectives, as articulated in their NDCs. We argued that NAMAs can meet the needs of the Paris Agreement as implementing vehicles for NDCs, especially since they are designed to align with national development targets and low emission strategies and provide the right level of transparency. We argued that NAMAs should maintain continuity and build on their positive features, but saw room for improvement on sectoral integration and access to financing mechanisms.

In this 2016 Annual NAMA Status Report we take stock of how far NAMAs have come, look back on the early beginnings of the NAMA concept, where we are now in terms of development, implementation and finance, and attempt a glance at the future of NAMAs in a new climate regime.

Chapter 2 presents an overview of NAMA statistics and activities in the past year. We observe that NAMAs are alive and well, but as in previous years, there remains a large number of NAMAs under development compared to the number of successfully funded NAMAs or those that have started implementation.

In Chapter 3 we take a closer look at the existing pipeline of NAMAs. We analyse the different 'stages in the life of a NAMA proposal' and find that although not straightforward, knowing the state and stage of NAMAs under development can help identify the bottlenecks that may hinder progress as well as the support needed for development and implementation.

Chapter 4 switches perspective from NAMA developers to the view from inside finance institutions. In several contributions from representatives of multilateral development banks (MDBs) and the Green Climate Fund (GCF), the general openness of these institutions to finance NAMA is highlighted. However, not all of these institutions have been approached by countries to do so. The financiers further encourage countries to make use of available support they offer to design NAMA proposals that meet their funding requirements.

In the final Chapter we take a step back to reflect on the value added of the NAMA concept. Not all (supported) mitigation actions are called NAMAs and not all mitigation support calls for NAMAs (not even the UNFCCC's own GCF). So far, many major donors have not found it necessary to adopt the NAMA terminology, and countries are selective in presenting their desired actions as NAMAs. We raise the question why and how a NAMA might be different from any other mitigation action.

On the eve of a new global climate regime, this NAMA Status Report looks back on many lessons learned, from both failures and successes in NAMA development, finance and implementation. We conclude that the concept behind NAMAs still holds great value and that NAMAs can continue to play an important role in reaching common climate goals.

2. What is happening in the world of NAMAs?

Coraline Bucquet and Charlotte Cuntz (Ecofys)

Over the past twelve months, the NAMA development process has continued, with 38 new NAMAs recorded in the NAMA Database, including three new NAMAs that have entered the implementation stage since the end of 2015. However, activities have slowed down since the adoption of the Paris Agreement: while the number of NAMAs had increased by 40% in the year preceding the Agreement, the past twelve months have witnessed the slowest increase (23%) since December 2012. This might be a sign that some developing countries are waiting for more clarity on the implementation of the Paris Agreement in general and their NDC implementation process in particular to move forward with new climate action.

The main challenge for NAMAs remains in securing sources of finance which could bring them closer to implementation, as the gap between NAMAs under development and under implementation remains significant: while 184 NAMAs have been or are being developed, only 19 have managed to secure financing for implementation.

This Chapter provides an update on the current status of the global NAMA pipeline, taking into account new developments between October 2015 and October 2016, with a particular focus on the past six months since the publication of the 2016 Mid-Year Update Status Report¹. It includes regional and sectoral overviews and dives deeper into the category of NAMAs considered under implementation.

Box 1: The UNFCCC NAMA Registry

The UNFCCC NAMA Registry² (in the following, the Registry³) was set up by the UNFCCC Secretariat following the 16th Conference of Parties (COP) in November 2010. Over the years, it has become an established publicly available online platform. Its aim is to facilitate the provision of international financial, capacity building, and technology support to NAMAs. To this end, developing countries can record information on their NAMAs in the Registry, whether they are large national initiatives or small individual projects. Moreover, donor countries or organisations can publicly indicate their available resources for NAMA support.

There are three main entries of NAMAs within the Registry:

- (i) NAMAs seeking support for preparation, i.e. NAMAs that have not yet been developed and require financial or technical support to be prepared;
- (ii) NAMAs seeking support for implementation, i.e. NAMAs that already have been developed and are ready to receive finance, technology and/or capacity building support for implementation;
- (iii) NAMAs for recognition, i.e. NAMAs that developing countries have implemented or will implement without international support, seeking recognition for domestic mitigation efforts.

¹ Mitigation Momentum: <http://www.mitigationmomentum.org/downloads/NAMA-Status-Report-may-2016.pdf>

² UNFCCC NAMA Registry: <http://www4.unfccc.int/sites/nama/SitePages/Home.aspx>

Furthermore, the Registry offers additional information on the different financing sources. The entry 'Information on Support' details the country and/or organisation providing support, the regional scope, the amount, the purpose and the timeline of the support they provide as well as the type of actions that may be supported. A tab 'Supported NAMAs' compiles information on NAMAs that have received support for the preparation and/or the implementation phase, both inside or outside the Registry. It provides information on the source, the amount and the type of support available for the selected NAMAs³.

It is important to note that this NAMA Status Report, as in the previous editions, focuses solely on internationally supported NAMAs (categories i and ii) and does not consider NAMAs for recognition⁴ (category iii) or strictly unilateral⁵ NAMAs in the analysis.

Current status of officially submitted NAMAS (UNFCCC NAMA Registry)

Over the past three years, the number of NAMAs listed in the Registry seeking support for preparation or implementation has increased steadily. However, since the adoption of the Paris Agreement in late 2015, the pace has slowed: from a 39% increase of registrations between April and October 2015 in the run-up to the Agreement, to a 14% increase between October 2015 and April 2016, to a growth of only 7% over the past six months. As of October 2016, the number of NAMAs within the Registry amounts to a total of 130, in comparison to 121 in April 2016.

Since late 2015, the number of NAMAs seeking support for preparation is larger than that of NAMAs seeking support for implementation (see Figure 1). This could be an indication that countries have changed their strategies and are now increasingly looking for international support first to help them develop NAMAs that take donor requirements into account, instead of developing NAMA concepts on their own before turning to funders for implementation support. This change could be a direct consequence of the observation that only very few NAMAs have managed to secure financing for implementation, despite their submission to the Registry. This approach of seeking technical/financial support already during the development phase of a NAMA seems to be in line with international financiers' strategies

to offer support for the targeted preparation of NAMA proposals that meet their institutions' specific funding requirements.

While the UNFCCC NAMA Registry continues to witness an increase in numbers of submitted NAMAs that seek international support, no new NAMA has been listed as having found support within the past six months. The support listed in the Registry stems from a variety of sources, including the Global Environment Facility (GEF), the Governments of Austria and Japan, the NAMA Facility, the Spanish NAMA Platform, the Inter-American Development Bank (IDB) and the Australian funded United Nations Development Programme (UNDP) Millennium Development Goal (MDG) Carbon programme. Despite this variety in sources and services, financial, capacity building and technology support, only 12% of NAMAs in the Registry are tagged as having received support.

³ Only 16 entries have been entered in the 'Supported NAMAs' page in the Registry, including support given for the implementation of NAMAs (such as Azerbaijan or Tunisia), for the preparation of the NAMA design document (such as Namibia or Lao), or for capacity development projects for NAMAs (for example Serbia). This list is not exhaustive and only represents part of the total support available for NAMAs to date.

⁴ At the time of writing there were 9 NAMAs seeking recognition in the NAMA Registry (unchanged since April 2016).

⁵ There are 7 unilateral NAMAs, including 5 in Asia and 2 in Latin America (unchanged since April 2016).

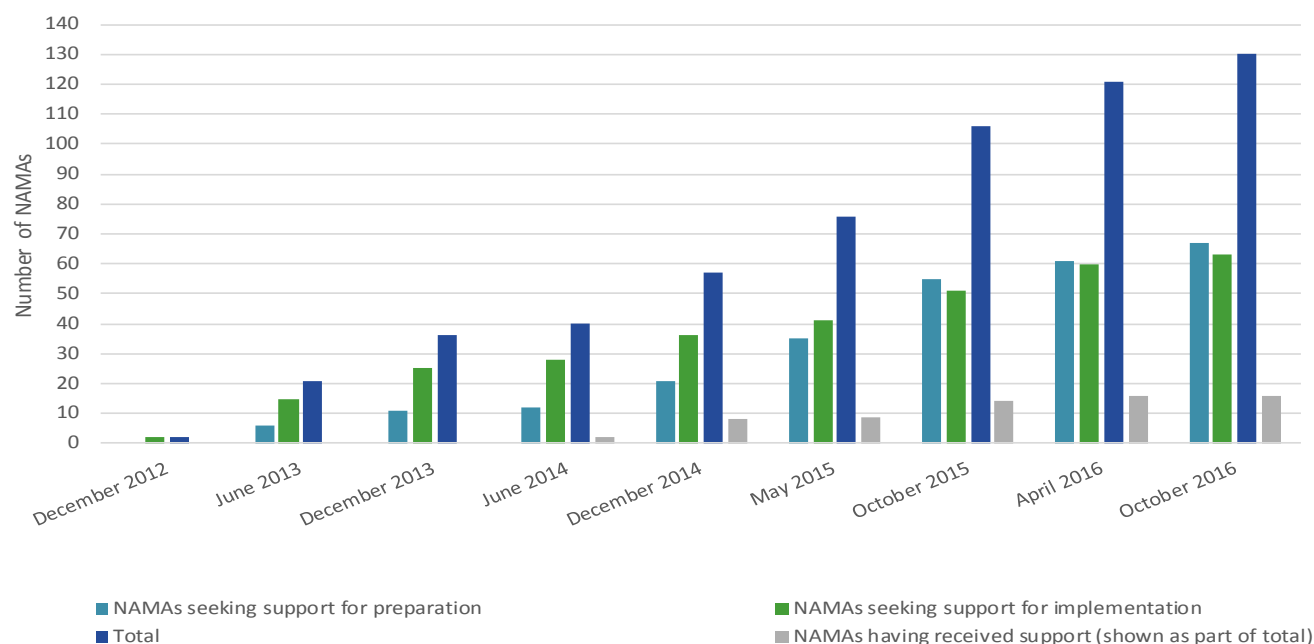


Figure 1 Submission of NAMAs to the UNFCCC NAMA Registry

Current status of global NAMA development and implementation (NAMA Database)

The information presented in the UNFCCC NAMA Registry is complemented by information extracted from the NAMA Database to give a more extensive picture of the current status of NAMA development and implementation in October 2016⁶.

As of October 2016, 203 NAMAs in 64 countries are listed in the NAMA Database⁷. The number of NAMAs under implementation has increased from 16 to 19 within the past six months. In May 2016, the NAMA Facility⁸ announced, within its third call, its support for the implementation of two additional NAMAs, in South Africa (energy efficiency in public buildings) and Guatemala (energy efficiency in households of rural and particularly indigenous communities). Moreover, in April 2016, the GEF approved financing for the implementation of a NAMA in Nigeria (de-risking renewable energy).

The overall number of NAMAs under implementation remains low compared to the 184 NAMAs that are still in the development phase. Furthermore, research and interviews carried out for this Report have shown that the category of “under implementation” is not synonymous with “sufficiently supported”. Rather, most NAMAs under implementation have only secured partial financing to carry out activities that move them closer toward achieving their mitigation and development targets.

Zooming in on NAMAs under implementation

With a view to the above, the classification of NAMAs under implementation has been refined in this edition of the NAMA Status Report by distinguishing four sub-categories of implementation stages. These sub-categories are the result of an analysis conducted in October 2016 on the NAMAs currently listed in the Database as ‘under implementation’, based on several interviews with representatives or NAMA developers from countries where these NAMAs will be or are being implemented (Azerbaijan, Colombia, Georgia and Indonesia), and an interview with the NAMA Facility.

⁶ It is important to note that the NAMA Database does not represent official NAMA submissions and may not reflect the priorities of the country governments.

⁷ These figures refer to the NAMA Database, dated 21 October 2016.

⁸ <http://www.nama-facility.org/projects/portfolio.html>

Box 2: The NAMA Database

The NAMA Database⁹ contains publicly available data for NAMAs worldwide classifying them according to their development stages, from feasibility studies to implementation. Updated on a regular basis, the NAMA Database sources information from the UNFCCC NAMA Registry, the NAMA Facility¹⁰, the United Nations Environment Programme (UNEP) Technical University of Denmark (DTU) NAMA Pipeline Analysis and Database¹¹, as well as additional publicly available information on NAMAs.

NAMAs considered in this analysis are categorised in the NAMA Database either as ‘under development’ or ‘under implementation’. It is important to mention that the Database also contains feasibility studies¹², which have not received official government support, and unilateral NAMAs, which are purely domestic initiatives. These initiatives are excluded from the statistics presented in this Report. In order to be added to the Database, NAMA initiatives must meet the following criteria:

NAMAs under development

- Have the intention to seek financing, capacity building or technology transfer support under UNFCCC;
- Have a specific mitigation objective within specific sector(s);
- Received government backing.

