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**MitigationMomentum**

# **Status Report on Nationally Appropriate Mitigation Actions (NAMAs)**

**Mid-year update 2016**



**ECOFYS**

sustainable energy for everyone

# Status Report on Nationally Appropriate Mitigation Actions (NAMAs)

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The project is part of the International Climate Initiative of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety

# List of abbreviations

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<b>ADMIRE</b>	Adaptation Mitigation Readiness
<b>CDM</b>	Clean Development Mechanism
<b>COP</b>	Conference of the Parties
<b>GCF</b>	Green Climate Fund
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	Greenhouse gas emissions
<b>HFCs</b>	Hydrofluorocarbons
<b>IDB</b>	Inter-American Development Bank
<b>INDCs</b>	Intended Nationally Determined Contributions
<b>LCDS</b>	Low Carbon Development Strategy
<b>LULUCF</b>	Land Use, Land Use Change and Forestry
<b>MAPS</b>	Mitigation Action Plans and Scenarios
<b>MRV</b>	Measuring, Reporting, Verifying
<b>NAMA</b>	Nationally Appropriate Mitigation Action
<b>NDCs</b>	Nationally Determined Contributions
<b>RAC</b>	Refrigeration and Air Conditioning
<b>SMAP</b>	Sector Mitigation Action Plan
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>WEEE</b>	Waste electrical and electronic equipment

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# Foreword

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Katja Eisbrenner (Ecofys)

This Status Report on NAMAs Mid-year Update 2016 is the first update since the 2015 “climate year” came to a close. In June 2015, the seven major industrialised economies (the G7 countries) agreed to decarbonise the world economy by the end of this century. This means that climate-damaging fossil fuels need to be phased out. About six months later, at the 21st UNFCCC conference in Paris, 194 countries adopted the Paris Agreement which marks a historic breakthrough in international climate diplomacy. It is the first legally binding climate treaty in which all UNFCCC parties – both developed and developing countries – committed to reducing greenhouse gas emissions through NDCs. Together, they agreed to reach global greenhouse gas emissions neutrality by the end of this century in order to keep global warming well below 2°C. They also agreed to strive for a temperature increase of less than 1.5°C compared to pre-industrial levels. With this new dynamic in international climate politics, emission mitigation actions in developing countries are more than ever a focus of attention. This leads to the question of how mitigation actions that developing countries have already developed under UNFCCC, and that they seek to move to a further implementation stage, including NAMAs, can play a key role in the new climate landscape. A lot of political capital has been invested in NAMA development. The role of NAMAs in implementing the Paris Agreement will therefore be important to ensure the success of the international climate process in developing countries. This Report takes a closer look at the role of NAMAs in light of the Paris Agreement (Chapter 2) and includes opinion pieces from countries in Africa, Asia, and South America (Colombia, Ethiopia, Indonesia, Thailand) on their expectations, plans and needs with regards to NAMAs after Paris (Chapter 3). As usually, this Mid-Term Update also provides an update of the latest NAMA development and support world-wide (Chapter 1).



