United Nations
Framework Convention on
Climate Change

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Proceedings of the Donor Coordination Meeting On facilitating access to climate finance for NAMA implementation to drive implementation of NDCs

Organised by Nordic Environment Finance Corporation (NEFCO) and the UNFCCC Secretariat on behalf of the NAMA Partnership

NEFCO Offices
Fabianinkatu 34, Helsinki 00171, Finland

7–8 June 2016

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CARBON FINANCE & FUNDS

Edited by Ash Sharma

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The views expressed in this report do not necessarily represent those of NEFCO, the UNFCCC Secretariat or the participants. The editor alone remains responsible for any errors.

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List of Abbreviations

BMU Germany	Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany
CCAP	Center for Clean Air Policy
CDM	Clean Development Mechanism
COP	Conference of the Parties (to the UNFCCC)
CPI	Climate Policy Initiative
CSR	Corporate and Social Responsibility
GCF	Green Climate Fund
GHG	Greenhouse Gas
IDB	Inter-American Development Bank
JICA	Japan International Cooperation Agency
KfW	KfW Development Bank
MDB	Multilateral Development Bank
MRV	Monitoring, Reporting and Verification
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NEFCO	Nordic Environment Finance Corporation
NOAK	Nordic Council of Ministers' Working Group on Global Climate Change Negotiations
NPI	Nordic Partnership Initiative
OECD	Organisation for Economic Co-operation and Development
OECD/DAC	OECD Development Assistance Committee
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

Summary

NAMAs refer to any action that reduces emissions in developing countries and is prepared under the umbrella of a national governmental initiative. They can be policies directed at transformational change within an economic sector, or actions across sectors for a broader national focus. NAMAs are supported and enabled by technology, financing, and capacity-building and are aimed at achieving a reduction in emissions relative to "business as usual" emissions.

The NAMA Partnership is a group of multilateral organizations, bilateral cooperation agencies and think tanks that have come together to work on Nationally Appropriate Mitigation Actions (NAMAs). The international partnership on NAMAs has been created with the objective to enhance collaboration and complementarity of the activities of the different organizations to accelerate support to developing countries in preparation and implementation of their NAMAs.

On 7–8 June 2016, NEFCO hosted an international expert event on the subject of **facilitating access to climate finance for NAMA implementation to drive the implementation of NDCs**. The Donor Coordination Meeting (hereafter the "Helsinki meeting") was organised in association with the UNFCCC Secretariat on behalf of the NAMA Partnership.

The objectives of the Helsinki meeting were to examine how NAMAs can become one of the channels for achieving nationally determined contributions (NDCs) to global response to climate change in the context of the Paris Agreement, to exchange early experiences from ongoing community of practice in NAMAs and provide practical insights for donors, financing institutions and other stakeholders working with NAMAs.

The event, which was chaired by Mr Ash Sharma, Special Adviser for Climate Change to NEFCO, attracted participants 26 participants from 23 different countries and organisations. These included donors, implementing agencies, research institutions and private sector actors.

The following conclusions could be drawn from the two day Helsinki meeting:

- There exists a need for combining financial instruments to leverage and where appropriate, blend, grant financing, concessional loans, guarantees, and NAMA equity funds cited examples and the role to be played by co-financing. Experience has shown that effective coordination of technical support at a national level to facilitate NAMA implementation is a critical success factor;
- Appropriate organisational structures are needed in host countries to deliver NAMA implementation, including the role of national financial institutions; and these should be considered carefully in NAMA design;
- Common approaches to identify and assess transformational impacts of NAMAs should enable knowledge sharing and collaboration, but allow for flexibility and diversity in approaches among donors. Provided there is a high level of communication and learning among donors, competing approaches towards a similar goal may actually enhance the potential for donors to incentivize and support transformational impacts within developing countries;

