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cutting through complexi

Embarking on the low carbon journey

National Mitigation Actions as green growth vehicles in developing nations

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Introduction

Over 40 developing nations have already presented proposals to the United Nations Framework Convention on Climate Change (UNFCCC) to limit their carbon emissions by 2020.[1] Others are still formulating goals for submission. These proposals, also known as Nationally Appropriate Mitigation Actions (NAMAs), could help these countries leapfrog the high-carbon history of developed nations and pursue instead low-carbon, sustainable growth.

Negotiations on the structure, governance and funding of NAMAs are ongoing as are discussions about the types of projects that will be eligible. The concept is still somewhat abstract.

But it is clear that proactive emission-reduction strategies and projects in developing nations offer a significant step forward. What is also clear is that, if developing nations are to embark on successful low-carbon journeys, they will need access to a great deal of finance. Much – or perhaps most – of it must come from the private sector.

At the COP16 climate talks in Cancun in 2010, industrialized countries committed US$30 billion in 'fast start' finance to support climate change mitigation and adaptation actions in developing nations. They also agreed to mobilize US$100 billion per year by 2020 from a mix of public and private sources to form the Green Climate Fund. Tracking of the financial support committed is important.

However these sums are not enough to secure a low-carbon growth trajectory for developing nations and public sector finance cannot do the job alone. Governments cannot afford to subsidize the world out of climate change, especially when so many are challenged by the debt crisis and stagnant economies.

The success of NAMAs in achieving their aims will depend therefore on effective policy frameworks in the host nations to incentivize business action on emissions reduction and increase the flow of private sector investment.

Structured properly, national mitigation actions or NAMAs will offer investment and profit potential for the private sector and opportunities to connect ideas with capital. At the same time, well structured NAMAs will allow governments to achieve policy goals through private sector engagement and investment.

This discussion paper seeks to map out the "NAMA journey" exploring what governments in developing nations need to put in place in order to use NAMAs as effective sustainable growth vehicles.

The success of NAMAs in achieving their aims will depend on effective policy frameworks

[1] *See submissions on NAMA by developing countries to the UNFCCC at http://unfccc.int/meetings/cop_15/copenhagen_accord/items/5265.php*

The low-carbon journey: three stages

The 40+ countries that have committed to making a transition to lower-carbon economies through national mitigation actions are at varying stages of implementation. Some have already designed detailed domestic policies while others are just beginning to formulate plans.

The commitments made vary also in the level of ambition expressed and in the sectoral detail proposed. Some are overall expressions of aspiration: South Africa, for example, is aiming for a cut of 34 percent below its business-as-usual emissions trajectory, and Mexico a cut of 30 percent.

Other countries have set out projects with specified objectives. China, for example has outlined plans to increase the share of non-fossil fuels in its primary energy consumption to around 15 percent and to increase forest coverage by 40 million hectares by 2040. Brazil is drawing up plans to reduce deforestation and restore grazing land while increasing its use of biofuels, hydro power and alternative energy.

Wherever each emerging economy is in its low-carbon journey, the pledges made could deliver significant emission reductions and economic benefits if they are implemented effectively. Mitigation actions by developing nations could play a key role in building cleaner, more efficient economies and in meeting development goals of economic growth and poverty alleviation. On the other hand, with the wrong focus, structure or execution, there is a risk that NAMA projects could turn out to be costly failures.

It is therefore imperative that the right foundations and frameworks are in place, if NAMAs are to fulfill their promise and set developing nations on successful low carbon journeys.

Success requires three core elements to be in place:

Policy:
Clear and robust policy frameworks that a) aim for definitive emission reduction goals and b) provide the private sector with a secure investment environment

Finance:
Private sector capital flows are needed to finance projects. These can be complemented by both domestic public capital and international financial support in the form of grants or loans

Technology:
Appropriate low carbon technologies must be available along with the local skills needed to deploy them.

The NAMA journey is one that puts these core elements in place. There are three steps to doing so: Strategy, Pre-implementation and Implementation. Some actions may need to be undertaken in parallel, but broadly speaking, in the view of KPMG, the three key steps to implementing successful national mitigation actions are as follows: (see Figure 1 opposite).

KPMG Insight

Linking internal and external stakeholders
The NAMA journey needs the input of all key constituents from inception if it is to succeed. Stakeholders such as local governments, industry groups and NGOs need to be brought into the process alongside national governments.

Effective and ongoing stakeholder engagement is crucial. It ensures broad understanding of the vision and harnesses knowledge which can help to solve problems and break down barriers. Engagement builds strong partnerships for action, enabling concerns to be voiced and addressed.

Solid partnerships are required at all stages of the NAMA process, from policy design to finance and project delivery, through to measurement and reporting of emission reductions, identification of lessons learnt and necessary modifications to the policy.

