

Reliability

Innovation

Innovation



Reliability



Expertise



Expertise

How to finance NAMAs? International challenges and their consequences

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▶ 3 main activities

■ Equity investments & advisory

- Involved in a transition to a low carbon economy, CDC Climat invests in innovative companies. It advises investors in their emissions reductions strategies and decisions. Its Governments' Advisory Department offers its support in the design and implementation of climate policies, including through capacity building and training.

■ Investments in carbon assets

- CDC Climat finances carbon emissions reductions. It invests in carbon assets either directly or in the form of innovative funds open to long-term investors aimed at reducing CO₂ emissions by 60Mt before the end of 2014.

■ Research in climate change economics

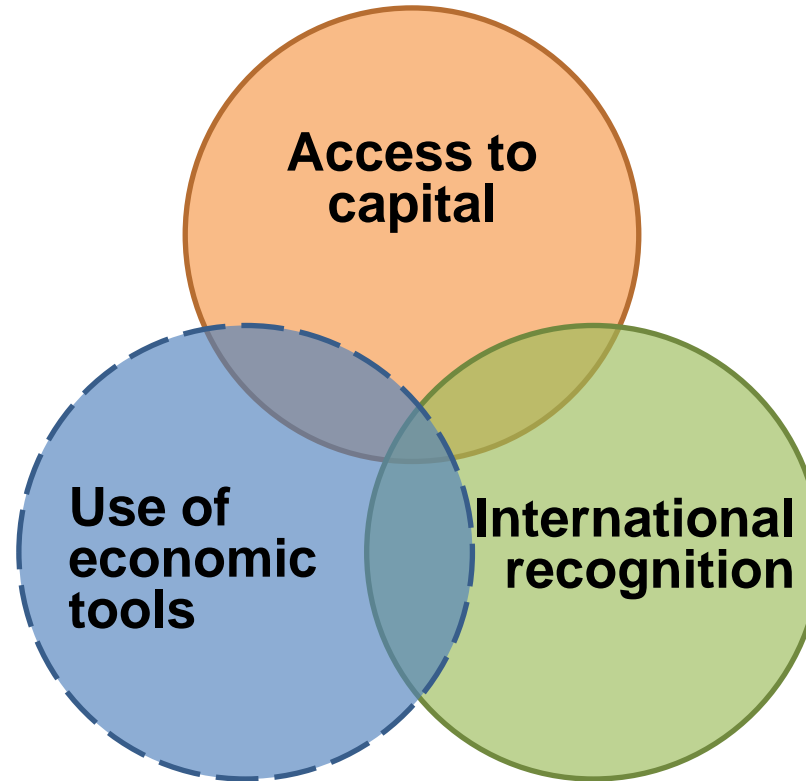
- CDC Climat Research develops an independent expertise on economic instruments of climate policies for market players, public authorities and the general public.

NAMAs' development issues are based on 3 main pillars

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Copenhagen pledges (incl. GCF)
Amount of financing
Type of financing (grants, loans,...)
Type of access (direct, MDBs,...)



Carbon credits issuance (MDP, NMM)
Others means of income generation (Tax reform,...)