NAMAs under implementation

- Meet all criteria for a NAMA under development;
- Have a clear proponent and a clear set of activities across a defined timeline;
- Specify cost estimates and support needs;
- Specify GHG mitigation and co-benefit impacts;
- Have received some international support to implement the actions contained in the proposal;
- State the size and source of funding if publicly available.

The status of implementation can be assessed on the basis of various factors¹³, such as:

- *Financing*: date of financing received, amount disbursed compared to the total costs of the NAMA, nature of activities covered;
- *Emission reductions*: emission reductions achieved to date compared to the mitigation target of the NAMA;
- *Activities*: readiness assessments, activities linked to the preparation and design of the NAMA, preparatory activities, actual investment in and implementation of mitigation activities;
- *Process*¹⁴: timeframe for securing funding, timeframe for implementing mitigation activities, timeframe for contract negotiation and signing;

- *Collaboration*: involvement of national government, level of stakeholder engagement, efficiency of communication, public opinion.

However, it remains difficult to categorise NAMAs under implementation using these factors. One of the key challenges is the lack of publicly available information. For example, the total cost of a NAMA may only be indicated during the development phase or be unknown ex-ante, and can evolve over time. Tracking of emission reductions directly linked to the NAMA is complex and not always communicated. Moreover, uncertainty in timelines is another obstacle. For example, the process of acquiring funds and implementing activities on the ground takes time – in most cases, more time than

⁹ NAMA Database: http://nama-database.org/index.php/Main_Page

¹⁰ NAMA Facility: <http://www.nama-facility.org/news.html>

¹¹ UNEP DTU NAMA Pipeline Analysis and Database: <http://www.namapipeline.org/>

¹² At the time of writing there are 30 feasibility studies listed in the NAMA Database.

¹³ The list of factors and elements used to introduce sub-categories of implemented NAMAs is indicative and not exhaustive.

¹⁴ Even though it is difficult to find out the exact age of a NAMA, it is safe to say that every NAMA proposal emanates from detailed ideas and prior discussions within the national government, and in some cases with potential funding sources. For NAMAs currently under implementation, it took, on average from one to five years to develop the NAMA, from the design phase to the receipt of funding (‘partially funded’).

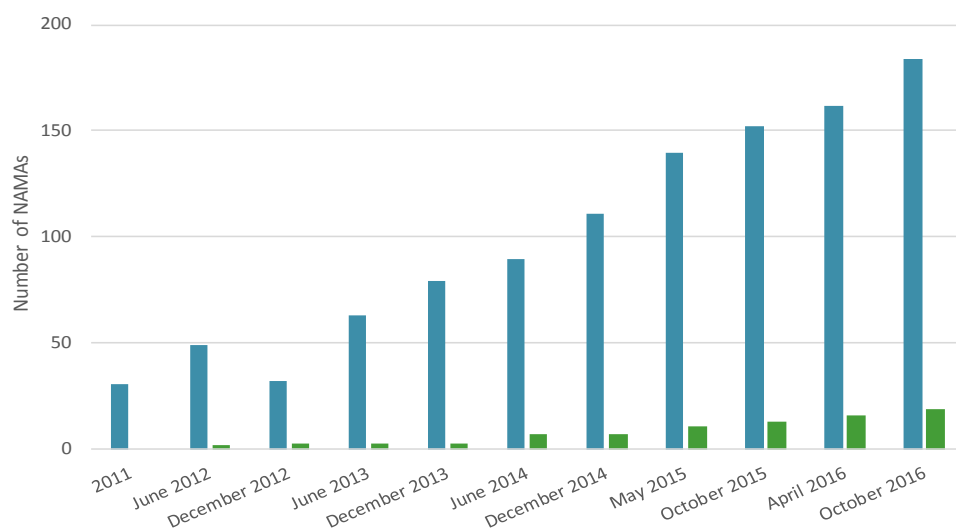


Figure 2 Overall number of NAMAs 2011-2016 (under development and under implementation)

initially planned (see Chapter 3). Some factors are rather qualitative, highly dependent on the country context, funding sources and other key parties, and are therefore difficult to compare between NAMAs, adding to the challenge of categorising NAMAs under implementation.

Taking into account these challenges and using the information publicly available as well as the input from the interviews carried out, financing seems to be the most relevant and reliable factor to detail the categorisation of NAMAs under implementation. There are two different yet essential components that come into play: financial support from international donors, and the establishment of financial mechanisms.

Firstly, the status of NAMAs primarily depends on funding from international donors. In general, receipt of international funding has been the starting point for the execution of NAMA activities in the countries. These activities include, for example, alignment of NAMAs with national support programme(s), trainings to key implementing partners and intermediaries, assistance to set up and operate measuring, reporting and verification (MRV) systems, support to tailor financial support programmes, development of demonstration projects, implementation of low-carbon measures, technical measurements and site visits, as well as awareness and outreach activities.

Nonetheless, while international support is needed, it is only one puzzle piece in financing for full implementation of a NAMA. Other sources of finance are needed, including public and private. International donors generally expect governments to look for co-financing sources from international or national donors and dedicate own national human and financial resources to the NAMA. Considering the limitations of public budgets, it is necessary that public funding, through covering risk mitigation measures, leverages additional private investments in low-carbon action defined in a NAMA, as is the involvement and engagement of the private sector in general (see Chapter 4).

Secondly, the establishment of adequate financial mechanisms and, at a later stage, the resulting flow of international and national, public and private financing, are themselves a determining activity of NAMAs. The status of NAMAs highly depends on the establishment of robust financial mechanisms that are appropriate and specific to each NAMA, including the identification of financing sources. Setting up such financial mechanisms entails, for instance, the assessment of existing and potential mechanisms, agreement with financing partners on operation procedures, development of rules and regulations, formulation of the funding mechanism framework and the development of a fundraising strategy to leverage additional funding. These activities are also mostly covered by the initial international public financial support received.

**Box 3: Stages of NAMAs under implementation**

Fully funded	• International funding has been received; • Funding (international, national, private) covers the total cost of the NAMA; • Adequate financial mechanisms are established; • All activities linked to the implementation of mitigation activities envisaged in the NAMA proposal have been or are being executed¹².
Partially funded	• International funding has been received; • Funding (international, national, private) covers a part of the total cost of the NAMA; • Additional financing sources (international, national, private) are sought; • Financial mechanisms have been researched, but not necessarily established; • Some activities linked to the implementation of mitigation activities envisaged in the NAMA proposal are being executed¹⁶.
Financing approved	• Funding proposals have been submitted to and approved by an international donor; • Bilateral project agreements are under discussion¹⁷; • Additional financing sources (international, national, private) are sought; • Financial mechanisms have been researched, but not yet established; • No activities linked to the implementation of mitigation activities envisaged in the NAMA proposal are executed yet¹⁸.
Under appraisal	• Funding proposals have been submitted to an international donor; • Funding proposals are being assessed by the donor¹⁹; • Additional financing sources (international, national, private) are sought; • No activities linked to the implementation of mitigation activities envisaged in the NAMA proposal are executed yet.

For these reasons, NAMAs under implementation can be further classified according to the level of finance they have received. We distinguish four different sub-categories that measure the extent to which NAMAs are being implemented on the ground: 'under appraisal', 'financing approved', 'partially funded' and 'fully funded' (see Box 3). It is important to mention that, with the information provided in the NAMA Database, the analysis focuses mostly on contributions from international donors, which will be used to leverage additional national public and private finance.

As mentioned previously, there are currently 19 NAMAs under implementation. The NAMA Facility remains the single most important targeted funding source for NAMAs. Other international financial institutions and

donor organisations have provided or are expected to provide funding for the implementation of NAMAs. Chapter 4 contains reflections of representatives from the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the GCF and IDB on their experience with NAMA financing to date.

Table 1 provides an overview of the NAMAs currently under implementation, including information on the amount and source of international financing received, as well as their level of implementation (sub-categories). NAMAs marked with a star (*) are NAMAs that have entered the 'under implementation' category since the publication of the last NAMA Status Report Update in May 2016.


Table 1 NAMAs Under Implementation

REGION	NAMA title	COUNTRY	Sector	AMOUNT (USD) ²⁰	INTERNATIONAL FINANCE SOURCES	STAGE OF IMPLEMENTATION
AFRICA	Biomass NAMA	Burkina Faso	Energy	14.7 mln	NAMA Facility	Under appraisal
	Tunisian Solar Plan	Tunisia	Energy	3.6 mln	GEF, UNDP	Partially funded
	Mass Rapid Transport System Nairobi	Kenya	Transport	22.7 mln	NAMA Facility	Under appraisal
	Energy Efficiency in Public Buildings Programme (EEPBP)	South Africa*	Buildings	21 mln	NAMA Facility	Under appraisal
	De-risking Renewable Energy NAMA for the Nigerian Power Sector	Nigeria*	Energy	4.4 mln	GEF, UNDP	Financing approved
ASIA	Low-carbon end-use sectors in Azerbaijan	Azerbaijan	Buildings Transport Energy	3.6 mln	GEF, UNDP	Partially funded
	NAMA for Low-carbon Urban Development in Kazakhstan	Kazakhstan	Transport	5.93 mln	GEF, UNDP	Partially funded
	Adaptive Sustainable Forest Management in Borjomi-Bakuriani Forest District	Georgia	Forestry	2 mln	Austria	Partially funded
	Sustainable Urban Transport Initiative	Indonesia	Transport	16.2 mln	NAMA Facility	Financing approved
	Tajikistan Forestry NAMA	Tajikistan	Forestry	14 mln	NAMA Facility	Under appraisal
	Thailand Refrigeration and Air Conditioning (RAC) NAMA	Thailand	Energy	16.7 mln	NAMA Facility	Financing approved
	Integrated Waste Management NAMA	China	Waste	9 mln	NAMA Facility	Under appraisal

¹⁵ According to interviews with NAMA proponents in countries and the NAMA Facility, some preliminary activities are carried out once funding is approved but has not yet been sourced. Indeed, since the financing process occurs over several years, activities such as the design of the NAMA concept, the development of the MRV component and capacity building, already take place before funding is approved. However, generally the majority of the technical activities towards concrete mitigation actions only start once financing is disbursed.

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¹⁷ Once funding is approved, an agreement between the parties involved, generally the national government and the international donor, is reviewed and signed. It constitutes the bilateral basis for implementation of the NAMA and provides the green light to de-block technical activities on the ground. It is important to note that this process includes the exchange of notes and feedback rounds between parties and is generally time-intensive.

¹⁸ According to interviews with NAMA proponents in countries and the NAMA Facility, some preliminary activities are carried out once funding is approved but has not yet been sourced. Indeed, since the financing process occurs over several years, activities such as the design of the NAMA concept, the development of the MRV component and capacity building, already take place before funding is approved. However, generally the majority of the technical activities towards concrete mitigation actions only start once financing is disbursed.

¹⁹ An example is the NAMA Facility which classifies its NAMA Support Project proposals under the 'appraisal' category. According to an interviewee from the NAMA Facility, this phase entails the thorough assessment of these proposals, including on-site missions and additional feasibility studies, as well as discussions between the national government and the donor to clarify the ambitions of the NAMA, which will be considered for the final decision of the donor. This process can take up to 18 months.

²⁰ Based on information from the NAMA Facility and UNFCCC NAMA Registry.



LATIN AMERICA	Expanding Self-supply Renewable Energy systems in Chile (SSRE)	Chile	Energy	179 mln	NAMA Facility	Financing approved
	Transit-Oriented Development (TOD)	Colombia	Transport	18.5 mln	NAMA Facility	Under appraisal
	Low-Carbon coffee NAMA in the Costa Rica	Costa Rica	Agriculture	8.3 mln	NAMA Facility	Partially funded
	NAMA for Sustainable Housing in Mexico	Mexico	Buildings	14 mln	NAMA Facility	Partially funded
	Transport NAMA in Peru	Peru	Transport	10 mln	NAMA Facility	Financing approved
	NAMA for the domestic refrigeration sector	Colombia	Energy	10.7 mln	NAMA Facility	Under appraisal
	Efficient Use of Fuel and Alternative Fuels in Indigenous and Rural Communities	Guatemala*	Energy	12.3 mln	NAMA Facility	Under appraisal

Overall, looking at the above NAMAs, it is important to highlight that to date no NAMA has been fully funded, and that approximately two thirds of NAMAs under implementation (13 NAMAs in total) are still in the earliest stages of implementation: 42% are currently under appraisal, and 26% have received the funding approval from an international donor, while no resources have yet been disbursed to implement NAMA activities. The remaining third of NAMAs under implementation are partially funded and are already implementing activities on the ground, as seen in the chart below. This shows that more financial resources need to be mobilised, and implementation of NAMAs accelerated to get to a stage where NAMA activities are actually being implemented that mitigate GHG emissions and generate social and economic co-benefits for the respective countries.