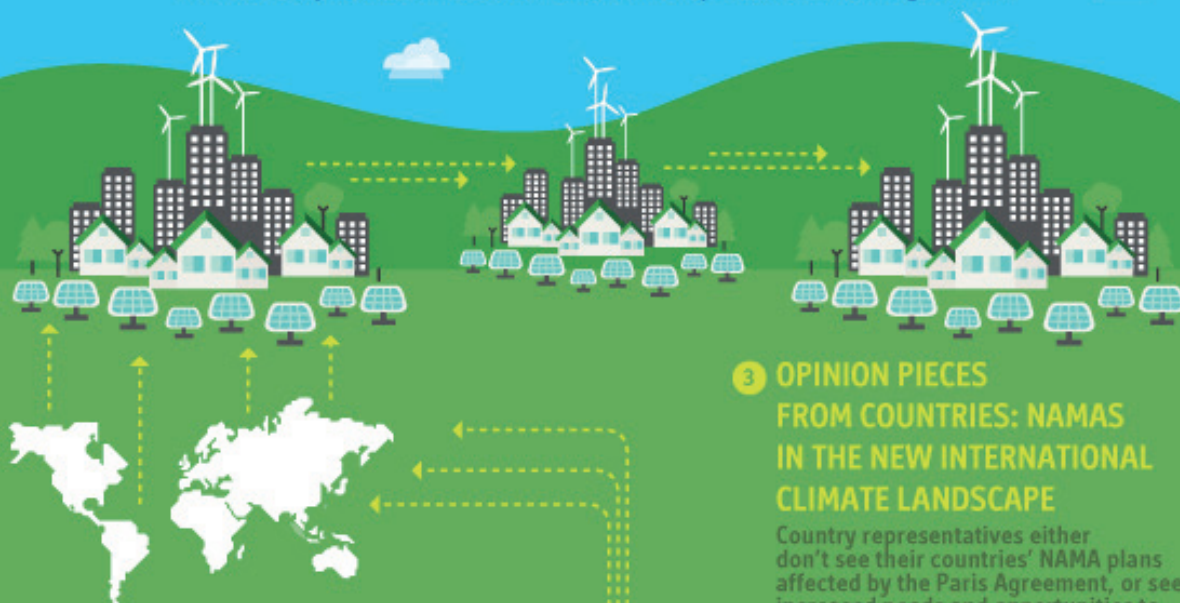


# Findings of the NAMA Status Report

## Mid-year Update 2016

### 1 UPDATE ON NAMA DEVELOPMENT AND IMPLEMENTATION

NAMA development continues after Paris, while implementation still lags behind



### 2 THE ROLE OF NAMAS IN LIGHT OF THE PARIS AGREEMENT

The Paris Agreement does not explicitly mention NAMAs, but clearly requires that countries implement mitigation actions

The Agreement emphasises the need for implementation of national mitigation actions, international climate finance, sustainable development, and MRV. These are all important elements of NAMAs.

High-level commitments in NDCs give greater purpose and a sense of urgency to NAMAs

NDCs provide clear expressions of political commitment to overall mitigation ambition that has in some cases been lacking in the NAMA development process.



### 3 OPINION PIECES FROM COUNTRIES: NAMAS IN THE NEW INTERNATIONAL CLIMATE LANDSCAPE

Country representatives either don't see their countries' NAMA plans affected by the Paris Agreement, or see increased needs and opportunities to enhance NAMA efforts

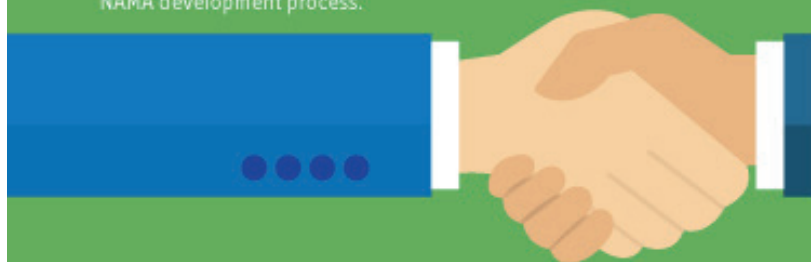
This Report includes opinion pieces of government representatives from countries in Africa, Asia and South America that have been involved in NAMA development. While some state that their NAMA plans are unaffected by the Paris Agreement, others see an increased need to enhance their NAMA activities to meet more ambitious national targets.

Some country representatives believe the Paris Agreement will create new challenges for NAMAs

Some country representatives are troubled by the fact that the word NAMA is not explicitly used in the Agreement, and that there is no clear signal as to whether NAMAs will be continued after 2020.

Continuing needs to further promote NAMAs

Country representatives see continuing needs to further promote their NAMAs, such as a facilitated access to climate finance through guidance on funding criteria and more detailed feedback on dismissed funding proposals, as well as capacity building for MRV.