NAMA registry
Emissions reductions' MRV issues
Institutional credibility

Source: CDC Climat Research

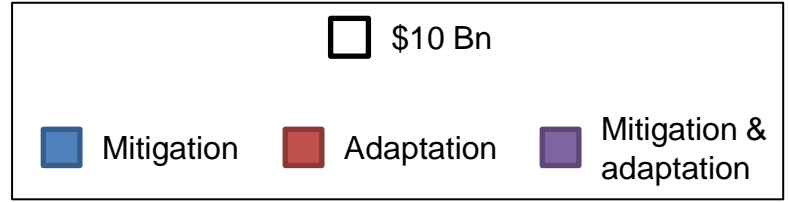
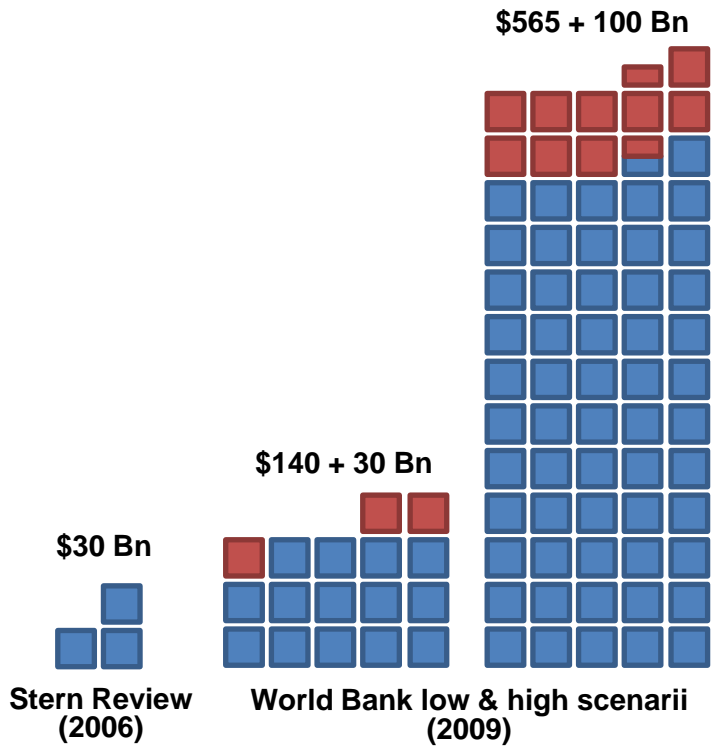
1. Access to capital

