Side event brief - "The future of NAMAs"

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This briefing paper captures the discussions at a parallel side-event to the June 2014 UNFCCC subsidiary body meetings on June 11, 2014 in Bonn. The event was organised by Ecofys and ECN as part of the MitigationMomentum project funded by the International Climate Initiative (ICI). The document summarises the three introductory presentations, followed by a summary of the statements and viewpoints of the panellists during the subsequent discussion.

The concept of "Nationally appropriate Mitigation Actions, NAMAs" has been promising in mobilising mitigation actions and initiatives in many developing countries around the world. Particularly as a mechanism for delivery of mitigation support and platform for trust building, NAMAs seem to have a logical role in a future international climate architecture. Much of the enthusiasm for NAMAs has come from the fact that they are a voluntary bottom-up instrument with a focus on national development. At the same time the negotiations are entering a phase of politically sensitive discussions on Intended Nationally Determined Contributions (INDCs). A number of climate policy analysts raise their concern that if NAMAs were too closely connected to commitments under the UNFCCC, host countries' enthusiasm and momentum for their continued development and implementation may fade. Against this background, this side-event brief summarises the expert discussion on the role of NAMAs in a future, post-2020 climate change regime and how it can be ensured that they fulfil their promise as a way to enable much needed mitigation action at scale.

Current state of play of NAMAs

Since the inception of the NAMA concept in 2007 the number of concrete NAMAs that were developed to seek support has grown steadily. The NAMA Database, which tracks NAMA activities worldwide, currently includes information on 104 NAMAs under development and eight NAMAs that have reached implementation in 36 countries (www.nama-database.org). 40 of those have been officially submitted to the UNFCCC NAMA Registry to obtain support for either preparation or implementation. Anecdotal evidence suggests that many more NAMAs are in the early stages of preparation.

The NAMA concept has broad buy-in and has spurred enthusiasm in developing countries to design mitigation actions as it provides sufficient flexibility to frame mitigation in the context of national development goals and can be a new vehicle of support. Readiness support for NAMAs has delivered significant capacity building and awareness raising on policy, finance and MRV, and an international community is emerging that fosters learning and exchange of good practices. Developed countries are increasing support for NAMA preparation and starting to finance NAMA implementation. Although more finance for implementation is vital, especially in the short term, NAMAs are already becoming a strong brand for channelling climate finance, whilst providing useful insights for future funding windows of the Green Climate Fund (GCF).

NAMAs in a post-2020 climate regime

NAMAs can have several functions in a post-2020 climate regime, including the following three: First, NAMAs can be logical building blocks for domestic action plans, low emission development strategies, and targets. Second, a NAMA is a convenient vehicle for concrete climate action on the ground and associated international financial and technical assistance. In this sense, NAMAs can also serve as an instrument for the implementation of international support commitments under the 2015 climate agreement. And third, NAMAs can be a basis for international reporting and/ or articulation of commitments.

The NAMA concept has attractive features for a post-2020 world and although they can only be part of the solution, NAMAs have proven to be flexible enough to adapt to the functions mentioned above, acceptable to a broad range of stakeholders, and broad enough to capture many types of actions. NAMAs can also easily co-exist with other instruments such as market mechanisms or binding commitments.

Several issues are likely to shape the future for NAMAs in a new climate regime, including the design and criteria for the Green Climate Fund (GCF), the link between NAMAs and INDCs, NAMAs in relation to UNFCCC reporting, and the link between NAMAs and other mechanisms under the UNFCCC.

NAMAs and Intended Nationally Determined Contributions (INDCs)

Parties at the 19th session of the Conference of the Parties (COP 19) in Warsaw agreed to “initiate or intensify preparation of their intended nationally determined contributions” so that they can be submitted well in advance of the Meeting of Parties to the UNFCCC in Paris; by March 2015 for Parties ready to do so (UNFCCC 2013). It is the first time such an ex-ante process was formally adopted under the UNFCCC and is spurring much debate and controversy amongst parties.

INDCs could well be the starting point of a process to increase ambition over time hence their timely and well-informed preparation is crucial. As INDCs are guided by national development priorities they are likely to be diverse, similar to the “pledges” of countries put forward under the Copenhagen Accord/ Cancun Agreement. INDCs may take the form of economy wide absolute or relative targets, of sectoral targets such as energy efficiency or renewable energy targets, or they could be (ambitious) policies and projects. Interestingly, past experience has shown that economy wide targets are not necessarily a guarantee for high ambition. The implementation of policies and projects may result in higher emission reductions and thus end up being more ambitious (Höhne et al. 2014).

NAMAs relate to INDCs in several ways:

- NAMAs can be the actions to implement the INDCs
- NAMAs can be used as the starting point for countries to define their INDCs
- NAMAs themselves may be put forward as contributions (in which case they may lose their voluntary character if INDCs turn into commitments, as expected by some Parties)
- Countries who previously submitted targets as NAMAs under the Copenhagen Accord may convert these into INDCs.

