

# DESIGNING NAMAS TO CATALYZE BANKABLE LOW CARBON INVESTMENTS

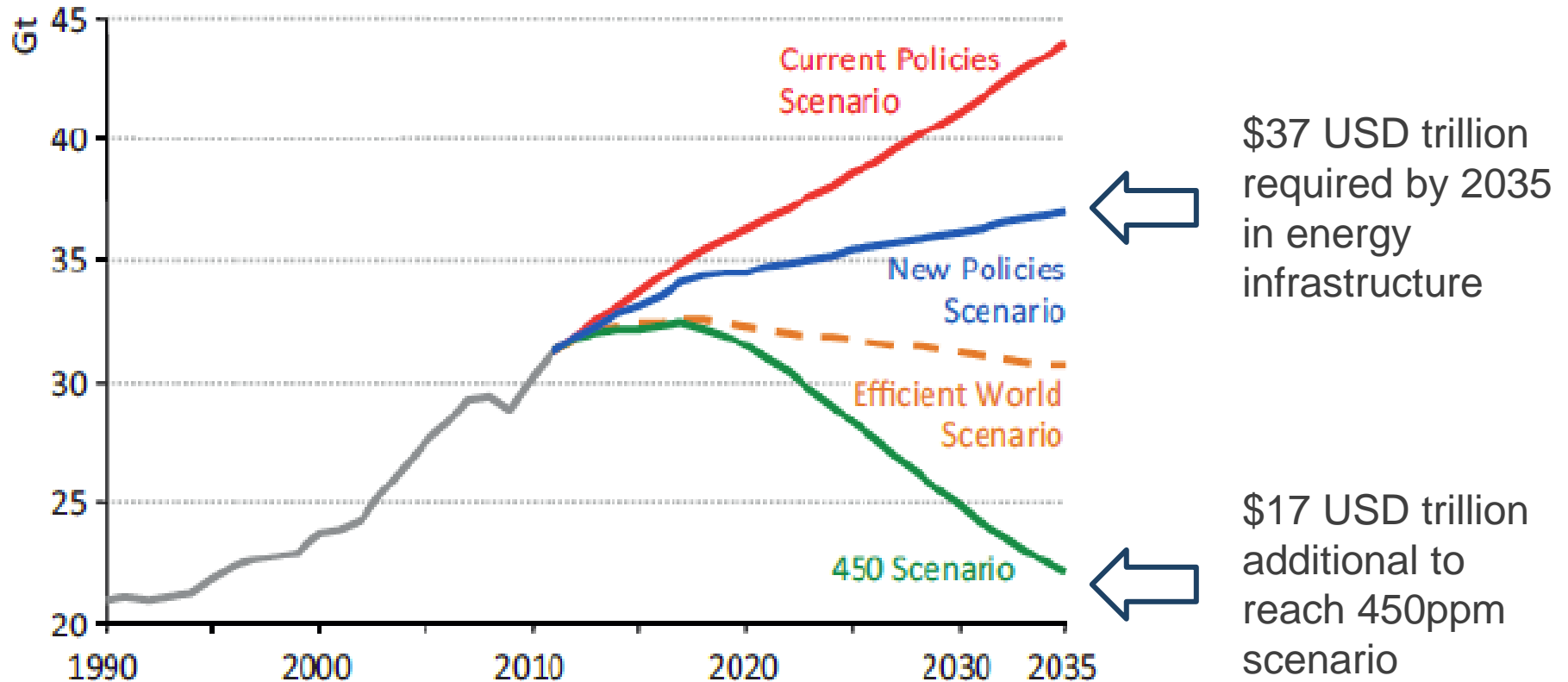


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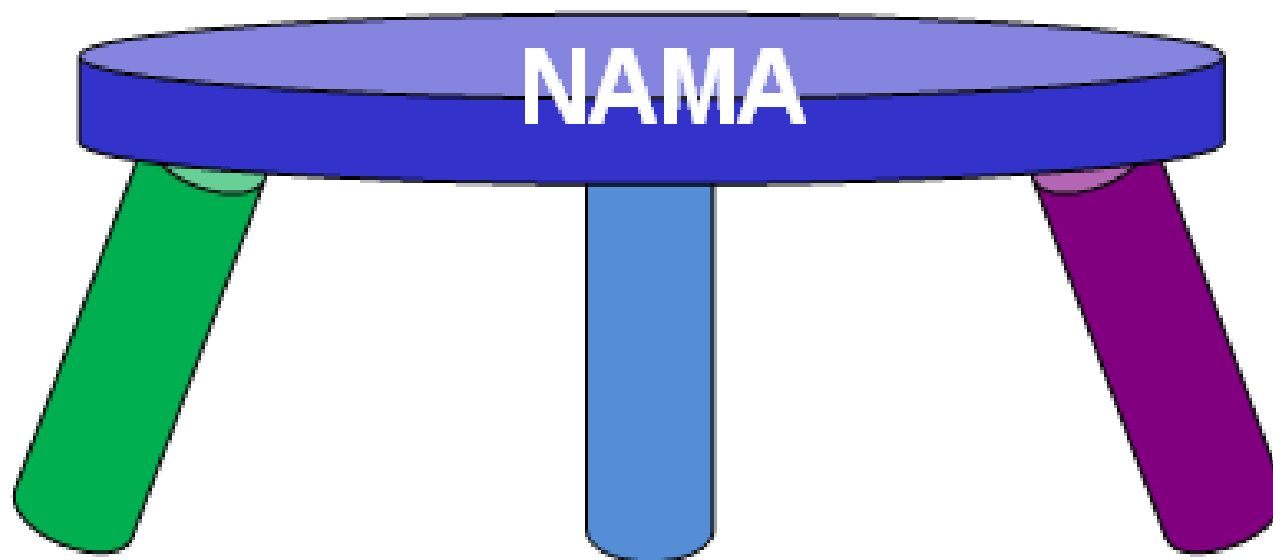
# PRIVATE SECTOR INVESTMENT WILL BE CRITICAL TO MEET GLOBAL GOALS