2. Use of economic tools

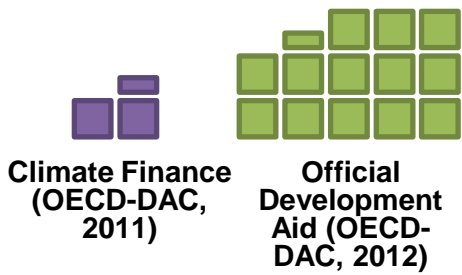
3. International recognition

Huge climate finance challenges

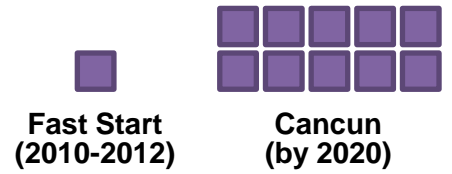
Annual climate investments needs



Annual public financing



Annualized developed countries commitments



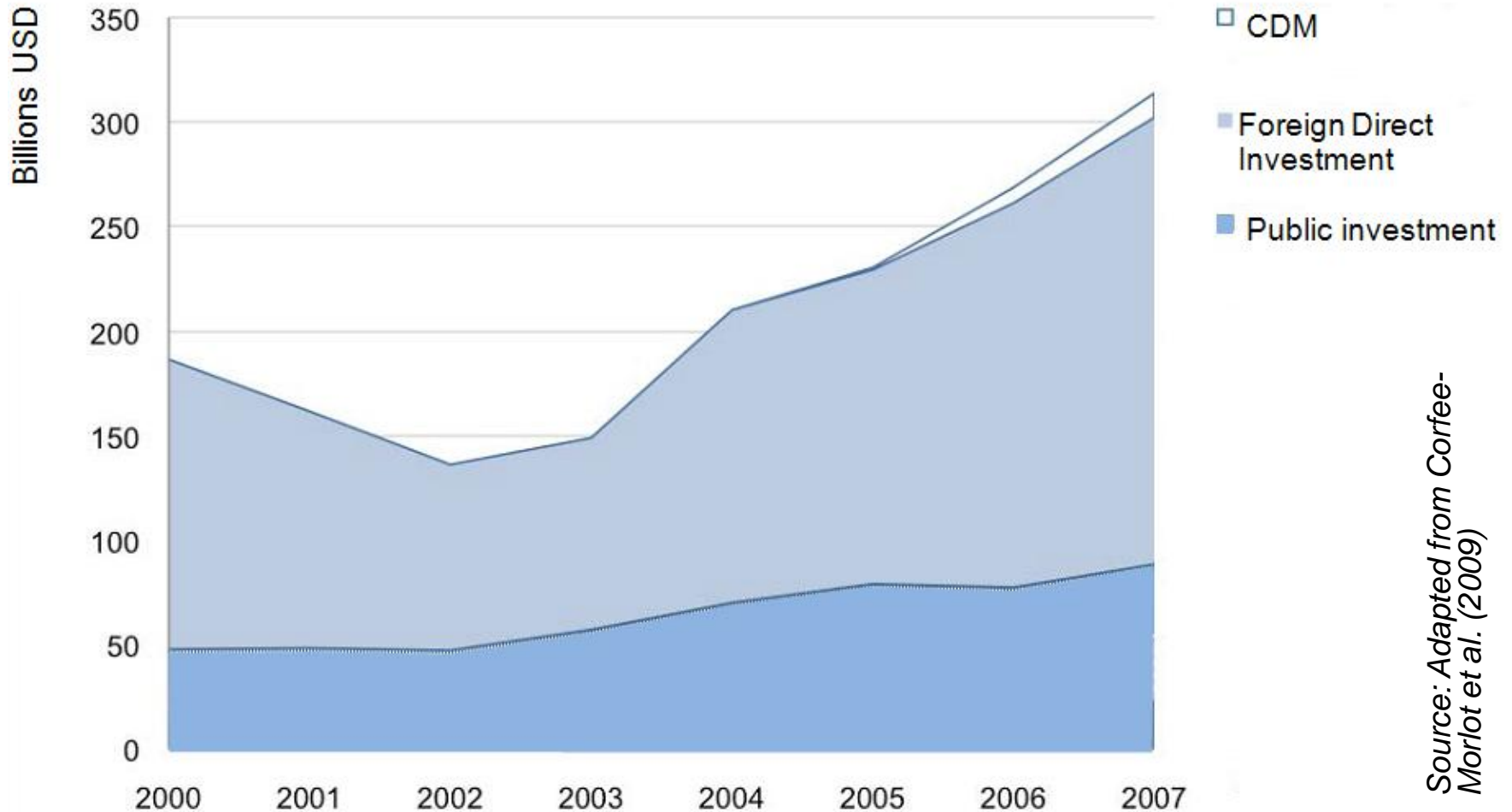
Source: CDC Climat Research

A need to mobilize more private finance than already done

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Investment flows linked to mitigation



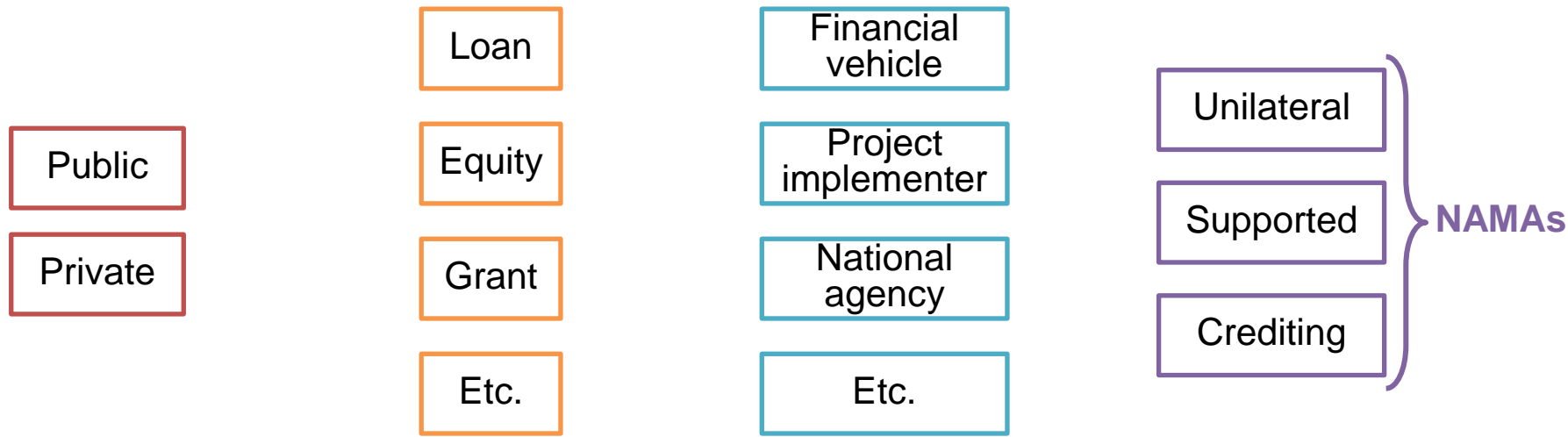
Source: Adapted from Corfee-Morlot et al. (2009)

