



Background information: NAMA Facility

(December 2012)

Closing the mitigation gap

During the climate negotiations in Copenhagen and Cancún Germany and the United Kingdom (UK) together with other industrialized countries committed to mobilise \$100 billion international climate finance per year by 2020. This finance is to come from a range of sources. The German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the UK Department of Energy and Climate Change (DECC) therefore jointly set up the “NAMA Facility”. The Facility is designed to support developing countries that show strong leadership on tackling climate change and want to implement transformational Nationally Appropriate Mitigating Actions (NAMA). NAMAs have developed from the process under the United Nations Framework Convention on Climate Change (UNFCCC) to focus mitigation planning and implementation at the country level. Transformational NAMAs are projects, policies, or programmes that shift a technology or sector in a country onto a low-carbon development trajectory. Developing countries are preparing NAMAs as part of their national strategies. However, it is difficult to access finance through existing commercial and public channels to support implementation, particularly for the most innovative NAMAs. By applying a competitive selection process the NAMA Facility will seek to finance the highest quality and value for money NAMAs and enable their implementation. The UK and Germany will jointly provide about €70 million of funding to the NAMA Facility. It is intended that the Facility will support investments across a range of countries and sectors with grant funding as well as loan finance. A first NAMA project will be funded in Mexico to demonstrate the type of work the NAMA Facility has been designed for (see Annex).

Instruments

The NAMA Facility will not set up a new climate finance architecture – rather it will harness existing delivery channels, including the German bilateral development organisations KfW Development Bank and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH as well as other bi- and multilateral implementing agencies and institutions. Financial instruments combined with technical support and capacity building instruments will be available to NAMAs funded through the Facility. Financial instruments may include grants, concessional loans and guarantees. Both, the financial instruments including the level of concessionality and the amount of funding provided through the Facility will be dependent on the individual project and country context.



Governance and selection process

A NAMA Facility Board composed of representatives from DECC and BMU will take all relevant decisions related to strategy, guidelines and selection of NAMA project proposals for funding. The German development organisations KfW and GIZ will together provide a Technical Support Unit (TSU) with a secretarial function to support the Board in the Facilities management.

The project selection for the NAMA Facility will use the following process:

- Project proposals supported by partner countries are submitted to the NAMA Facility in an open call for projects. A template for project proposals will be provided by the Technical Support Unit of the NAMA Facility in early 2013.
- Project proposals are appraised by the Facility's Technical Support Unit, following a set of selection criteria which will be subject to a broader process of discussion with relevant stakeholders.

Selected NAMA proposals will be developed into implementable projects in close cooperation with the partner country. The Facility Board will select NAMA proposals based on a comprehensive appraisal. This might include feasibility studies and appraisal missions which will consider all relevant project criteria.

Next steps

DECC and BMU will initiate a process to discuss the selection criteria in early 2013 with relevant stakeholders. The first call for projects is planned for spring 2013. Further information will soon be available online.

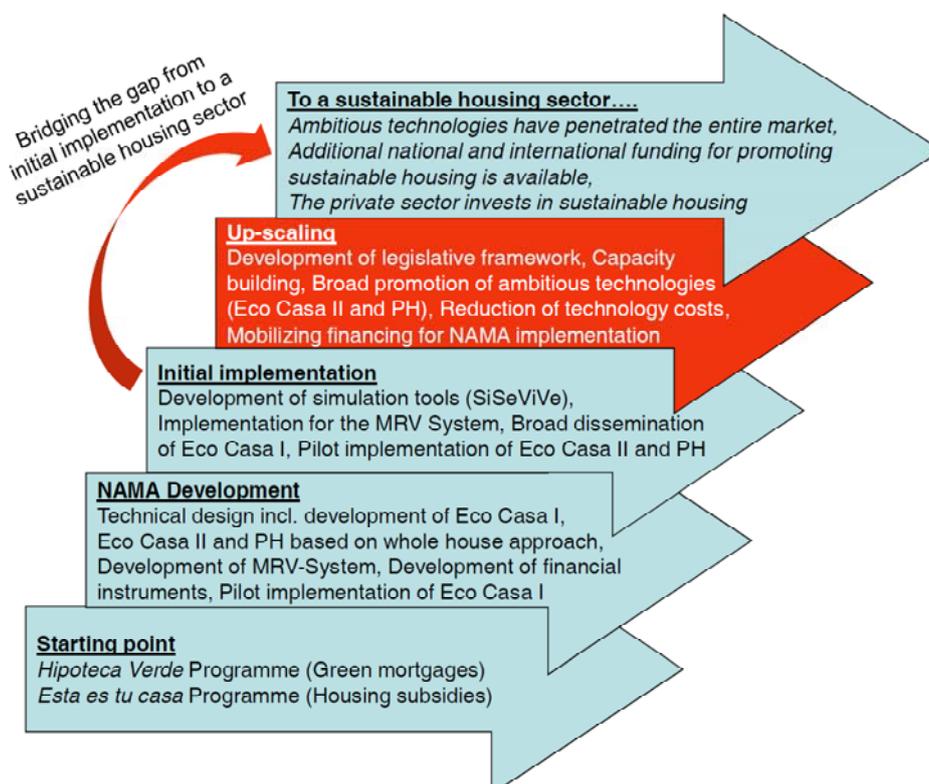


Annex

The first NAMA Facility project

The first NAMA Facility project will support Mexico in implementing a NAMA programme for sustainable new housing. This NAMA was presented to the UNFCCC Conference of Parties (COP) 16 and 17 and consolidated in 2012 by the National Housing Commission (CONAVI) with support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH commissioned by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). Today the „Mexican NAMA for Sustainable Housing” is one of the most advanced NAMAs worldwide in terms of both technical design and institutional set-up. The government of Mexico has already invested significant national funds into the development of the NAMA and aims at additional international climate finance for its implementation. Relevant stakeholders are the CONAVI together with the Mexican Development Bank for the Housing sector and the Federal Mortgages Society.

The Mexican NAMA for Sustainable Housing is based on the whole-house approach, not focusing on isolated energy efficiency and renewable energy measures, but on the total energy performance of a building. The proposed NAMA Facility project aims at supporting the Mexican Government to establish the necessary framework conditions towards a sector-wide implementation of the Sustainable Housing NAMA and, thus, contributing to tap the NAMA mitigation potential. It will pave the way from the initial NAMA development towards a broad implementation of sustainable housing.





This NAMA Facility project will include the following activities:

- improvement of capacities of federal, state and local authorities on energy efficient and sustainable housing, as well as building codes and the legislative framework conditions;
- support the development of a local market of eco-technologies to implement the NAMA;
- improvement and dissemination of existing Mexican promotion and incentive instruments and programmes with more ambitious energy efficiency standards;
- fostering the application of more ambitious energy efficiency standards through the provision of investment grants for incremental costs as well as the inclusion of additional eco-technologies.