

# Climate Action in the African Urban Environment - Reflections from the NAMA Facility

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**NAMA** Facility

in support of

National Ministry for the  
Economy, Trade, Co-operation,  
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# Introduction - the NAMA Facility

## Aim

Support developing countries and emerging economies in implementing ambitious actions to mitigate greenhouse gas emissions (Nationally Appropriate Mitigation Actions, NAMAs). NAMAs can function as an important vehicle to implement nationally determined contributions (NDCs) under the Paris Agreement.

## Facts about the NAMA Facility (NF)

- Multi-donor funds established by Germany and UK in 2013
- Denmark and European Commission joined in 2015
- Total funding made available through the NAMA Facility since its inception: ~ EUR 262 m.
- In 4 Calls, 21 projects have been selected so far for funding
- 5<sup>th</sup> Call announcement expected by end of year, but a final decision cannot be made until after elections in both the UK and Germany



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# The NAMA Facility and Urban Development

## What the NAMA Facility does

- Implement NAMA Support Projects (NSP) as the most ambitious part of the NAMA
- Provide funding for a combination of financial and technical measures
- Selects NSPs in annual bidding round (Calls)

## Key requirements for project selection

- Implementation readiness
- Mitigation potential
- Transformational change

Engaged in cross cutting urban development through mitigation programmes in housing, low carbon transport and waste management

**Overarching sector-wide NAMA**

**NAMA Support Project (NSP)**



# African NAMA Support Project

Scaling-up Renewable Energy and Energy Efficiency in the Tunisian Building Sector

Uptake of Improved Institutional Cook Stoves in Ugandan Schools

Biomass Energy NAMA Burkina Faso

Mass Rapid Transport System for Nairobi Kenya

Energy Efficiency in Public Buildings Programme South Africa



# General Lessons Learnt

- Objective of the NAMA is to shift a sector in a country toward a sustainable, irreversible, low carbon pathway
  - That happens quicker than the business as usual (BAU) scenario of technological development, moves beyond a project specific intervention
- Transformational change : demonstration of government’s willingness to effect the change towards a low carbon pathway, as evidenced by
  - Policy reforms and fiscal regulatory instruments (including relevant enforcement measures) such as limitations/bans/phase-outs, fees & other economic instruments, including fossil fuel subsidy reform or re-direction of other harmful subsidies
- Successful projects clearly demonstrate strong government commitment, “embeddedness” and relationship to relevant NDC(s)



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Ministry of the Environment, Urban Development, Planning and Public Safety

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# Housing and energy efficiency in buildings

- Owner/user dilemma needs to be considered. i.e., the owner of a building usually pays the cost of energy efficiency measures while the user benefits from any savings. If the interests are not aligned, this raises questions of cost/benefit sharing.
- Holistic (“whole building”) approach to buildings should be used instead of covering only low-hanging fruit (light, air conditioners, boilers). Avoid simple replacement scenarios.
- Both current and proposed climate friendly technology to be deployed should be analysed. The latter's economic and technical viability in given country context should be addressed. What is the business case for these sub-projects?
- Rebound effects need to be considered, which lead to under-achievement of efficiency gains.



# Urban solid waste management

- The “3 Rs” principle (reduce, re-use, recycle) and waste hierarchy are guiding principles for the NAMA Facility, i.e. the focus should be more on upstream than end-of-pipe activities such as landfill only.
- Financial sustainability requires cost-reflective user fees or taxes, supplemented by energy, product and material sales
- Proposals be technology-neutral or otherwise demonstrate feasibility of certain technologies, based on an assessment of alternatives, preferably a context specific feasibility study
- Social aspects of workers / inclusion of traditional waste pickers
- Implementation timescale should adequately address site selection of waste treatment facilities, permits and licenses, Environmental and Social Impact Assessments and public procurement.



# Low carbon transport I

- Coordination among ministries is essential to align policies and investments that have the potential to conflict but if coordinated can advance GHG, economic and social equity goals.
- The Colombia TOD NAMA brings together (in CIUDAT) national ministries on Environment, Transportation, Housing and Planning with the national development bank for two key reasons
  - Increase the returns on more than \$10 billion USD in investments in public transport, housing and climate change
  - Harmonize national policies, plans and investments to maximize GHG, economic and social benefits
- Take a comprehensive approach to M&E – not just GHGs -- including progress metrics, performance indicators and economic co-benefits to be able to assess and improve policy performance
  - Understand that developing robust M&E capacity takes time, so develop a plan to gather essential short-term data and to build capacity for comprehensive measurement over time.