Financing can take different forms

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Donors... ...finance... ...recipients... ...to implement actions.

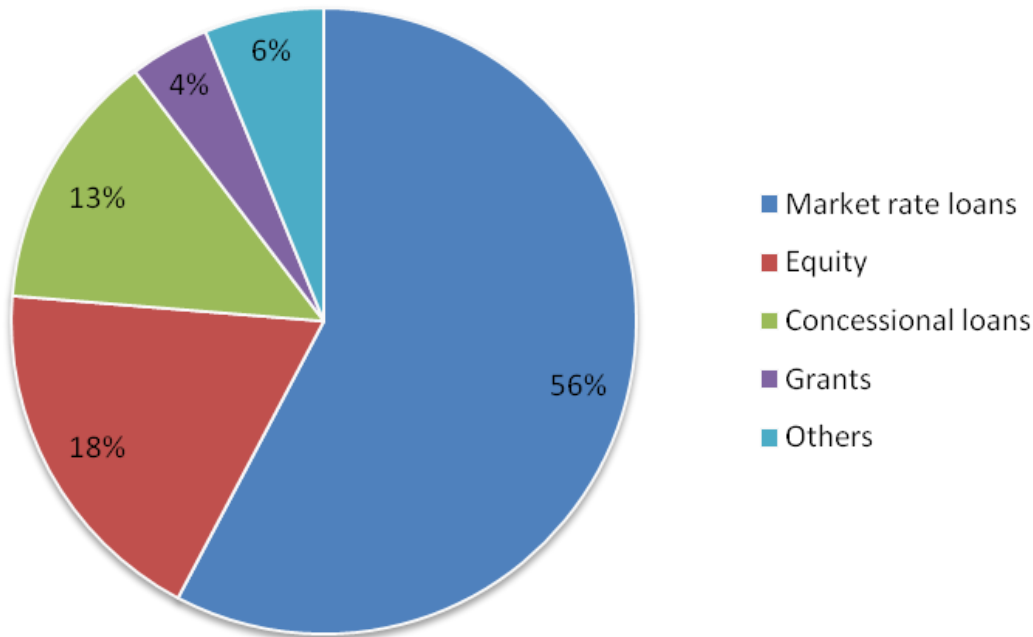


Source: CDC Climat Research

- ▶ The GCF should support developing countries to implement climate actions in a transparent manner.
 - Nota: The GCF will not be in charge of the whole \$100 billion per year pledge.
- ▶ Some progress achieved since Copenhagen in 2009
- ▶ Form of financing: Nothing excluded
 - Grant, loan, guarantee, equity,...
 - Public and private sources
 - Indirect or direct access
 - Public and private recipients

- 1. Access to capital**
- 2. Use of economic tools**
- 3. International recognition**