Stage One: Strategy

Vision

National governments need to agree their climate change vision and goals with key stakeholders including ministries, civil society, NGOs, businesses and local governments through ongoing consultation and dialogue. The vision and goals should not focus on climate change mitigation in isolation but place it in the context of the nation's economic and social aims.

The Government of Kenya, for example, has taken an approach to developing NAMAs that is part of its wider program of climate-compatible development. In practice, this means NAMAs are one of the components of Kenya's Climate Change Action Plan alongside adaptation, technology planning, enabling policy, regulatory framework, finance, knowledge management and capacity development.[2] The potential here is for NAMAs to be fully integrated and aligned with the other elements of Kenya's climate-compatible development strategy. It also has the advantage of creating broad understanding among stakeholders of how NAMAs fit in to the bigger picture.

India's National Action Plan on Climate Change is comprised of eight National Missions addressing the development of solar power, improved water and energy efficiency and sustainable agriculture among others.

These missions are focused on both climate change mitigation and adaptation and present multi-pronged, long term and integrated strategies for achieving key Indian development goals in the context of climate change. The Indian plan sets out to identify "measures that promote our development objectives while also yielding co-benefits for addressing climate change effectively", thereby emphasizing the priority of maintaining high economic growth rates to raise living standards.

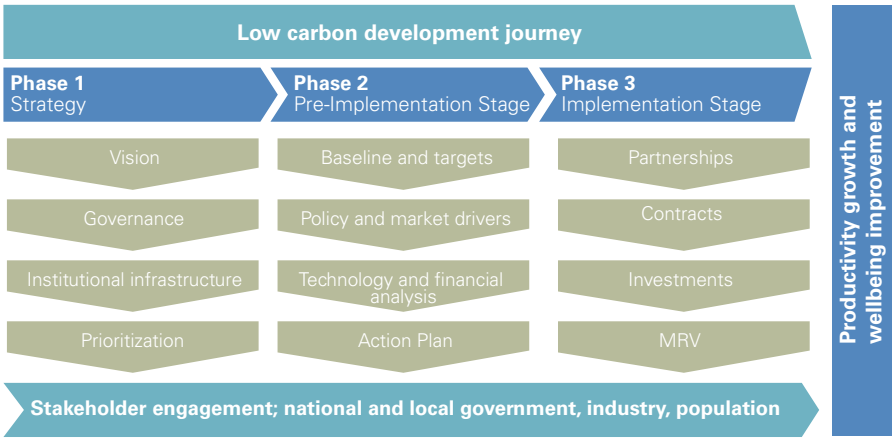


Figure 1: Journey towards low carbon development

Source: Embarking on the low carbon journey, KPMG 2011

Governance and Institutional Infrastructure

It is important to have a robust governance structure in place which makes clear where the responsibility lies for leading and driving progress along the low-carbon pathway. For example, will the Presidents' or Prime Ministers' offices take the lead, a ministry or an inter-ministry group? The higher the level of political ownership, the greater the chances that NAMAs will be successfully implemented.

An effective governance structure for projects will secure broad-based support across government and establish the responsibilities, functions and authorities of each relevant ministry. For example, the roles of finance, environment, transport, housing and energy departments need to be set out to ensure effective implementation. Strong governance and institutional structures are also crucial in attracting investment. A body that takes primary responsibility for driving decision-making and implementation is critical.

Prioritization

Policy objectives and sectors such as energy, transport, waste, forestry and agriculture must be prioritized according to the individual needs of the country in question. For example, where there is a shortage of electricity in a country and expanding energy access is a key national goal, the development of low-carbon energy generation may be prioritized over the reduction of emissions through other means.

Chile, faced with fast growing emissions from road transportation, has chosen to seek international support for a NAMA focused on developing infrastructure for the widespread introduction of electric vehicles.[3]

Setting unambiguous priorities enables policy makers to clearly understand the range of measures that can be implemented, along with the emissions reduction potential of each, the costs and the potential economic or social benefits.

Careful prioritization and preparation, along with effective stakeholder engagement and strong partnerships, are necessary foundations for robust policy frameworks. They can help to avoid threats to project success that include poor market response, failure to attract finance, perceived failure due to unrealistic emission reduction targets and failure to deliver behavior changes in business and society.

[2] *Source: Frauke Roeser, Xander van Tilburg, Stacey Davis, Niklas Hoehne (2011) Annual Status Report on Nationally Appropriate Mitigation Actions (NAMAs)*
[3] *Source: Frauke Roeser, Xander van Tilburg, Stacey Davis, Niklas Hoehne (2011) Annual Status Report on Nationally Appropriate Mitigation Actions (NAMAs)*

Stage Two: Pre-implementation

The next phase of the NAMA journey is to translate the vision and strategy into granular plans.

Baseline and targets

The starting point is to establish the nation's greenhouse gas baseline, namely the expected emissions trajectory in the absence of additional mitigation measures. This baseline will take into account the current socioeconomic trends, technological changes, and sectoral and national development plans. Understanding the likely growth of emissions on a business-as-usual basis provides the necessary foundation from which realistic national and sectoral emissions reduction targets can be set.