- NAMAs offer the opportunity to create a pipeline of bankable, low-carbon projects through policy reforms and financial support. The inclusion of project development as part of the NAMA can help focus attention on all of the pieces necessary to actually achieve low-carbon development;
- NAMA development is a multi-year and multi-stage process and needs a champion to carry the project through the development stages.
- Donors and financiers could consider selecting champion NAMAs and provide technical and financial support to these NAMAs for each stages of development and implementation in order to have real-life examples of good NAMAs that can inspire more such NAMAs on the ground.;
- While NDCs have replaced NAMAs to represent the political will of Parties to contribute to climate mitigation, NAMAs are still an important tool to implement NDCs. NDCs represent the “goal or vision” whereas NAMAs represent the “means of achieving this goal or vision.” Using the term NAMA is still helpful in promoting a holistic and comprehensive approach to developing climate mitigation programs and bringing stakeholders to the table. Countries, institutions and the UNFCCC should continue to promote NAMA development as one important tool for achieving NDC implementation;
- Attempts to standardize reoccurring aspects of NAMA and align expectations of all related parties should be undertaken to establish and update a common understanding.
- Further ongoing and well-structured exchange on the experience with the implementation of NAMAs including both financial institutions and the private sector could be highly beneficial to all participants interested in this topic. One possibility is convening meetings among certain stakeholder groups (donors, banks, private sector, “developers”) under the auspices of the NAMA Partnership.

Objectives of the Helsinki Meeting

The meeting objectives were to examine and discuss:

- How NAMAs can become one of the channels for achieving nationally determined contributions (NDCs) to global response to climate change in the context of the Paris Agreement;
- The nature of additional technical assistance to NAMA proposals required before proceeding to the NAMA implementation phase and the alignment of expectations of donors and technical support providers in this context;
- Appropriate organisational structures in host countries to deliver NAMA implementation, including the role of national financial institutions;
- Financial instruments to leverage grant financing.

Organisation of the Meeting

The Helsinki meeting was conceived as a collaboration between NEFCO and the UNFCCC Secretariat, on behalf of the NAMA Partnership[1].

The meeting was held at the offices of the Nordic Environment Finance Corporation in Helsinki 7–8 June 2016. The event was chaired by Mr Ash Sharma of NEFCO. Each session was moderated by an experienced NAMA practitioner, and consisted of a brief presentation and a discussion, where organisations could share their experiences and insights.

The agenda for the event is attached in Annex I and all presentations are made available at the NEFCO and UNFCCC websites.

The meeting was open to invited participants from donor agencies, developmental financing institutions, and other actors with an interest in NAMAs. Participants in the meeting are listed in Annex 2.

[1] For more information visit http://www.namapartnership.org/

Summary of Proceedings

Day 1 – 7 June 2016

The meeting was opened by Mr **Ash Sharma** from **NEFCO**. He outlined the objectives and the structure of the meeting's presentations and discussions. The opening remarks set the scene for the meeting and commented on the diverse group of donors, multilateral agencies, private sector and other stakeholders engaged in the implementation of NAMAs.

Technical assistance to enable bankable NAMAs

The first session was moderated by Ms **Leila Surratt** from the **Center for Clean Air Policy** (CCAP). Ms Surratt presented on the current status of NAMAs and key features of "bankable" NAMAs. She also shared examples of transformational NAMAs under development and the types of technical assistance that was provided by different funders to develop those NAMAs. According to the Ecofys NAMA database, there were over 160 NAMAs under development but only 16 under implementation as of April 2016. This underscores the gap between the types of NAMAs funders are looking to fund versus the proposals under development. A NAMA should have the following three pillars to achieve transformational impacts:

1. **Policy and/or institutional reforms** to address barriers to low-carbon projects and ensure the sustainability of project implementations at scale;
2. **Financial mechanisms** to combine various sources of finance for NAMA implementation and address financial barriers to private sector investment;
3. **Project pipeline development** to ensure that the NAMA actually leads to low-carbon projects being implemented.

Ms Surratt shared examples of how the Colombia waste NAMA and the Philippines distributed renewable energy NAMAs have been developed and the types of technical assistance that have been provided. In both cases, the NAMAs have been developed in stages over several years, involving different donor countries/institutions at different stages. The range of support included: stakeholder engagement, technical and economic analyses, concept development, detailed policy/financial/project analyses and design, and drafting the funding application.

