

NAMA Financing by Development Banks

Side-Event by KFW & Climatepolicy.net
NAMA Proposals: Overview and Financing Options

Ulf Moslener
Cancun - 3 December 2010



About us...



- Promotional bank of Germany
- Founded in 1948 for implementation of Marshall Plan
- 3400 employees
- We finance investment in Germany & Europe
- We provide international project & export finance
- We provide support for developing countries
- € 63.9 bn. disbursements in 2009
thereof € 19.8 bn. for renewables, energy efficiency & environment
- Offices in over 50 developing countries

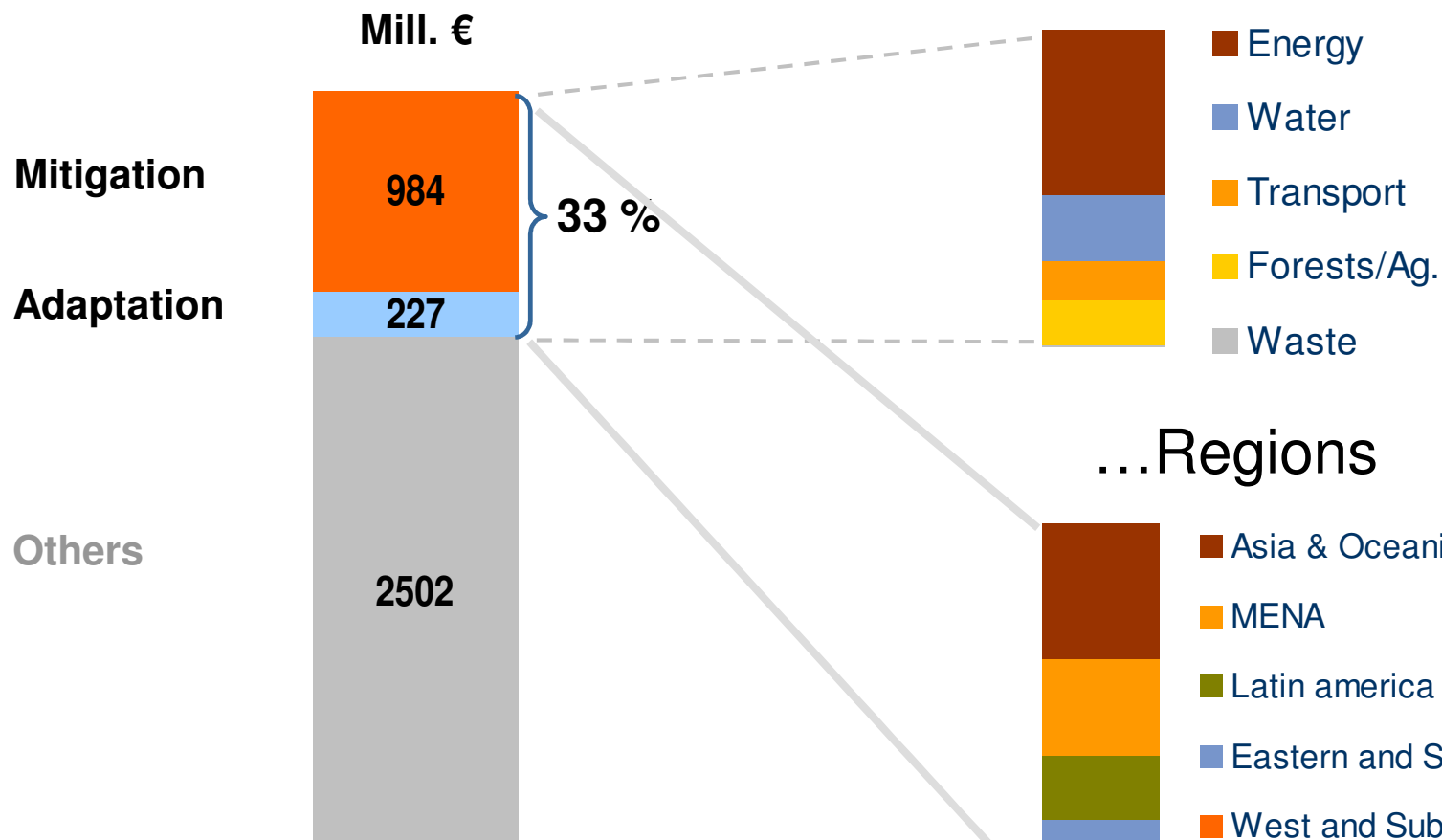


Climate Financing: KfW Development Bank



