

# KEY FEATURES OF BANKABLE NAMAS



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# CONTEXT: CONVERTING NDCS INTO IMPLEMENTABLE POLICIES, MEASURES AND FINANCING STRATEGIES

## All Parties will likely need to:

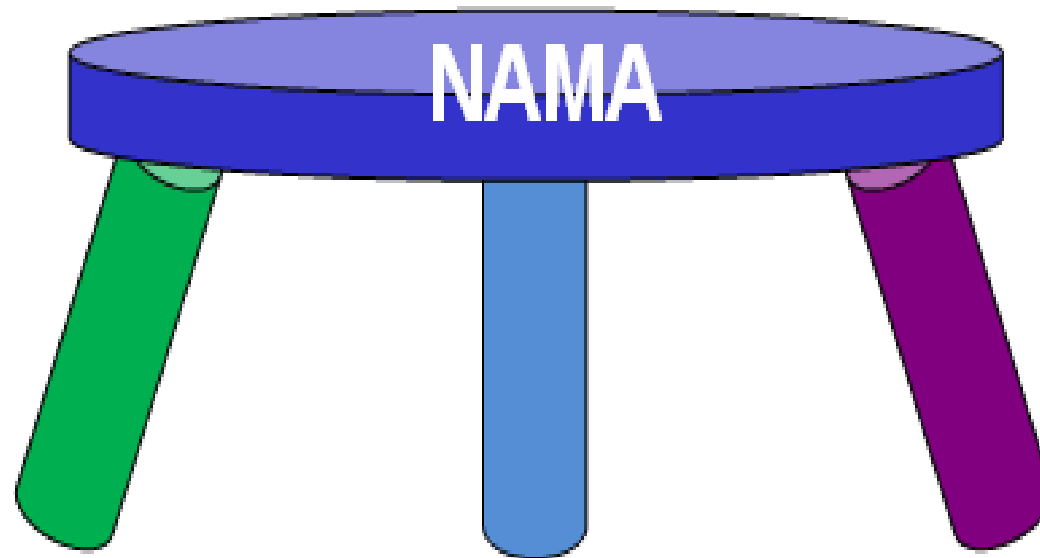


## Parties seeking support might need to:



**Bankable NAMAs** will form a key basis of mitigation proposals

# BANKABLE NAMAS HAVE KEY FEATURES THAT HELP MOBILIZE PRIVATE INVESTMENT



**Improving policy and institutional frameworks**

**Addressing financial risks and returns**

**Identifying projects and demonstrating feasibility**

# IMPROVING POLICY AND INSTITUTIONAL FRAMEWORKS

- Policies can encourage low-carbon investment, including through:
  - **Carbon pricing mechanisms**, e.g. cap-and-trade, carbon tax
  - **Economic instruments**, e.g. feed-in tariff, tax incentive
  - **Mandates**, e.g. building codes).
- All domestic policies should afford the private sector:

<p><b><i>Transparency</i></b></p> <p>Policies should be easily understood</p>	<p><b><i>Certainty</i></b></p> <p>Policies should provide a clear and long-term signal, avoid retroactive changes</p>	<p><b><i>Economic viability</i></b></p> <p>Policy incentives should lead to economically viable investments.</p>
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**Engaging Ministries of Finance and Planning is critical** to ensure NAMA policy is integrated into national planning and budget

# ADDRESSING FINANCIAL RISKS AND RETURNS

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

Instrument	Risks/Barriers
Performance guarantees	Lack of familiarity with technology
Concessional loans	High interest rate environments, lack of long-term capital
Aggregation and securitization	High transaction costs
Feed-in-tariffs or competitive tenders	High investment costs or policy risks

# 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

Integrated waste management



*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



Distributed solar

# EXAMPLE: CHILE RENEWABLE ENERGY SELF-SUPPLY NAMA

**Goal:** Foster renewable energy systems in small and medium-sized businesses

## Improving policy and institutional frameworks

- New regulations on connection point enable feed-back to the grid
- Existing net metering regulations allow for interconnection standards and rate reimbursement

## Addressing financial risks and returns

- Credit guarantee fund to support lending by local financial institutions
- Investment grants
- Training and advisory services for financial sector

## Identifying projects and demonstrating feasibility

- Co-financing for feasibility studies
- Technical support for users and technology providers

# EXAMPLE: TUNISIA “PROSOL” SOLAR WATER HEATER NAMA

**Goal:** Develop sustainable market for solar water heaters and displace LPG, ultimately to reduce LPG subsidy

## Improving policy and institutional frameworks

- Equalized subsidy for solar water heaters and LPG alternative

## Addressing financial risks and returns

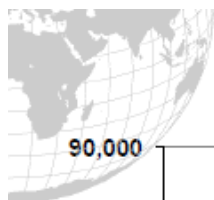
- Interest rate subsidy for loans financed through local banks, **phased out over 18 months**
- End user financing programs through utility bills