Distribution of climate finance flows



Source: Climate Policy Initiative

> Different ways to raise money

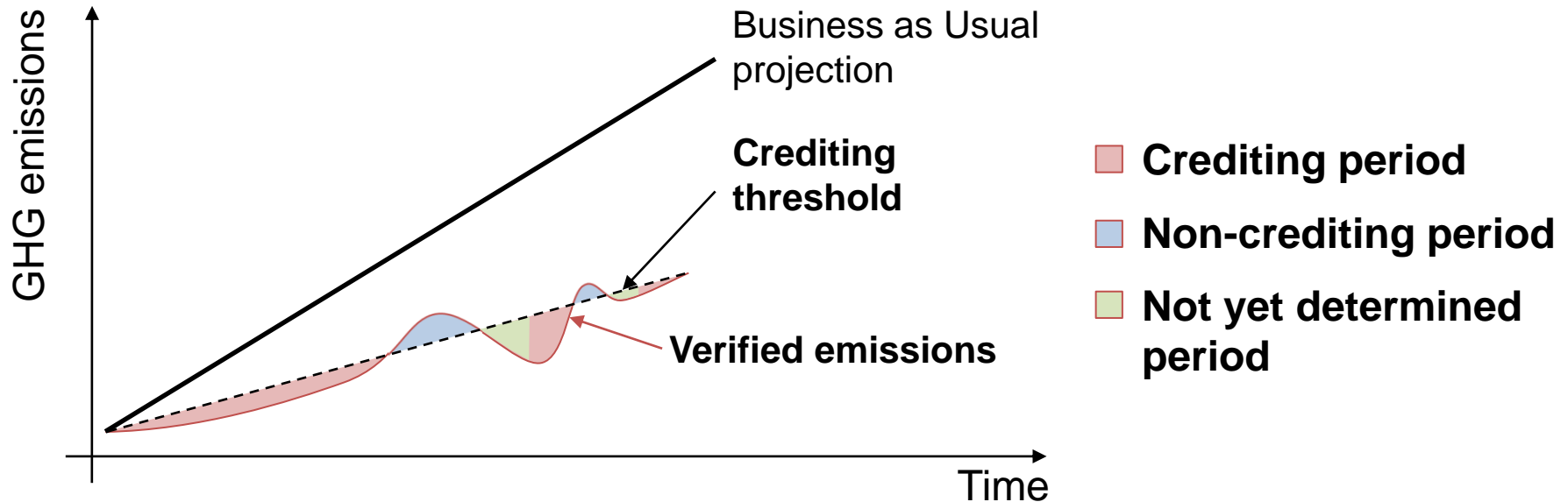
- Carbon offsets
 - CDM (including PoAs)
 - NMM
- Cutting energy consumption
- Cutting fossil fuel subsidies
- Demanding partial repayment to beneficiaries
- ...

