

Financing supported NAMAs

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“Selecting, designing and financing NAMAs”
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www.ecn.nl

“Mitigation Momentum” project

- Assistance to 5 countries for preparing concrete proposals for a supported NAMA
- Fosters cooperation and knowledge exchange within the NAMA community
- Discussion paper **“Financing supported NAMAs”**
 - Available for download at www.mitigationmomentum.org



Supported by:



Federal Ministry for the
Environment, Nature Conservation
and Nuclear Safety

based on a decision of the Parliament
of the Federal Republic of Germany

Characteristics of supported NAMAs

Lead with developing country government

Based in the context of sustainable development

Subject to MRV

Submission to registry

- Learn from existing supported mitigation actions
- Requirements for NAMA proposals dependant on donor requirements

Role of incremental costs

Difference in Net Present Value between a mitigation option and a baseline technology or practice

Challenges in calculating incremental costs:

Differences in investment characteristics

Meeting the same need through a different product/service

Existence of sustainable development (co-)benefits

Addressing other barriers than cost-competitiveness

➤ Level of support likely to be negotiated case-by-case

Choosing financial instruments

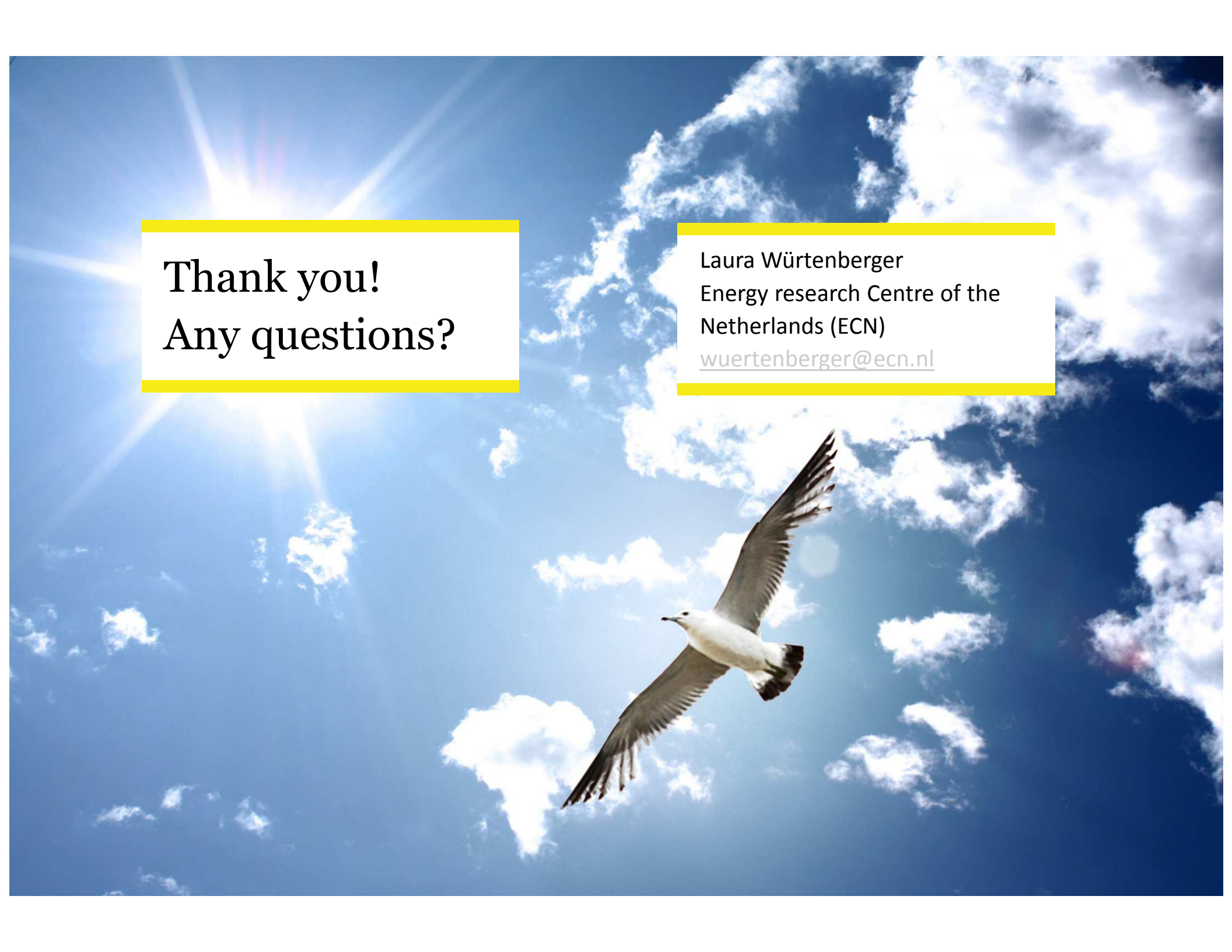
Barriers to mitigation actions	Type of financing	Public Finance Mechanisms
Low (or no) return on investment	Contribution to investment and operational costs	Up-front grant (e.g. direct subsidies, investment tax breaks, grant component of concessional loans) Funding during operation (e.g. feed-in remuneration, carbon markets)
High up-front costs and lacking access to capital	Facilitating access to finance	Provision of debt, e.g. through loans or credit lines Provision of equity Incentivizing existing financing system*
High risk	Provision of risk coverage	Risk guarantees / insurance schemes
High transaction costs		Standardization and aggregation *
Non-financial barriers (e.g. regulatory barriers, lack of information and capacity)	(Financing) technical assistance	Mostly in the form of grants

**Note that these mechanisms are not Public Finance Mechanisms but included for the sake of completeness*

Adapted from Neuhoff et al. (2010)

Moving forward

- Packages of measures tailored to local circumstances
- Develop proposals in cooperation with donors
- Spending public support effectively and efficiently
- Pilot the use of international support for national public finance mechanisms and of performance-based approaches



Thank you!
Any questions?

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