Global NAMA Financing Summit: Meeting Summary

Copenhagen, Denmark – May 15-17, 2013

Executive Summary

The Center for Clean Air Policy (CCAP) and the Danish Ministry of Climate, Energy and Building hosted the Global NAMA Financing Summit in Copenhagen, Denmark, from May 15 to 16, 2013. The Summit was part of CCAP’s Mitigation Action Implementation Network (MAIN) initiative, supported by Denmark, Germany’s International Climate Initiative, and Environment Canada. Building on over two years of regional dialogues and on-the-ground assistance in developing countries through MAIN, the Summit made significant strides in moving transformational Nationally Appropriate Mitigation Actions (NAMAs) toward implementation.

For the first time, high-level developing-country officials – including Pakistan’s Federal Secretary for Climate Change and Vice Ministers from Colombia, Costa Rica, and Uruguay – presented to potential funders 14 NAMAs across various sectors that are currently seeking support. High-level representatives from key contributing countries – including Danish Minister for Climate, Energy, and Building Martin Lidegaard – as well as development banks, international finance institutions, and private sector CEOs, provided constructive feedback on these NAMAs in breakout sessions, participated in roundtable discussions on NAMA design and finance, and presented on available NAMA-related climate finance. For example, Germany and the United Kingdom used the forum to announce the guidelines and selection criteria for their recently-launched and path-breaking International NAMA Facility, which will provide €70 million initially for the implementation of NAMAs (further funding envisioned in the future).

Strong NAMA proposals from developing countries raised the bar for the potential of NAMAs to transform sectors through policy changes that go beyond project-level action; achieve ambitious greenhouse gas (GHG) reductions; lead to significant sustainable-development benefits; and leverage international support to catalyze private investment. The over 80 participants from developing and developed countries, international financial institutions, and other organizations moved toward a shared vision of the ability of NAMAs to achieve these goals. NAMA presentations showed the progress that countries have made in the last years and demonstrated to potential funders that a robust pipeline of NAMAs will be seeking support and investment over the coming months. Likewise, the Summit encouraged developing countries by demonstrating that significant NAMA-related funding is becoming available, with several contributing countries and development institutions expressing interest in supporting NAMAs.

Opening

Morten Bæk Sørensen, Deputy Permanent Secretary for International Affairs at Denmark’s Ministry of Climate, Energy and Building, welcomed participants to Denmark on behalf of the Danish government. He recalled the 15th UNFCCC Conference of the Parties in Copenhagen as laying the foundation for
NAMAs and called on countries to learn from the fast-start finance period to mobilize additional climate finance for green energy transitions in developing countries. Ned Helme, President of CCAP, opened the Summit by stressing the transformational potential of NAMAs and the need for a shared NAMA vision (outlined above). CCAP also showed a recently-released 7-minute video on NAMAs.

NAMAs Presented

*More detailed executive summaries of presented NAMAs are available on CCAP’s website.

Argentina’s Moira Achinelli, Energy Secretariat, presented her country’s biomass NAMA, which is an extension of a program that has been developed with the assistance of the Food and Agriculture Organization. The NAMA aims to promote bioenergy in Argentina to displace a large percentage of the country’s hydrocarbon-heavy energy supply and achieve other non-GHG benefits. It seeks to overcome barriers – e.g., lack of familiarity among banks – by strengthening institutional frameworks and preparing a methodology for banks to evaluate biomass projects. Respondents noted that, given low electricity prices in Argentina, it may be necessary to incentivize the use of biomass for electricity.

Maria Paz de la Cruz Sepúlveda, Executive Director of Chile’s Renewable Energy Center, discussed two proposed energy NAMAs that would contribute to Chile’s goal of 10% renewable energy by 2024. The first, a Renewable Energy Price Stabilization Fund (supported by CCAP), would catalyze commercial bank financing for renewable energy by establishing a revolving fund that assumes the risk of large fluctuations in the Chilean power sector’s spot market price. The second, a Self-Supply Renewable Energy NAMA, would promote self-supply renewable energy projects by providing grants for pre-investment work, as well as grants, soft loans, and subsidies for renewable energy investments. Carolina Ascui, Chilean Ministry of Environment, also presented a Waste NAMA aimed at diverting organic waste from landfills. The NAMA calls for partial funding of a pilot project, allowing for the gradual increase of tipping fees, and for the use of a partial performance guarantee fund.