# Executive summary

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This report starts with an overview of NAMAs by numbers in **Chapter 1**. We observe a steady growth of proposals being developed, but financing for implementation still remains limited. The UNFCCC NAMA Registry continues to be a relevant platform for countries to communicate their interest in NAMAs and request support for preparation and implementation. The distribution across Latin America, Asia, and Africa and the Middle East is quite balanced, and energy is clearly the sector in which most NAMA activity takes place.

In **Chapter 2**, we analyse what the Paris Agreement says about NAMAs and reflect on the need for continuity and improvement. Of the 60 countries active in NAMA development, 40 countries included explicit references to NAMAs as part of their INDC submission. Although the Agreement does not mention NAMAs by name, this appears to be a pragmatic result of negotiations and should not be read as a dismissal of the concept. The Agreement does, however, emphasise the need for national mitigation actions. NAMAs, as specific mitigation actions, can play this role in three complementary ways: as one of the implementation vehicles for NDCs, as a means to channel international climate finance for mitigation, and to ensure transparency of mitigation action (a key feature of well-designed NAMAs).

The NAMA concept has been well-established over the past years and deserves continuity, albeit with improvements to the approach. We argue that it is not necessary (and in fact might even be harmful) to change the name or general approach, as this could potentially discourage those actors who have identified opportunities and mobilised political capital in support of mitigation actions and ideas. Nevertheless, the discrepancy between the number of proposals and the limited available implementation finance does reveal that there is a need for improvement, especially in terms of more realistic financing designs and deeper integration with sectoral plans. As a first next step, we suggest that the UNFCCC actively reassures developing country actors by communicating that NAMAs continue to be relevant, and that funders reaffirm their interest in good quality NAMAs. Government ‘owners’ and developers of NAMAs should critically assess (and possibly revisit) NAMAs in the pipeline and those that may have ended up in drawers.

Finally, **Chapter 3** of this report offers the perspectives of four government representatives who are active in NAMA development. Contributors from Colombia, Ethiopia, Indonesia and Thailand reflect on how the Paris Agreement shapes the context for their NAMA activities and where they see opportunities and challenges. The opinion pieces show how several of the topics in Chapter 2 play out in their specific realities. Each of the countries intend to continue their NAMA activities to support the achievement of their NDC and there is a consensus on the need for continued promotion and enhanced financial support for NAMAs.