Source: UNDP and ETH Zurich, 2015, IEA, 2012; UNDP, 2011/2013

# HOW CAN NAMAS MOBILIZE PRIVATE INVESTMENT?

NAMAs can create the conditions that can make low-carbon projects bankable



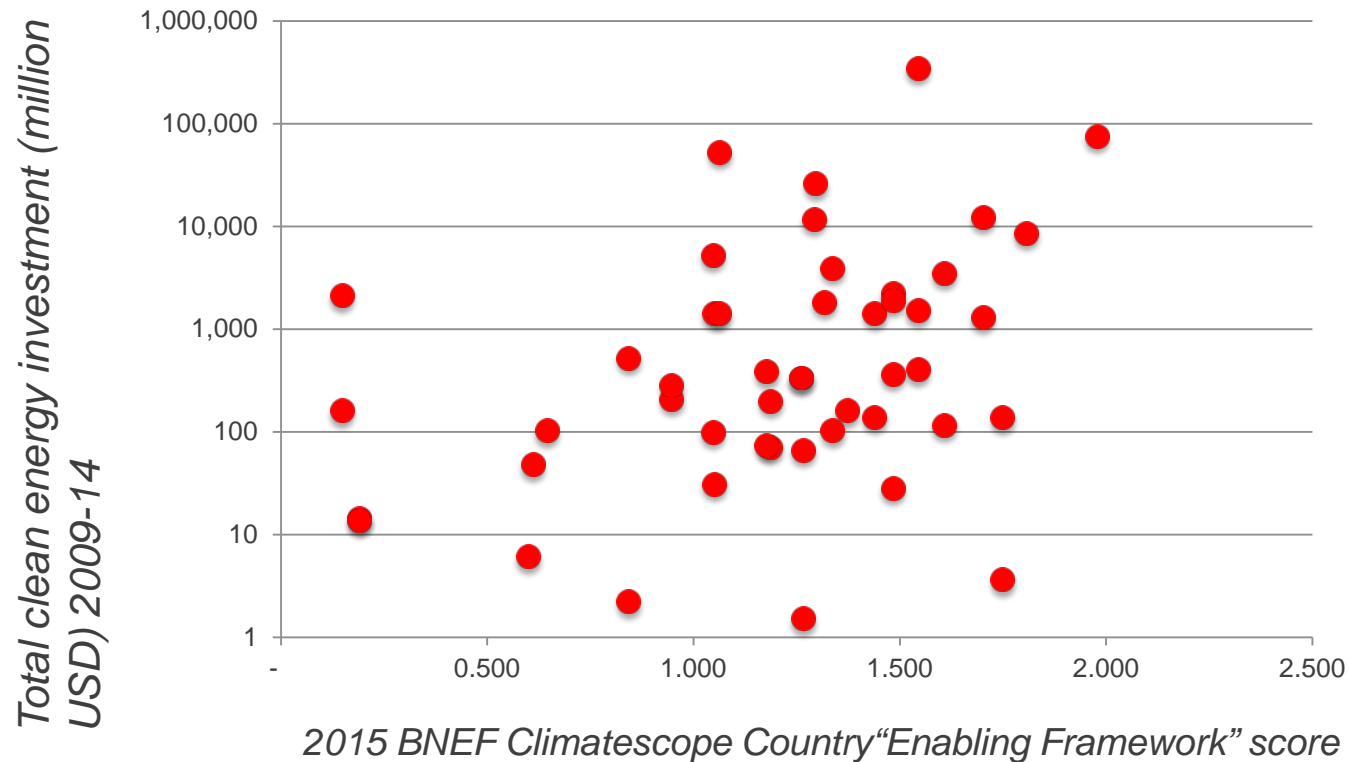
**Improving policy  
and institutional  
frameworks**