Discussion centred on a number of aspects of NAMA development. Several participants questioned the term "bankable NAMA" in that projects, rather than NAMAs, are bankable, i.e., can be taken to the bank to be financed. In many ways, the purpose of the NAMA is to create a pipeline of bankable, low-carbon projects through policy reforms and financial support. The inclusion of project development as part of the NAMA can help focus attention on all of the pieces necessary to actually achieve low-carbon project implementations. Participants also emphasized that in order to secure implementation funding, the specific funder(s) should be identified and engaged as the NAMA is developed to ensure that the funder(s) requirements for funding can be met (e.g., that the necessary feasibility studies etc. are completed to the appropriate level of detail).

Many participants agreed with the concept that mitigation programs should involve policy elements, financial support and project development. One participant also added that promoting transformative actions, mitigation ambition, and the sustainability of the program even after international funding support has ended were also important features of a "financeable" NAMA.

Participants emphasized that the development of mitigation projects and NAMAs are inevitably a multi-year process, involving numerous stages of development, and that it is often a challenge to find funding support to take the project/NAMA to the next stage. Identifying a champion who can carry the project/NAMA forward is critically important. It was also discussed that several NAMAs could be selected by donors/financiers as champions and support to be provided to these NAMAs from development to implementation in order to have real-life examples of what good-quality financeable NAMAs are and this way serve as an example to follow and inspire more good NAMAs on the ground.

The group also discussed whether the term "NAMA" was still relevant, in light of the fact that it does not appear in the Paris Agreement or decision text. The UNFCCC Secretariat shared some of the history of the term NAMA: in the Bali Action plan of 2007, it was included to represent voluntary actions taken by developing countries to reduce GHG emissions to levels below those of "business as usual" (BAU) and could be a diversity of actions, including sector-wide mitigation programs that included policy reforms and received international funding to support implementation. There was consensus within the group that while Nationally Determined Contributions (NDCs) have now replaced NAMAs to represent the political will of Parties to contribute to climate mitigation, NAMAs are still an important tool to implement NDCs. NDCs represent the "goal or vision" whereas NAMAs represent the "means of achieving this goal or vision." Using the term NAMA is still helpful in promoting a holistic and comprehensive approach to developing climate mitigation programs and bringing stakeholders to the table.

Alignment of expectations of financiers and technical support providers

Ms **Alexandra Soezer**, from **UNDP**, introduced the session "**Alignment of expectations of financiers and technical support providers".** She emphasized that a better understanding of donor requirements and donor funding criteria is critical for NAMAs to become successfully implemented. Donors' views on 4 key areas were asked: (i) should NAMAs focus on the 3 pillar approach introduced by CCAP and include policy measures, financing instruments and a project pipeline, (ii) do donors have co-funding requirements for national public and private sector, (iii) should the MRV follow existing GHG accounting standards (e.g. CDM) and (iv) should additional sustainable development impacts be measured and monitored in NAMAs.

She provided a short background about UNDP's technical assistance for NAMA preparation, and emphasized that many of the NAMA currently under preparation will become a vehicle for NDC implementation since many of the supported NAMAs are part of the countries' NDCs. She also stated that since UNDP has no funds for implementation, countries expect UNDP to help identify funding sources for NAMA implementation. Going forward, UNDP increasingly explores new partners for implementation of NAMAs such as the private sector through Corporate Sustainability actions during a NAMA pilot phase and early involvement of potential financiers such as development banks.

Co-moderated with Ms **Djaheezah Subratty** of **UNEP**, the discussion was kicked-off with the questions that were shared with the participants in the concept note prior to the meeting. On the question how to better involve donors or development banks in the design phase, a AfDB shared insights that the funding cycle of development banks is 5 years and requires the involvement of the Ministry of Finance which is often not a ministry involved early on in the NAMA preparation. Other development banks also highlighted that programmes that improve national policy frameworks are successfully implemented through development banks but not called NAMAs. The question about funding opportunities of the holistic 3-pillar approach was raised and donor interest to pay for "hard measures" (emissions reductions) versus "soft" measures (trainings, awareness—raising and external technical expertise) asked. It was generally confirmed that funding for holistic, comprehensive programmes is limited and funding for different pillars often comes from different funding lines (capital investment versus support for policy frameworks) but funding for 'development' is more important than 'pure climate' funding as it is difficult to persuade. Another MDB mentioned that incentives for private sector investment are missing and that instruments that provide such private sector incentives are critical for successful NAMA implementation. It stated that for development banks their added value is mostly in capital investment (or "hard" measures leading to emissions reductions) but not exclusively, stating that one of the 3 pillars of financiable NAMAs, finance can be grant, concessional and non-concessional.