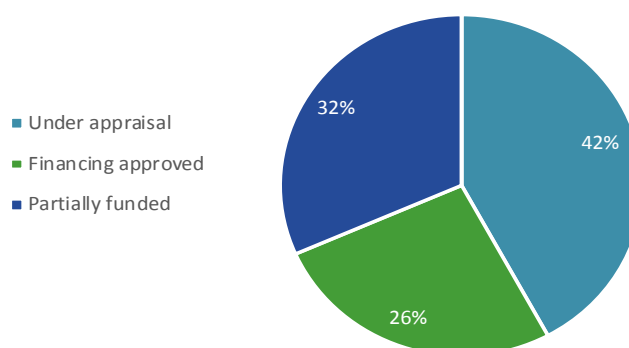


Figure 3 Stages of NAMAs under implementation

Regional distribution of NAMAs

No significant change can be observed in the geographical distribution of the overall number of NAMAs, both under development and implementation. With 74 NAMAs currently listed in the NAMA Database, Latin America (and the Caribbean) continues to be the leading NAMA region hosting around 36% of total NAMAs. The second most represented region is Africa and the Middle East with 64 NAMAs, followed by Asia with 51 NAMAs. Finally, only 14 NAMAs are under development in Europe, accounting for 7% of the total number of NAMAs across the world (Figure 4).

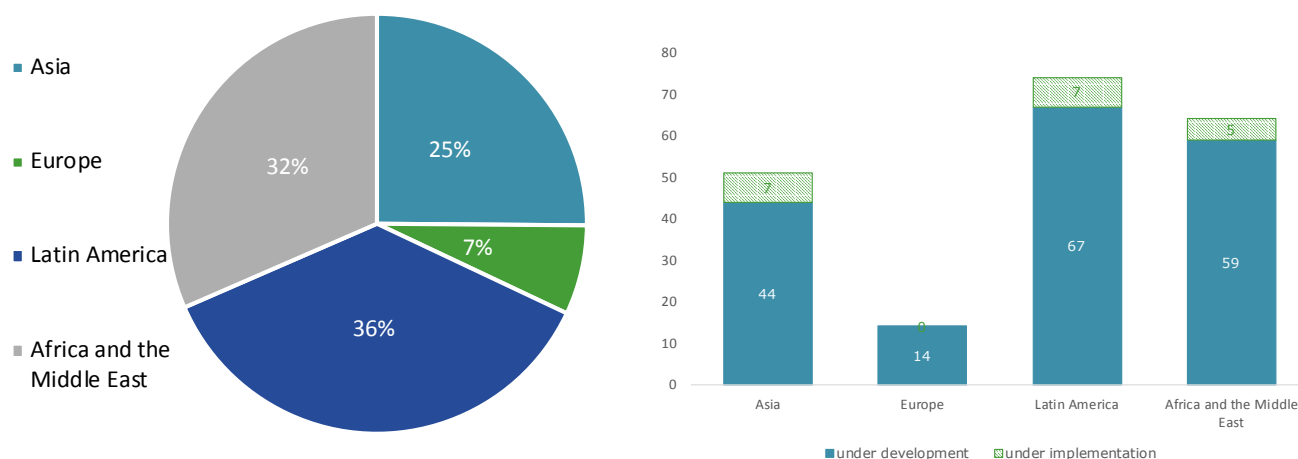


Figure 4 Regional distribution of NAMAs (under development and implementation)

Following the rise in NAMA development in the regions of both Africa and Asia between 2014 and 2015, this year, Latin America, witnessed the highest increase in its NAMAs, from 34% to 36% since October 2015, whereas Europe's share in the NAMA pipeline remains the same (7%). In the past six months, a new NAMA in Bosnia was added to the 13 existing European NAMAs seeking support in Serbia²¹, all of which are still under development. One of the obvious reasons for this low share of NAMAs in Europe is that the region consists for the larger part of developed countries where NAMAs cannot be implemented.

Zooming in on NAMAs under implementation

Even though Asia only hosts a quarter of the total number of NAMAs, the region is the frontrunner with regards to the share of NAMAs under implementation. Asia is currently implementing 7 of its NAMAs (almost 14%), the same number as in Latin America (9%). In contrast, only 8% of the African NAMAs are under implementation and none in Europe. Figure 5 shows the overall regional distribution of NAMAs under implementation and the share of NAMAs which are under implementation in each region.

NAMAs under implementation are mostly located in middle income developing countries²²: more than half of the NAMAs under implementation continue to be in upper-middle income countries, followed by six NAMAs in lower-middle income countries with two additions (Guatemala and Nigeria) in April 2016. Only one NAMA is under implementation in a low-income country (Burkina Faso) and one in a high-income country (Chile). Colombia is the first and only country to have received financing for implementation for two separate NAMAs. Both of these NAMAs have been awarded funding by the NAMA Facility²³.

Sectoral distribution of NAMAs

NAMAs are unevenly distributed across economic sectors. The **Energy** sector holds the largest mitigation potential and remains in first position for NAMA developments (both NAMAs under development and under implementation), accounting for 41% of the NAMA population in October 2016. As in previous years, both the **Forestry** and the **Agriculture** sectors, also high mitigation potential sectors, remain underrepresented (Figure 6). **Transport** seems to be higher on the agendas of African and Latin American countries. Focus on **Buildings** is largely found in Europe and to a lesser extent in Latin America. Asia has by far the highest interest in NAMAs in the **Industry** sector.

²¹ The 13 NAMAs in Serbia are still under development. Most of these are related to efficiency improvements in fossil fuel based energy generation, which is not an activity typically targeted by NAMAs.

²² These countries have been categorized by country income groups, according to World Bank Classification.

²³ The two NAMAs in Colombia are for Transit-oriented Development (TOD) and for the domestic refrigeration sector. Funding under the NAMA Facility is under appraisal following, respectively, a first and third call for NAMA Support Project Outlines.

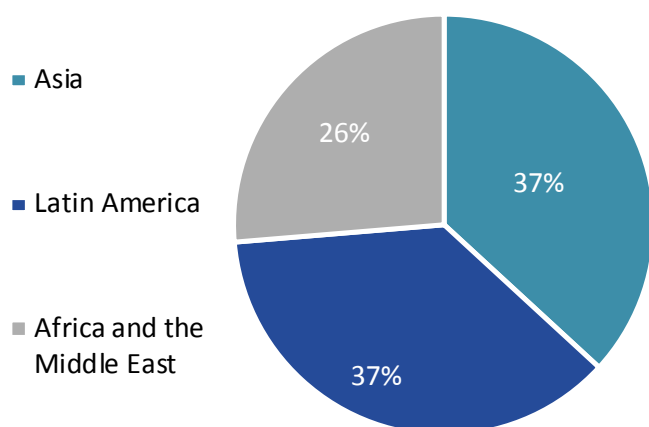
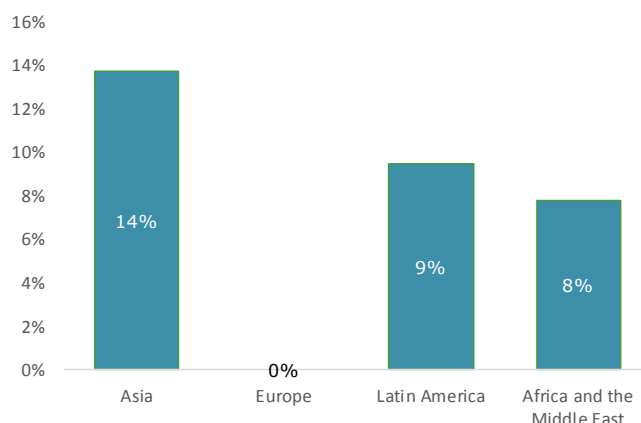


Figure 5 Regional distribution of NAMAs (under implementation)

The past six months have witnessed a rising interest for the **Waste** sector. **Waste has now become the second most important NAMA sector, accounting for 13% of the total number of NAMAs, up from 11% in April 2016.** This is also reflected in the higher number of NAMA Support Project Outlines in the waste and transport sectors that were submitted to the NAMA Facility, representing almost 23% of all applications in 2016. Generally, NAMAs seem to have become more attractive for more complex sectors, such as waste, transport, or energy efficiency. A reason for this might be that the complex or manifold stakeholder structure of these sectors usually requires the development of a suitable support mechanism such as a NAMA, whereas ready for implementation renewable energy projects might opt for directly approaching financial institutions instead of engaging in a NAMA.

In the meantime, **multi-sectoral** NAMAs have also gained importance, with 23 NAMAs now covering multiple sectors compared with 16 in April 2016.



Zooming in on NAMAs under implementation

When focusing on NAMAs under implementation, energy remains the leading sector although to a lesser extent, accounting for 32% of these NAMAs, followed by transport with 16%. However, different trends can be observed in the remaining sectors (Figure 7). It is important to note that even though Forestry and Agriculture are not the main focus areas of NAMAs, two NAMAs targeting the Forestry sector (in Georgia and Tajikistan) and one NAMA addressing the Agriculture sector (in Costa Rica) have secured implementation funding, representing nearly one fifth of NAMAs currently under implementation. In contrast, the waste sector is not yet as strongly represented in the area of implementation. It is fair to say that the increased interest in waste is too recent to allow for the full design and development, let alone the financing and execution of these NAMAs.

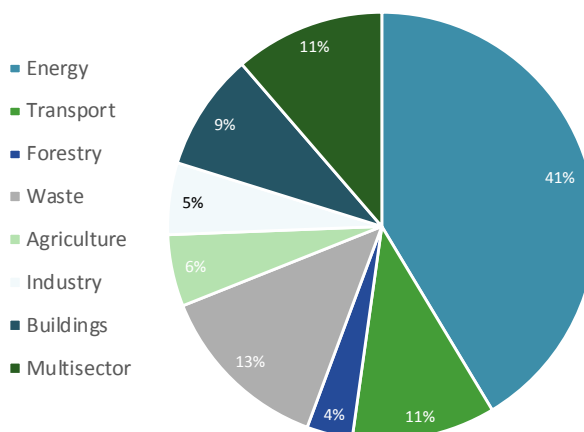


Figure 6 Sectoral Distribution of NAMAs (under development and implementation)

Sectoral distribution varies significantly for NAMAs under implementation when focusing on a specific region of the world. In **Asia**, the three sectors of energy, transport and waste are equally represented, each with a share of 14% of the implemented NAMAs. In **Africa**, energy is by far the leading sector, accounting for 60% of the implemented NAMAs. There are only two additional sectors where NAMAs are implemented, namely transport and buildings (both 25%). In **Latin America**, energy is also the leading sector with more than a quarter of implemented NAMAs followed by an even distribution (14%) in transport, buildings and agriculture (Figure 8).

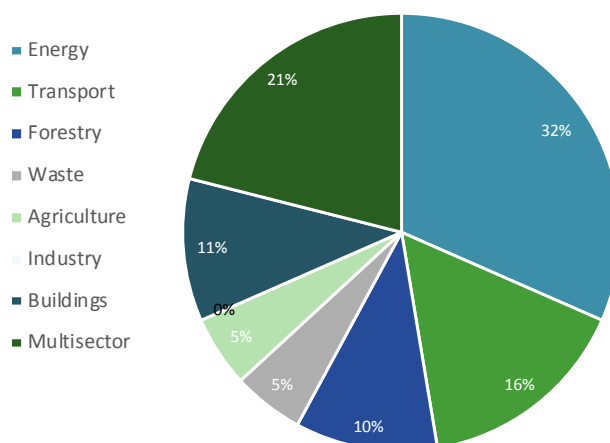


Figure 7 Sectoral distribution of NAMAs (under implementation)

