Developing a NAMA proposal for international support

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Content

What donors look for in a NAMA?

1. Key elements for proposal development: NAMA facility template
2. Example: Smart Street Lighting Initiative NAMA
3. Key messages

BMUB-DECC NAMA facility

- The NAMA Facility was announced as a joint initiative of the German Federal Ministry for Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and the UK Department of Energy and Climate Change (DECC) during the climate talks in Doha 2012.
- It is the objective of the NAMA Facility to provide tailor-made support to governments in developing countries and emerging economies for the implementation of the most ambitious NAMA Support Projects and to demonstrate an architecture for international mitigation finance.
- The NAMA Facility holds open competitive calls to select these projects.

(Source: www.nama-facility.org)

BMUB-DECC NAMA facility – lessons learned

- High level of international attention
- Available funding resulted in a significant pipeline of NAMA support projects across different sectors and regions
- Templates encompass set of meaningful selection criteria, covering eligibility, ambition and feasibility criteria
- Project outlines are encouraged to emphasize the elaboration of a solid project structure as well as to set up financial mechanisms to leverage additional public and private finance for low-carbon development paths

(Source: www.nama-facility.org)

NAMA facility template (1)

General Information on the NAMA Support Project

- Project data
- National Ministry
- National Ministry 2
- Delivery organisation financial component
- Delivery organisation technical component
- Implementing partners
- Cooperation structure

Project Concept

- Project abstract
- Overarching project goal and scope of the NAMA support project
- Starting situation
- Barriers for mitigation investments
- Concept and methodological approach
- Integration into national and sector strategies
- Reference to existing projects in the partner country
- Risks and risk assessment
- Impacts of the overall NAMA Support project

Financial Component (e.g. captal investment, financial support mechanism)

- Target group
- Financial suppot mechanism
- Project outcome
- Project outputs
- Planned activities

Technical component (e.g. capacity building, regulatory framework conditions)

- Target group
- Project outcome
- Project outputs
- Planned activities

NAMA facility template (2)

Project Ambition

- Potential for transformational change
- Sustainable development co-benefits
- Financial ambition
- Mitigation ambition

Monitoring and Evaluation

- M&E FC-Component
- M&E TC-Component

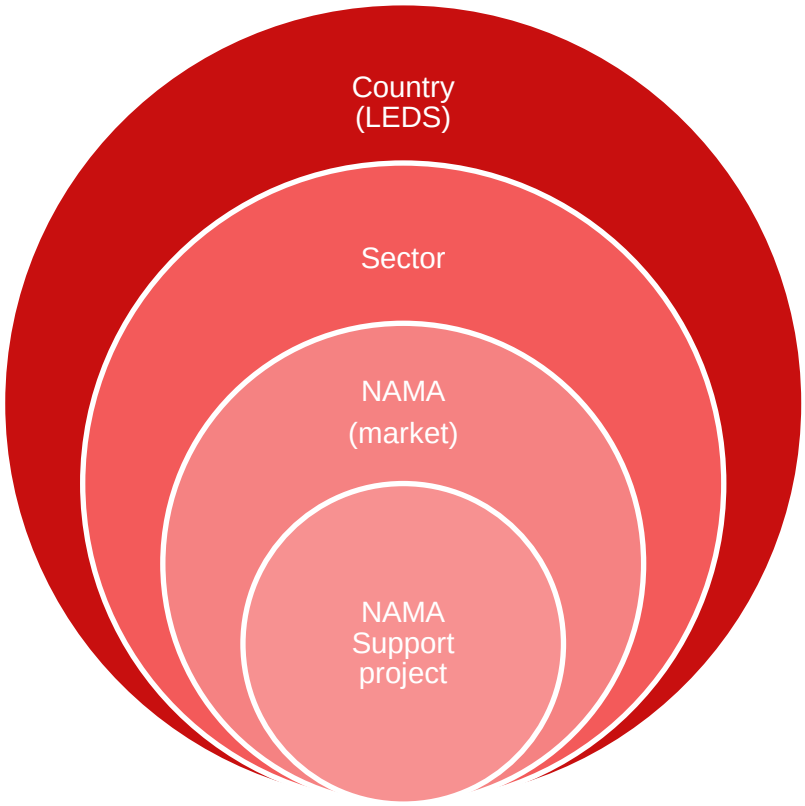
Expected Budget and Financing Structure

- Funding requirements
- Funding volume
- Implementation: Planned financing overall NAMA Support project