It was also highlighted that private sector engagement should be invited already during the NAMA preparation and contribute to the development of such incentives (successfully done in housing standard improvement programmes).

On the question about the need for methodologies for accounting of emission reductions a variety of different views were expressed. An MDB expressed an opinion that since no tradable units are generated as a result of NAMA implementation, methods simpler than CDM methodologies could be considered, such as the use of an 'intensity factor (i.e. ERs/MWh or unit of activity) , since a future baseline will be dynamic, targets voluntary and levels of ambition different. Several participants mentioned that simplified methodologies could be used and flexibility should be maintained with regards to application of monitoring methodologies.

Donors were asked if they are aware of any successfully implemented NAMA and it became evident that only the Mexican Housing NAMA is known to meeting participants as a successfully implemented NAMA. The NAMA Facility confirmed that none of their approved NAMAs from the first round has started implementation yet. Thus, some believed that it was too early to disseminate 'good practices' of NAMA implementation in any comprehensive manner.

Leveraging grant finance to drive NAMA implementation

Mr **Ash Sharma** of **NEFCO** moderated a session on the **leveraging of grant finance to drive NAMA implementation.** In this session, Mr Sharma described the need for combining financial instruments to leverage and where appropriate, blend, grant financing, concessional loans, guarantees, and NAMA equity funds cited examples and the role to be played by co-financing. NEFCO's experience has shown that effective coordination of technical support at a national level to facilitate NAMA implementation is a critical success factor. Appropriate organisational structures are needed in host countries to deliver NAMA implementation, including the role of national financial institutions; and these should be considered carefully in NAMA design. His opening comments also included:

- While public finance can play a critical role in mobilising climate finance, the “heavy lifting” will be done by the private sector. Leveraging is key.
- CPI states an estimated USD 1.5 billion of public funds are channelled through climate related risk management instruments such as credit guarantees, political risk insurance and contingency recovery grants. This excludes officially supported export credit risk guarantees to renewable energy est. by the OECD at USD 2.6 billion globally in 2013.
- Concessional loans, the most common form of public support, offer more than cheap and longer term financing.
- When blended with (international) technical assistance, loans can play a catalytic role in the establishment of policy frameworks, strengthening of institutional capacity, lowering investment costs and reducing investment risks for first mover projects. There will be an important contribution from domestic sources also.
- The NAMA Facility has for example intended to contribute up to EUR 15–20 for NAMA Support Projects to catalyse national scale NAMAs.

The NDF provided an example of a successful “first loss” programme together with IDB can help buy down risks, and engage banks into lending to green investment.

NAMA Facility noted that multilateral development banks have been doing NAMA-like sector loans with policy features for years, and questioned whether the NAMA label actually slow things down? Moreover, the critical success factor is the need for financial engineering, including anchoring actions in the National Budget, for the NAMA action to be sustainable.

UNDP questioned whether different instruments for different countries were being considered by the GCF, in response to which it was stated that the GCF Board will determine case by case the level of concessionality. IDB noted the role of bilateral agreements in determining the choice of instruments. CCAP stated that middle income countries (where the bulk of emissions are) have difficulties in obtaining grants.

Status Update on the Green Climate Fund

In the final session of the day, Mr **Clifford Polycarp**, from the Secretariat of the **Green Climate Fund** provided an update on the GCF. An initial overview of the functioning of the fund was provided, included the modalities of access through 33 accredited entities, several of which were present at the meeting, the eight strategic impact areas, the proposal approval process and investment criteria.

At the time of the meeting, the pipeline consisted of 41 projects with a total value of USD 2.4 billion. 49 readiness grants had already been approved with a total value of USD 13 million. The Board has signalled its intention to approve USD 2.5 billion through the remaining three Board meetings in 2016.