## Low carbon transport II

- Find allies and funders to align programmes, policies & investments to enhance implementation ability, foster long-term continuity
- Critical to maintain momentum among key national and local stakeholders while the process unfolds
  - In Colombia and Lima, proponents kept the NAMA nourished during the gaps to maintain and build momentum in spite of multiple changes in counterpart staff and governmental changes
  - but some loss of momentum with some cities due to staffing delays and political changes at the city level, so one must always be prepared to navigate such changes and stick with the big picture plan while revising specific details to maximize project benefits
- Plan realistically on preparation timelines, including:
  - NAMA development
  - Country sign off
  - NAMA approval, funding and contracting
  - NAMA launch, including institutional coordination and staff hiring

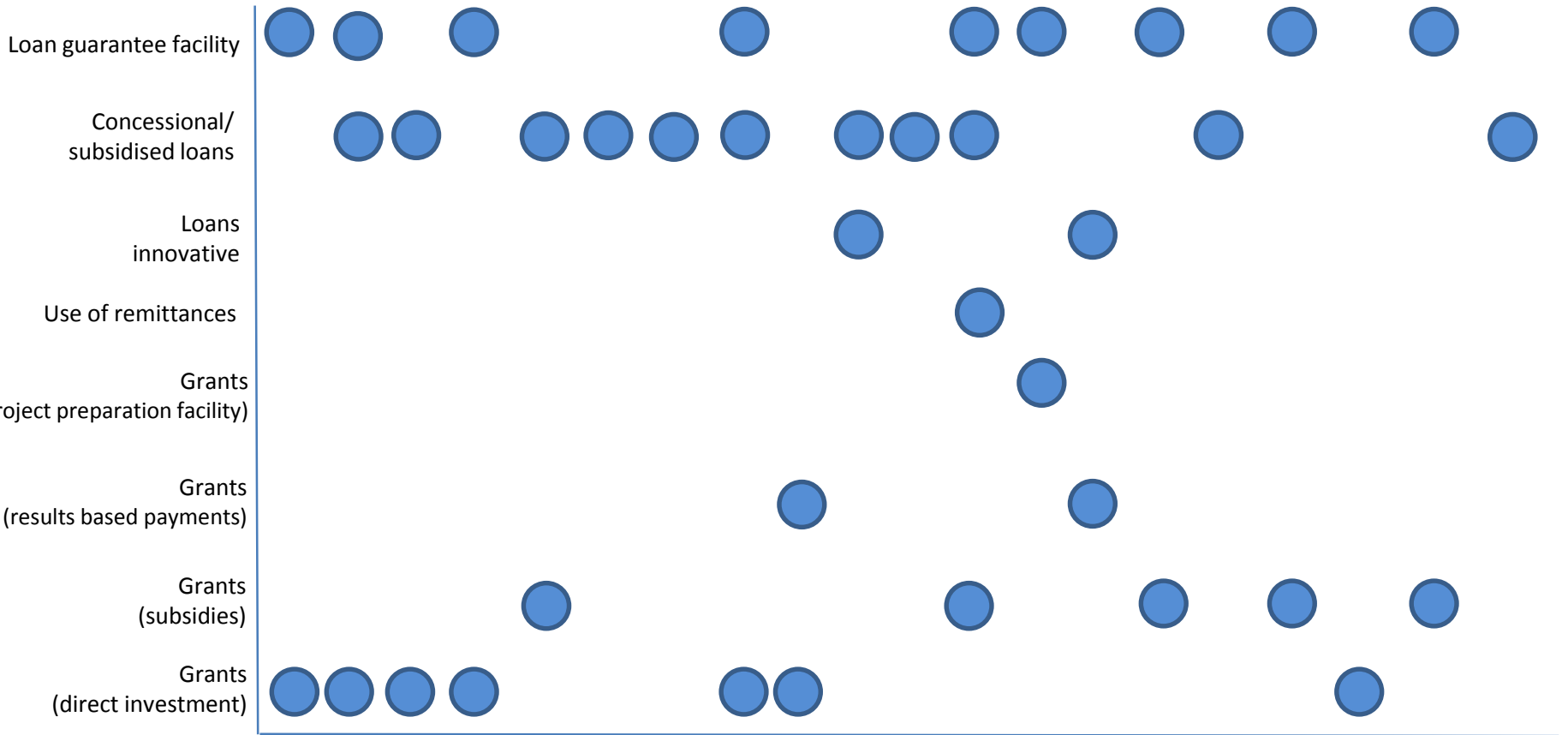


# Innovation in Financial Instruments & Mechanisms

- A wide range of financial instruments have been employed
- Financial leveraging is key, including use of de-risking instruments to incentivise private finance
- Market distortions must be avoided or characterised/ mitigated
- NAMA proponents have typically looked at *short term* instruments e.g. interest rate subsidies
  - Better to look at more permanent financing sources to redirect financial flows, e.g. public sector budgets, taxes, guarantees
  - Also, contribution from private households and industry aids financial sustainability
  - NF funding needs to be temporary with a clear phase-in and phase-out concept
- *Note* : also strong role for policy reform and regulatory change, which can be funded through technical assistance



# Financial mechanisms used in NAMA Facility



<b>MEX</b> Housing	<b>IDN</b> Transport	<b>THA</b> Refrigeration	<b>COL I</b> Transport	<b>TJK</b> Forestry	<b>KEN</b> Transport	<b>ZA</b> E. Efficiency	<b>PHL</b> Renewables	<b>BR</b> Agriculture	<b>MEX</b> E. Efficiency
<b>CR</b> Agriculture	<b>CL</b> Renewables	<b>PER</b> Transport	<b>BFA</b> Biomass	<b>COL II</b> Refrigeration	<b>GTM</b> Biofuels	<b>TN</b> Renewables	<b>THA</b> Agriculture	<b>MEX</b> Renewables	<b>UG</b> E. Efficiency



# For further detailed lessons learnt, view NAMA Facility Webinar

Lessons learnt from the 4<sup>th</sup> Call of the NAMA Facility

WEBINAR



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