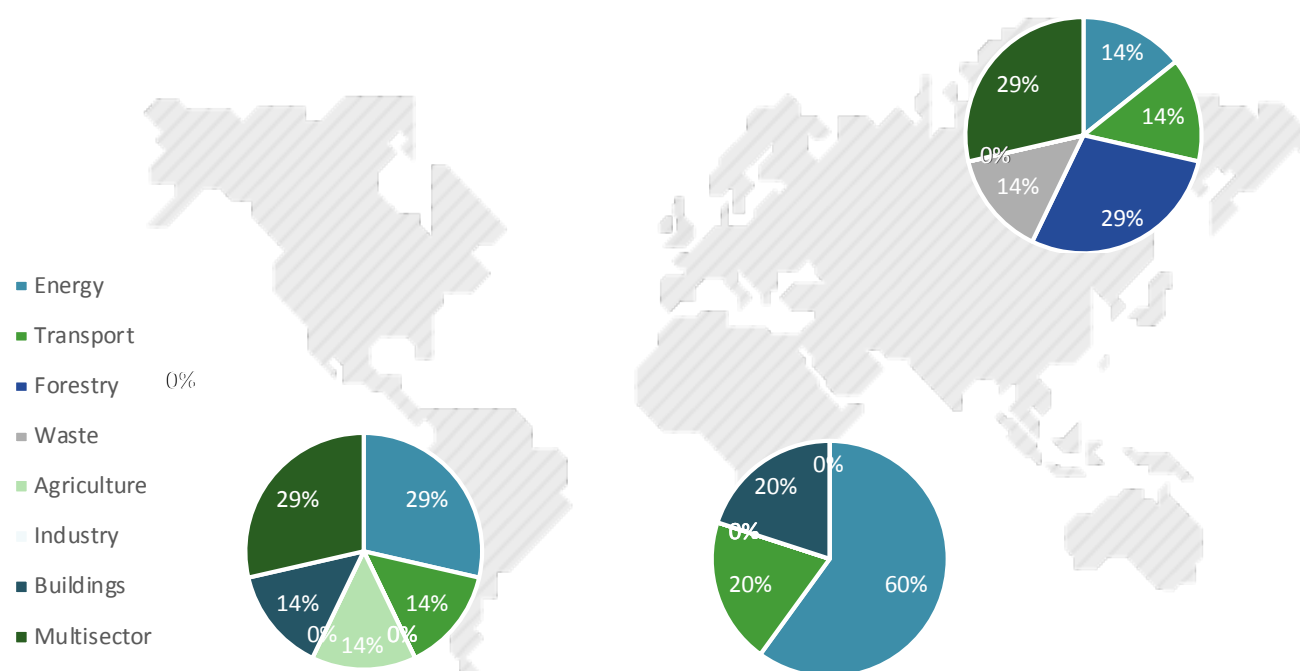


Figure 8 Sectoral and regional distribution of NAMAs (under implementation)

3. A closer look at NAMA development

Xander van Tilburg (ECN Policy Studies)

In the May 2016 mid-year update of the NAMA Status Report, we discussed the potential role of NAMAs in the new international climate landscape, now that the Paris Agreement is there. The Paris Agreement does not mention NAMAs by name, but it does request countries to implement mitigation actions to reach the targets in their NDCs. We argued that NAMAs are suitable as implementation vehicles for the NDC, that they are more suitable than NDCs for attracting climate finance, and that they are transparent by design. These are positive attributes that support a continued role for NAMAs²⁴.

There is room for improvement however in the current practice of NAMA development: it is fair to say that NAMAs need a more realistic approach to designing the financial component and deeper integration with sector plans. But overall we still conclude that NAMAs are here to stay and that maintaining continuity is important. Not only because abandoning the NAMA concept and potentially replacing it with something new would send the wrong signal and compromise expectations raised and political capital invested, but it would also run counter to the spirit of urgency and pre-2020 action. The NAMA concept we have today is still evolving and learning is important; not just from the few NAMAs that managed to secure funding, but ideally also from the ideas and proposals that – for one reason or another – didn't progress²⁵.

When looking at NAMA statistics, whether it is the NAMA Database, the NAMA Registry, or the UNEP DTU NAMA Pipeline, two aspects stand out: the number of NAMAs under development and looking for funding grows steadily, whereas the proportion of NAMAs that have secured funding for implementation remains small. Does this show that there is not enough mitigation funding available to finance these actions or that these proposals are not sufficiently detailed or realistic? What happens to the NAMA proposals that have not yet been able to move to implementation – are these really still 'alive' with the potential for future funding?

The previous section introduced nuances in the category of NAMAs under implementation, with distinctions between those proposals that are under appraisal, have implementation financing approved, and between partially and fully funded initiatives. Establishing a similar approach to categorising proposals *under development* is more complicated because NAMA development is not a one-way linear process, but also because it may not be objectively verifiable whether and why a proposal is no longer actively considered (and may in fact be stalled or no longer relevant).

Based on anecdotal evidence, **we suggest that a significant number of proposals in the Database may not be active, and that taking a closer look at the NAMA proposals in the pipeline could be useful:** it can help establish a more accurate and nuanced picture of the NAMA pipeline, identify bottlenecks in NAMA development and support needs, reveal comparative information and enable benchmarking, and facilitate matching funding with proposals.

²⁴ Rawlins and van Tilburg (2016) The role of NAMAs in light of the Paris Agreement, in Status Report on Nationally Appropriate Mitigation Actions: mid-year update 2016, Mitigation Momentum, May 2016

²⁵ Van Tilburg and Rawlins (2016) NAMA Development and Stakeholder Engagement, Mitigation Momentum, January 2016

Stages and states

When taking a close(r) look at the body of NAMA concepts under development, one would ideally find answers to a number of practical questions for each NAMA proposal or idea:

- How close is the NAMA to implementation?
- What would it take to move these NAMAs to implementation?
- What would be the impact, specifically on the NDC ambition?
- Which NAMA concepts are no longer under consideration and why?

Consider, for example, a NAMA proposal that was prepared for and submitted to the NAMA Facility, but was not selected to receive implementation funding. Technical assistance from (international) experts to support proposal preparation often ends with the submission of the proposal to a funding source, and resources may not be available to repeatedly apply for funding, promote, and tailor the concept. Similarly, developers may struggle to keep domestic resources available for its development, and to maintain ownership and stakeholder buy-in.

Another example could be a NAMA concept that sounds promising at the beginning but which then encounters serious obstacles during the development process. The NAMA may not be able to establish a viable financial model, face serious resistance from stakeholders, or the original assumptions are no longer valid or credible. These are cases in which the proposal will not reach the 'ready for submission' stage and instead can get stalled or even dismissed as infeasible. As time goes by, elements of the original proposal may find their way into other initiatives (i.e. used outside the original NAMA).

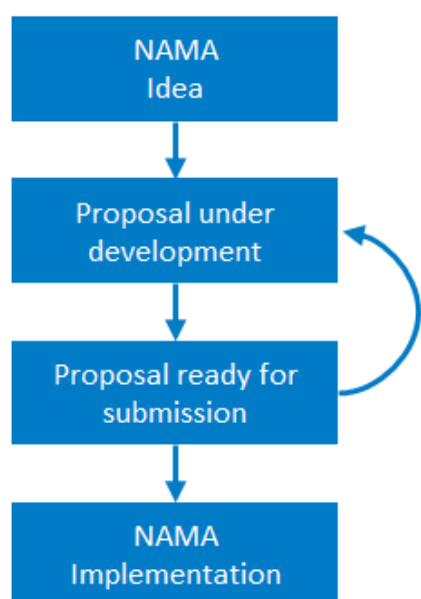


Figure 9 NAMA development stages

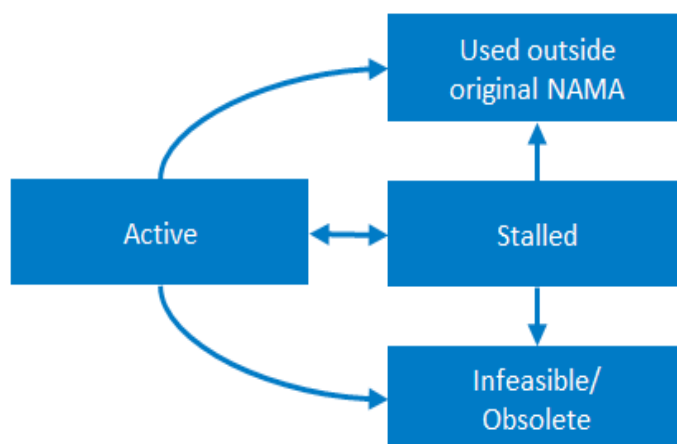


Figure 10 NAMA development states

Two dimensions of a NAMA concept are especially interesting: how far advanced is the concept and how is its endorsement. We find it useful to distinguish between the **stage** a concept is in (idea, proposal under development, ready for submission, implementation funding secured) and the **state** it is in (actively considered, stalled, partly used outside the original NAMA, or infeasible/obsolete). Figures 9 and 10 present a simplified and stylised view on the different stages and states a NAMA concept can be in. It could be tempting to add further detail to figure 1 by introducing a more intricate sequence of stages. This would however ignore the fact that in practice the development of a proposal is not a linear process and that it consists of steps and actions that are iterative and that test different options with different stakeholders in order ultimately to arrive at a NAMA proposal that aligns with political, economic, social and technical realities. Moreover, it would ignore the fact that funders may have different preferences as to when to engage with the process (e.g. an appraisal or detailed preparation phase)²⁶. Specific elements in the development of a proposal, all of which may be revisited several times over the development of the NAMA, may include²⁷:

- Detailing and designing policy and other interventions to address barriers
- Budgeting the instruments that support NAMA implementation;
- Continuing to involve financial and other stakeholders;
- Defining the responsibilities of the actors involved;
- Projecting baseline GHG emissions and mitigation levels;
- Formalising MRV mechanisms and other evaluation tools; and
- Drafting or structuring the national (political) approval process,

Discussion

While it makes sense to distinguish between the different and distinct stages in the life of a NAMA (see Figure 9), this approach is too simplistic to model the actual elements that need to come together before a NAMA is ready for funding. Adding detail to the under development stage requires more than introducing intermediate stages; proposal preparation involves different elements that will need to come together and whose progress can be interrelated. Moreover, labelling a proposal as ready for submission can be ambiguous – funders may have specific preferences and targeting a different funder could mean that the proposal will need to be taken back to the drawing board for adjustment.

Knowing the state of a NAMA proposal (see Figure 10) can provide insight into whether the proposed action is still ‘alive’ and relevant, but here too are limitations: views may differ on whether and why a NAMA concept is not actively endorsed, and assigning a single state does not reveal real government ownership or stakeholder buy-in.

While NAMAs continue to play a role in a post-Paris climate landscape, securing funding toward implementation remains a key obstacle. Over the years, we have been reporting on the pipeline of NAMAs under development, but for most of these initiatives the actual condition they are in remains unclear. Despite the challenges presented here, we believe that better knowledge about the state and stage of proposals in the pipeline²⁸ can help identify the bottlenecks that may hinder progress as well as the support needed for development and implementation.

²⁶ Both the NAMA Facility and the GCF have recognised that early involvement can increase the chances of success: The GCF has introduced a Readiness Programme and a separate Project Preparation Facility, while the NF introduced a ‘Detailed Preparation Phase’ of up to 18 months

²⁷ See section 6.1 in ‘Guidance for NAMA Design in the Context of Nationally Determined Contributions’ (Luetken, 2016)

²⁸ Unpacking the pipeline is likely to be time consuming, and to develop a more detailed approach it might make sense to start by sampling a subset of NAMAs, for example based on country, sector, or other distinguishing feature.



4. Opportunities and challenges: the perspective of financiers

Angélica Afandor, Charlotte Cuntz and Noémie Klein (Ecofys)

The last NAMA Status Report Update of May 2016 contained opinion pieces of developing country representatives on perceived opportunities and challenges for their NAMAs in the post-Paris climate landscape. This Report opens the floor for financiers to reflect on their experience and expectations related to NAMA financing. In this Chapter, views of representatives of the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the Green Climate Fund (GCF) and the Inter-American Development Bank (IDB) are captured in separate contributions. In addition, the synthesis of these contributions also takes into account reflections of a World Bank representative.

4.1 AfDB: NAMAs will need to become an integral part of the 5-year country strategy planning process agreed between AfDB and its member countries to make the most of the Bank's support

By Gareth Phillips²⁹, Chief Climate and Green Growth Officer at AfDB

Background on AfDB

The African Development Bank (AfDB) is a regional multilateral development bank headquartered in Abidjan, Côte d'Ivoire. Its overarching objective is to spur sustainable economic development and social progress in its regional member countries in Africa, thus contributing to poverty reduction. The Bank Group achieves this objective by (1) mobilising and allocating resources for investment in its regional member countries, and (2) providing policy advice and technical assistance to support development efforts. Furthermore, AfDB's efforts are geared towards achieving the Sustainable Development Goals (SDGs)³⁰.

Climate finance at AfDB

The African Development Bank (AfDB) focuses on 54 countries across Africa, with the goal of industrialising the continent while improving the livelihoods of the African people. Through its investments, the AfDB mobilises green and climate finance to address the mitigation and adaptation needs of countries. Recently the AfDB adopted the "Hi 5s" - the five priorities to realise the economic transformation of the continent; namely: (i) light up and power Africa, (ii) feed Africa, (iii) industrialise Africa, (iv) integrate Africa and (v) improve the quality of life for the people of Africa.

In late 2015, the Bank announced that it would increase its annual climate financing to reach USD 5 bn a year by 2020, representing 40% of its total new investments by 2020.

Role of NAMAs in AfDB's climate finance portfolio

AfDB's investments respond to 5-year country programmes agreed with each African country; not a single country has requested to include NAMAs in these programmes

Over the past five years, the Bank's investments in mitigation projects in Africa have amounted to USD 5.643 bn³¹. However, none of this finance has specifically flowed to Nationally Appropriate Mitigation Actions (NAMAs). NAMAs are not currently on the Bank's agenda principally because we have not received official requests from our member countries to finance NAMAs. The AfDB develops its agenda based on the five-year country strategy plans agreed with each specific country, also taking into consideration Regional Integration Strategy Plans. The agenda responds to the requests of the specific country, and is agreed with the Ministry of Finance, Planning or Economic Development as appropriate. In some member countries ministries of environment or other sector ministries have approached the Bank directly seeking financing for NAMAs, however it is not easy as the bank is not able to fund the

²⁹ The views expressed are those of the author and not necessarily those of the African Development Bank.