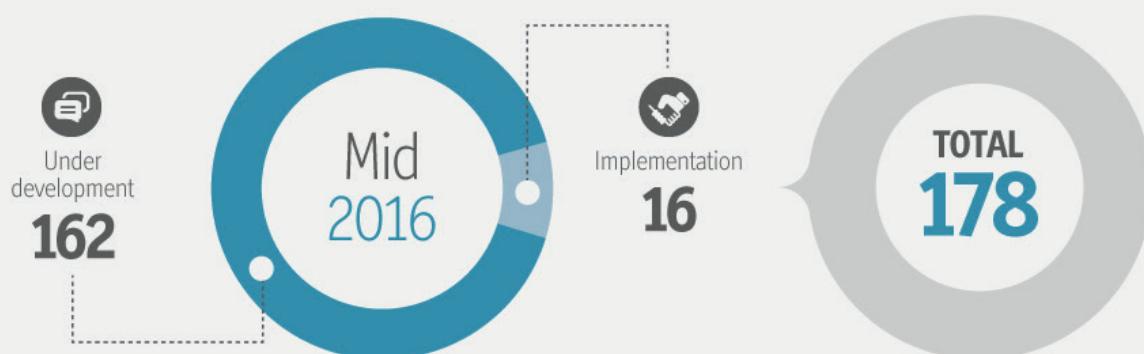




## Update of NAMA Development and support

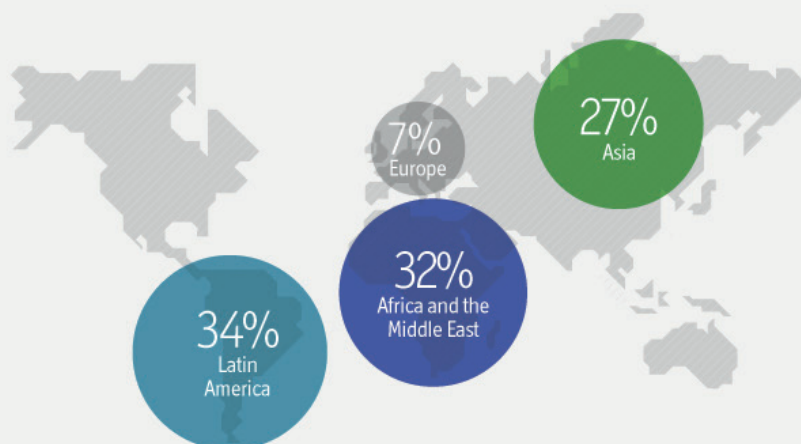
# 2016

### TOTAL NUMBER OF NAMAS

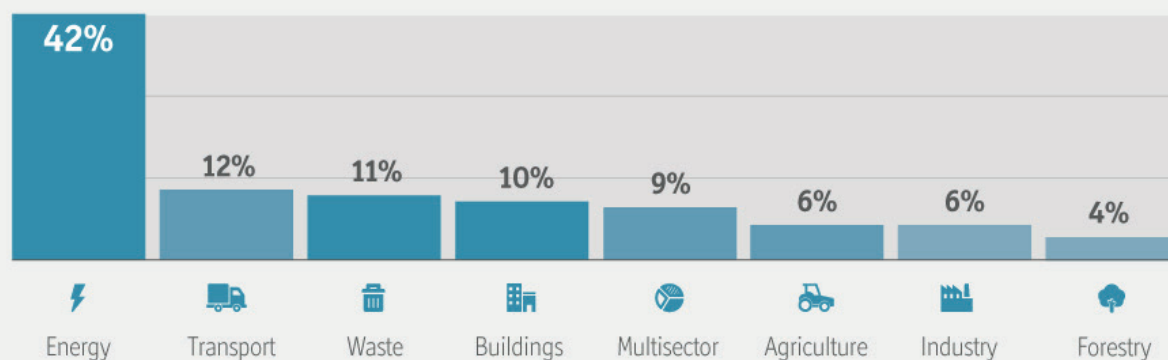


### REGIONAL OVERVIEW

**ASIA** is slowly catching up to the leading NAMA regions: following a large increase in NAMA development in Africa and the Middle East between 2014 and 2015, we now see a slight increase in NAMA development across Asia, increasing its share of total NAMAs from 24% to 27% between October 2015 and April 2016.



### SECTORAL OVERVIEW



**NAMAS** continue to be developed across all sectors, with nearly half of all NAMAs being developed within the Energy sector, where the largest mitigation potential is to be found. Agriculture, Industry and Forestry remain the sectors that see the least amount of NAMA development.

# 1. Update of NAMA development and support

Michelle Bosquet (Ecofys)

2015 has been a year full of momentum behind climate actions and global decarbonisation ambitions. This was reflected in the surge in Nationally Appropriate Mitigation Action (NAMA) development activities throughout the year, with 47 new NAMAs recorded in the NAMA Database compared to the end of 2014. After such an eventful year, the question remains whether this momentum is able to push NAMA development further and link existing NAMAs to sources of finance, bringing them a step closer to implementation. As in previous reports, this chapter looks into the NAMA activities of the past six months (October 2015 to April 2016), taking into account the information contained within the UNFCCC NAMA Registry<sup>1</sup> and the NAMA Database<sup>2</sup> (the latter also takes into consideration the UNEP DTU NAMA Pipeline Analysis and Database<sup>3</sup>).

## Current status of officially submitted NAMAS (UNFCCC NAMA Registry)

Active for over two years, the UNFCCC Secretariat's NAMA Registry has become an established publicly available online platform that seeks to facilitate the provision of international financial, capacity-building, and technology support to NAMAs. To this end, developing countries can record information on their NAMAs, and donor countries or organisations can publicly announce their available resources for NAMA support in the Registry.

