



Supported NAMA Template

In December 2007 at the 13th Conference of the Parties (COP), delegates adopted the Bali Action Plan, which called on developing countries to take enhanced national action on climate mitigation in the form of nationally appropriate mitigation actions (NAMAs) that are consistent with sustainable development goals and supported and enabled by technology, financing and capacity-building. At the 16th COP in Cancun, parties acknowledged in the Cancun Agreements the commitment of developed countries to provide developing countries with new and additional resources, approaching \$30 billion, for the period 2010-2012, balanced between supporting enhanced action on mitigation and adaptation.

More than half-way through this fast-start finance period, it appears that significant amounts of funds have been granted for enhanced action on mitigation, including capacity support, policy advice, and support for individual mitigation projects, primarily in the context of development finance and low emission development strategies. Funds are also granted for sector-wide initiatives. However, based on initial reports, very little funding has been dedicated to support actual implementation of specific developing country NAMAs. There is still a need to prove that NAMAs can yield effective outcomes, and to develop procedures that can encourage more rapid development, funding, implementation and measurement of high quality actions that are consistent with national sustainable development goals.

Based on initial conversations with representatives from developing and developed countries, it seems countries may be hesitant to advance NAMAs partly due to uncertainty about what constitutes a NAMA, and partly due to a lack of guidance on both the process to secure funding and the selection criteria that might be used by contributing countries and institutions to support one NAMA over another. There are questions about what information should be presented to enable discussions between developing country NAMA developers and prospective funders.

While some uncertainty in how NAMAs are defined is still quite useful at this stage, as this allows developing countries considerable flexibility to advance NAMAs that will fit their own sustainable development paths, some amount of standardization in how NAMAs are presented could encourage developing countries to put their ideas on paper, enabling the needed dialogue and negotiations for financial, capacity and/or technological support from contributing countries and institutions. A standard template could also facilitate the process of matching NAMAs with available finance. Accordingly, the Center for Clean Air Policy, with input from government representatives from Latin America and Asia¹, has prepared a simple Supported NAMA Template that is intended to help initiate

¹ Participants in the Mitigation Action Implementation Network from Argentina, Chile, Colombia, Costa Rica, Panama, Peru, China, Indonesia, Malaysia, Pakistan, Thailand, Philippines, and Vietnam provided preliminary feedback on the proposed Supported NAMA Template.

conversations between NAMA developers and representatives from countries and institutions that are contributing to NAMA support.

The aim of this Supported NAMA Template is to present important information that will enable contributing governments and institutions to assess whether the proposed actions fall within their own funding priorities and guidelines in a format that is not overly burdensome to the developing countries. Essentially, it is a tool that can be used to jump-start the conversation on NAMA support. Once there is interest from one or more contributing countries or institutions, additional and more detailed information would need to be prepared to address the particular needs of the prospective donor(s).

Elements of the Supported NAMA Template

The Supported NAMA Template requests the following information:

- Name of the Proposed Action
- Applicable Sector(s)
- Current Actions
- Description of the Proposed NAMA
- Timeframe for NAMA Implementation
- Risks and Barriers
- Metric(s) of Success
- Estimated Emissions Outcome
- Other Expected Benefits
- Incremental Costs of the NAMA
- Support Requested for Proposed NAMA & Other Sources of Finance
- Implementing Agencies & Contact Information

A brief explanation of each of these elements is provided below. To illustrate how the template might be filled in, we use an example NAMA design on energy efficiency measures for the residential building sector in Mexico.²

Name of the Proposed Action

Applicants for NAMA support should identify a name for the proposed NAMA that briefly and clearly describes the primary policy measure and the outcome to be achieved. In the Mexico residential building sector example, the NAMA could be titled “Increase the technological ambition and penetration of Mexico’s green mortgage program from 37% to 100% of eligible new houses in 2020.”

Applicable Sector(s)

Filling in the applicable sector(s) will help contributing countries and institutions to understand the scope of the action. This information is also important as some countries that will be contributing

² The details on this NAMA design were taken from Wehner, Stefan, et al, Supported NAMA Design Concept for Energy-Efficiency Measures in the Mexican Residential Building Sector – Final Draft Working Paper, Point Carbon Global Advisory Services, November 16, 2010. The Wehner et al. paper identifies four different NAMA scenarios. This Supported NAMA Template paper uses Scenario 4 as an example.

financial, capacity or technological support for NAMAs may target their support to one or more priority sector(s). In the Mexico example, the applicable sector could be listed as “residential buildings.”