³⁰ <http://www.afdb.org/en/about-us/mission-strategy/>

³¹ Note that this only refers to the climate mitigation finance component and not the total Bank investment in mitigation projects.

implementation of NAMA activities if they are not considered in the 5-year country programme.

Sometimes the role of AfDB is misunderstood in this regard. Although we are a development bank, we do not automatically have resources allocated to financing ad-hoc requests such as NAMAs. We receive funds from donors, bilateral and multilateral trust funds, which we then disburse to eligible projects through the various modalities and procedures that we maintain such as procurement rules, environmental and social safeguards, climate screening, monitoring and supervision. Given that our member countries currently develop NAMAs ad-hoc, i.e. not within the 5-year country programme and therefore not under the modalities and requirements of the AfDB, it is nearly impossible for us to allocate financing for NAMA implementation.

To finance a NAMA, developers would need start working with the AfDB's Country Economist and Chief Program Officer, as well as the respective national Ministry of Finance, either at the Mid term review of the current Country Strategy Plan or at the start of planning for the next one. The best outcome would be to have the NAMA included in the Country Strategy Plan with funding from AfDB to be supplemented by both private sector funding and funding from a donor and/or a multilateral fund such as the GCF.

How NAMAs could become more interesting for AfDB

National ministries of finance or economy need to bring NAMAs to the attention of AfDB well before negotiations of the country programmes

There is a low level of awareness about NAMAs among AfDB staff as the topic is generally not raised during the negotiations of the 5-year country programmes with governments, which structure our activities. In other words, ministries of finance are not bringing NAMAs to the attention of the Bank, which from our perspective means that NAMAs are not high in the government's agendas of African countries. Despite the increase of NAMA proposals in the region, there seems to be a disconnect between the sector ministries and supporting agencies that develop the NAMAs and the economic development agendas of the countries i.e.

ministries of finance or economy.

NAMAs could further become interesting for the AfDB if they increase their ambition to match that of the Paris Agreement

There is also a growing skepticism amongst some about quantifying emission reductions, which is one of the objectives of NAMAs. Reducing emissions against a baseline may not be the most efficient way to decarbonise the world's economies. Emission reductions and baselines are a product of the Kyoto Protocol and particularly its emphasis on commoditising emission reductions. The Paris Agreement and the NDCs call for planning and development of low carbon technologies within the context of a carbon budget. For example, a marginal abatement cost curve may indicate the lowest cost emission reductions but it may not be the right tool to help an economy plan how to meet increasingly ambitious NDCs. Sooner or later countries will come to realise that achieving the mitigation commitments set forth under their NDCs implies a shift in economic and development planning. The transformation to a prosperous low carbon economy will only be possible if countries plan and undertake economic development under the constraints of their own carbon budget.

Looking forward, NAMAs could be a powerful instrument in helping Parties implement their NDCs but the level of ambition of the NAMAs would need to match the level of ambition implied in the Paris Agreement and to the extent that there was ever an intent to transfer emission reductions arising from NAMAs, such actions would not help a host country meet its commitment under the Paris Agreement.

The momentum of the Paris Agreement could be used by sector ministries to position NAMAs more prominently on national development agendas

One of the positive consequences of the Paris Agreement is that ministries of finance will come to realise what their governments have signed up to with regards to the implementation of NDCs and will start to discuss within the government what the opportunities and the actions needed to achieve the NDC commitments are. Ideally, the discussion will lead to the recognition of the importance of involving economic sector players, including sectoral

ministries, which should be ready to offer solutions. Here I see an opportunity for sector ministries to talk with finance ministries, raise the important issues for their sector and the avenues for decarbonisation. NAMAs can play a role in this discussion: if they are mature enough, NAMA champions can make a good case and market NAMAs as effective instruments to help the country in achieving its NDC commitments.

Once NAMAs rank high on national agendas, countries should seek AfDB support already during the development phase of a NAMA

Once NAMAs get to the high-level development agenda of the government, ministries of finance should ask the AfDB for support in developing specific NAMA projects, to ensure early on that they are formulated in a manner that is compatible with the Bank's financing instruments. The provision of financing will still depend on the policy and regulatory framework and institutional arrangements necessary for the execution of the project, as well as other specific requirements of the Bank (e.g. environmental, social and climate safeguards). However, we have or will acquire the capacity to support the governments in preparing the projects to comply with these requirements.

An enabling policy framework, a robust monitoring and reporting system and the potential for scaling up are important financing conditions

To provide support to a specific NAMA, AfDB wants to see national policies that support the implementation of the NAMA and create a long lasting environment in which actions can continue. It also wants to see that governments have or plan to put in place a strong monitoring and reporting system, so the project execution and its results are easily monitored and verified. Moreover, the Bank wants to see projects with the ability to scale up through new and additional finance, ideally from the private sector.

Public finance should be used for risk mitigation

In terms of risk mitigation, there are many instruments that can be deployed; for example, grants and concessional loans are the basic tools provided by AfDB or other development financial institutions (DFI), but more developed tools or "enabling environments" can be created via various kinds of insurance (e.g. Agricultural Risk Capacity), currency insurance and non-payment guarantees, DFIs can facilitate currency swaps, develop public private partnerships and facilitate offtake agreements as well as helping governments remove fossil subsidies etc. It is well understood that concessional finance should be used to take on risks that the private sector cannot manage including things like long term political risks, currency fluctuations and non-payment from state owned enterprises.

Climate change mitigation action in the future

Beyond NAMAs, countries need to look forward into the future and ask themselves what their economies will need to look like in 30 years to be on track to net zero emissions

Under the Paris Agreement, the concept of mitigation is no longer a proper construct. The Kyoto Protocol built a legacy of emission reduction units, which builds on the idea of financing projects on the basis of mitigation and its abatement costs. This is the concept under which NAMAs have been developed, but I think that it is not the best suited any more to make the right choices to achieve net zero emissions by the end of the century. We need to enter a paradigm shift and start financing projects that will help achieve the NDCs in thirty years' time. If NAMAs are meant to continue to evolve under this new paradigm, they will need to be developed with the future in mind and respond to the question of "how will this NAMA contribute to the decarbonisation of my economy?" This will force governments to think about the sources of GHG they can afford and the changes that are needed in their economies, and how they can maximise the benefits to their economies while taking into account the available carbon budget.



4.2 EBRD: A focus on delivery of climate finance

By Jan-Willem van de Ven, Head of Carbon Market Development, Energy Efficiency and Climate Change, EBRD

Background on EBRD

The European Bank for Reconstruction and Development (EBRD) is an international financial institution that is owned by 65 countries from five continents (Europe, North America, Africa, Asia and Australia) as well as the European Union and the European Investment Bank. It was founded in 1991 to assist in the market transition of initially central and eastern Europe, furthering progress towards 'market-oriented economies and the promotion of private and entrepreneurial initiative'. The EBRD operations have since expanded to Turkey and Northern Africa. The EBRD works through the financing of projects in predominantly the private sector and policy dialogue with the countries of operation. In addition, the bank provides business advisory services, technical assistance and promotes trade finance. The Bank is a strong sponsor of climate action. Its climate finance activities are currently about a quarter of the annual business investments, and which should grow to 40% by 2020. The EBRD is headquartered in London³².

EBRD's investment focus

EBRD's investments responds to the economic development needs of countries in central Europe, central Asia and southern and eastern Mediterranean

The European Bank for Reconstruction and Development (EBRD) invests in projects in 37 countries from central Europe to central Asia and the southern and eastern Mediterranean. Its investments should support market transition, through fostering business development, entrepreneurship and economic growth. Policy dialogue with governments to establish sound regulations that leverage private sector development, such as carbon market systems, energy efficiency standards and renewable energy support schemes is an essential part of the work. Projects in which the EBRD invests need to meet criteria such as sound banking, additionality to the private sector and provide transition impact. Projects

also need to meet high social and environmental standards. About 70% of EBRD's transactions are done in the private sector.

Climate Finance at EBRD

EBRD has set itself the goal to increase the share of green financing in total investments to 40% by 2020

The EBRD has built up a long track record in sustainable energy, resource efficiency and climate finance. Building further on this track-record, in 2015, EBRD launched the Green Economy Transition (GET) approach with the vision of increasing the environmental benefits of its investments through "green financing". The Bank's GET approach seeks to increase the volume of green financing to 40% of its total business investment by 2020. Through this approach the Bank is scaling-up its climate finance, expanding the range of environmental projects, developing new public - private market channels and is strengthening its policy dialogue needed to deliver green economic transition.

Role of NAMAs in EBRD's climate finance portfolio

To date, EBRD's GET activities may be seen as NAMAs avant-la-lettre

We see the NAMA as a potential powerful tool in increasing delivery of climate action and enabling future uptake of increased ambition. We observed that many NAMA developments have been initiated through international capacity building programmes. And also note that many remain to be implemented. There remain to be questions marks; Definition of a NAMA? How does a NAMA relate to the Nationally Determined Contributions? Is a NAMA registration a means to achieve international recognition? Or is it a potential offer for climate finance to find its way to market? When is a NAMA a success?

The Green Economic Transition (GET) work the Bank has been carrying out have all the features of a NAMA development and implementation. A substantial number of EBRD's GET projects involve i) the development of new green business models, ii) the arrangement of partnerships between donors, recipients, the EBRD and its private sector relationships, iii) the actual investments (e.g. renewable energy), iv) policy dialogue and capacity

³² <http://www.ebrd.com/who-we-are.html>

building to establish an enabling policy and regulatory regime and v) the explicit result and impact assessment. We assist countries in lowering the risks of their projects and drag along private sector investments to leverage our investments and those of the governments and donors. However, these activities have not led to a NAMA registration, but have been supportive e.g. of the consideration and formulation of INDCs.

NDCs are now the starting point; EBRD supports countries in realising NDC targets

As Paris Agreement comes into force, the NDCs should be treated as the most concrete document and the starting point of the low carbon development path each country wants to take. From here, the EBRD can help countries prepare the road and provide the support to assist in accomplishing the targets set in their NDCs. In preparing this road we can use our GET approach to offer countries technical assistance to overcome barriers and policy dialogue support. Investing in projects in line with climate mitigation and resilience is a key instrument. On policy dialogue, EBRD works closely with governments to support the development of strong institutional and regulatory frameworks that incentivise low carbon development, and pays attention to climate resilience as well. With regards to barriers, the Bank conducts market analysis, resource audits, training and awareness raising. The EBRD can also leverage donor funding to design and deliver appropriate grant incentives and address affordability constraints.

Key ingredients for NAMA development

Assuming most NAMA developments seek international (financial) support, and as climate finance scales-up (such as GCF), we need to ascertain that key ingredients are there, including:

- A host country request for support, with clarity how the NAMA would be nested in its NDC climate mitigation targets.

- The potential investment needs to be aligned with the investors mandates, criteria and conditions, leading to a business case.
- How potential investment and regulatory barriers could be overcome as part of the policy dialogue and capacity building work (transformational change or paradigm shift).
- There is a concrete international sponsorship potential for technical assistance and incentives/co-finance to overcome barriers, establish demonstration projects and herewith establish new markets.
- There is strong will and partnership between the stakeholders to make the NAMA happen over the planned implementation period, and its results and impact are adequately MRV-ed.
- The ability of the NAMA to deliver climate mitigation and climate resilience at scale is also an increasingly important feature.

4.3 IDB: IDB finances demand-driven climate change mitigation actions that are consistent with a country's development strategy

By Filippo Berardi, Senior Climate Finance Consultant and Thiago De Araujo Mendes, Senior Climate Change Specialist, Inter-American Development Bank

Background on IDB

The Inter-American Development Bank is devoted to improving lives. Established in 1959, the IDB is a leading source of long-term financing for economic, social and institutional development in Latin America and the Caribbean. The IDB also conducts cutting-edge research and provides policy advice, technical assistance and training to public and private sector clients throughout the region.

The bank's current focus areas include three development challenges – social inclusion and inequality, productivity and innovation, and economic integration – and three cross-cutting issues – gender equality and diversity, climate change and environmental sustainability and institutional capacity and the rule of law. IDB is headquartered in Washington, D.C.³³

³³ <http://www.iadb.org/en/about-us/about-the-inter-american-development-bank,5995.html>

Climate Finance at IDB

Climate change is a cross-cutting issue that is considered in all of IDB's investments

The Inter-American Development Bank (IDB) offers financial and technical support to 26 countries in the Latin American and Caribbean (LAC) region. Its main objective is to achieve sustainable and climate-friendly development in the region. Three overarching goals guide the Bank's operations: (i) realising the sustainable development goals (SDGs); (ii) stepping up climate finance flows; and (iii) promoting and assisting countries in private sector development. Climate change itself is a cross-cutting issue in all of the Bank's investments; thus investments that reduce greenhouse gas emissions and/or climate vulnerability are prioritised.