Colombian Vice Minister of Environment Adriana Soto presented on a transformational Waste NAMA being developed in her country with support from CCAP. This NAMA strives to decrease GHG emissions through landfill diversion, increased recycling and composting, and waste-to-energy technologies, including using refuse-derived fuel in cement production. Participants were enthusiastic about the NAMA’s goal to achieve carbon neutrality and curious about its impact on existing Clean Development Mechanism (CDM) projects. Vice Minister of Transport Nicolás Estupiñán presented another Colombian NAMA focused on Transit-Oriented Development, also with CCAP support. The NAMA would build on Colombia’s success with bus rapid transit by promoting development around mass transit lines, including social housing. It would decrease emissions from vehicles and advance significant co-benefits.

Costa Rica’s Vice Minister of Housing Roy Barboza presented a Low-Carbon and Urban Housing NAMA that would promote greener construction and transit-oriented development, with the goal of reducing emissions by 15% below BAU by 2021, as part of the country’s 2021 carbon neutrality goal. Respondents were impressed by the vision of the NAMA, though it was suggested that disaggregation into simpler concepts with a larger vision for the sector might be useful. Costa Rica’s Coffee NAMA, presented by Luis Zamora Quirós, Ministry of Agriculture, attempts to make coffee production more sustainable, through wastewater treatment, reduced use of nitrogen fertilizers, and increased tree coverage. It plans to set up a special purpose entity to help deal with barriers including low regulatory incentives, low and late return on investment, cash flow issues, and insufficient access to market niches.
Contributing countries and respondents were impressed by the inclusion of adaptation concerns and potential for replication.

Moisés Álvarez, Dominican Republic’s National Council on Climate Change and the Clean Development Mechanism, presented his country’s Tourism NAMA. This NAMA involves the use of lease financing to support the use of refuse-derived fuel from hotels to help meet the hotel sector’s energy needs, as well as supporting renewable energy. Respondents liked the NAMA concept but recommended further research on the lease financing component given its complexity.

Ali Gardezi, Pakistan’s Federal Secretary for Climate Change, presented a NAMA on energy-efficient lighting, laying out how Pakistan intends to improve lighting efficiency in the public, industrial and commercial sectors (followed later by other appliances and equipment) with the help of a revolving fund. There was support from a number of participants for the idea, especially given Pakistan’s projected growth in energy demand.

For the Philippines, Patrick Aquino, Department of Energy, presented a Renewable Energy NAMA that is in preliminary stages but would work with current legislation to meet a 50% renewable energy target. The idea is to use a financial mechanism “bridge” to complement a slow-starting feed-in tariff. Respondents suggested that changes to the feed-in tariff may be beneficial prior to establishment of the financial mechanism.

Thailand’s Dr. Bundit Limmeechokchai, Office of Natural Resources and Environmental Policy, presented its strategy to reduce energy-sector emissions, including transportation fuels, by 20% below BAU. This included a feed-in tariff, energy efficiency for large industries, transport biodiesel from algae, and a transportation modal shift. Respondents were impressed by the comprehensive approach but suggested that Thailand drill down into more specific proposals.

Uruguay’s Solar Thermal NAMA, presented by Vice Minister of Energy, Industry and Mining Edgardo Ortúño, seeks to use a revolving fund to make new social housing development capable of using solar thermal, and to assist in purchasing the equipment. Participants asked for more detail on financing and suggested expanding the scope of the NAMA to low-carbon housing.

Dr. Tran Thuc, Director General of Vietnam’s Institute of Meteorology, presented a Biogas/Waste NAMA designed to deal with the waste sector, where open dumping is a common practice. Vietnam is seeking funding for two pilot projects – a biodigester and an integrated resource recovery center. While interested in the concepts, participants asked for more explanation on how this would catalyze a national-level transformation.

Germany/UK International NAMA Facility

Dr. Karsten Sach, Deputy Director General of Germany’s Federal Ministry of Environment, Nature Conservation, and Nuclear Safety, presented on the recently-launched Germany/UK International NAMA Facility, which will provide €70 million initially for the implementation of ambitious and transformational NAMAs (with further funding envisioned for the future and potential contributions from other contributing countries). The Facility received strong praise from Summit participants. Germany and the UK used the forum to announce the newly-decided “ambition criteria” that – beyond general eligibility criteria and assurances of government endorsement – will be used to select NAMA
proposals for support. These include: 1) potential for transformational change, 2) co-benefits beyond GHG reductions, 3) financial ambition, and 4) mitigation potential. Mexico’s Housing NAMA will be the first to receive support from the Facility, and the call for additional proposals will be launched in June 2013. More information on the Germany/UK International NAMA Facility, including a NAMA proposal template, is available on the Germany BMU and UK DECC websites.

NAMA-Related Funding Programs and Structuring NAMAs for Investment

Beyond the Germany/UK International NAMA Facility, the Summit made it clear to developing countries that other contributing countries, development banks, and financial institutions are increasing support for NAMAs. Minister Martin Lidegaard, Ministry of Climate, Energy, and Building of Denmark, opened a high-level segment on Day 2 by highlighting Denmark’s Climate Investment Fund and the possibility of the fund supporting NAMAs in the future.