**Addressing  
financial risks  
and returns**

**Identifying projects  
and demonstrating  
feasibility**

# ALIGNING DOMESTIC POLICIES FOR INVESTMENT IS CRITICAL

*Why?..... Better “enabling frameworks” are strongly correlated with increased investment*



Data Source: BNEF, Climatescope 2015

# IMPROVING POLICY AND INSTITUTIONAL FRAMEWORKS

- Policies can encourage low-carbon investment through:
  - **Carbon pricing** (e.g., a carbon tax)
  - **Economic instruments** (e.g., tax incentives)
  - **Mandates** (e.g., building codes)
- Policies should be designed to afford the private sector:
  - **Transparency**: policies should be easily understood
  - **Certainty**: policies should provide clear, long-term signals and avoid retroactive changes
  - **Economic viability**: policy incentives should lead to economically viable projects
- **Engaging Ministries of Finance and Planning is critical** to ensure NAMA policy is integrated into national planning and budgeting

# ADDRESSING FINANCIAL RISKS AND RETURNS

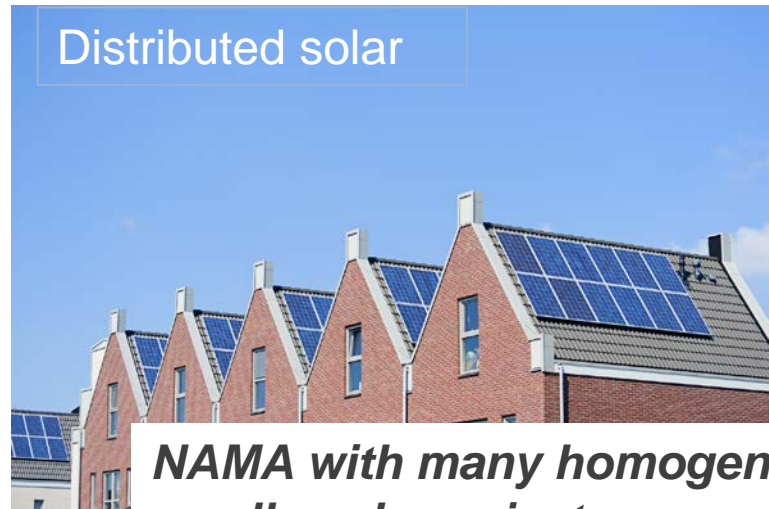
- Financial instruments can boost returns and reduce risks relative to BAU alternatives

| Instrument:            | Can be used to address:                                    |
|------------------------|--|
| Performance guarantees | Lack of familiarity with technology                        |
| Concessional loans     | High interest rate environments, lack of long-term capital |
| Equity fund            | New technology implementation                              |

# IDENTIFYING PROJECTS AND DEMONSTRATING FEASIBILITY

- Pipeline development can ensure viability and provide confidence to investors
- Approach may differ by sector and type of NAMA investment

***NAMA with fewer, distinct projects:*** Developing an initial set of projects can showcase technical and economic soundness to inform broader replication



***NAMA with many homogenous, small-scale projects:*** Characterizing broader project pipeline to show market potential and scale of opportunity

# COLOMBIA TRANSIT ORIENTED DEVELOPMENT (TOD) NAMA

## Policy and institutional change

- Creation of CIUDAT Center to provide cities with technical support to implement TOD
- CIUDAT promotes coordination between 5 national ministries to integrate and advance national policy goals on urban transportation, housing and environment, economic development and social equity.

## Financial mechanisms

- CIUDAT also provides cities with financial assistance to implement catalytic projects to promote TOD

## Project pipeline identification

- CIUDAT has identified initial TOD projects in Cali, Manizales and Medellin



# COLOMBIA WASTE NAMA

## Policy and institutional change

- Tariff reform offers tipping fees for recycling and alternative treatment
- Recycling surcharge raises resources for alternative technologies
- Inter-agency board selects local projects for funding

## Financial mechanisms

- Proposed equity fund to provide affordable equity capital for advanced waste management projects

## Project pipeline identification

- 14 municipal projects at various stages of development

# WHAT KIND OF TA IS NEEDED TO BRING ABOUT TRANSFORMATIONAL PROGRAMS?



Stakeholder engagement

- Development of transformational NAMAs often requires combining **policy & TA support with project financing support** – in equal parts and not preferring one and just tacking on the other as a “nice to have.”
- **Early project development:** identifying key stakeholders and champions, initial scoping, concept note and making sure domestic interests are aligned with overall goals
- **Full project development:**
  - *Policy design:* analyses, key barriers, policy and incentive design
  - *Financial mechanism design:* design of appropriate financial tools; connect projects with funding sources; connect investors with climate finance; engage financial intermediary
  - *Pipeline development:* identify initial strategic investments for short-term implementation; share best practices on project development; build capacity of in-country private sector to identify and develop projects
- **Preparation of funding proposal:** identifying target funding source and ensuring compliance with all of their requirements

**CẢM ƠN BẠN**

**THANK YOU**

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