New Commitments KfW Development Bank 2009

...Sectors

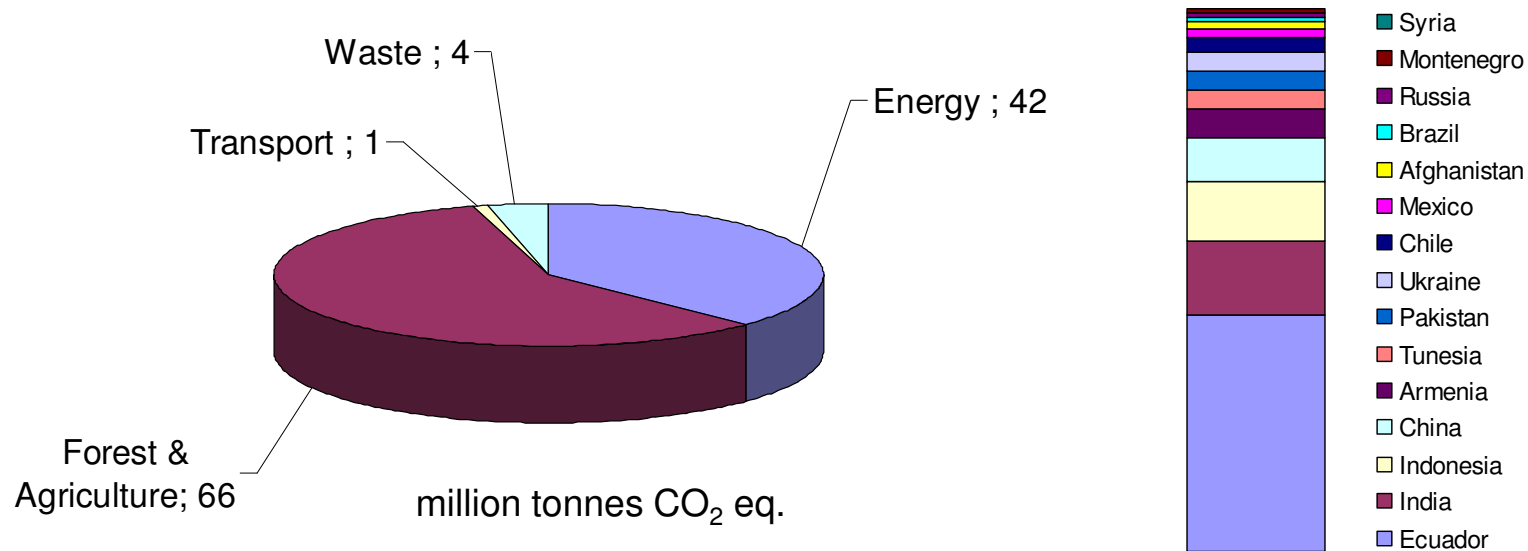


...Regions

Other Bilat.FIs: € 9 bln., MDBs: € 6-10 bln. in 2009

Monitoring of Emission Reductions: From Estimation to Measurement

Expected cumulated 20 year emission savings of new KFW commitments in 2009: 113 million tonnes of CO₂ eq.



Annual tracking of emission reductions only for part of the KFW portfolio: monitoring costs can become very significant

NAMA Financing at KfW: Defining Quality Standards



NAMAs in development finance

- Avoid arbitrary definitions - towards robust framework for high quality programs!