Analysis of market drivers, technologies and finance

Policy makers have a broad toolkit of measures they can take to reduce emissions and mitigate climate change. It is important to evaluate what drives finance for these measures and what the market barriers are. For example, governments may need to explore what prevents private capital investment flows into renewable energy generation and what actions can be taken to unblock it. Cost-benefit analyses of the various mitigation options will assess the availability and financial accessibility of technologies, level of investment required to deliver projects and the potential return on investment.

Action plan

The final stage of pre-implementation is the development of action plans for each sector. These plans will set out clear policy goals along with emission reduction targets and the process for measuring, reporting and verifying achievements. Priority areas for NAMA focus will be identified along with appropriate policies and mechanisms to address market barriers to the inflow of investment and technology.

Continuous, transparent and inclusive stakeholder engagement will increase the likelihood that policies and projects succeed in mobilizing private finance and technology, and facilitate constructive public-private partnerships.

A number of public-private stakeholder initiatives have been launched recently to improve understanding of the market barriers to private investment in the context of low-carbon development. One example is the UK's Capital Markets Climate Initiative (CMCI) where bankers, asset managers, consultants, NGOs and other stakeholders work alongside government and develop tools for policy makers to address the barriers and test solutions in the context of pilot NAMAs. The focus is on 'investment grade' policies and public finance mechanisms.

A key foundation for workable partnerships between governments and the private sector is enforceable contracts that offer investors security of return.

Stage Three: Implementation

Partnerships

Successful mitigation plans rely on the ability of governments to build effective partnerships with key stakeholders. It is important to understand the motivations, mutual interdependencies and requirements of those involved and how they can benefit each other through effective interaction. (See Figure 2 below)

Governments, in order to achieve their strategies, need corporates to provide low-carbon technology, the skills to deploy and operate it, and the funds to invest in delivering it. For example, if a government sets out to grow the share of wind power in the country's energy balance, it relies on businesses to develop the technology, build and operate the wind farms and invest in new wind power projects.

Companies in turn require clear and consistent long term policies and investment security from the government that assures them of acceptable returns from low-carbon investments. For example, if a government lowers or abandons feed-in-tariffs for renewable energy, there will be lower returns from the underlying projects. This is likely to lengthen the payback periods for investors, reduce the attractiveness of investment opportunities and therefore attract less commercial finance into new projects.

At the same time, significant emission reductions can be realized within existing industry, especially in the area of energy efficiency. It is therefore important that the NAMA process offers private sector partners the opportunity to submit specific project proposals which could become part of the national NAMA and tap into national and international support.

Contracts and investments

A key foundation for workable partnerships between governments and the private sector is enforceable contracts that offer investors security of return. Risk guarantees provided by the government, alongside public-private-partnership financing vehicles, green bonds and carbon markets can be effective instruments to improve the investment equation. (See sections below for further discussion of these options).

Clearly any measures implemented by governments to improve a country's investment climate should help to attract finance, while putting these measures in the context of GHG mitigation goals enables investment to be directed towards greener growth.

Measurement, reporting and verification

Measurement, reporting and verification (MRV) is an essential element for ensuring the effectiveness both of NAMAs and broader climate change mitigation strategies. Credible MRV procedures and processes are necessary to evaluate the effectiveness of policies and projects. They ensure transparency and accountability, as well as increasing investor confidence in government policies. Furthermore, rigorous MRV processes will be a prerequisite under the UNFCCC to receiving external financial support, for example from the Green Climate Fund, or for participation in market mechanisms such as the Clean Development Mechanism (CDM).

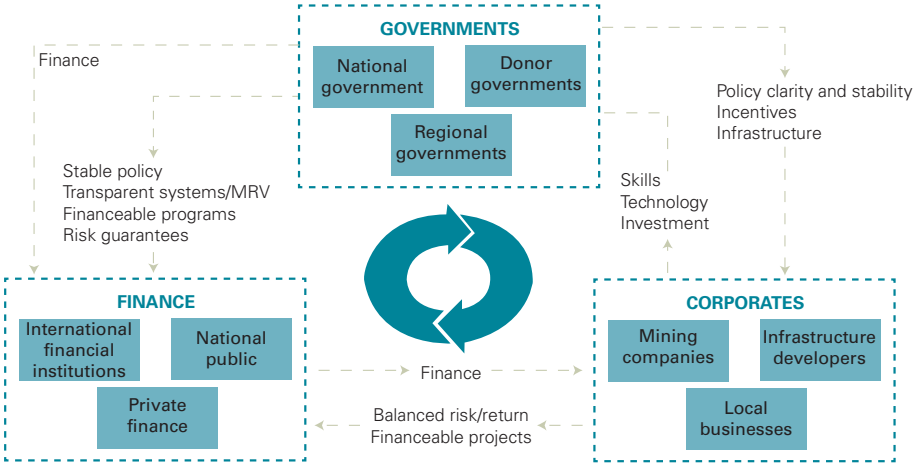


Figure 2: Addressing implementation challenges through effective partnerships

Source: Embarking on the low carbon journey, KPMG 2011

Mobilizing private sector investment into NAMA projects: barriers and opportunities

If the world is to have a 50 percent chance of limiting greenhouse gas concentration to less than 450 parts per million and global temperature rise to less than 2 degrees centigrade, massive investment is required in the energy sector.

