



United Nations Environment Programme en.lighten initiative

Financing for an Efficient Lighting NAMA

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*Developing a Nationally Appropriate Mitigation Action on Efficient Lighting
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National Lighting Test Centre
China



Australian Government

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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