Day 2 – 8 June 2016

Private sector finance

The morning session commenced with a presentation from Ms **Jane Wilkinson** of the **Climate Policy Initiative** on Tools and Strategies to Finance NAMAs. She described the how total climate finance reached USD 391 billion in 2014, increasing in both private and public sectors. Examples of innovative financing tools were described including the Global Innovation Lab for Climate Finance supports the identification and piloting of cutting edge climate finance instruments. It aims to drive billions of dollars of private investment into climate change mitigation and adaptation in developing countries. The Global Innovation Lab for Climate Finance supports the identification and piloting of cutting edge climate finance instruments. Examples of instruments under the Lab were outlined. Ms Wilkinson concluded that in order to finance NAMAs, donors should:

- Work with countries to understand their priorities and plans, and assess the national landscape of actors;
- Get domestic investment policy and support frameworks right, and understand technical feasibility;
- Translate NDCs into investment plans, and innovate to develop or refine financial instruments that meet investors' needs, mobilizing national resources and using international resources strategically;
- Move from plans to action.

Mr **Kenneth Barungi** from **Kakira Sugar Limited** of Uganda provided a Case Study based on Kakira Sugar Limited's project on green electricity from bagasse; possible projects for ethanol bio-fuel from molasses. He also described his organisation's experiences with CSR, policy impacts, plans for ethanol cook stoves, challenges in financing and called for further bilateral engagement.

Matters arising during his presentation and moderation included:

- Successful private sector conducts business innovatively and sustainably, like Kakira Sugar Limited has demonstrated over 9 decades;
- Appropriate and supportive policies from Government are essential for sustainability;
- Kakira's projects included effluent treatment, renewable energy, afforestation, farmer adaptation programmes,
- Kakira's renewable energy was chiefly driven by power shortage in the country rather than a desire for implementing a NAMA;
- Ethanol production innovation has been mainly approached as a corporate and social responsibility project and seeks to achieve multiple objectives including: (a) protecting the environment from dangerous vinasse; (b) value addition; (c) reduction of fossil fuels by blending with petrol; (d) curbing deforestation by substituting charcoal; and (e) improved health and productivity of households.
- Ethanol production should therefore be supported with capital financing and product subsidy in order to successfully achieve the key objectives.
- Innovation in finance to address investors' needs include (a) lower costs of finance, (b)

Review of Legal Lending Limits, (c) review conditions that come with off-balance sheet lending by commercial banks from their parent companies (d) enhance bi-literal arrangements with international finance institutions, and (e) arrange suppliers' credit facilities.

- Catalysing private sector engagement at national and international levels will necessitate (a) the remove of prohibitive ESIA fees charged as a x% of capital cost and (b) to provide flexible funding terms.
- The NAMA financing gap in general terms to be filled and the role of various finance sources include: (a) partial funding of set-up capital; (b) providing matching grants or guarantees; (c) encouraging use of corporate bonds; and (d) reducing Government domestic borrowing to avoid crowding out the private sector.

The following questions were discussed following the case study:

Q1 *What should be the role of public institutions?* In relation to this need to understand the role of public and private actors - traditionally, public actors provided public goods, private actors expertise, management and efficiency. Now we are asking private actors to pay for public goods – public roads in Kakira Sugar's presentation being a case in point. Private actors won't invest in these types of outcomes where they add costs to integral investments if there are risk gaps, real or perceived, cost and viability gaps, or knowledge and technical capacity gaps. In this respect, while private actors are still best to provide management, expertise, scale and efficiency, whereas public actors must facilitate, provide price signals, bring coordination, governance, policy and gap coverage.

Q2 *Lending by commercial banks from their parent companies usually comes with the challenging conditions. What should be the role of international finance institutions in alleviating this hindrance to capital finance?* In respect of this question, knowledge about opportunities is a key barrier across the world, and so parent commercial banks need to invest more in due diligence, but public actors everywhere must help to build understanding about how new incentives are realigning interests, managing risks, and providing new opportunities. For example, tenors, and interest rates are very important, and can be adjusted by banks, without affecting profitability but can make major impacts for investors, and allow more appropriate access to project finance vs corporate finance, for example. In this respect, donor finance or international DFI finance could be important to take on high risk tranches at the outset.