In fact almost US$10.5 trillion (US$510 billion per year over the next 20 years) is needed over and above the business-as-usual scenario between the period 2010 and 2030. A large share of this will need to be invested in developing countries[4] and the bulk of funding - over 80 percent – must come from the private sector.[5]

As things stand, however, the private sector is set to invest in a high-carbon, rather than low carbon future global economy. Under a business-as-usual scenario carbon emissions will be pushed up by 50 percent by 2030 when the very opposite must be our goal.[6]

The challenge is not so much one of getting the private sector to invest per se but to create mechanisms that attract investment in low-carbon rather than high-carbon projects. Furthermore, in the current economic climate it seems likely that pledges of further public money from the developed world will be limited. This provides another reason to focus public resources on mechanisms that will mobilize private finance.

From an investor's perspective, low-carbon investments in developing countries can be seen to carry an unacceptable level of risk or offer an insufficient rate of return. The reasons are many and varied and so are the ways to address them. (See Figure 3 opposite).

Successful implementation of NAMA projects will rely on these challenges being addressed by mechanisms that improve risk/return characteristics of the project.

Barriers to investment can include:

Lack of long-term finance

Often a shortage of domestic financial capital and/or the lack of long-term financing are the major barriers to large-scale low-carbon projects. In many developing countries, banks are reluctant to lend for the long term so investors dealing with potentially risky technology, high interest rates and shorter term loans, will seek much higher returns. The returns they demand may well be incompatible with the payback periods of low-carbon projects.

Policy makers have a role to play here in helping to extend the period of lending or to reduce the level of interest, for example by providing blended public-private finance or guarantees.

Barriers to climate investment vary from country to country and sector to sector. In developing countries investors may cite unclear ownership laws as a deterrent as well as limited local capacity to prepare robust business plans.

Incomplete national plans

Investors look for the security of clear policies with defined goals, scope and timeframes. They seek coherent and consistent plans with measurable objectives set out for sectors and defined timelines. Countries where national climate change mitigation plans are incomplete therefore provide a less attractive investment proposition than those where strategy and plans are more fully formed.

Lack of clarity around policy ownership can be a further barrier. In some countries, government departments can send seemingly conflicting policy signals. For example, heavy subsidies can be provided for fossil fuel-based energy generation at the same time as expansion of renewable energy is being set as a policy goal. This can be confusing for investors and reduce confidence.

Lack of projects

A lack of financeable projects can be another impediment with some investors reporting that well-prepared project proposals with clear risk/return parameters are hard to find. In some countries, the capacity of local businesses to prepare low carbon mitigation projects for investment needs to be built up.

[4] International Energy Agency (2009). World Energy Outlook 2009. Paris.
[5] United Nations Framework Convention on Climate Change Secretariat (2007). Investment and Financial Flows to Address Climate Change. Bonn. Available from unfccc.int/files/cooperation.../financial.../background_paper.pdf.
[6] International Energy Agency (2007). World Energy Outlook 2007. Paris.

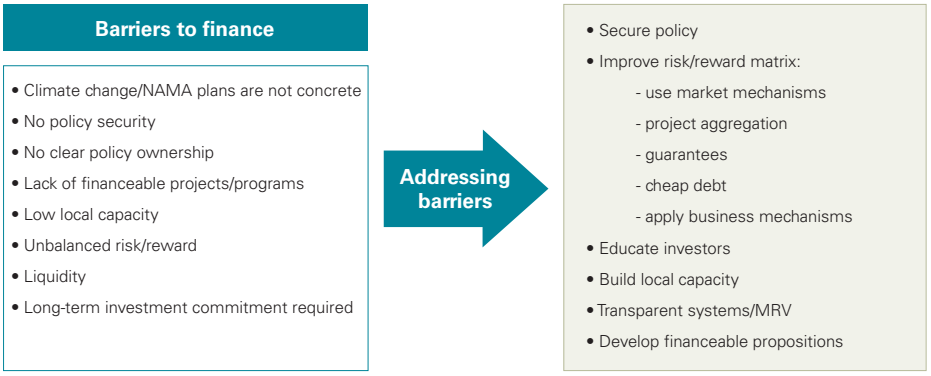


Figure 3: Barriers to climate finance and potential solutions

Source: Embarking on the low carbon journey, KPMG 2011

Size of market is a further issue for smaller economies and countries that lack high growth potential. Investors may be reluctant, for example, to back solar schemes in smaller countries owing to a lack of local demand for the energy produced. In this case, a potential solution would be to expand market capacity by developing greater regional co-operation through cross-border programs. A solar power project based in a small country could – subject to geographic location – supply power to one or more neighboring nations.

