Current NAMA developments and Kenya case study

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ECN at a glance

• Dutch energy R&D institute with strong international connections:
  – 570 highly qualified employees
  – Annual turnover of 140 mln euro
  – On average 10 patents and 600 reports and research publications annually
• As a bridge between energy research and the market, ECN develops high-quality knowledge and technology for the transition to sustainable energy management.

Solar energy  Efficiency & Infrastructure  Biomass  Wind energy  Policy Studies
ECN at a glance

Policy Studies – Global Sustainability group
Experience on NAMAs:

• “On developing NAMAs” conceptual paper [link]
• NAMA Status Reports 2011/2012 update [link] (with Ecofys Germany)
• Mitigation Momentum - advancing NAMAs (with Ecofys Germany)
• Ghana: support NCCC on climate change [link] (with CDKN/DFID)
• Indonesia: support for NAMA framework document and TRANSfer
• Kenya: NAMAs and LEDS [link] (with IISD)
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NAMA Status Report 2012: mid-year update

• Current state of play - NAMA Status Report
  – First ‘Annual Status Report on NAMAs’ published for COP17 in Durban
  – Collaboration between ECN and Ecofys Germany, supported by BMU/ICI

• Submissions and activities on the ground
  – 50 countries submitted NAMAs to UNFCCC; wide variety of types and detail
  – NAMA Database contains 52 NAMA activities across 24 countries
  – 1/3 of countries that submitted NAMAs are engaged in NAMA activities

Supported by:
NAMA Status Report 2012: mid-year update

**UNFCCC submissions**
Source: official documents 2011/INF.1

**Activities on the ground**
Source: [www.nama-database.org](http://www.nama-database.org)
NAMA Status Report 2012: mid-year update

• Where progress is most needed
  – Interviews across community of practice
  – General feeling of optimism about NAMA activities picking up

• Selected recommendations from practitioners:
  – Continued bottom-up exchange on developing and piloting NAMAs
  – Learning from the long history of development activities
  – Clear and transparent criteria for fundable NAMA proposals
  – Concrete and clear examples of MRV of different types of NAMAs
  – Practical experience to demonstrate how the private sector can be involved in NAMA finance
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Framing NAMAs

- NAMAs in the negotiating text
  - Importance of development (co)benefits and sustainable development
  - Government interventions and approved actions
  - Measurement, reporting and verification
Framing NAMAs

• Private sector perspective
  – Opportunities and risks
  – Different from carbon markets
  – Gaps and barriers – dialogue necessary
  – Why do NAMAs matter for the private sector?
Framing NAMAs

• National government perspective
  - Leveraging and/or mobilising private finance
  - Creating an enabling environment
  - Alignment with national development priorities
  - Multiple sources of finance – NAMAs in the larger context
  - Questions of additionality and incremental costs
## Framing NAMAs

### Public finance mechanisms

<table>
<thead>
<tr>
<th>Barriers</th>
<th>Type of financing</th>
<th>Public Finance Mechanisms</th>
<th>Examples of support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low (or no) return on investment</td>
<td>Contribution to investment or operational costs</td>
<td>Up-front grant (e.g. subsidies, concessional loans)</td>
<td>GEF projects, bilateral support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Funding during operation (e.g. feed-in tariffs, carbon markets)</td>
<td>CDM, <em>ideas like GET FIT, Low Carbon Advance Market Commitments</em></td>
</tr>
<tr>
<td>High up-front costs / lacking access</td>
<td>Facilitating access to finance</td>
<td>Provision of debt (e.g. loans, credit lines)</td>
<td>WB CTF, EBRD Energy Efficiency Finance Facilities, micro-finance credits</td>
</tr>
<tr>
<td>to capital</td>
<td></td>
<td>Provision of equity</td>
<td>IFC Cleantech Venture Capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incentivizing existing financing system</td>
<td>ESCO market development</td>
</tr>
<tr>
<td>High risk</td>
<td>Provision of risk coverage</td>
<td>Risk guarantees / insurance schemes</td>
<td>WB MIGA</td>
</tr>
<tr>
<td>Non-financial barriers (regulatory,</td>
<td>Technical assistance</td>
<td>Mostly as grants</td>
<td>GEF projects, bilateral support</td>
</tr>
<tr>
<td>lacking capacity etc.)</td>
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</tbody>
</table>

(source: Würtenberger, forthcoming)
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Case study: developing NAMAs in Kenya

- NCCRS Action Plan
  1. Long term vision and direction of low carbon and climate-resilient growth pathway
  2. Regulatory and policy framework
  3. Adaptation planning and actions
  4. Mitigation planning and actions
  5. Technology transfer, research & development
  6. Performance & benefit measurements
  7. Capacity
  8. Finance

ENABLERS
Case study: developing NAMAs in Kenya

• Institutional setup and stakeholder engagement
  – Climate Change Secretariat (MEMR)
  – Task Force (cross-ministerial including private sector and civil society)
  – Technical Working Groups
  – Strong leadership from permanent secretary

• Institutional setup and stakeholder engagement
  – Low-carbon scenario assessment of potential NAMAs and REDD+ actions across six sectors of UNFCCC
  – Identifies potential emissions abatement actions that can bend down emissions from the proposed reference case emissions
  – Work builds on priorities and planning processes of the Government of Kenya
  – Local validation meetings to engage Kenyan experts and stakeholders to ground-truth and validate assumptions
Case study: developing NAMAs in Kenya

- NAMAs as part of an economy wide low-carbon analysis

1) Emissions projection to 2030 (reference case / business as usual)

2) Wedge analysis: Demonstrates how low carbon options / potential NAMAs can bend down emissions

3) Qualitative analysis of sustainable development impacts of low-carbon options

4) Concrete next steps for the Climate Change Action Plan
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Discussion

- **NAMAs state of play:**
  - Many submissions and activities on the ground
  - Almost all are in the preparatory phase
  - Different types of NAMAs and different approaches to development

- **Framing NAMAs**
  - Negotiating text leaves room for ‘nationally appropriate’ interpretation
  - Government interventions, supported public finance mechanisms
  - Involve private sector to articulate opportunities, gaps and barriers

- **Case study Kenya**
  - NAMAs as part of a coordinated approach to climate change
  - Preparatory analysis, combining detail and holistic view
  - Concrete output for Action Plan
Discussion

• NAMA development covers different stages, including preparing for finance (various templates are available)
• Practical steps in preparing a NAMA proposal for finance

  – Define the rational behind the action
  – Clarify...
    – the role co-benefits and alignment with NDP
    – Incremental costs and additionality
    – International vs. national support
  – Clarify the role of the private sector
  – Engage with potential donors and investors
  – Identify gaps and barriers and chose the appropriate public finance mechanism
  – Develop a concrete financial proposal
Thank you!

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