Q3. *Governments have made NDCs. However, the role of government is mainly in "software" while the "hardware" is undertaken by inadequately incentivised private sector. What should be the role of various finance institutions and Government to fill the NAMA finance gap?* In relation to this question DFIs do play a key role – they currently manage and disburse more than 75% of public finance flowing around the world. DFIs can help to mainstream climate outcomes (mitigation and adaptation) across their entire portfolios, which can play a key role in helping to deliver government green development mandates. They have a suite of tools that can be applied flexibly and in combination, eg concessional finance to reduce financing costs, equity to remove risk, guarantees and first lost instruments. These can play a key role in bringing projects to financial closure.

Other conclusions from the session included:

- Private Sector is the best vehicle to implement NAMAs and achieve climate targets.
- The donors brainstormed on challenges hindering the financing of mitigation and adaptation actions. Donors are aware that this is due in some cases to their varying methodologies, a failure to innovate and deploy appropriate financial instruments and different understanding of a bankable NAMA.
- International finance institutions could understand better the country context in which NAMAs are to be implemented and customise their methodologies/financial instruments accordingly.

The role of NAMAs to enable a transformational change to low carbon and sustainable development

This session was chaired by Ms **Karen Holm Olsen (UNEP DTU Partnership)** and Mr **Florian Mersmann (Wuppertal Institute)**.

Ms Olsen presented results of the research project “Indicators of transformational change for MRV of NAMAs”, discussing the role of key metrics to incentivise and govern NAMAs to enable transformational change. The project was jointly undertaken in 2014–15 by the NAMA Partnership and the International Partnership on Mitigation and MRV and implemented by UNEP DTU Partnership in collaboration with the Wuppertal Institute.

Discussions at this session centred around two main topics: First, partners discussed in depth options for and pitfalls of metrics for transformational change/paradigm shift in the NAMA context and beyond. Secondly, partners touched upon possibilities for common approaches to assessments of transformational impacts of NAMAs.

An important factor in defining the meaning of transformational change is the scale of the intervention at hand. The scale of an activity will influence the type and depth of the measurement of transformational impacts. This means that possible metrics should be adjustable to specific contexts. In this regard, narrative and process criteria may be easier to manage in a common system than purely quantitative approaches, especially since the concept is still relatively new and not well understood outside the community of sustainability transition researchers. From a donors' perspective, a more quantitative operationalization of transformational change/paradigm shift may be desirable at a later stage to incentivize and support the most ambitious NAMAs, provided flexibility is kept in order to account for varying national circumstances.

Discussing options for common approaches to identify and assess transformational impacts of NAMAs, partners were unsure if a higher degree of harmonization would be preferable to the current status quo. On the one hand, duplication of efforts among donors should be avoided in order to spend scarce resources most efficiently. On the other hand, a certain degree of competition among methods to assess transformational change may actually enhance overall effectiveness of approaches, as this leads to learning effects in regard to what works best.

Thus, common approaches should enable knowledge sharing and collaboration but allow for flexibility and diversity in approaches among donors. Provided there is a high level of communication and learning among donors, competing approaches towards a similar goal may actually enhance the potential for donors to incentivize and support transformational impacts within developing countries.

Ways Forward: How to Improve the Quality of NAMAs

Dr **Sören David** and Dr **Søren Lütken** of the Technical Support Unit (TSU) to the NAMA Facility presented some individual concluding remarks to reflect on some of the inputs exchanged during the meeting: They noted that the pertinence of the concept of NAMA as such appears unchanged as the underlying principles and requirements are sound and address the major success factors relevant for transformational change in any given sector. This statement also remains valid in the light of the Paris Agreement which engages with topics of climate policy at a far higher and more aggregated level than NAMAs which concern far more specific aspects of implementation. It was argued that it would also be confusing to rebrand the NAMA concept under a new disguise. The delays and frustrations in implementing NAMAs so far are interwoven with structural topics of governance and overall policies in the respective countries which would arise under any different concept as well. From a perspective of large donor-funded infrastructure projects it was argued that the current time frames and long implementation periods of individual NAMAs are also not surprising and in line with existing practice. It was thus argued that instead of watering down requirements and criteria for funding, efforts to further develop and implement NAMAs should be continued on the basis of the current stringent conditions to ensure sustainable changes and substantial leverage can be achieved.