Options to improve the risk return ratio

Instruments for improving reward parameters of low carbon projects range from putting a price on carbon, thereby improving the relative returns from low-carbon projects versus carbon intensive options, to incentives aimed at increasing direct returns.

The latter may include market-based mechanisms that create additional income from the sale of emission allowances or credits in a similar way to Clean Development Mechanism (CDM) projects. Direct government subsidies can also be applied such as feed-in-tariffs from renewable energy or tax exceptions or credits for low-carbon products.

Other instruments that can be implemented through Public Private Partnerships (PPPs) include loan guarantees offered by governments. Such guarantees allow private sector investors to borrow at a lower rate because the lender is protected against default.

Mixed equity funds are another means by which to lower the risks for private equity investors. They work by subordinating the public capital in the fund, thus giving private investors their returns first and again protecting against the risk of project default or lower than expected financial performance. The advantage for governments of these and other similar instruments is that they are not direct subsidies. This means governments do not have to fund low-carbon projects in full and up-front, while investors are given the confidence to invest in less mature schemes, where the financial model, technologies or skills bases might not yet be well established.

As such, these instruments have the potential to increase investment appetite and attract higher levels of funding. Loan guarantees in particular have been used by multilateral and bilateral financial institutions to mobilize private finance for infrastructure projects and restructuring programs and are currently being increasingly applied to stimulate commercial clean energy investment in developing countries.

The Global Energy Transfer Feed-in Tariffs Programme (GET FiT) is one example of PPP mechanisms being developed. It is a global partnership aimed at scaling up renewable energy in developing countries through the development and implementation of feed-in tariffs, combining public and private money. Public money will be used for technical assistance to address behavioral, technical and regulatory barriers and to pay for financial risk mitigation instruments, such as international guarantees and insurance.

Partial de-risking of low carbon investment can also be achieved through project aggregation or risk-sharing mechanisms. Bundling individual projects into investment programs allows risk to be spread. This can help channel funds to innovative projects when investor preferences are to invest in the least risky and most mature technologies that may not be the most desirable from a mitigation perspective.

However, assets linked to environmental performance (environmental bonds) are a new concept and at present only a limited number of specialist investors are familiar with them. Their limited liquidity remains a barrier to the growth of these promising financial instruments.

National governments must select the most appropriate instruments to unlock private sector investment through a case-by-case consideration of the NAMA projects in question, the technology and sector, and the type of investor being sought.[7]

Financial and technology analysis at the pre-implementation stage of the NAMA journey as well as on-going stakeholder consultations with the private sector players will assist in this process. It is, however, important to consider the full array of available tools and look beyond the traditional grant and concessional finance that is often the primary focus of international climate change negotiations.

Sources		Mechanisms/ Types of Finance	Recipients
Public	Donor Government	Performance-based grants, debt, equity, ODA	Sectoral ministries; local government; PPP
	Host Government	Equity, grants, subsidies	
	Multilateral Development Bank (MDB)	Export credit; debt swaps; venture loan guarantees; grants; equity; incubators	Government agencies; NGOs; private sector; PPP; civil society
Private	Commercial Banks	Commercial lending; asset finance; forward contracts; working capital; consumption loans; IPOs	Project developers; private sector; PPP
	Private Equity	Venture capital; R&D funding	
	Pension Funds	Venture capital; commercial lending; mezzanine finance; bond purchasing	
	Insurance Companies	Policy insurance; project equity; bond purchasing; venture loan guarantees	
	Capital Markets	Stocks; bonds; commercial papers; IPOs	
Market based	Clean Development Mechanism (CDM)	Credits; offsets; payments for international services	Project developers; retailers and resellers of offsets
	Reducing Emissions from Deforestation and Forest Degradation (REDD+)		

Figure 4: Sources of and tools for mobilizing finance

Source: Embarking on the low carbon journey, KPMG 2011

National governments must select the most appropriate instruments to unlock private sector investment.

[7] For a detailed discussion on instruments to mobile private finance and sector-specific examples see Catalysing Climate Finance: A Guidebook on Policy and Financing Options to Support Green, Low-Emission and Climate-Resilient Development (UNDP 2011).

Mobilizing private sector investment through Public Private Partnerships

Identifying the investment models that can successfully deploy low-carbon private capital at the scale required is vital to developing effective NAMA projects and securing a successful low-carbon transition for developing economies.

KPMG believes private sector investment via PPPs presents just such an effective model. Our proposed model uses a number of public finance instruments that can help remove barriers to private investment.