IDB has set a goal to increase climate financing to 30% of its operations by 2020

Early this year, the IDB group set a goal to increase climate change financing to 30% of its projects by 2020. In dollar terms, this means reaching investments of around USD 3-4 billion per year. This decision is a result of the LAC region's urgent need for climate investments, which IDB estimates to be approximately USD 80 billion per year between 2020-2030. Even considering the IDB's own ambitious 30% target, the mitigation and adaptation needs of the region will require coordination and engagement with a range of different partners and sources of climate finance from around the world to mobilise the required trillions of dollars in new investments.

Climate investment priorities at IDB are guided by NDCs and SDGs

The Paris Agreement and the 2030 Agenda for Sustainable Development laid the foundations for IDB's climate investment priorities. Therefore, we focus on assisting Latin American and Caribbean countries in implementing the commitments set in their NDCs and the SDGs, and transforming these commitments into investment plans and projects.

Following the Paris Agreement, through which countries have sent a clear political signal that there will be a progression in mitigation, adaptation, and climate finance efforts, IDB has created the "NDC Invest Platform"³⁴ to assist countries in low carbon development. The Platform offers countries resources for transforming their national commitments into achievable investments plans. While some countries in the region have not developed an NDC yet, they can still benefit from the Platform, as long as they pursue the objective of stepping up mitigation, adaptation or climate finance activities. The Platform responds to the fact that the public and private sectors in countries of the LAC region often don't have enough resources to design bankable climate change mitigation projects. For example, the "NDC Market Booster" of the Platform provides additional, non-reimbursable and reimbursable grants for innovative business models, financial instruments and other market development services, and prepares capacity building exercises. The "NDC Finance Mobiliser" supports countries in their search for additional internal and external financial sources for larger projects, e.g. renewable energy power plants.

Role of NAMAs in IDB's climate finance portfolio

NAMAs are interesting to IDB as long as they are demand-driven, fall within the agreed Country Strategies and take NDCs and SDGs into account

IDB plans investments in four to five year cycles. These investment plans are specific to each country, and we call them "Country Strategies". They are a result of a broad and open process carried out together with national finance and budget planning ministries, which are the Bank's counterparts in the countries. Country Strategies reflect national development priorities and plans, including climate change plans, as well as our interest in ensuring a climate-friendly portfolio. As such, Country Strategies become our national navigator and need to be considered by new project funding requests. Furthermore, IDB support is demand-driven: all of the NAMAs that we have supported so far were brought to our attention directly by the respective country. Hence, if countries are interested in developing or implementing NAMAs or other climate change mitigation actions - the label is not important from our viewpoint - with IDB

³⁴ <http://www.ndcinvest.org>

support, we are ready to do so, as long as they are aligned with their own Country Strategy, the SDGs and their NDCs.

Further important criteria for NAMA funding

After this first screening, we look at project requests in more detail to determine the bankability, in other words whether it is feasible from an investment point of view. There is no mandatory requirement to accept project ideas, but we consider at least the following elements:

- Type of client: borrowing capacity, capacity building needs, potential of market in a particular sector;
- Size of the investment opportunity: return on investment, volume of cash-flow, the role of the private sector;
- Type and level of risks: risk sharing between public and private sector, risk mitigation instruments.
- Transaction cost for the Bank: resources invested in preparation versus potential impact of the project.

It is also considered important that the results of a climate change mitigation project are made transparent by the country, for example in the Biennial Update Reports (BURs) submitted to the UNFCCC.

Once the project idea is considered bankable, the Bank proceeds to support the country in structuring the mitigation action and/or designing the financial mechanism for the project. The structure will vary and is unique to each project, but generally it may involve concessional loans, risk mitigation instruments and national and/or international co-financing; as well as increased cooperation between public and private sectors and the involvement of local development banks.

The private sector has become a key player for the IDB Group in low carbon development operations

The fiscal conditions of LAC countries have generally deteriorated over the past few years and play against the need for low carbon investments. As noted earlier, the level of investment needed to achieve low carbon

economies in the region amounts to USD 80 billion per year. Clearly, governments in the region cannot afford these investments, even if the Bank would assist them alone. Many Governments have fiscal ceilings that make it difficult to receive debt to implement low carbon or resiliency programs. This is where the IDB Group's private sector arm, the Inter-American Investment Corporation (IIC) comes into play to complement other sources of private finance and support the private sector in the implementation of climate-friendly programs.

Available financial instruments for private sector operations include loans, technical cooperation grants, guarantees and equity investments, often used in combinations that aim to allocate the investment risks to the actors that are better positioned to bear them. At the same time, IDB Group is also increasing the use of innovative instruments to leverage private sector finance, such as green bonds, energy saving insurance and risk sharing facilities.

The creation of an entity at project level is recommended to bundle national efforts and communication

Furthermore, for more complex projects where multiple public agencies are involved, we would advise country governments to create, where possible, a special purpose entity at project level that can manage different inputs from government ministries and agencies and coordinate the communication with financiers such as IDB. This has proven to be very effective, as such an entity can ensure that efforts are concentrated and a situation is avoided where we need to deal with different sector ministries such as environment, agriculture or treasury separately.

4.4 GCF: NAMAs can be the starting point for a full-fledged GCF proposal

By Angélica Afandador (Ecofys)

The following contribution is based on an interview with a representative of the GCF Secretariat as well as publicly available information. It does not necessarily reflect the views of the GCF Secretariat and Board.

Background on GCF

Created by the UNFCCC, the GCF aims to support a paradigm shift in the global response to climate change. It allocates its resources to low-emission and climate-resilient projects and programmes in developing countries. The Fund pays particular attention to the needs of societies that are highly vulnerable to the effects of climate change, in particular Least Developed Countries (LDCs), Small Island Developing States (SIDS), and African States.

The GCF was established by 194 countries party to the UN Framework Convention on Climate Change in 2010. It is designed as an operating entity of the Convention's financial mechanism and is headquartered in the Republic of Korea. It is governed by a 24 Board member Board, representing equal number of developed and developing countries, and receives guidance from the COPs³⁵.

Regional focus of GCF

The GCF has a regional focus only for adaptation projects

The GCF supports all developing country parties to the UNFCCC. The Fund does not have a country or regional focus for mitigation projects, however, it does for adaptation projects. At least 50% of funds for adaptation should be targeted to LDCs, SIDS and Africa.

Up to date, there are 138 Nationally Designated Authorities (NDAs) or focal points in place, which are the focal points of the Fund in developing countries. They are the contact points for the Fund and have a range of responsibilities, including communicating to the GCF the country's strategic priorities for financing low-emission

and climate-resilient development and submitting a no objection letters for funding proposals in their respective countries. Those are usually located in ministries of environment or finance, development and planning, as well as national agencies or in some cases even the Prime minister offices.

GCF funding criteria

There are six funding criteria that need to be met for a project to be eligible for GCF funding

The GCF uses six criteria as a basis for its funding decisions, namely:

- (i) **Country ownership:** measured by the level of alignment between the project's goals and the country's priorities as well as its climate and development strategies and plans. The country ownership is one of most important funding criterions.
- (ii) **Impact potential:** measured by the volume of greenhouse gas emission reduction the project can achieve (in the case of mitigation projects), or by the level of contribution to the increased resilience and adaptation capacity the project could realise (in the case of adaptation projects).
- (iii) **Paradigm shift:** measured by the potential of project replication or scalability.
- (iv) **Sustainable development potential:** measured by the relevance of co-benefits the project brings to the environment, society and economy (i.e. additional benefits to the main objective of the project).
- (v) **Needs of recipient countries:** measured by whether the proponent thoroughly mapped the beneficiaries of the project and whether the project calculated the exposure to climate risks and the degree of vulnerability of the country.
- (vi) **Effectiveness and efficiency:** measures how well the financial structure of the project is developed and whether the proposed structure adequate and reasonable to achieve the proposal's objectives in its feasibility and effectiveness.

³⁵ <https://www.greenclimate.fund/about-gcf/global-context#mission>

Role of NAMAs in the GCF's climate finance portfolio

The strongest asset of NAMAs is their country ownership, but further work is needed to make them eligible for GCF funding

NAMAs can qualify for GCF funding as long as the proposals observe the six investment criteria. While the GCF has not received a concrete proposal for (further) implementation of a NAMA, a few concept notes that were submitted by the accredited entities were built on existing NAMAs. NAMAs have by definition a strong country ownership, which is considered a significant asset as this is of highest priority. Nonetheless, the proposals coming from NAMAs that we have received still need to improve in other elements, such as the requested assessments under the needs of the recipient criteria, and financial analysis under the effectiveness, efficiency and paradigm shift criteria.

Usually, the NAMA developers approach us and discuss with us how a NAMA could be transformed into a bankable project under the GCF criteria. Some examples of proposals that emerged from NAMAs or that were built on NAMAs include the NAMAs on green mobility, energy and waste management in Latin America.

The GCF Readiness Programme can help countries transform their NAMAs into eligible funding proposals

The good news is that most NAMAs can be turned into proposals that meet the GCF funding criteria. If funding is needed to develop the NAMA proposal further, the GCF has introduced a Readiness Programme (total funding available 30 million USD) and a separate Project Preparation Facility (total funding available - 40 million USD), which provides grants to support the preparation of proposals. Country governments, through their NDAs, can request readiness support grants of up to USD 300,000 directly, with a total cap of USD 1 million of readiness support available per year. As the GCF itself does not provide technical assistance, the countries need to then procure experts to help them conduct the additional studies and analysis needed. Alternatively, countries can approach the GCF through a delivery partner, which subsequently uses the resources of the GCF to help the country develop the project proposal further.

While there is currently no specific mandate or decision from the GCF Board to focus on NAMA implementation explicitly, the GCF has been funding and will continue to fund projects that emerge from NAMAs, if they meet the GCF Investment criteria and have undergone the required studies, economic analysis, environmental and social impact assessments, and provide the required information.

Further important elements that NAMAs should consider to receive GCF funding

The suggested financial mechanism should be adequate to catalyse additional investments and achieve the project's objectives

NAMA proposals should demonstrate that the proposed financial structure provides the least concessionality needed to make the project viable. The GCF is looking for the potential to catalyse additional investments and financial soundness of the project in the long term; hence, the proposed financial structure (funding amount, financial instrument, tenor and terms) should be adequate to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers.

Cost effectiveness in terms of USD/ton CO₂eq mitigated should be reasonable

Cost effectiveness is also an important element in our evaluation. Countries should estimate the mitigation costs of the investment per ton of CO₂ eq. This provides insights into the total investment costs versus the expected lifetime of emission reductions. Our evaluation looks at this variable in relation to comparable projections and scenarios.

While the GCF takes care of risk mitigation, countries should consider co-financing to ensure projects are country owned

Finally, risk mitigation instruments play a role in our investments. The GCF does not expect country governments to deal with the risks themselves, on the contrary, the GCF may provide guarantees or equity investments in those projects and fund more risky projects.

All in all, if countries are seeking climate finance for implementing NAMAs, they should find suitable partners (i.e. accredited entities) to transform their NAMAs into fully fledged proposals, which then can be submitted to the GCF. In addition, we could fund the necessary steps for the preparation of elements required in the funding proposal through the Readiness programme and the Project Preparation Facility.

4.5 Synthesis of financiers' contributions

Several common themes emerge from the above contributions.

First, financiers included in this Report are generally open to financing NAMAs if certain funding requirements are met. The label of the climate change mitigation action is not of primary interest to the financiers as long as that action complies with funding criteria. When countries or NAMA developers view the NAMA concept as a rigid vehicle that will automatically result in financing, it can even hamper the development of good quality mitigation actions. However, NAMAs offer notable advantages, particularly with a view to country ownership as they are per definition embedded in national strategies (see below), but also in relation to MRV which is an important element of mature NAMA proposals.

Second, financiers offer support to countries to transform their NAMA proposals into fundable proposals that meet their funding requirements. That said, countries are encouraged to seek support from the financiers during the development phase of a NAMA. This ensures early on that important funding criteria such as adequate financial mechanisms and co-financing are considered in the NAMA proposal. Examples of such support are the IDB's *NDC Invest Platform* and the GCF's *Readiness Programme* and *Project Preparation Platform*.

Third, the most important financiers' funding requirement is country ownership. However, it is not sufficient if a national sector ministry or agency drives the NAMA development and approaches the respective financiers with a funding request.

The communication channel chosen to convey such a request to a financier is crucial. For example, the national governments' counterparts of AfDB and IDB are finance or budget ministries that negotiate multiannual country strategies with the Banks. If NAMAs are not included in these strategies, they are not considered a high-ranking, and thus fundable, national priority. Similarly, the point of contact of the GCF in countries are NDAs who need to communicate national priorities in the field of climate action to the Fund.