Whilst there are several connections between the two, it is important to emphasise that NAMAs are not INDCs. In particular the voluntary nature of NAMAs – which is perhaps one of the secrets of their success – and the implicit binding nature of INDCs - especially if later converted into commitments -, is a critical difference. On the other hand, both NAMAs and INDCs provide flexible frameworks to allow for diversity and country driven, nationally appropriate interpretations and approaches.

Panel discussion

The panel discussion at the side event focussed on the question of what the future of NAMAs may be and in particular on the role of NAMAs post-2020, in the context of a new international agreement. Panellists[*] were asked to make short statements on their views on NAMAs followed by a discussion. Key points of the discussion are summarised below.

> "Ideally, NAMAs combine sectoral policy actions by governments with financial mechanisms to achieve emissions reductions at a sector wide scale and catalyze much larger private sector investments. This is a great model for the GCF as it seeks to encourage programs that produce "paradigm shifts in policy and climate finance"."
>
> Ned Helme, CCAP

NAMAs are the right paradigm

There was broad agreement that NAMAs are an attractive concept and an important pillar of the mitigation architecture, today and in future. In particular the flexible nature and ability to support development objectives has ensured country buy-in and spurred enthusiasm for action. Though theoretically the NAMA concept is still open for broad interpretation, a consensus amongst the NAMA community seems to be emerging that NAMAs are understood as "sectoral mitigation actions". It was noted that it is still early days for

> "The NAMA concept is very promising, but we don't see enough implementation support materializing. Assuming that finance is available, this raises questions on whether proposals are of sufficient quality and if they match funders' preferences. We need to work together to match these expectations and make sure that NAMA finance starts flowing at scale."
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> Stephen King'uyu, Government of Kenya

[*] Panellists included Stephen King'uyu of the Government of Kenya, Harald Diaz Bone of UNEP Risø Center, Annemarie Oberschmidt representing the German Ministry for Environment, Vera Scholz of the GIZ and Ned Helme of CCAP, in addition to the presenters and moderator Niklas Höhne, Xander van Tilburg and Frauke Röser.

NAMAs, “their presence has hardly started”, so discussing their future seems a little premature. At the same time, NAMAs are highly relevant in the context of a future agreement and in particular for supporting increased ambition pre and post 2020. NAMAs can also support and help build a pipeline of fundable action in view of future funding windows of the Green Climate Fund (GCF). However as finance for NAMAs remains a key challenge, some uncertainty about their future remains.

NAMAs can support INDC process

Panellists agreed that NAMAs have a role to play in the development and definition of INDCs. NAMAs can function as the building blocks of INDCs and can be the starting point to define INDCs from the bottom up. With their clear focus on actions, NAMAs are likely to become one of the central tools for the implementation of INDCs. Along these lines INDCs would be the overarching targets, with NAMAs being the actions to achieve them. At the same time INDCs may spur NAMA development and implementation in the case where economy wide or sectoral targets are put forward. However, it is also important to be clear on the differences between NAMAs and INDCs, and where potential points of friction may arise. Distinguishing NAMAs from INDCs may ultimately help to sharpen both concepts.

> “Contributions are NOT the new NAMAs. INDCs can and should build on the wealth of experiences and achievements generated during the last years in the course of NAMA development but they are a concept on its own. So are NAMAs.”
>
> Annemarie Oberschmidt, BMUB/ ICI

> “NAMAs are a great format to work on CO_2 reductions and co-benefits at the same time, and to mobilize public (international & domestic) and private funds at the same time. It is very encouraging that many countries have started to develop NAMAs. It is also very encouraging that the German and the British Government have set up the NAMA Facility, and I very much hope that the Green Climate Fund will also start to Fund the implementation of NAMAs in different sectors and continents.”
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> Vera Scholz, GIZ

NAMAs should not be politicised

Whilst panellists saw opportunities for NAMAs and INDCs to mutually reinforce each other, there were also words of caution. There is a degree of nervousness in the NAMA community surrounding taking the fledgling mechanism too close to the discussion around commitments under a new international climate agreement. As mentioned previously, NAMAs are voluntary actions and this is one of the reasons why they have enjoyed widespread support. Linking NAMAs to INDCs and commitments may stifle enthusiasm for their continued development and implementation. Moreover, there is an expectation by some Parties that INDCs are a stepping stone towards firm or binding commitments. Hence it may be beneficial not to formally inscribe NAMAs into INDCs or future commitments to safeguard the voluntary nature of NAMAs.

> “Philosophy tells us that there is just one present and just one past but many futures. It is on us to decide today which of the many futures for NAMAs will materialize tomorrow.”
>
> Harald Diaz-Bone, UNEP DTU

Take-away messages

In conclusion the following three messages can be highlighted from the panel discussion:

- NAMAs prove to be a successful mechanism to support mitigation as well as meeting of development goals in developing countries.
- It is important to build on the success achieved so far and to maintain enthusiasm. Providing finance at scale is crucially important here.
- NAMAs are useful to inform the INDC process and the negotiations, but progress could be slowed if they became part of the political discussion.

References

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