The international finance pledged by developed nations through the Copenhagen Accord, namely US$30 billion in 2010-2012 and up to US$100 billion to be mobilized annually by 2020, should provide seed capital for the model, giving access to low-carbon finance in developing countries and leveraging private finance at scale. Furthermore the model suggested ensures continuity of finance, as it would operate on a revolving basis both at the national and international level.

In December 2010, KPMG put forward a proposal on how PPP financing vehicles, blending international and national public and private finance and carbon markets, could be integrated under the framework of national mitigation plans and NAMAs.[8] Under this proposal, part of the international public finance provided for mitigation is committed to an international fund, such as the Green Climate Fund or one of its special windows or facilities. This fund would be authorized to provide grant finance, debt and equity for country-level PPP financial vehicles linked to concrete policy goals within the NAMA framework and to an international NAMA registry.

Countries seeking finance from the fund and setting up national PPP financing vehicles would need to qualify under international eligibility rules. This would involve obtaining 'NAMA eligibility certification' that requires evidence that the basic elements of NAMA infrastructure are in place, including a national GHG inventory and a robust MRV system.

The above model can be expanded to integrate the full toolbox of financial instruments discussed earlier to address a wider range of barriers related to the risk and reward profiles of projects (see Figure 5 opposite).

For example, the PPP at the national level could underwrite project risks or provide insurance against policy changes such as subsidies being removed. This type of insurance would improve a NAMA project's chances of attracting commercial finance.

To benefit from such mechanisms the country must have gone through the strategy and pre-implementation phases outlined above. It would need to have determined its overall policy goal, identified and prioritized mitigation measures, and undertaken financial and technological analysis of barriers and enablers to finance. Furthermore, the essential domestic elements of the NAMA infrastructure need to be in place, in particular mechanisms and processes for measurement, reporting and verification of emissions and their reductions.

[8] *For more detail see Financing low-carbon investment in developing countries; Public-private partnerships for implementation of Nationally Appropriate Mitigation Actions (KPMG 2010), available at http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Pages/Financing-low-carbon-investment-in-developing-countries.aspx*

1. A country has decided to implement low carbon policy/NAMA.
2. Country puts in place the arrangements to identify, approve and MRV projects that fall within the overall goal. A country undergoes NAMA eligibility certification.
3. Certain low emission technologies (e.g., renewable energy) or products (e.g., low emission cars or related infrastructure) are included in the policy goal (L)
4. National PPP is astablished and measured related to low emission technologies of products are eligible for its financing instruments
5. Projects under the PPP may use a variety of financing tools, e.g., consumer financing scheme for low emission vehicles; concessional financing for building a local production facility for efficient vehicles.