5. What we talk about when we talk about NAMAs

Xander van Tilburg and James Rawlins (ECN Policy Studies)

Over the past years, this publication has presented progress and discussions on the development of NAMAs as a way for developing countries to support development while keep emissions low. Since its introduction, a solid basis of capacity and experience is emerging that will prove critical in translating NDCs into concrete actions. We do however also observe that up to 90% of the NAMAs in the Database have not been able to secure funding for implementation, and that quite a few have been under development for years. In Section 3 we hypothesise that many of these may have ‘stalled’, after rejection by the NAMA Facility or another internal setback, and that this makes it hard to assess how many proposals are still feasible for implementation. In Chapter 4, on the other hand, we can see that a number of important financiers look for funding opportunities with NAMA-like characteristics.

If we compare a NAMA to a mitigation action that is nationally appropriate, then what is the difference? Should we look at the NAMA Facility for the *de facto* definition, as the sole dedicated funder, and only label mitigation actions as NAMA™ when they target the Facility? Does it make sense to use NAMA for all government-endorsed actions in line with the NDC ambition? Perhaps NAMAs should cover some other subset, like a ‘premium brand’ of mitigation actions with specific features?

This section tries to shed some light on these questions by looking at where NAMAs came from and where they could head in the future. Although no longer explicitly part of the post-2020 climate architecture, we present a number of reasons to stick with NAMAs because as a concept they have more to offer than merely a label to satisfy one specific funder.

When we started talking about NAMAs

The term Nationally Appropriate Mitigation Action was first introduced in 2007, in the Bali Action Plan. As a concept however, it did not materialise out of thin air: in the early 2000s, ‘Sustainable Development Policies and Measures’ (SD-PAMs) were introduced to explore how developing countries can participate in the effort against global warming³⁶. The SD-PAMs approach suggested that developing countries pledge actions rather than quantified emission reductions and start from “development priorities and identify how these could be achieved more sustainably [...] identify synergies between sustainable development and climate change”. By design, SD-PAMs would integrate the national development priorities of the country into their approach to climate change. In the run-up to COP13 in Bali, the OECD further discussed how SD-PAMs could be integrated into the UNFCCC climate regime³⁷ identifying several aspects that would later reappear in NAMA discussions, including whether a single definition is needed, what exactly the purpose is, when countries can start and stop using SD-PAMs, and issues related to the process of developing and implementing SD-PAMs. Although the name changed, it is obvious that NAMAs are rooted in the SD-PAM concept.

The Bali Action Plan first introduced the term “Nationally Appropriate Mitigation Actions” in the UNFCCC context. In 2007, the Conference of Parties (COP) adopted a set of decisions comprising the Bali Road Map, with a comprehensive process to chart out a post-2012 climate agreement dubbed the ‘Bali Action Plan’. The COP decided that the Action Plan process would be conducted by a subsidiary body under the Convention, the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA), which would eventually run to 2012 and has

³⁶ Winkler, Spalding-Fecher, Mwakasonda, and Davidson (2002) Sustainable Development Policies and Measures: Starting From Development to Tackle Climate Change, In Baumert et al (2002) Building on the Kyoto Protocol: Options for Protecting the Climate, World Resources Institute, 2002.

³⁷ Ellis, Baron, and Buchner (2007) SD-PAMs: what, where, when, and how? Paper COM/ENV/EPOC/IEA/SLT(2007)5, OECD/IEA Paris, November 2007

been the main forum for discussions on NAMAs under the Convention (after 2012, the topic was transferred to the Subsidiary Body on Implementation). During the 2009 UNFCCC negotiations the COP 'took note of' the Copenhagen Accord, a three-page proposal which was initially contested by some Parties, but laid the foundation for subsequent COP negotiations. It mentions NAMAs as supported actions by developing countries:

[...] **Nationally appropriate mitigation actions** seeking international support will be recorded in a registry along with relevant technology, finance and capacity building support. Those actions supported will be added to the list in appendix II. These supported **nationally appropriate mitigation actions** will be subject to international measurement, reporting and verification in accordance with guidelines adopted by the Conference of the Parties

The Copenhagen Accord proved to be a real push for NAMAs and especially the invitation to submit NAMAs to be included in Annex 2 of the Accord and (to a lesser extent) the promise of developed countries to raise 30 bln USD of new and additional resources. A total of 46 countries submitted short summaries of NAMAs to the UNFCCC, for Annex 2 to the Copenhagen Accord³⁸, and this number eventually rose to 58 countries³⁹. This initial inventory of NAMAs shows a large diversity and several submissions do not refer to specific actions but rather sectoral or national emission reduction ambitions (what we would now consider elements of an NDC). In the following three years NAMAs were a core element in the mitigation text under preparation by the AWG-LCA, albeit without further detailing and clarification. After the conclusion of the Bali Action Plan in 2013, the focus of the post-2020 negotiations moved from NAMAs to NDCs as bottom-up voluntary pledges of ambition and the term was no longer used in the negotiating texts.

Who talks about NAMAs (and who doesn't)

The description of NAMAs in the Bali Action Plan and subsequent negotiating texts deliberately lacks detail: the contours are there, but the specifics are left for governments to determine for their own country. In the process of developing proposals, exchanging experiences, and considering funding however, all stakeholders involved do develop their own interpretation of what could usefully constitute a NAMA.

The UNFCCC Secretariat and Subsidiary Bodies take a mostly facilitative stance and refrain from interpreting beyond what is agreed or under discussion by the COP. The Secretariat, on its website, refers to NAMAs as 'any action that reduces emissions in developing countries and is prepared under the umbrella of a national governmental initiative'⁴⁰. In 2013, the Secretariat established a NAMA Registry (see Box 1 in Section 2), maintains an online NAMA news aggregator⁴¹, organises workshops and events to promote and support NAMAs, and so-called 'market places' to facilitate match making between developing countries and funders.

Many **developing countries** use the NAMA concept to identify and develop mitigation actions. The statistics in Section 2 show 184 NAMA initiatives across 64 countries, of which 130 are officially registered with the UNFCCC for either recognition or support. Some 46 countries reference NAMAs in their INDCs (and 31 further countries have NAMAs in the Database but make no explicit reference in their INDC). Panama, Indonesia, and Mexico are among the countries that have established NAMAs as an integral part of their national coordinated approach to mitigation.

From 2010 onward, a number of international **technical assistance efforts** have been actively supporting NAMA development. Notable initiatives that work across countries include the Partnership for Mitigation and MRV (dialogue and learning), the MAIN Dialogue series (dialogue and learning), the FIRM project (capacity building and learning), the Low Emission Capacity Building Programme (practice and capacity building), Mitigation Momentum (practice and analysis), and the efforts across countries by GIZ (practice and capacity

³⁸ FCCC/CP/2009/11/Add.1

³⁹ FCCC/SBI/2013/INF.12/Rev.3 counts 59 submissions including The African Group

⁴⁰ UNFCCC (2016) Mitigation - NAMAs, Nationally Appropriate Mitigation Actions, webpage, available at unfccc.int/focus/mitigation/items/7172.php (last accessed October 2016)

⁴¹ www.namanews.org

building) and WRI (mainly MRV). In addition to these multi-country technical support projects, a significant number of country-specific projects have focused on developing NAMA proposals (with expertise from ECN, Ecofys, NewClimate, IISD, CPI, Perspectives, and others).

Of the **multilateral public climate funds**, only the NAMA Facility has earmarked resources to support NAMA implementation. The NAMA Facility was established in 2012 by the German and UK governments for the purpose of “demonstrating a framework for tailor-made climate finance for developing countries in the field of mitigation, funding the implementation of transformational NAMAs, and raising ambition to close the emissions gap and address the lack of NAMA climate finance” (BMUB/DECC, 2013). The NAMA Facility in its first round made 70 mln euro available for NAMA Support Projects, focussing on a combination of financial support and technical cooperation (capacity building). With the fourth call open at the time of writing, the NAMA Facility has made € 260 mln available for supporting NAMAs⁴². The Green Climate Fund is open to funding projects that were developed as NAMAs, and has modelled its evaluation criteria on those of the NAMA Facility, but it does not require mitigation proposals to be framed as ‘NAMAs’. The Global Environment Facility (GEF) has funded a number of NAMAs, but has no funding earmarked for NAMAs. The Clean Technology Fund (CTF) and the Scaling Up Renewables Programme (SREP) have not specified support for NAMAs, but there is a definite overlap between what they support and what would be considered a NAMA. The perspectives presented in Section 4 show that several of the important **development finance institutions** are open to funding NAMA initiatives as long as these meet their requirements, and to providing support for governments to tailor existing NAMA proposals to meet their needs.

⁴² The statistics from the first three NF calls shows that 113 distinct NAMA proposals were submitted. In each of the rounds there was a pre-selection in which around half of the proposals were deemed non-eligible (some of which were resubmitted in subsequent calls). Across the three rounds of calls, out of 63 eligible submissions, the NF has selected a total of 11 NAMAs and awarded a total of 152 mln euro; on average 14 mln euro per proposal.

⁴³ For example 1/CP13 (Bali Action Plan) and 2/CP16 (Copenhagen Accord)

The term NAMA has been used opportunistically by developing countries and in many cases this was likely stimulated by the emergence of the NAMA Facility as a new funding source. The NAMA Facility and the international technical assistance initiatives have been most prominent in shaping our current understanding of how to design and implement NAMAs. Until recently, development finance institutions have kept quite a low profile in NAMA discussions and therefore had a limited impact on how NAMAs are shaped in practice. Knowing that generalisations don’t do justice to nuances, it can be observed that governments often follow the format and scope suggested by the NAMA Facility (as sole funder) and international experts. Countries took the view that if developing mitigation actions as NAMAs increased the chances of securing funding to implement them, then they were happy to do so (see Chapter 4 for the financiers’ view). This was further encouraged by the numerous internationally funded NAMA development programmes that, in many cases, introduced the NAMA concept to countries – including presenting the NAMA Facility as a funding source to target.

What makes a NAMA?

Along the way, NAMAs have taken on specific characteristics that are not intrinsic to nationally appropriate mitigation actions. The original text from the COP decisions⁴³ presents NAMAs as mitigation actions that Parties voluntarily undertake in the context of sustainable development, supported and enabled by technology, financing, and capacity building, in a measurable, reportable, and verifiable manner.

Additional features and attributes that have been introduced over time include: international financial support (not required in ‘unilateral’ NAMAs), government ownership, stakeholder involvement, explicitly combining technical and financial support in proposals, specific co-benefits, programmes rather than projects, transformational impact, leverage of private finance, support project exit strategy, and relation to national development planning. ‘NAMA’ in retrospect is an inconvenient name, given nearly all mitigation actions could also argue to be called NAMAs, on the basis that they are highly likely to be nationally appropriate.

**Box 4: What makes a good NAMA?**

The Mitigation Momentum project has supported various countries with the conceptualisation and development of NAMA proposals. As part of the presentation of the lessons learned after the first phase, the following characteristics were recorded as ingredients of 'what makes a good NAMA': Early experience shows that good NAMAs are government actions embedded in existing policies and based on sound analysis. They also have secured political ownership, typically through a process of stakeholder engagement. Good NAMAs are ambitious and increasingly they need to be 'transformational' and fit in a comprehensive, long term national or sectoral strategy or vision, and they target multiple mitigation and development benefits. They have a pragmatic but robust system for MRV, clearly identified financing needs, and maximise the mobilisation of private finance with limited public finance means. Although NAMAs allow for project scale actions, national scale strategy or policy NAMAs have a greater potential to guide significant deviation from business as usual and put a country on a low-carbon pathway (Van Tilburg and Röser, 2014).

Which of these characteristics do we want to take forward for NAMAs? For example, do NAMAs have to be transformational or is that simply a funders' preference? As other funders with limited resources (and excess demand) would, the NAMA Facility defined over time a set of rather stringent criteria for the kind of NAMA support projects they would fund.

Interpretations of which features and criteria should be applied are not static. For its fourth call, which closed in October 2016, the NAMA Facility solicits proposals for NAMA Support Projects (NSP) that can build on existing technology and institutions (no pilots), and are able to bring the NAMA to its full potential in 5 years, after which the NSP is phased out. Starting from a barrier analysis and a sound business model, the NAMA is expected to have a highly transformational impact. As explained in the NAMA Facility webinar series, the NAMA Facility introduced the 'transformational change' requirement when it was launched – in the first calls it was intuitive but not defined. For the current call the Facility interprets transformational change as a paradigm shift, a significant change in the use of technology. It seeks to support NAMAs that establish quick and permanent shifts from one situation to another, initiating change ahead of the game, with the potential to scale up and expand⁴⁴.

Beyond the NAMAs tracked by this report, there are many more mitigation actions that have been funded, by a range of funders, and presumably, a correspondingly larger pipeline of proposals that are (or once were) under development.