The New Market Mechanism could be used to offset national climate policies

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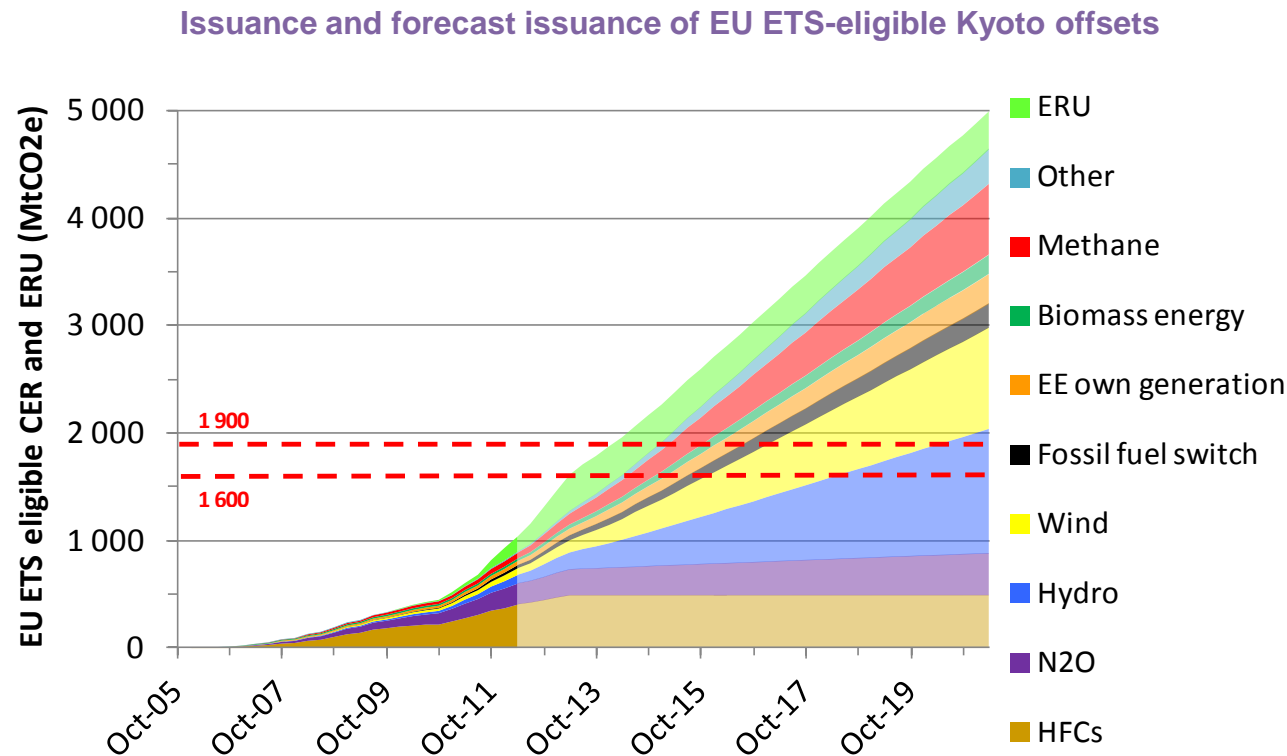


The European proposal for a new market mechanism



Source: CDC Climat Research

► Offsets mechanisms can work only if there is a demand



Source: CDC Climat, Climate Brief n°13
“Will there still be a market price for CERs and ERUs in two years time?”

- 1. Access to capital**
- 2. Use of economic tools**
- 3. International recognition**

- ▶ International rules:
 - National MRV for unilateral NAMAs
 - International MRV for supported and crediting NAMAs
- ▶ International recognition of NAMAs will help to:
 - Directly access international finance
 - Leverage private finance



Need for capacity-building

A NAMA registry for international recognition and financial support

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A.1	Party	<input type="text" value="Angola"/>
A.2	Title of mitigation action	<input type="text"/>
A.3	Description of mitigation action	<input type="text"/>
B.	National implementing entity	
B.1	Name	<input type="text"/>
B.2	Address	<input type="text"/>
B.3	Phone	<input type="text"/>
B.4	Email	<input type="text"/>
C.	Expected timeframe for implementation of the mitigation action	
C.1	Number of years for completion	<input type="text"/>
C.2	Expected start year of implementation	<input type="text" value="2010"/>
D.1	Used currency	<input type="text" value="AUD"/>
E.	Costs	
E.1	Estimated full cost of preparation	<input type="text" value="32,400.00"/>
E.2	Estimated full cost of implementation	<input type="text" value="100,500.00"/>
E.3	Estimated incremental cost of implementation	<input type="text" value="0.00"/>
F.	Support required to prepare the mitigation action	
F.1	Amount of financial support	<input type="text" value="0.00"/>
F.2	Type of financial support	<input type="checkbox"/> Grant <input type="checkbox"/> Loan <input type="checkbox"/> Soft loan <input type="checkbox"/> Equity <input type="checkbox"/> Other
F.2.1	Comments	<input type="text"/>

► How?

- Web-based platform
- Voluntary basis
- Information provided by countries exclusively
- Should be finished for COP18

► Why?

- To seek support
- To track provided support
- To show pursued actions and policies in developing countries

- ▶ NAMAs' implementation will face huge challenges
- ▶ But, for developing countries, it is a way rethink the international support
- ▶ NAMAs are enough flexible to be adaptable to local contexts

Thank you for your attention!

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For more information about financing issues and NAMAs

Climate Report n°32:

“Financing climate actions in developing countries: what role is there for NAMAs?”

<http://www.cdcclimat.com/publications>

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