United Nations Environment Programme
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Financing for an Efficient Lighting NAMA

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Developing a Nationally Appropriate Mitigation Action on Efficient Lighting
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Financing a NAMA: Overview

- Present an attractive proposal
- Sources of finance: domestic & international
- Sources of finance: public & private
- Information to be provided
- Combining economic and financial instruments
- Potential international funders
- International funders’ requirements
Present an Attractive Proposal

- Ambitious but realistic work programme (« transformational »)
- Capable of implementation (staged approach, geography, time)
- A credible NAMA developer (relevant mandate and appropriate technical and financial capabilities)
- Country ownership
- Extensive domestic stakeholder consultations
- Clear identification of requirements (technical, financial, capacity building)
- Financial plan
Sources of Finance: Domestic & International

• Domestic financing:
  • Government, electric power utilities, energy service companies, suppliers of lighting products and services, financial institutions, customers

• International financing:
  • Bilateral or multilateral programmes, climate change convention mechanisms, financial institutions, carbon market based fundings

• Domestic financing plays a role in attracting international financing:
  • Demonstrates national preparedness to transform the market
  • Sets framework conditions to make private investment attractive
Sources of Finance: Public & Private

• Public financing:
  • Actions of transformational nature

• Private financing:
  • Actions that are cost-neutral. Example: awareness raising campaign
  • Actions that present an attractive risk/return ratio. Example: large scale projects with lower transaction costs
  • A key private sector representative: the consumer

• Domestic financing plays a role in attracting international financing
  • Demonstrates national preparedness to transform the market
  • Sets framework conditions to make private investment attractive (policies, standards, etc.)
Information To Be Provided

• UNFCCC NAMA Registry: NAMA recognition and NAMA finance

• Support for preparation: feasibility studies, technical assessments and designs, stakeholders consultations, etc.

• Support for implementation (entire life-time): pre-operation, construction works, operation and maintenance, debt service, closure

• Incremental costs: difference in costs between the baseline scenario and the mitigation scenario

• Support required in terms of financing (financial resources needed, amount provided from national budget, type of financing instruments), of capacity building, and of technological support
Combining Economic and Financial Instruments

• Combine financial and economic instruments to address main barriers

• Example: Building and operating collection and recycling facilities:
  • Government: establish recycling regulatory framework, set up public-private partnership to build and operate the facilities,
  • Utility: advise on best design and technology
  • Banks: provide concessional loans to builders/operators (local banks, refinanced by development banks)
  • Consumers: participate in collection and recycling programme
  • Local companies and investors: provide capital and management

• Instruments to be tailored to host country’s general economic situation and level of development

• Importance of national consultations during NAMA development
Potential International Funders

• Multilateral support
  • Example: the Green Climate Fund; Sustainable Energy for All Initiative; the Global Environment Facility

• Bi-lateral support
  • Example: the NAMA Facility

• Carbon-based financings
  • Example: Combining Carbon Development Mechanism (CDM) Programme of Action (PoA) and NAMA; Credited NAMAs

• Private sector
  • Example: efficient lighting product manufacturers, distributors, financial institutions
International Funders’ Requirements

• Type of support required: financing, capacity building, technological support

• Financial plan

• Exit strategy: a self-sustainable (transformed) market

• Measuring, reporting and verifying (MRV)

• Identification of support requirements: specific funders’ requests/interests to be explored on an ad-hoc basis:
  • GHG related criteria (cost-effectiveness of emission reductions, mitigative capacity, direct and indirect mitigation potential)
  • non-GHG related criteria (sustainable development benefits, long-term transformation, alignment with national priorities, country ownership and financial engagement, specific MRV)
Thank You

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