

# Overview of NAMAs

Ned Helme, President  
Center for Clean Air Policy

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# Outline of Presentation

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2. NAMAs in the Cancun Agreements
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# NAMAs History

Bali Action Plan calls for developing countries (DCs) to implement  
***“nationally appropriate mitigation actions”*** (NAMAs)

- “In the context of ***sustainable development***”
- “Supported and enabled by ***technology, financing and capacity building***”
- “In a ***measurable, reportable and verifiable*** manner” (both actions and support)

Cancun Agreements adds that NAMAs are:

“aimed at achieving ***a deviation in emissions relative to ‘business as usual’ emissions in 2020***”

# Potential Types of NAMAs

- **Unilateral** – DC takes autonomous action without outside support
- **Supported/Cooperative** – some part of DC action is conditioned upon international support (financing, technology or capacity building)
- **Credit-generating** – DC earns credits that can be sold on the international carbon market for taking actions that reduce emissions below an agreed crediting baseline
  - Was part of the original concept of NAMAs but is not discussed as a specific type of NAMA in the Cancun Agreements
  - Only meet NAMA objectives if crediting baseline is below business-as-usual (BAU) baseline



# Potential NAMAs

NAMAs can include a broad number of possible actions:

- Regulations and standards
- Policies
- Fiscal measures: carbon taxes, incentives, etc.
- Sector-wide approaches
- Private-sector initiatives
- Other actions

NAMAs may or may not include:

- Individual projects
- REDD activities

NAMAs do not include:

- CDM projects
- Other offsets/credits

# NAMA Benefits

- Supported NAMAs can receive up-front financing from developed nations for capacity building and for up to the incremental costs of the proposed actions
- The form of financial support has not been defined in the UNFCCC process as yet but is likely to include grants, loans, loan and risk guarantees, policy support, writing down the cost of technologies etc.

# NAMA Benefits

- **This system provides the opportunity for a DC to:**
  - Use unilateral and supported NAMAs to capture the “**low-hanging fruit**” as their contribution to climate protection, while
  - Reserving higher cost-per-ton options for credit generating NAMAs (either bilateral or multilateral)
- Supported NAMAs can create a “**race to the top**” if proposals from different developing countries compete for up-front financing
- Unilateral and supported NAMAs produce reductions that are used by DCs to meet their emission reduction pledges
  - Not offsets to help developed countries meet their emission reduction commitments

# NAMAs in Cancun Agreements

- Cancun Agreements do not provide a general context for the three types of NAMAs:
  - “domestically supported” and “internationally supported” NAMAs are discussed but not in the context of a three-component system
  - No description of the relationship (if any) between different types of NAMAs
- Cancun Agreements don’t mention credit-generating NAMAs specifically but allude to them: “*Decides* to consider the establishment ... of one or more market-based mechanisms ... complementing other means of support for” NAMAs by DC Parties

# NAMA Registry in Cancun Agreements

**Registry will be made up of two parts**

- **Part 1: *Record NAMAs seeking support***
  - DCs record NAMAs seeking international support (including estimated costs, emissions reductions and time frame for implementation)
  - Annex I Parties record support available for NAMAs
  - Annex I Parties record support provided to NAMAs
- **Part 2: *Recognize NAMAs being implemented***
  - DCs record unilateral NAMAs
  - DCs record supported NAMAs that have received support

# National Communications

- National Communications (NatComs) are required of all Parties to the UNFCCC
- Frequency of NatComs is supposed to be every four years (dependent upon support for DCs)
- All NatComs include emissions inventories
- DC NatComs are currently supposed to include general information on:
  - Mitigation efforts (programs and measures)
  - Other issues: adaptation, tech transfers, education, capacity building, finance needs

# NAMA Reporting in Cancun Agreements

- DC NatComs are now proposed to include *enhanced reporting on NAMAs*, their effects and support received
- Content and frequency of DC NatComs will not be more rigorous than for Annex I NatComs
  - still every four years for now (contingent on support)
- New *biennial update reports* from DCs are now proposed to be submitted (in addition to NatComs) and should include updated:
  - National GHG inventory reports
  - Information on mitigation actions (NAMAs), needs and support received

# NAMA MRV in Cancun Agreements

- Unilateral NAMAs are subject to *domestic MRV*
- Supported NAMAs are subject to *domestic MRV and international MRV*
- Biennial reports are subject to *international consultation and analysis* (ICA) meant to:
  - Increase transparency of NAMAs and their effects
  - Be facilitative, not punitive
  - Evaluate methodologies, assumptions, progress, and MRV but not discuss appropriateness of policies and measures