## Identifying projects and demonstrating feasibility

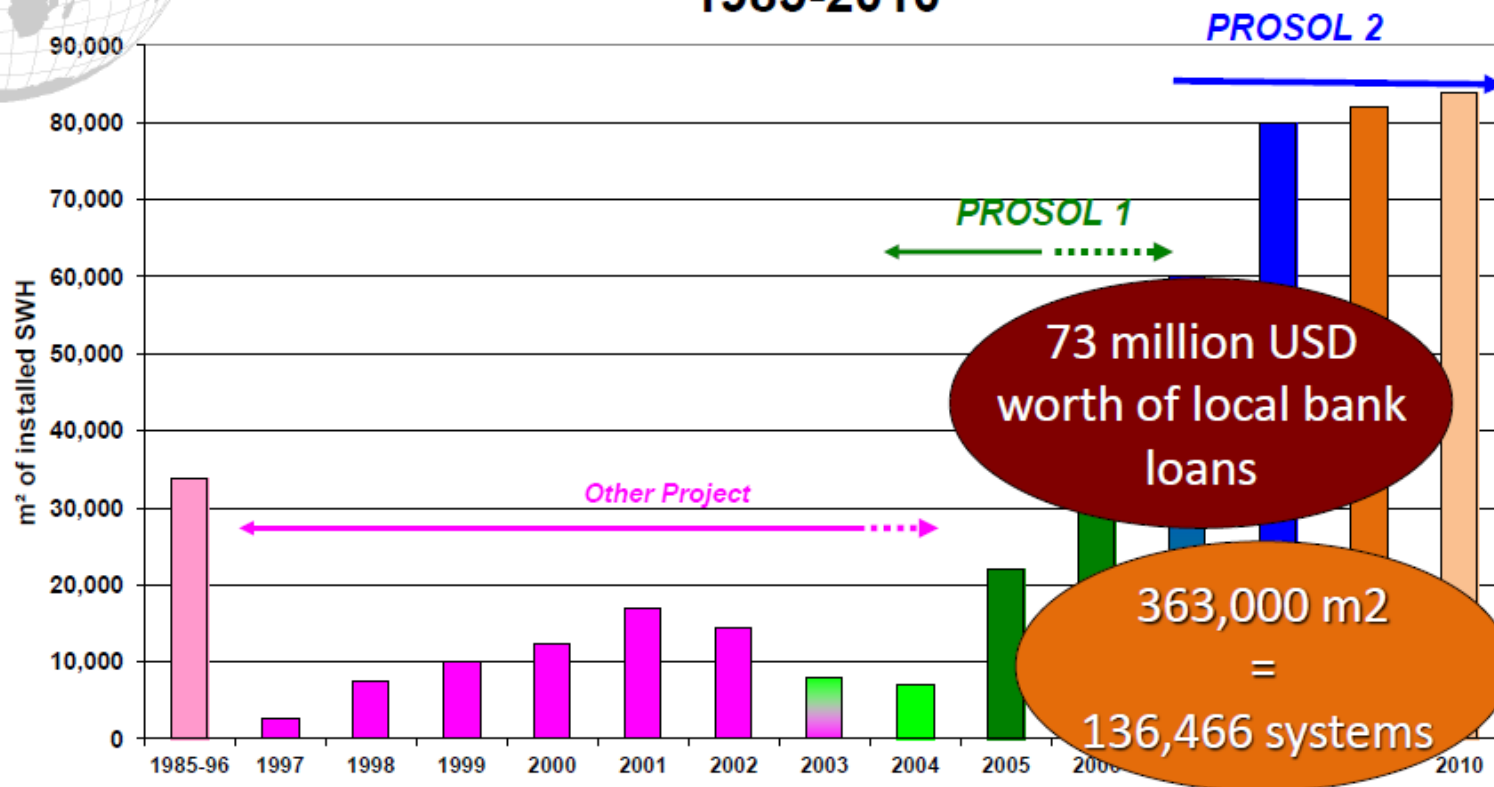
- Initial phase demonstrated profitability to banks and households, kickstarting the market
- Streamlined application process for users



# IMPACT OF PROSOL



## Solar Water Heaters Market Growth in Tunisia 1985-2010



Source: Touhami and Hannane,  
UNDP 2016

# TAKE AWAYS

## For developing countries and orgs. seeking to develop NAMAs

- NAMAs should create favorable conditions for low-carbon investment
- Assessment of barriers can help identify appropriate interventions
- Barriers can be financial (e.g., repayment risks) and non-financial (e.g., lack of policy certainty).
- Engaging with ministries of finance, planning, and relevant sectoral ministries is critical

## For funding institutions

- The three legs of the stool can provide a useful framework to evaluate NAMA proposals
- NAMA development is a multi-year, staged process— well-targeted readiness and TA support can help advance NAMAs through various stages of development

# THANK YOU

For more information,  
please visit us at  
[www.ccap.org](http://www.ccap.org).

# QUESTIONS FOR DISCUSSION

- How do the three legs of the stool apply to NAMAs you are developing?

# QUESTIONS FOR DISCUSSION

- What players are engaged in your NAMA development and implementation process?
- How can key players like finance and planning authorities be best engaged?

# QUESTIONS FOR DISCUSSION

- Does the measure you are considering improve policy transparency and certainty for affected players? How?
- Does the policy consider the economic viability of affected players or the investments required to comply?

# QUESTIONS FOR DISCUSSION

- Are the financial returns sufficient, and/or risks manageable enough, for project investment in the sector you are considering?
- Are there barriers that need addressing to improve these?

# QUESTIONS FOR DISCUSSION

- Is the NAMA you are developing in a sector with many small, similar projects, or a few larger ones?
- Have you characterized a project pipeline? Is there support available to develop projects?