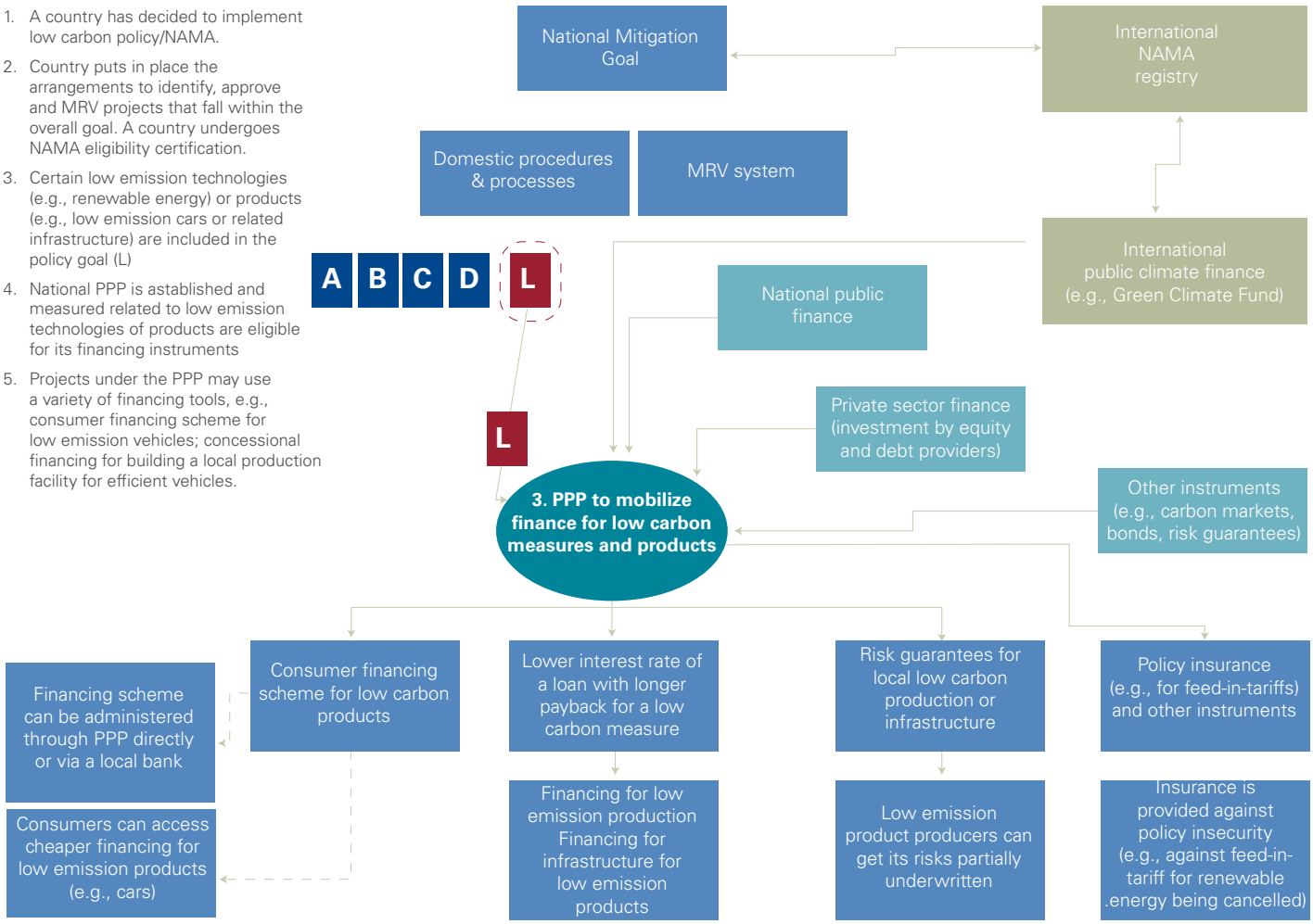


Figure 5: Options for mobilizing climate finance through PPPs

Source: Embarking on the low carbon journey, KPMG 2011

Addressing the barriers to low carbon investment via PPPs in the context of consumer markets: Example of low emission vehicles

Transport accounts for over 27 percent of all final energy consumed and 23 percent of global energy-related GHG emissions. The majority share of increases in emissions comes from road transport, in particular in developing countries. Consequently, addressing emissions from road transport should be among the key priorities in the context of low carbon development plans and NAMAs.

While transportation has not been a focus under the Clean Development Mechanism, it has gained greater prominence under the current NAMA processes, with many national plans specifically setting goals in this regard. To date policy makers have concentrated on making improvements to public transport systems, such as building rapid bus transit and metro systems in cities as alternatives to passenger car travel. However, in the NAMA submissions to the UNFCCC many countries have identified increasing the share of low emission or electric vehicles among their key priorities.

Achieving this aim in developing countries requires a number of barriers to be addressed including:

- Poor protection of intellectual property rights and lack of local skills can increase investor risks and act as barriers to local production of vehicles based on the latest technology
- The higher costs for manufacturers associated with importing low emission vehicles into developing countries[9]
- The higher cost to consumers – and therefore reduced appeal – of imported low emission vehicles when compared with lower cost locally produced conventional vehicles
- Lack of necessary infrastructure for the vehicles such as appropriate fuels and electric charging stations.

The model presented in Figure 5 (above) could help address many of the challenges mentioned above.

Grant financing through the PPP could build the capacity of local suppliers and infrastructure providers and help reduce the barriers to the production and operation of low emission vehicles.

The affordability of low emission vehicles for consumers could be addressed through a financing scheme under the PPP, whereby purchasers will be eligible for lower interest rates or longer repayment periods on their loans. This would reduce the price differential between conventional and low emission vehicles.

[9] *The Green Investing: Towards a Clean Energy Infrastructure, World Economic Forum. 2010.*

Conclusion: involving the private sector internationally, nationally and locally

Almost all investments in any economy's low-carbon journey will cost more than the carbon-intensive alternatives if there is no price attached to environmental impacts. Therefore investment flow is likely to be policy dependent.

The question of how developing nations can use NAMAs to increase investment in sustainable growth can be answered by more innovative blending of public and private finance. More effective collaboration is required between banks, pension funds, the private sector, and semi-public resources.

Putting a price on carbon can change the investment equation dramatically. KPMG's view is that it is challenging, but possible, to design NAMAs which put the private sector center stage, and which blend public and private finance intelligently to achieve green growth goals.

Based on our firms' experience with conventional infrastructure investment, there is a strong KPMG belief that it is possible to design international support architecture around climate change mitigation in a way that mobilizes private sector finance rather than relying on public funding alone. Fiscal policies can help to drive change cost-effectively. And if risk and opportunity are assessed well, the business case for sustainability can be made convincingly.