Other financial aspects

- Justification for NAMA facility support
- Concept for the phase-out of support
- Official Development Aid

Potential for transformational change and financial ambition



The problem faced by the SSLI NAMA

Economic barriers

- High electricity subsidies discourage the effective implementation of energy efficiency standards and programmes.
- The current billing practice discourages switching to more efficient lighting prior to full meterization.
- ESCOs unable to provide street lighting energy efficiency services to municipal/provincial governments

Political (structural) barriers

- Local government administrations unwilling to apply for PIP loans as application procedure is bureaucratic and lengthy and requires exclusive legal basis.
- Hesitancy to temporary increase street lighting taxes to cover e.g. incremental costs
- Absence of a regulatory framework for contracting the private sector for energy efficiency services it is not possible for municipalities/provinces to make use of the ESCO model.

Smart Street Lighting Initiative

SSLI NAMA

Objective: Increasing the energy efficiency of street lighting by substituting conventional street lighting systems with more efficient street lighting technologies in Indonesian cities and urban areas.

Less energy consumption on the supply side, thus leading to a reduction in greenhouse gas (GHG) emissions > pave the way to a more efficient, stabile and less carbon intensive energy system.

Partners:

Ministry of Energy and Mineral Resources – SSLI NAMA lead agency

German Development Cooperation (GIZ) – Technical Assistance agency

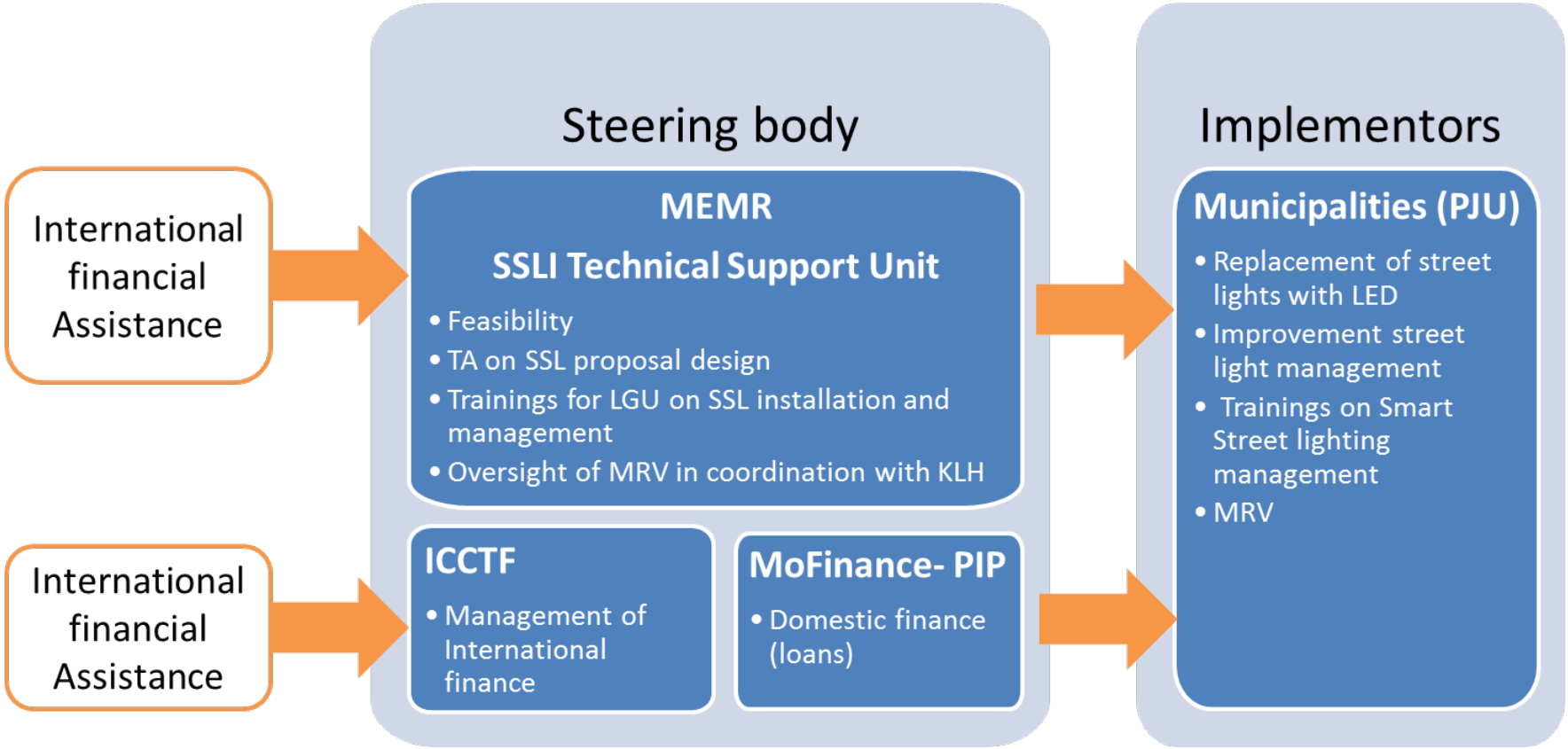
Ministry of Finance / Government Investment Facility (PIP)