However, the reasons for delays in provision of more funding for the implementation of individual NAMA proposals by potential donors, banks and the private sector as well the resulting frustrations of countries trying to engage with individual NAMAs need to be addressed. A stronger focus of NAMAs under preparation right from the start on financial aspects and business modelling in general and attractiveness for private investors in particular should be ensured. One could even go so far that the main indicator for a successful NAMA might be the diversion of cash flows towards the green option.

More generally, the related issue which needs prominent attention is how to close the gap between climate readiness activities and specific NAMA proposals requiring funding. A key bottleneck in this regard remains to be that developing country institutions are sometimes lacking suitable staff with the relevant expertise to submit winning proposals – and the same often applies as well to TC organizations and consultancies. It was widely agreed that in comparison to these aspects of lacking capacities technical aspects of individual investments to be undertaken, particularly when it comes to renewable energy projects, such as feasibility studies appear to be rather unproblematic as technologies appear mature and rather standardized technological solutions are available.

There was dissent as to the availability of financing for individual NAMAs: while some participants argued that there is sufficient donor-funding available and that it could also speedily be increased if only suitable NAMA proposals would be present, others claimed that there is currently a funding gap, particularly when it comes to ad-hoc financing.

Another interesting questions picked up in this session was if the NAMA label as such might have slowed down the implementation process of climate financing. It was argued that this is probably not the case but that it is rather the nature of the business of donor-funded large infrastructure projects which are part and parcel also of lot of NAMAs which result in relatively long time lines and preparation cycles of projects of easily 2–4 years. Thus, patience was the described as the rule of the game, considering for example that the NAMA Facility has only seen 3 annual Calls so far and a couple of selected NAMA Support Projects are now moving closer to implementation. As part of amendments planned to kick in from its 4th Call onwards, the NAMA Facility intends to reinforce preselected projects by offering increased support as part of the Preparation Phase to tailor-make financial mechanisms. These efforts might be underlined in future with a co-operation between the NAMA Facility and the Green Climate Fund which is currently under developing.

Conclusions and Recommendations

The meeting was highly participative and interactive, with plenty of opportunity for discussion for improving the effectiveness of NAMAs as a means of supporting NDC implementation in the short term. In general, participants believed that NAMAs are an important means of supporting NDC implementation, but that more experience was required to further demonstrate this.

The following conclusions could be drawn from the two day meeting:

- There exists a need for combining financial instruments to leverage and where appropriate, blend, grant financing, concessional loans, guarantees, and NAMA equity funds cited examples and the role to be played by co-financing. Experience has shown that effective coordination of technical support at a national level to facilitate NAMA implementation is a critical success factor;
- Appropriate organisational structures are needed in host countries to deliver NAMA implementation, including the role of national financial institutions; and these should be considered carefully in NAMA design;
- Common approaches to identify and assess transformational impacts of NAMAs should enable knowledge sharing and collaboration but allow for flexibility and diversity in approaches among donors. Provided there is a high level of communication and learning among donors, competing approaches towards a similar goal may actually enhance the potential for donors to incentivize and support transformational impacts within developing countries;
- NAMAs offer the opportunity to create a pipeline of bankable, low-carbon projects through policy reforms and financial support. The inclusion of project development as part of the NAMA can help focus attention on all of the pieces necessary to actually achieve low-carbon project implementations;
- NAMA development is a multi-year and multi-stage process and needs a champion to carry the project through the development stages. Donor countries/institutions could consider providing TA support for the different stages of development;
- While NDCs have replaced NAMAs to represent the political will of Parties to contribute to climate mitigation, NAMAs are still an important tool to implement NDCs. NDCs represent the "goal or vision" whereas NAMAs represent the "means of achieving this goal or vision." Using the term NAMA is still helpful in promoting a holistic and comprehensive approach to developing climate mitigation programs and bringing stakeholders to the table. Countries, institutions and the UNFCCC should continue to promote NAMA development as one important tool for achieving NDC implementation;
- Attempts to standardize reoccurring aspects of NAMA and align expectations of all related parties should be undertaken to establish and update a common understanding.
- Further ongoing and well-structured exchange on the experience with the implementation of NAMAs including both financial institutions and the private sector (project developers as well as potential investors) could be highly beneficial to all participants interested in this topic. One possibility is convening meetings among certain stakeholder groups (donors, banks, private sector, "developers") under the auspices of the NAMA Partnership.