To achieve the 2°C-target

- NAMAs need to be designed, selected and implemented efficiently and effectively

KfW as a major player in global mitigation finance

- Working with international community towards NAMA-quality standards

Our preliminary internal requirements for NAMA-type projects

- “**Bankable**” programs or scalable projects
- Officially endorsed by **partner government**
- Significant positive **development impacts**
- Implementation with **partner country systems**
- Robust **MRV** (ex-ante/ex-post)
- Appropriate **cost-effectiveness**
- Efficient **co-funding** arrangements

Energy Efficiency Program Mexico



Target

More efficient use and savings of electricity in Mexico

Impact

Energy Efficiency Project for various sectors developed by the Mexican Ministry of Energy (SENER)

Financing

- 50 Million Euro on Behalf of the Federal Ministry for Economic Cooperation and Development (BMZ)
- Implementation Unit: Mexican Energy Efficiency Fund “FIDE”

NAMA

- Mexican Government / SENER
- Mexico's Climate and Energy Strategies
- Impact on electricity and emission saving will be measured throughout the implementation



IDB support to Bancóldex

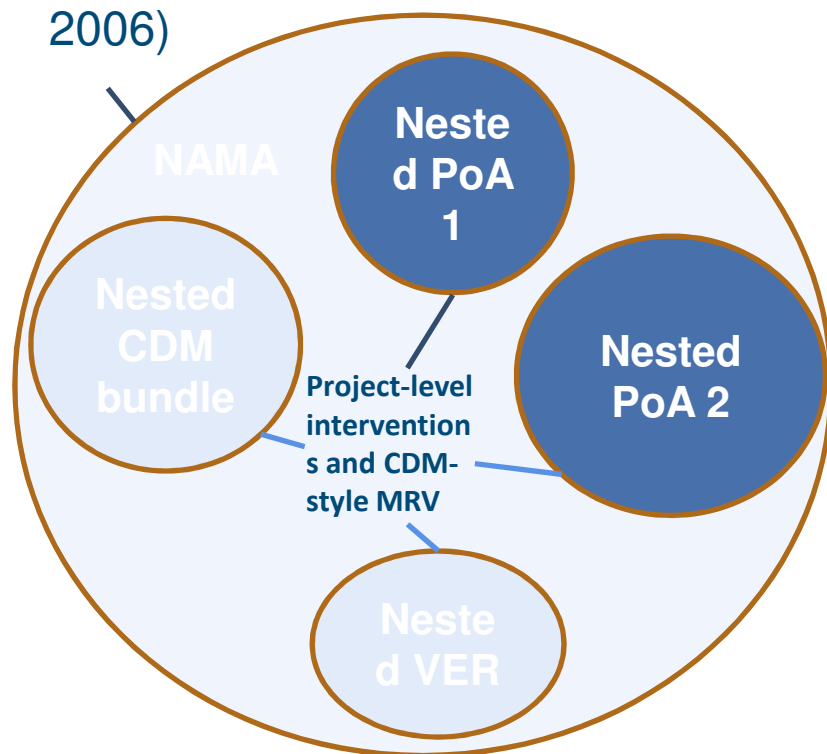
- Bancóldex is a national development bank in Colombia
- IDB is providing Credit line & technical support to Bancóldex to analyse its portfolio with regard to their **potential to promote investment in emissions reductions and energy efficiency**
- Technical cooperation also aims to help Bancóldex **develop financial instruments** to address energy efficiency
- Technical cooperation includes **training of credit officers** and promotes dialogue with other stakeholders in the Colombian financial system
- An objective of the technical cooperation is to facilitate the access of Bancóldex to funds from the Clean Technology Fund, as well as bilateral sources of finance (KfW)
- Interest from other Colombian development banks Findeter (infrastructure and regional development) and Finagro (agriculture and rural development)



A proposal: PoAs nested in capped NAMAs (and other crediting-based systems)



NAMA system,
capped emissions
and system-level
MRV (i.e. IPCC
2006)