Indonesian Climate Change Trust Fund (ICCTF) – Financing agency

Components

- Replacement of conventional street lights with more energy efficient (LED) street lights in SSLI partner cities
- Capacity building in SSLI partner cities to install and maintain energy-efficient street lights
- Technical assistance to support more rapid uptake of meters and ESCO participation
- Development of energy efficiency performance and safety standards for efficient lighting products
- Awareness-raising on usage of energy-efficient street lighting technologies among relevant stakeholders

Organizational structure



NAMA implementation phases

Demonstration phase (2014 – mid 2015)

- Training on ‘Smart street lighting management’ in several cities
- Street light substitution in 4 cities
- TA for preparation of loan proposals to PIP
- Elaboration of ESCO model

Scaling-up phase (mid 2015 – mid 2017)

- Up to 8 additional cities obtain access to PIP loans to finance the city-wide smart street light implementation
- TA on maintenance and MRV
- Facilitation of Esco participation /testing in 1-2 cities

Transformation phase (mid 2017 – end 2019)

- Widespread implementation in additional cities following full metering coverage in allomst all cities
- Financial market enters urban street lighting finance

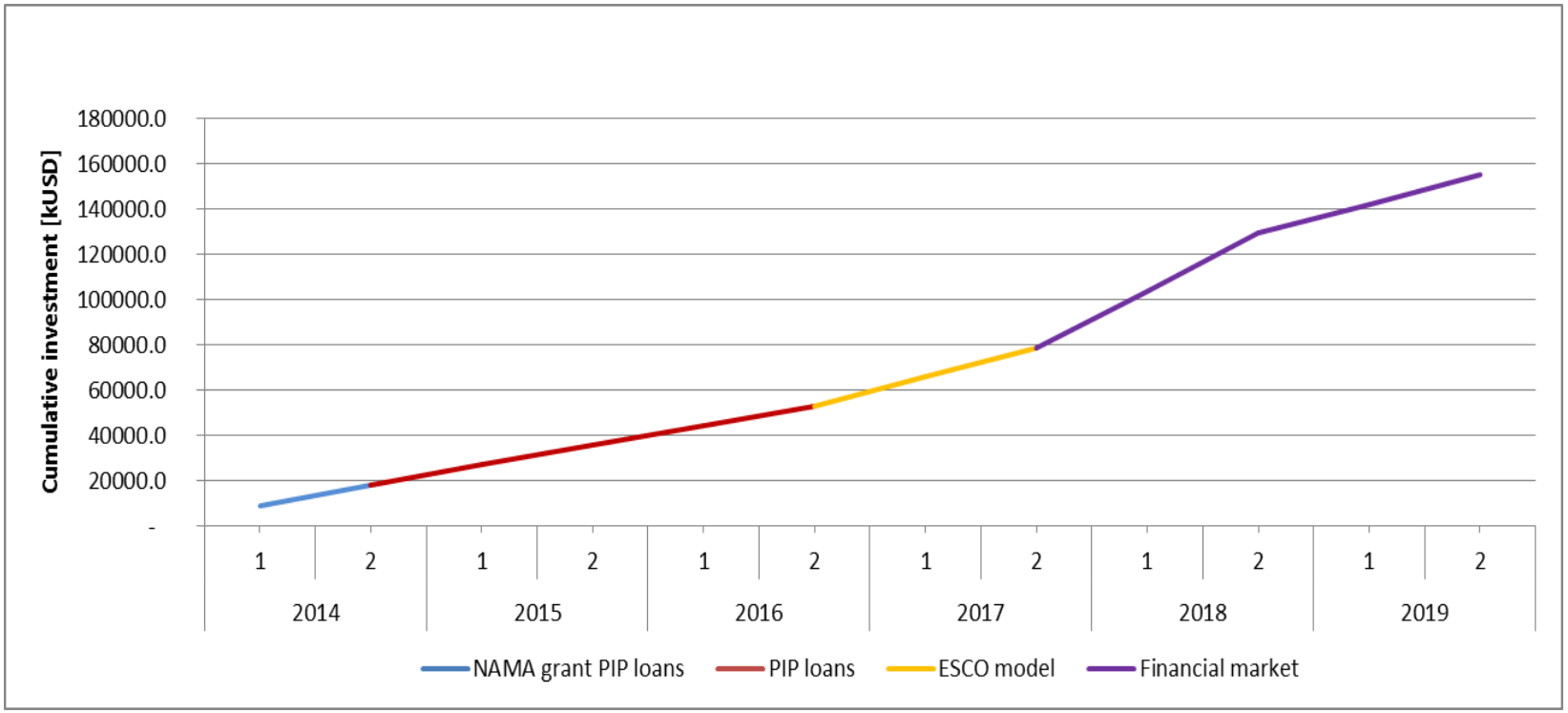
Social, economic and environmental benefits

- reduced GHG emissions
- promotion of energy efficient technologies
- energy security of supply (reduced electricty load)
- electrification (by freeing up existing and new capacity)
- Support phase out of electricity subsidies
- job creation in installation and maintenance
- improved public lighting and living quality
- improved night-time safety in cities
- leverage of public and private investment

Potential for transformational change