Three types of NAMAs are presented in the Registry:

- (i) NAMAs seeking support for preparation, i.e. NAMAs that have not yet been developed and require financial or technical support to be prepared;
- (ii) NAMAs seeking support for implementation, i.e. NAMAs that already have been developed and are ready to receive finance, technology and/or capacity building for implementation;
- (iii) NAMAs for recognition, i.e. NAMAs that developing countries have implemented or will implement without international support, and that they wish to be recognised for their mitigation efforts.

Furthermore, the NAMA Registry offers additional information on international support:

- (iv) Information on support available (including source, e.g. NAMA Facility, regional scope, types of actions that may be supported etc.)
- (v) Support provided/received for NAMAs seeking support for preparation and implementation (both inside and outside the Registry, by source and amount)

As in previous reports, the analysis presented here focuses on internationally supported NAMAs (categories i and ii) and does not consider NAMAs for recognition or efforts that are strictly domestic (category iii).<sup>4</sup>

<sup>1</sup> UNFCCC NAMA Registry: <http://www4.unfccc.int/sites/nama/SitePages/Home.aspx>

<sup>2</sup> NAMA Database: [http://nama-database.org/index.php/Main\\_Page](http://nama-database.org/index.php/Main_Page)

<sup>3</sup> UNEP DTU NAMA Pipeline Analysis and Database: <http://www.namapipeline.org/>

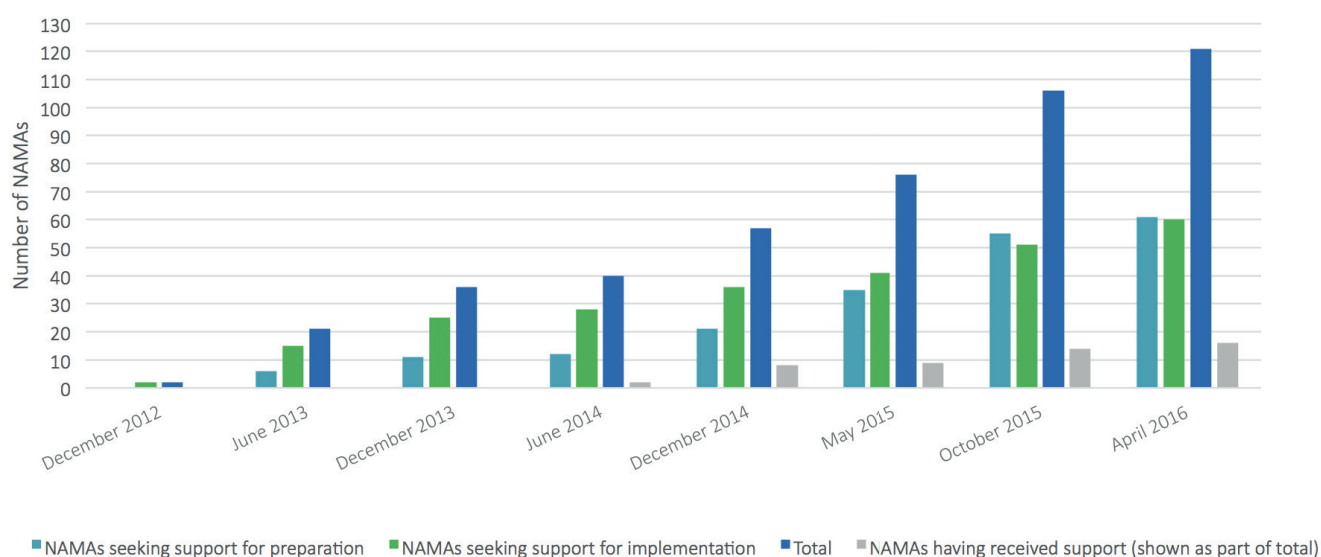
<sup>4</sup> At the time of writing there are nine NAMAs seeking recognition in the NAMA Registry, up by two from the previous NAMA Status Report

**The NAMA Registry continues to see additions to its entries. The number of NAMAs listed in the Registry has increased by roughly 12% between October 2015 and April 2016.** As of April 2016, the Registry holds a total of 121 NAMAs seeking support for preparation or implementation (see Figure 1). Since June 2013, the number of NAMAs seeking support for preparation rather than implementation has been steadily increasing, with both categories now being of the same size. This is an indication that countries are increasingly looking for international support to transform their NAMA ideas into robust NAMAs that are ready for implementation, instead of developing NAMAs unilaterally and then turning to international support for implementation.