# NAMA Guidelines Still to be Developed

- The Cancun Agreements specify a work program for 2011 that includes the development of NAMA guidelines for:
  - Matching of NAMAs and support through the registry
  - MRV of supported NAMAs and of support
  - Biennial reports of non-Annex I Parties (DCs)
  - Domestic MRV of NAMAs
  - ICA
- No deadlines specified for completion of guidelines, but first views to be submitted by Parties by March 28

# NAMA Finance: Fast Start Finance

- In Copenhagen Accord, developed countries pledged “new and additional resources” approaching *\$30 billion for the period 2010-2012* to support mitigation and adaptation in DCs
- Fast Start Process is key for *rebuilding trust* in the UNFCCC process via “learning-by-doing”
- Development of Kyoto Protocol and CDM were decisively shaped by similar *learning-by-doing* processes that produced concrete projects
- Concrete financing and implementation of NAMAs, development of MRV approaches, and pilot tests of NAMA crediting can occur during Fast Start phase
- Supported NAMAs likely to play large role
  - Data and capacity gaps in DCs must be addressed first

# NAMA Finance: Longer-Term Finance

- In Copenhagen Accord, developed countries “committed to a goal of mobilizing jointly” *\$100 billion per year by 2020* “to address the needs of developing countries”
- Funds will come from a wide *variety of sources*: public, private, bilateral, multilateral, alternative
- High-Level Advisory Group on Climate Change Financing studied how to mobilize these funds and concluded that:
  - Mobilizing this sum is challenging but feasible
  - Carbon price of \$20-25 per ton CO<sub>2</sub>e in 2020 is key

# NAMA Finance: Green Climate Fund

- Cancun Agreements establish a *Green Climate Fund* to support DC “projects, programs, policies and other activities”
  - To be designed in 2011 by Transitional Committee (TC)
- Issues to decide by TC include:
  - Acceptable financial instruments that GCF can use to deliver funds to DCs
  - Funding “windows” to be employed (windows designate funds for specific uses, such as capacity building or particular types of NAMAs)
  - Modality for access (direct access vs. ???)
  - Distribution of funds between mitigation and adaptation
- TC will not decide on amount or sources of funds

# NAMA Finance: The Outlook

- Current climate finance – bilateral and World Bank funds – will continue to grow through 2013
- Bilateral funding will continue over long term, even after the Green Climate Fund becomes operational
- There is an opportunity to shape the bilateral market for funding NAMAs as the establishment of the Green Climate Fund may move slowly
- Real-world experiences with NAMAs through existing bilateral and multilateral channels can help define NAMAs, MRV and funding criteria and contribute to the design of the Green Climate Fund

# NAMAs vs. CDM

- Unilateral and supported NAMAs produce reductions that reflect a DC contribution to protection of the atmosphere, do not produce offsets
- NAMAs will hopefully affect larger sets of facilities within a sector, while traditional CDM is project-specific. Poor performers are ignored in traditional CDM (with possible exception of “programs of activities” CDM)
- NAMAs can be designed for one sector or across sectors
- The CDM has invited a “race to the bottom” that incentivizes host countries and private sector to set weak baselines to maximize credit generation
- Supported NAMAs can create a “race to the top” as proposals compete for funding

# Can NAMAs and CDM Coexist in a Sector?

- There is a risk that Annex I countries pay twice: once up-front for NAMA program and again for CDM projects
- One solution: “wall off” CDM projects from NAMAs
  - Project-based CDM is more attractive financially to companies and investors than supported NAMAs
  - Facilities with greatest emission reduction potential are likely to choose CDM, thus weakening the NAMA component in the sector
  - Allowing new CDM projects in NAMA policy area also undercuts goal of keeping “low-hanging fruit” in DCs
  - “high-cost” offset projects that DC would never pursue through a NAMA could potentially co-exist with NAMAs (CCS, nuclear)
- Alternative solution: buyer-country or other policies bar project-specific CDM in key sectors while providing significant up-front financing for NAMAs

# Key NAMA Questions

- How does this description of the state of play on NAMAs match with your views? Are there actions that your country is thinking about that would not fit in the NAMA framework outlined here?
- One of the central premises of the MAIN project is that the fact that the lack of UNFCCC guidance on NAMAs is a huge opportunity for countries to test various approaches on the ground and thereby shape the future of NAMAs. Which elements of the NAMA framework do you see as most important to test on the ground first – NAMAs themselves, what uses finance can be directed to, MRV requirements, others?
- There appears to be much more international consensus on unilateral and supported NAMAs than on credit-generating NAMAs. Are credit-generating NAMAs an important option for your country?
- Will the continued existence of the CDM and its potential overlap with NAMAs be a problem for your country in developing support for developing NAMAs? Or does declining demand for CDM create a stimulus to develop supported NAMAs with the promise of up-front financing?

# Thank You

For more information:

[www.ccap.org](http://www.ccap.org)  
[nhelme@ccap.org](mailto:nhelme@ccap.org)