Based on the climate funds data compiled by the Overseas Development Institute (ODI), we see that hundreds of mitigation initiatives have been awarded billions of dollars by funders including the Global Environment Facility (the GEF), the Clean Technology Fund, and the UK's International Climate Fund (Barnard *et al.*, 2015). The NAMA Facility is very modest in size when compared to the larger multilateral and bilateral funds available for supporting mitigation actions, and accounts for only a small fraction of the total support available from these sources (in 2014 the NAMA Facility accounted for just 3% of approved funding for mitigation projects, as tracked by ODI). When development finance institutions are included in the picture, NAMAs represent an even smaller slice of global mitigation activity: the six multilateral development banks (MDBs) committed over 20bn USD in mitigation finance in 2015, according to their 2015 joint report on climate finance⁴⁵. The pipeline of mitigation actions under development (or those that were previously submitted and did not secure funding) that corresponds to these other sources of non-NAMA specific funding must be huge, yet is presumably not being tracked and reported. Doing so would be time-consuming but not impossible, and could yield similar insights to those discussed in Section 3 of this report. In particular there could be valuable lessons for NAMA development from the experience of some of these other sources of mitigation funding.

⁴⁴ Webinar series of the NAMA Facility Technical Support Unit; available on their YouTube channel ([google/qGLV1X](https://www.youtube.com/channel/UCqGLV1X))

⁴⁵ The MDBs covered in the report are the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank Group, and the World Bank Group. See the 2015 Joint Report on Multilateral Development Banks' Climate Finance available at <https://www.adb.org/sites/default/files/institutional-document/189560/mdb-joint-report-2015.pdf>

Talk about NAMAs whenever it suits you

The initial description of NAMAs in the negotiations deliberately left room for interpretation and the concept has evolved over time. The recent introduction of NDCs and the GCF has not changed the broad picture of how and when to use NAMAs. Perhaps the main change in recent years, is that after the Bali Action Plan process, NAMAs are no longer explicitly mentioned in the post-2020 climate architecture.

As we elaborated in the May 2016 update of the NAMA Status Report there is a clear role for actions designed with NAMA-like features. The concept has been around nearly 10 years, but many countries only recently started developing NAMAs and are still ‘coming to grips’ with the concept, its advantages and disadvantages. There is still ample room for learning and for improvement, especially when it comes to the quality of the financial component and alignment with country strategies and sustainable development goals. In addition, as we can see in Chapter 4, funders and financiers have an optimistic attitude and are open to engaging in proposal development when the beneficiary government asks them to do so.

As observed above, ‘NAMA’ is an unfortunate name for the NAMA concept as it is now often applied – especially when the label is used to imply features that are not common to *all* nationally appropriate mitigation actions.

Instead of changing the name, or abandoning it altogether, we suggest to use the ‘NAMA’ framing flexibly and opportunistically:

- As a template for development and communication of mitigation actions with co-benefits; an established process for creating high quality mitigation actions with required supporting characteristics (realistic financing mechanism, real stakeholder engagement, etc). In particular this could be useful for ‘first of a kind’ mitigation actions where countries are trying something new (to them) and would benefit from the NAMA framework to help guide them towards a high-impact outcome.
- As building block for NDC implementation, an element in a coordinated approach alongside other types of actions. NAMAs are more suitable than NDCs for attracting climate finance, and transparent by design.
- To indicate actions with specific features, for example: driven by government, using public resources, transformational, with specific MRV or piloting/learning goals, for example.
- As topic for national and international (pre-implementation) support and learning. NAMAs have emerged as a topic and forum for North-South and South-South exchange with clear and useful outcomes.

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Online resources and websites:

- NAMA Database: http://nama-database.org/index.php/Main_Page
- Mitigation Momentum: <http://www.mitigationmomentum.org/downloads/NAMA-Status-Report-may-2016.pdf>
- NAMA Registry <http://www4.unfccc.int/sites/nama/SitePages/Home.aspx>
- UNEP DTU NAMA Pipeline Analysis and Database: <http://www.namapipeline.org/>
- GCF <http://www.greenclimate.fund/projects/portfolio/>
- <http://www.namanews.org/>
- NAMA Facility <http://www.nama-facility.org/projects/portfolio.html>
- AfDB <http://www.afdb.org/en/about-us/mission-strategy/>
- EBRD <http://www.ebrd.com/who-we-are.html>
- IDB <http://www.iadb.org/en/about-us/about-the-inter-american-development-bank,5995.html>
- NDC Invest (IDB Group) <http://www.ndcinvest.org>

Annex 1: Selected NAMA news

This section presents selected and by no means exhaustive news coverage on NAMAs sourced from various websites. To view the original full length articles and find more information, follow the hyperlinks⁴⁶.

[Japan and UNDP team up to support eight Caribbean countries](#)

On January 28, the Government of Japan and the United Nations Development Programme (UNDP) launched a USD 15 million Japan-Caribbean Climate Change Partnership (J-CCCP), which will support eight Caribbean countries' mitigation and adaptation to climate change, in line with their sustainable development objectives. Funding for the Partnership is being provided by the Government of Japan while UNDP acts in the capacity of implementing partner.

The J-CCCP will bring together policy makers, technical experts and representatives of communities to encourage policy innovation for climate technology incubation and diffusion. By doing so, the Partnership aims to ensure that barriers to the implementation of climate-resilient technologies are addressed and overcome in a participatory and efficient manner. These technologies expected to be deployed will help reduce the dependence on fossil fuel imports, setting the region on a low-emission development path; as well as improve the region's ability to respond to climate risks and opportunities in the long run, through resilient development approaches that go beyond disaster response to extreme events.

[The NAMA Facility Funds Ambitious Projects on 3 Continents in 3rd Call](#)

During a side-event on COP21 in Paris the NAMA Facility announced to support a transport project in Kenya, a project on integrated waste management in China and a project in Colombia aiming at transforming the domestic refrigeration sector. The newly selected projects add to the portfolio of the NAMA Facility that now comprises twelve NAMA Support Projects.

- [Kenya - Mass Rapid Transport System for Nairobi](#): The Kenyan project aims to support Kenya's first Mass Rapid Transport (MRT) NAMA. Sustainable development co-benefits expected are health benefits as well as less stress and time savings due to reduced air and noise pollution, less traffic jams and fewer accidents.
- [China - Integrated Waste Management](#): The project plans to set up integrated waste management systems in three municipalities to showcase how integrated waste management and waste-to-energy can be operated as profitable business cases. Sustainable development co-benefits expected are reduced leakage induced groundwater pollution and improved food safety and the integration of "waste pickers" as qualified waste sector workers through appropriate training approaches.
- [Colombia - NAMA for the domestic refrigeration sector](#): The project aims at the complete transformation of the domestic refrigeration sector to climate friendly, energy efficient appliances, distribution of the green fridges within the country and environmentally friendly recycling of old fridges. Sustainable development co-benefits expected are amongst others increased education and employment, increased economic competitiveness and decreased negative environmental impacts.

[The NAMA Facility announces a 4th Call - further funding available for the implementation of ambitious climate projects](#)

On 4 July 2016, the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and the UK Department of Energy and Climate Change (DECC) have committed to fund up to € 60 million for a 4th Call of the NAMA Facility. The NAMA Facility will continue to support developing countries and emerging economies in implementing the most ambitious NAMAs with a high potential for transformational change towards a low-carbon development trajectory. Deadline for submission: **31 October 2016**. Clarifications and frequently asked questions (FAQs) are published on the NAMA Facility's

⁴⁶ Or visit: <http://namanews.org/>, <http://www.nama-facility.org/news.html> and <https://mitigationpartnership.net>.

website every three weeks on **29 July 2016, 19 August 2016, 9 September 2016, 30 September 2016, and 21 October 2016.**

Empowering Women to Mitigate Climate Change

Research by the [International Union for Conservation of Nature](#) (IUCN) shows that of the 160 national climate action plans (“Intended Nationally Determined Contributions” or “INDCs”), 38% explicitly mention “women” or “gender” in the context of national ambitions. Thirty-one INDCs reference a gender dimension for both mitigation (efforts to curb emissions) and adaptation components of their commitments and four countries specifically address gender in mitigation.

The IUCN’s [Global Gender Office](#) says 44% of the “Low-Emission Development Strategies” (LEDS) developed by governments require either a commitment to integrate gender into national policies or a linkage between gender inequality and vulnerability to climate change. Seven NAMAs analysed include mentions of “women” or “gender” in the proposed objectives or outcomes, including:

- **Cameroon’s NAMA Promotes Clean Cook Stoves:** Cameroon is developing a NAMA focused on promoting access to improved cook stoves to improve women’s health outcomes while simultaneously reducing pressure on forests.
- **Vanuatu’s NAMA Focusses on Rural Electrification:** Vanuatu’s energy-sector NAMA is focused on rural electrification also includes an intervention towards increasing private sector involvement in rural electrification and encourages fostering women-run enterprises.

Panama NAMA Initiative – a Pillar for Action Post-Paris

Panama is an example of a country building on NAMAs as a significant component of its low-emissions development plan. It has developed a portfolio of 11 NAMAs covering a wide range of sectors (energy, transport, waste, agriculture and industry), which will improve national environmental management and account for a combined reduction of more than 30 million tonnes of CO₂ equivalent per year. Panama sees its NAMA Portfolio as an important mechanism to attract the necessary resources to promote the transition towards a low-carbon economy.

The implementation of these eleven public and private projects in Panama will not only reduce GHG emissions, but also promote social equity by decreasing social and economic differences nationwide. The NAMAs focus on energy efficiency, green state policy, sanitation, urban mobility, waste management, cleaner cement production, biogas from animal waste, recycling refrigerants and biomass-based electricity production.

Financing NAMAs as Vehicle for Implementing NDCs – NAMA Partnership donor coordination meeting

A two-day meeting on 7 June in the Finnish capital, Helsinki, was dedicated to financing the implementation of Nationally Appropriate Mitigation Actions (NAMAs) by developing countries. Participants in Helsinki included representatives of multilateral and bilateral development banks, entities entrusted with the financial mechanism of the UNFCCC, bilateral development agencies, UN Agencies and international organisations providing technical support. In an effort to address funding needs, several examples of successful NAMAs were presented at the meeting with the goal of identifying key characteristics for success in creating a NAMA that is ‘bankable.’ While it is clear that the bulk of NAMA financing will come from the private sector, public finance can still play a critical role. For example, participants heard how concessional loans, when blended with international technical assistance, can play a catalytic role in establishing policy frameworks, lowering investment costs and reducing investment risks for first mover projects. Day two of the meeting focussed on identifying opportunities for further engaging

private sector finance. The meeting was organised in partnership with the UNFCCC secretariat and the Nordic Environment Finance Corporation ([NEFCO](#).)

[NAMA Market Places in 2016 conclude at LAC Carbon Forum in Panama](#)

To facilitate funding for NAMA implementation, the UNFCCC secretariat organised three regional NAMA Market Places in the course of 2016, providing experts from countries in the region with a platform to present their NAMAs to a panel of public donors and private investors. Five NAMAs were presented at the NAMA Market Place held during the Africa Carbon Forum in Kigali, Rwanda, from 28 to 30 June 2016, and four during this year's Asia Pacific Carbon Forum from 5-7 September on Jeju island, Republic of Korea. The latest NAMA Market Place for the LAC region was held from 28 to 30 September in Panama City, Panama, where three NAMAs were showcased. They included a NAMA in the oil and gas sector with significant mitigation potential. The event was attended by important potential investors such as the Development Bank of Latin America (CAF) and the Green Climate Fund, and there was strong expression of interest in providing funding.

[How can NAMAs make projects Bankable – Policy brief by CCAP, UDP and NewClimate](#)

In a [policy brief](#) recently released by CCAP, co-authored with UNEP-DTU and NewClimate Institute, the authors assess how to develop NAMAs that drive private investment. The paper identifies three main dimensions that need to be addressed to promote 'bankability' – the conditions needed for the private sector to invest profitably in low-carbon projects. These include:

- Improving policy and institutional frameworks, including through policy mandates, regulations that level the playing field for low-carbon investment, and/or the development or strengthening of institutional arrangements for policy planning and implementation;
- Addressing financial risks and returns, including through financial mechanisms and interventions that lower real and perceived risks and/or improve returns sufficiently to mobilise low-carbon investment; and
- Identifying projects and demonstrating feasibility, including the development of an initial project or set of projects, and the identification of a larger project pipeline.

While ideally, all three dimensions should be considered, a NAMA need not address all three dimensions if one or two of the conditions are already in place. The paper takes a look at a renewable energy [NAMA in Chile](#), supported by the [NAMA Facility](#), that addresses all three dimensions to attract low-carbon investments in renewable energy systems for small and medium-sized businesses. For funding institutions, the three dimensions can provide a framework to assess the potential of a NAMA to transform economic sectors and redirect public and private capital flows towards clean energy and low-carbon investments.





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