- SSLI NAMA in line with national mitigation framework (RAN-GRK)
- Example for alignment of mitigaton plans (RAN-GRK) with economic growth plans (e.g. MP3EI)
- Enhancement of human and institutional capacity for improving technology transfer > empowerment of local technology development capacities
- Cooperation with up to 22 cities, resulting experiences will be shared with other cities.

Financial ambition



Mitigation ambition

- In 2011, about 3068 GWh or 2.3 million tons of CO2 resulted from public street lighting's power consumption Up to 40% of CO2 emission reductions can be achieved with more efficient lighting technologies and management.
- The SSLI NAMA objective: 400.000 tCO2e emission reduction to 2020
- This emission target is based on only replacing the street light bulbs with LED, addititional emission savings result from installation of metering systems and improvement of cabling and services)
- Considering the current average lifetime (10 years) of LED street lighting techologies, the SSLI NAMA would achieve up to approx. 1.400.000 tCO2e in 2024.

Based on preliminary calculations!

Key Messages

- Ownership of stakeholders is key
- Clearly define and emphasize added value of (supported) NAMA
- Benefits next to GHG emission reduction that are clearly outlined and communicated from the very beginning
- Integration and alignment with existing sector institutions, policies and programmes
- Flexible financing framework that allows multiple ways of financing
- Robust but pragmatic MRV approach

Thank you!

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Further relevant information:

- Smart Street Lighting NAMA implementation plan
- Indonesia's Framework for Nationally Appropriate Mitigation Actions
- GIZ NAMA – Technical Assistance Source Book for Practitioners