Artur Runge-Metzger, Director of International and Climate Strategy of the European Union, spoke on the Commission’s plan for earmarking 20% of overseas development assistance toward climate for the 2014-2020 period. He stressed the need for climate and development agendas need to be mutually supportive. The Commission has also established blending facilities that combine EU grants with loans from the public and private sector and other funding sources to increase the EU’s pool of climate finance. Laurence Blandford, Director of Partnerships, Environment Canada, presented on Canada’s support for NAMAs in Latin America and available Canadian funding through the Inter-American Development Bank intended to reduce climate mitigation project risk through concessional loans. His presentation led into the presentation of Colombia’s Waste NAMA, which received Canadian-funded CCAP assistance.

Ash Sharma of the Nordic Environment Finance Corporation (NEFCO) specified that they are looking for well-designed proposals with good leadership and the ability to leverage funding. Samuel Buys of Belgium’s Federal Administration noted that Belgium plans to have a NAMA funding program by the end of 2013 to support capacity building, NAMA development and implementation, with criteria similar to that of the Germany/UK Facility. Peter Betts, Director of International Climate Change at the United Kingdom’s Department of Climate Change, stressed the UK’s interest in funding transformational actions and called on climate finance to facilitate on-the-ground changes that help achieve the 2°C goal, irrespective of progress under the Green Climate Fund.

John Morton, Chief of Staff of the United States’ Overseas Private Investment Corporation (OPIC), underscored that there is considerable private money available and looking to be invested in developing countries. He asserted that NAMAs are an effective tool for relaying government priorities to the private sector and recommended that programs be kept simple and consistent. OPIC commits $3.5-4 billion/year in projects and helps mitigate investment risk for the private sector in emerging markets. Assaad Razzouk, CEO of Sindicatum Sustainable Resources, reiterated that private capital is ready and available to be invested in developing countries, in particular in renewable energy, as long as programs are bankable.

Torben Möger Pedersen, CEO of PensionDanmark, spoke to the role of pension funds in NAMAs. His currently has €19 billion in assets and is looking to invest approximately 10% in renewable energy (equity) and 10% in infrastructure assets (loans) – both increasingly good matches for pension fund investments, especially if bond structures can help address regulatory and policy risk. Alejandro
Miranda, Environment Division Executive of the CAF Latin American Development Bank, indicated that CAF is interested in supporting countries to identify, design and implement NAMAs.

**Policy Discussion on NAMA Finance**

During the final discussion of the Summit, CCAP’s Ned Helme and Brad Johnson presented on the role of NAMAs in bringing together various sources of climate finance and on the potential of flexible NAMA finance in catalyzing private investment. Alexis Bonnel, Deputy Director of Cross-Operations at the French Development Agency (AFD), addressed the role of contributing-country development banks in NAMA finance and said that AFD’s goal is to earmark 50% of funding toward climate efforts. He noted that contributing countries will need to reassess how they allocate funds, as the GHG impacts of transformative NAMAs that go beyond simple projects may be harder to quantify. Norbert Gorißen of Germany agreed that there are areas where monitoring, reporting and verification (MRV) may be difficult but stressed the importance of including MRV in proposals. He called for greater cooperation among NAMA development organizations, financial institutions and contributing countries.

Luis Fernando Arboleda, CEO of Findeter Bank (Colombia), presented on the role of national development banks in NAMAs and on Findeter’s sustainable cities program, which is supported by $250 million from AFD. Rodrigo Violic, Business Manager, BICE Bank (Chile), presented on the role of commercial banks in NAMA design and finance and provided a lender’s perspective on evaluating renewable energy projects. He underscored the promise of Chile’s Price Stabilization Fund NAMA in mitigating investment risks.

**Site Visits**

After a Day 2 presentation by Jacob Krog Søbygaard, Head of Division, Ministry of Climate, Energy and Building, on Denmark’s successful transition from fossil fuels to renewable energy and energy efficiency, several Summit attendees took part in site visits organized by the Danish Government and State of Green on Friday, May 17. These visits took participants to a wind farm and a building-efficiency project and offered an opportunity to learn more about Danish solutions in the field of energy and climate. Participants in the site visits are encouraged to complete this [survey](#).

**Next Steps**

CCAP held a policy dialogue during the June 2013 UNFCCC negotiations in Bonn, Germany, in part to translate to the international process the progress that was achieved during this Summit. CCAP is planning the next MAIN-Latin America regional dialogue for July 23-25 in Lima, Peru, and the next MAIN-Asia dialogue is scheduled for mid-October in the Philippines.