Current Actions

The purpose of this element is to understand the policy baseline before implementation of the proposed action—both policies that are present and key policy gaps. Current actions could include policies and regulations that have already been approved in the sector(s) that are covered by the NAMA. Current actions could also include announced policy goals that apply to the sector. In identifying policy gaps, NAMA developers should consider beneficial actions that are not happening in the sector that could be addressed by the NAMA. At this initial stage of NAMA development, we suggest preparing a list of current actions that relate to the proposed NAMA in the affected sector(s), with a short (1 to 2 sentence) description of each. In the Mexico residential building sector example, the following might be listed as current actions:

- “Green mortgage program” that provides additional credit line for mortgages for low income home buyers that incorporate sustainable and energy efficient technologies. Current technologies include efficient lighting, solar water heaters, efficient gas boiler, thermal insulation (roof and walls) in certain climate zones, water saving appliances, and reflective coating.
- “Esta es tu casa” program in which subsidies are given to housing developers who achieve minimum energy efficiency criteria for Greenfield development or refurbishments targeting low income groups.
- Building codes and norms are set at the municipal level. The National Housing Commission, CONAVI, has developed a national model building code and is promoting its adoption at the municipal and state level.
- “Cuidemos Mexico” program of activities under the CDM involves the distribution of energy efficient light bulbs to households across Mexico.

Similarly, policy gaps should be briefly identified. In the Mexican residential sector, gaps might include:

- The “Green Mortgage program” only addresses a portion of new homes. Currently, only 20% of new homes are covered by the green mortgage program, and business-as-usual projections show an increase to 37% of new homes covered by 2020. Similarly, while the program currently includes a core set of efficient technologies, the funding is not sufficient to cover other technologies (e.g., efficient air conditioning units and refrigerators, and potentially solar PV). Considerable growth is expected in the Mexican housing market in the coming decades, including an expected demand for 11.3 million new houses by 2030.

Description of the Proposed NAMA

The proposed NAMA description should briefly explain 1) the qualitative and quantitative objectives of the action; 2) the policies or measures that will be used to achieve the proposed NAMA; 3) the rationale or justification for the proposed NAMA; and 4) how the NAMA relates to the national climate strategy.

The NAMA *objectives*, or outcomes, should describe the visible, on-the-ground changes that are anticipated to result from NAMA implementation. This might include specific estimates of changes in technology or infrastructure, as well as descriptions of any expected changes in behavior. Achievement of these objectives should yield the projected estimates of GHG emissions reductions and the other expected benefits detailed in later sections of this template. In the Mexico residential building sector example, a key objective relates to enhanced penetration of the efficiency programs from the current level of 20% penetration to 100% penetration by 2020, which amounts to an additional estimated 4 million new homes over business-as-usual penetration rates. A second key objective is to enhance the ambition of the program to cover additional technologies, including efficient air conditioning units and refrigerators, and potentially solar PV.

The description should also include short narratives of each of the *policies or measures* that will be used to achieve the proposed NAMA, as well as the types of capacity support needed to enable policy development and implementation, including monitoring, reporting and verification (MRV). This should include new laws, regulations, incentive programs and other types of policy guidance and directives (as well as modifications to existing laws, regulations, incentive programs, and other types of policy guidance and directives). In the Mexico residential building sector example, in addition to expanding and enhancing the efficiency programs as described earlier, the following measures are contemplated as part of the NAMA:

- 1) Government efforts to establish institutions to administer the NAMA, including development of a data collection system for MRV; establishment of inspection and supervision system of new houses built under the NAMA; and annual house surveys of GHG emission reductions;
- 2) Enforcement of mandatory building codes;
- 3) Transformation of the green mortgage program into a nationwide urban planning and building code framework;
- 4) Capacity building to increase the number of certified architects, engineers, constructors and installers for sustainable housing design and technology; increase the numbers of professors and students in the area of energy efficiency; and develop and maintain a technology database for the housing sector;
- 5) Enhanced marketing and advertising.