KPMG's Climate Change and Sustainability Services

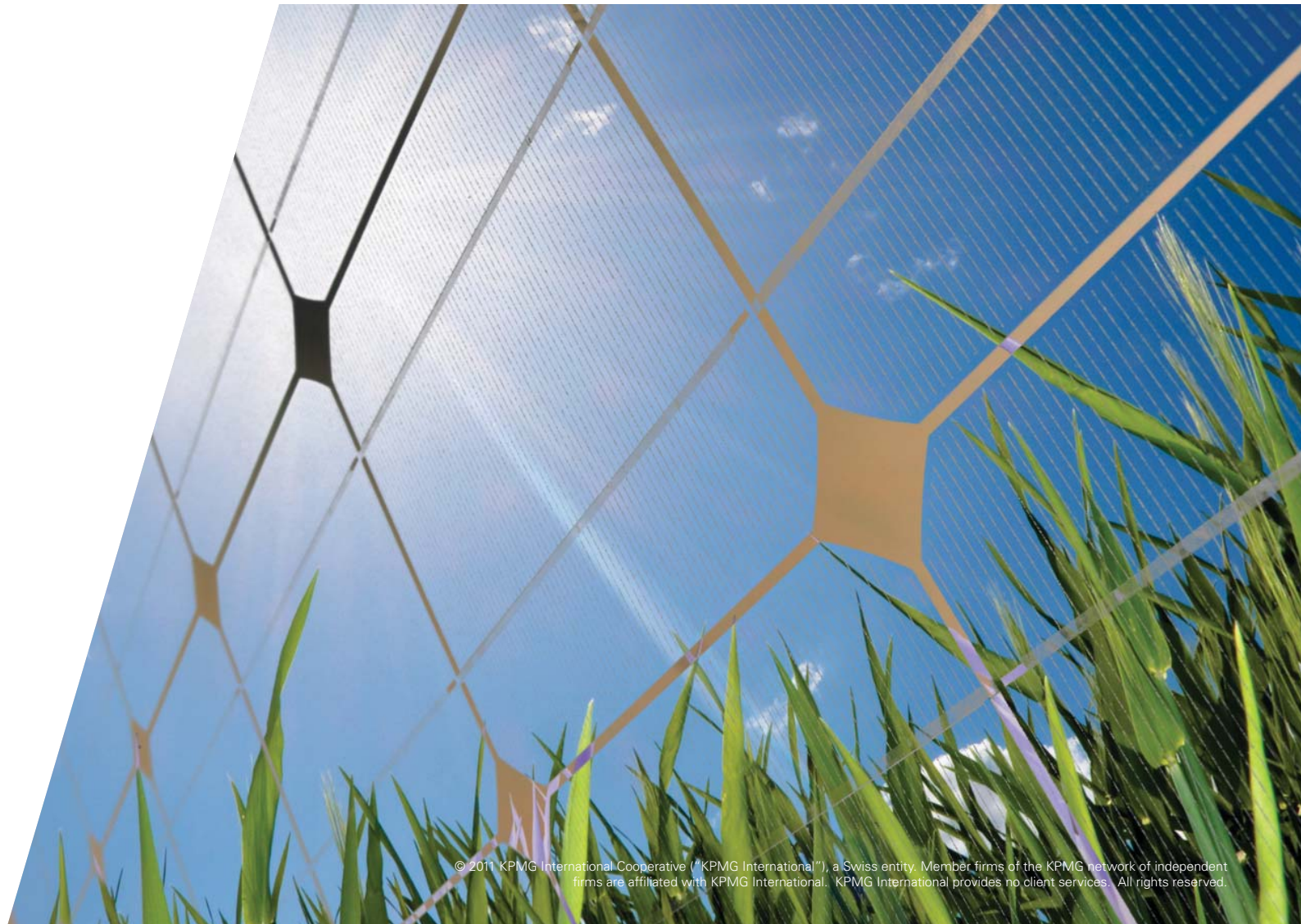
KPMG's Climate Change and Sustainability Services (CC&S) professionals provide sustainability and climate change assurance, tax and advisory services to organizations to help them apply sustainability as a strategic lens to their business operations.

We have more than 25 years experience working with leading businesses and public sector organizations which has enabled us to develop extensive relationships with many of the world's leading companies and to contribute to shaping the sustainability agenda.

The expanding CC&S network, over 50 countries, enables KPMG member firms to apply a consistent approach to service delivery and respond to multinational organizations' complex business challenges with services that span industry sectors and national boundaries. Our experienced teams can assist organizations in the following areas:

- Public policy and NAMA structure advice
- Corporate responsibility strategy assistance
- Sustainability risk & opportunity analysis
- Corporate Social Responsibility/ Sustainability/GHG information systems design and implementation
- Regulatory framework assessment and optimization,including tax and carbon emission regimes
- Sustainable supply chain enhancements
- Tax incentives and credits
- Corporate Responsibility reporting and assurance, including pre-audit assessments and greenhouse gas (GHG) emissions verification.

If risk and opportunity are assessed well, the business case for sustainability can be made convincingly.



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