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Annex 1 – Agenda of the Donor Coordination Meeting

Day 1: 7 June 2016	
Registration	09:00–09:30
Opening and overview of the meeting	**10:00–10:30**
Welcome remarks and meeting objectives – *Ash Sharma, NEFCO*	
Technical assistance to enable bankable NAMAs	**11:45–13:00**
Moderator: *Leila Surratt*, Center for Clean Air Policy (CCAP)	
Lunch	13:00–14:00
Alignment of expectations of financiers and technical support providers	**14:00–15:30**
Moderators: *Alexandra Soezer*, UNDP and *Djaheezah Subratty*, UNEP	
Break	15:30–16:00
Leveraging grant financing to drive NAMAs for NDC Implementation	**16:00–17:30**
Moderator: *Ash Sharma*, NEFCO	
Status Update on the Green Climate Fund	**17:30–18:00**
Clifford Polycarp, Secretariat of the Green Climate Fund	

Day 2: 8 June 2016	
Coffee	08:30–09:00
Private sector finance	**09:00–11:00**
Moderator: *Kenneth Barungi*, Kakira Sugar Limited, Uganda	
Presentation from Jane Wilkinson, Climate Policy Initiative (remotely)	
Break	11:00–11:30
The role of NAMAs to enable a transformational change to low carbon and sustainable development	**11:30–13:00**
Moderators: *Karen Holm Olsen*, UNEP DTU & *Florian Mersmann*, Wuppertal Institute	
Lunch	13:00–14:00
Ways Forward: How to Improve the Quality of NAMAs	**14:00–15:00**
Moderators: *Sören David* and *Søren Lütken*, NAMA Facility	
Wrap Up	**15:00–15:30**
Closing Remarks	**16:00**

Annex 2 – Meeting Participants

BARUNGI, Kenneth, Kakira Sugar Ltd

BOERNER, Matthias, KfW Development Bank

DAVID, Sören, NAMA Facility / GIZ

EEROLA, Hannu, Nordic Development Fund (NDF)

FOMENCO, Aliona, Nordic Environment Finance Corporation (NEFCO)

GRAASKOV RAVN, Christina, Danish Ministry of Energy, Utilities & Climate

GUSTAFSSON, Christer, Swedish Energy Agency

HOLM OLSEN, Karen, UNEP DTU Partnership

LAINE, Anna, GreenStream

LÜTKEN, Søren, NAMA Facility

MERSMANN, Florian, Wuppertal Institute

MEYER, Sigrun, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany

NOVIKOVA, Victoria, UNFCCC Secretariat

PHILLIPS, Gareth, African Development Bank (AFDB)

POLYCARP, Clifford, Green Climate Fund (GCF)

RIOUX, Janie, Food and Agriculture Organization of the UN (FAO)

RUOHO, Elina, Finnish Ministry of Foreign Affairs

SATO, Ichiro, Japan International Cooperation Agency (JICA)

SHARMA, Ash, Nordic Environment Finance Corporation (NEFCO)

SOEZER, Alexandra, United Nations Development Programme (UNDP)

SRISAKULCHAIRAK, Tunnie, UNEP Regional Office for Asia and the Pacific

SUBRATTY, Djaheezah, United Nations Environment Programme (UNEP)

SURRATT, Leila, Center for Clean Air Policy (CCAP)

TAS, Adriaan, Carbon Africa Limited

VUORELMA, Maria, Swedish Energy Agency

WILKINSON Jane, Climate Policy Initiative

ZARATIEGUI, Thomas, Inter-American Development Bank (IDB)