The description should include a rationale, or justification for the proposed NAMA. In a few paragraphs or series of bullet points, this could build from the gaps identified in current programs, and could elaborate on the reduction potential, the cost-effectiveness, the ability to implement the NAMA quickly, sustainable development or other co-benefits, and/or the opportunity to leverage other sources of funding or create conditions for private sector investments. In explaining the rationale of the Mexican NAMA, the concept paper references the significant effort entailed in increasing participation from the current 20 percent (and projected 35 percent) of new homes up to 100 percent, and the associated emissions reductions.

And finally, the description should indicate how the NAMA relates to the national climate strategy. In Mexico's case, the NAMA will help meet the "Efficient housing and green mortgages" program in the Programa Especial de Cambio Climatico (PECC), Mexico's climate change plan, achieving long-term emissions reductions beyond what would otherwise be achieved. In addition, the NAMA Concept Paper sees an opportunity for the NAMA to build financial and technical resources within CONAVI to shift from a voluntary to mandatory approach in this sector over the longer term.

Timeframe for NAMA Implementation

Applicants for NAMA support should briefly explain the anticipated timeframe for implementation of the NAMA. This should include the time required to undertake the policies and measures for achieving the proposed NAMA objectives as well as the timeframe expected to build needed capacity and monitor the various outcomes. This could be in the form of a policy timeline. In the Mexico residential building sector example, 2011-2012 is designated as a preparatory phase, and implementation is set to take place from 2012-2020.

Risks and Barriers

Applicants for NAMA support should identify potential risks (especially those that are large and/or have a high likelihood of occurring) that could affect successful implementation of the NAMA, as well as potential barriers that may need to be overcome as part of NAMA implementation to create the conditions for success. Barriers to consider include regulatory, technical, capacity, market, etc. Consideration of such barriers should also be helpful in determining the components and scope of the NAMA and the nature of the needed financial, technological and capacity support.

The Supported NAMA Design Concept elaborated by Wehner et al. did not explicitly identify risks and barriers. The green mortgage and *estas es tu casa* programs are already being implemented successfully.

Metric(s) of Success

In this section, applicants for NAMA support would describe their proposed approach to track NAMA implementation and impact. This could involve use of action-oriented metrics tied to proposed implementation steps, and/or metric(s) that relate back to quantitative progress-oriented objectives identified in the NAMA description. It is anticipated that the final agreed action and progress metrics would be tracked over time and used to judge the success of the NAMA in achieving its stated goals. Achievement of interim metrics could also trigger the release of subsequent tranches of financial support. It is important that countries select action and progress metrics that can reasonably be monitored over time, and should ensure that any capacity support needed to do this is included in the NAMA design and the requested support. In the Mexico residential building sector example, success metrics include energy use per gross floor area, as well as GHG emissions per gross floor area.

Estimated Emissions Outcome

While the main objective of the NAMA framework is to achieve reductions in greenhouse gas emissions that are additional to those achieved by developed countries, estimating the greenhouse gas reductions that are likely to result from a given NAMA can be challenging due to uncertainty in projecting business as usual emissions. At later stages of NAMA finance negotiations, it will be important for the applicant

for NAMA support to explain the methods and assumptions that will be used to estimate GHG savings, and perhaps to develop sensitivity scenarios. At this initial stage, it is sufficient to provide a *reasonable estimate* of the emissions outcome that is expected as a result of the NAMA. This will enable funders to assess the rough contribution to sector, national and global emissions reductions as well as the rough cost-effectiveness of the investment. In the Mexico residential building sector example, GHG savings are estimated at 15.9 Mt CO₂ through 2020.

Other Expected Benefits

NAMAs are supposed to be developed in the context of sustainable development, and therefore are expected to yield environmental, economic and/or development benefits in addition to CO₂ reductions. These benefits may make it easier to win domestic support for the action. In addition, some contributing countries may use their development agencies to distribute NAMA financing, and will be looking for these dual objectives. At this opening stage, it is appropriate to list the main types of co-benefits that the NAMA is expected to generate. In the Mexico residential building sector example, highlighted co-benefits include national economic impacts, including reduced government subsidies to residential electricity consumers, and lower energy costs (and mortgage subsidies) for homeowners. Air quality co-benefits would also be expected, but are not referenced in the Supported NAMA Design Concept elaborated by Wehner et al. In addition, no information is provided on whether the program would be expected to enhance access to home ownership.