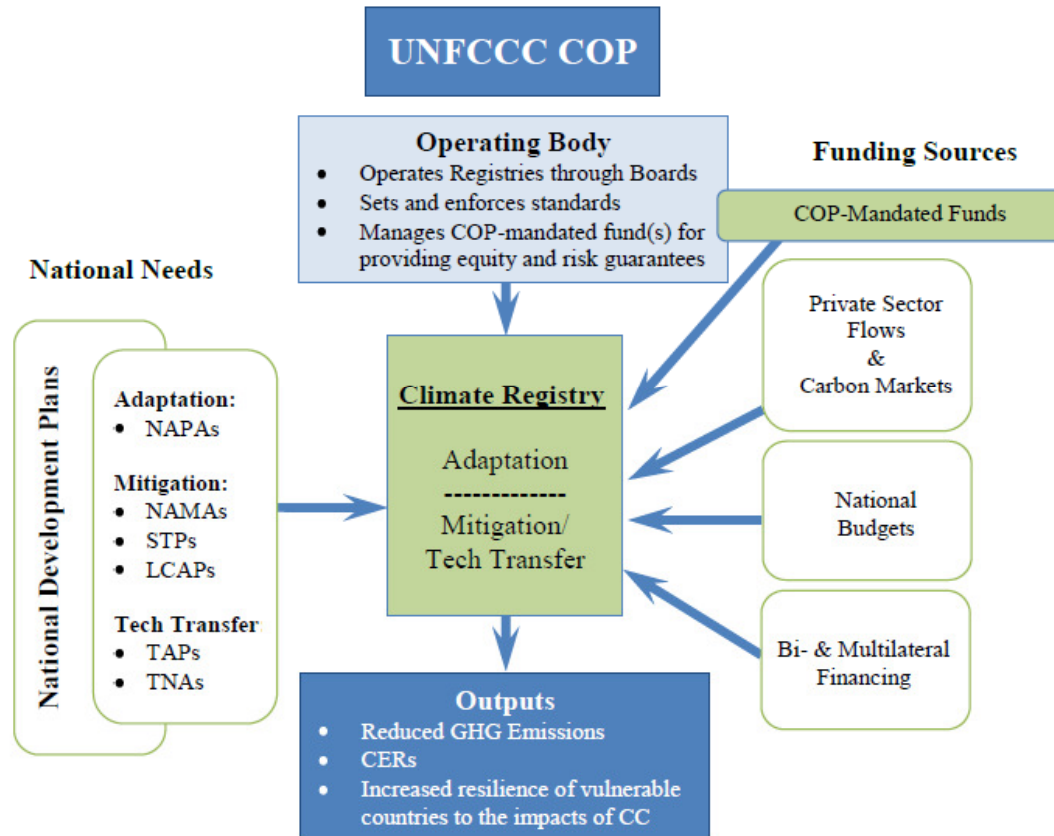


Benefits in Practice: four KfW cases

PoA to NAMA	Key Challenges of a “stand-alone” PoA
Tunisia Energy Efficient Buildings	“No-regret” options make PoA additionality difficult to prove. The attribution of ER to activities is difficult to monitor due to overlaps.
Uganda Small Hydro Power Development	No CDM method for the displacement of off-grid emissions through on grid RE development and electrification.
India Industrial Energy Efficiency in the SME Steel Sector	Future of PoA might become uncertain following integration of SME steel mills into the Indian EE scheme.
Nepal Domestic Biogas Development	Conservativeness of the CDM methods and delays in issuances. Facility-level MRV is expensive. ER from indirect effects are not captured.



The Climate Registry Option



Registry will help to match supply and demand, create transparency and coordinate actions

The Institutional Architecture
for Financing a Global Climate Deal:
An Options Paper



<http://www.climateregistryoption.org>

- Make NAMAs the standard framework of mitigation finance: establish international **quality standards** for NAMAs
- Address the **magic triangle**: equity, effectiveness & efficiency
- Simplify **co-financing** arrangements for NAMAs to spread risks and achieve required scale
- Make full use of **decades of experience** with project finance by commercial, multilateral, bilateral and national development banks
- Focus the **limited resources** to where it fills gaps and adds unique value: high volume NAMAs perhaps not top priority
- Improve **coordination and transparency**: create a NAMA & climate finance registry ?

Thank you for your attention!



Ulf Moslener

Energy Policy Division, Asia
KfW Development Bank
Palmengartenstrasse 5-9
60325 Frankfurt
Germany
Phone: +49 69 7431 - 9883