Incremental Costs of the NAMA

Understanding the *full incremental costs* of the NAMA will enable contributing countries and institutions to understand the envisioned scale of the investments needed to generate the desired action. Some funders seek out projects where they can have a major impact, whereas others are willing to play a smaller distinct role in a larger effort. Contributing countries and institutions will also want to compare the costs of the proposed action with others they might be considering. Use of common metrics, including the *estimated cost per unit of outcome*, will aid these comparisons.

In the case of the Mexico residential building sector example, the total cumulative investment through 2020 is estimated at Mex \$81 billion, or roughly US \$6 billion³. A large share of these costs (Mex \$33 billion) reflects the incremental costs of solar PV. Importantly, but not factored into the NAMA cost estimate, the NAMA is expected to generate important monetary benefits for Mexican consumers (household savings) and reduced energy subsidies for the government.

The Mexican supported NAMA concept paper does not offer alternative metrics that might be used for comparison, such as cost per unit of floorspace, or cost per ton of emissions reduced. The values might depend on whether the NAMA costs are grants or loans, and how the monetary benefits are factored in.

Support Requested for Proposed NAMA & Other Sources of Finance

As compared to the total incremental costs, above, contributing countries and institutions will also want to know the total amount of *requested* financial support and the preferred *form* of that support (e.g.,

³ The exchange rate on September 28, 2011 is 0.07436 USD to 1 Mexican Peso, per <http://www.oanda.com/currency/converter/>.

grant, loan, guarantee, etc.), along with the estimated value of requested technological and capacity support. They will also want to know how their support (financial, technological and capacity) relates to that already committed by other public and private sources. In essence, contributing countries will want to see a sensible and efficient funding plan, where their support leverages other spending, plays a unique role in advancing the NAMA (potentially overcoming a barrier previously identified) and is well coordinated with that of other funding sources.

In the Mexico residential building sector example, support is sought for the final design of the NAMA, as well as its implementation and operation—essentially the full incremental cost. It appears the support will be placed in a fund that would be used by local banks to make loans to housing developers. While the required support is expressed in financial requirements, the NAMA Concept Paper indicates that the portion of finance needed for administration of the NAMA (e.g., design of a detailed finance plan; design of the fund; design of baseline, MRV and additionality frameworks) could be supplemented with direct capacity building and technology. Further elaboration would be needed on the appropriate form of these bilateral and/or multi-lateral investments.

The Mexican government is prepared to continue to support the Green mortgage and *Esta es tu casa* programs at the current level (estimated at Mex \$61 billion through 2020, or US \$4.5 billion), however, these costs and emissions reductions are not included in the supported NAMA described earlier. The Mexican government expects bilateral or multi-lateral contributions to cover the full incremental costs of the proposed supported NAMA (roughly US \$6 billion), and at the time the concept paper was written in November 2010, was seeking firm bilateral funding commitments of the full amount.

Implementing Agencies & Contact Information

Finally, the applicant for NAMA support should indicate the agency or ministry endorsing the NAMA proposal, as well as contact information for the lead staff member(s) charged with development and implementation of the proposed NAMA. Other agencies working on the NAMA should also be identified. The implementing agency in the Mexican example is the National Housing Commission (CONAVI).

Feedback on the Supported NAMA Template

CCAP welcomes feedback on this Supported NAMA Template to better meet the needs of both developing countries who are applying for NAMA support, and contributing countries and institutions that are looking for opportunities to invest their financial resources in effective and cost-effective nationally appropriate mitigation actions. Please direct your comments and suggestions to Stacey Davis at sdavis@ccap.org.

Appendix 1. Supported NAMA Template



CCAP Proposal for Supported NAMA Template – Revised 10/13/11

Proposed Template Categories	In UNFCCC registry text from Oct. 5?	Example - Residential Building Efficiency (Potential Mexico NAMA)
Name of the Proposed Action	<i>Not in registry text</i>	Increase the technological ambition and penetration of Mexico's green mortgage program from 37% to 100% of eligible new houses
Applicable Sector(s)	<i>Not in registry text</i>	Residential building sector
Current Actions <ul style="list-style-type: none"> • Actions, policies and regulations already in place in the sector(s) • Gaps in current actions 	<i>Not in registry text</i>	Existing green mortgage program, subsidies to housing developers, building codes/norms, efficient light bulb distribution program
Description of the Proposed NAMA <ul style="list-style-type: none"> • Qualitative and quantitative objectives of the NAMA • Policies or measures that will be used to achieve the proposed NAMA • Rationale/justification for proposed NAMA • How NAMA relates to national climate strategy 	Registry language: <ul style="list-style-type: none"> • <i>"Description of the mitigation action"</i> 	<ul style="list-style-type: none"> • Increase the technological ambition and penetration of Mexico's green mortgage program from forecasted 37% to 100% of eligible houses in 2020 • Building codes, institutions to administer NAMA, capacity building, marketing/advertising, etc.
Timeframe for NAMA Implementation <ul style="list-style-type: none"> • Anticipated timeframe for implementation of the NAMA 	Registry language: <ul style="list-style-type: none"> • <i>"The expected timeframe for implementation"</i> 	By 2020

<p>Risks and Barriers</p> <ul style="list-style-type: none"> Potential risks or barriers to implementation of the NAMA 	<p>Not in registry text</p>	<p>None identified</p>
<p>Metric(s) of Success</p> <ul style="list-style-type: none"> Proposed method to track implementation of the NAMA Progress indicators for expected outcomes 	<p>Registry language:</p> <ul style="list-style-type: none"> <i>“Indicators of implementation of the action”</i> 	<p>Energy use per square foot of floor space</p>
<p>Estimated Emissions Outcome</p> <ul style="list-style-type: none"> Estimated emissions outcome as a result of the NAMA 	<p>Registry language:</p> <ul style="list-style-type: none"> <i>“Estimated emissions outcome”</i> <i>“Estimate of the mitigation result, based on the understanding that the commitment is to implement the action and not to the outcome”</i> 	<ul style="list-style-type: none"> Estimated improvement in GHG per square foot of floor space Aggregate tons of impact: Estimated aggregate tons per house multiplied by number of additional houses added to program (15.9 million tons, cumulative)
<p>Other Expected Benefits</p> <ul style="list-style-type: none"> Other environmental, economic, sustainable development benefits 	<p>Registry language:</p> <ul style="list-style-type: none"> <i>“Benefits for local sustainable development”</i> 	<p>Air quality, energy costs, economic impacts</p>
<p>Incremental Costs of the NAMA</p> <ul style="list-style-type: none"> Total incremental costs Estimated cost per unit of outcome 	<p>Registry language:</p> <ul style="list-style-type: none"> <i>“Estimated incremental costs of the mitigation action”</i> 	<ul style="list-style-type: none"> The total cumulative incremental cost of the supported NAMA is US\$6 bn (including solar PV). In addition, the Mexican government continues to support growth in the existing the green mortgage program (via a unilateral NAMA), amounting to an additional

		<p>US\$4.5 bn through 2020.</p> <ul style="list-style-type: none"> • \$ per square foot of floor space
<p>Support Requested for Proposed NAMA & Other Sources of Finance</p> <ul style="list-style-type: none"> • Financing requested for NAMA preparation and implementation (total amount of funding requested and form, not to exceed total incremental cost of NAMA) • Amounts and sources of other financing (private & public) • Capacity building requested (for preparation of NAMA, training of staff for implementation) • Technology transfer requested 	<p>Registry language:</p> <ul style="list-style-type: none"> • “Capacity-building support required to implement the mitigation action, and an estimate of the full agreed costs of activities enabling the action” • “The technology transfer requested” 	<ul style="list-style-type: none"> • Financing: US\$6 bn requested (total incremental cost) in loans, credit, interest rate subsidies • Other financing (for separate unilateral component): US\$4.5 bn from Mexican government • Capacity building: Assistance with program administration, such as design of a detailed finance plan and MRV framework • Technology: Support for development of building codes
<p>Implementing Agencies & Contact Information</p> <ul style="list-style-type: none"> • Agency endorsing NAMA proposal • Name, affiliation, title • Phone, e-mail, address, fax 	<p>Not in registry text</p>	<p>National Housing Commission (CONAVI)</p>



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CCAP is solely responsible for the content of this paper, which is part of CCAP's Mitigation Action Implementation Network ([MAIN](#)). For further information, please contact Stacey Davis (sdavis@ccap.org).