**However, while the submissions to the UNFCCC Registry have increased, only two new NAMAs have been listed as having found support.** Even though the support comes from a variety of sources, including the Global Environment Facility (GEF), the Governments of Austria and Japan, the NAMA Facility, the Spanish NAMA Platform, the Inter-American Development Bank (IDB) and the Australia-funded United Nations Development Programme (UNDP)

Millenium Development Goal (MDG) Carbon, the number of NAMAs that have found support continues to be very low. With only 16 out of 121 NAMAs listed as having found financial, capacity building or technological support (up from 14 in October 2015), more needs to be done to improve the match-making process.

**Looking at the number of total NAMAs as shown in Figure 1, it is logical to assume that the run-up to Paris provided momentum for NAMAs, with a particularly steep increase in the overall registered NAMAs between May and October 2015 (39%).** Since then, the development has slowed (14%). This Report takes a closer look at the role of NAMAs in the Paris Agreement (Chapter 2) and includes opinion pieces from developing countrie on NAMAs in the new international climate landscape (Chapter 3).



**Figure 1** Submission of NAMAs to the UNFCCC NAMA Registry

### Current status of NAMA development (NAMA Database)

The following analysis of NAMA development takes into account NAMA activities worldwide that seek international support (“supported NAMAs”) that go beyond the officially submitted NAMA concepts within the UNFCCC NAMA Registry. The information presented here is sourced from the NAMA Database,<sup>5</sup> which contains publicly available information for NAMAs at various stages: from initial feasibility to under development as well as NAMAs categorised as under implementation. Box 1 gives an overview of the type of information contained in the NAMA Database as well as the criteria used to differentiate between NAMAs considered as *under development* and *under implementation*.

### As of April 2016, the NAMA Database hosts 178 NAMAs

**spanning across 60 countries.** This represents an addition of 13 new NAMA concepts since October 2015 (Figure 2). The implementation numbers remain low: only three new NAMAs, submitted by China, Colombia and Kenya, have secured financing within the past six months, all through the 3<sup>rd</sup> call of the NAMA Facility, **increasing the number of NAMAs under implementation from 13 to 16.**<sup>8</sup> This stands in stark contrast to the 162 NAMAs that have not yet moved past the development phase.

#### Box 1: What is included in the NAMA Database?

In the NAMA Database, information on NAMAs in various stages is compiled and updated on a regular basis. Key sources are the UNFCCC NAMA Registry, the NAMA Facility<sup>6</sup> and the UNEP DTU NAMA Pipeline Analysis and Database<sup>7</sup>. This information is complemented by additional information that is publicly available. The NAMA Database includes initiatives classified into two phases of development: NAMAs under development and NAMAs under implementation. In order to be added into the Database, NAMA initiatives must meet the following criteria:

#### A NAMA under development

- is described as a NAMA with intention to seek financing, capacity building or technology transfer support under UNFCCC.
- has a specific mitigation objective given within specific sector(s).
- has government backing.

#### A NAMA under implementation

- meets all criteria for a NAMA under development (as mentioned above).
- has a clear proponent and a clear set of activities across a defined timeline.
- specifies its cost estimates and support needs.
- specifies GHG mitigation and co-benefit impacts.
- has received some international support to implement the actions contained in the proposal.
- The size and source of funding is publicly available

The NAMA Database also includes feasibility studies, which describe potential NAMAs that have not received official government backing. However, these feasibility studies are excluded from the statistics presented in this report.

<sup>5</sup> Note: the NAMA Database does not represent official NAMA submissions and may not reflect the priorities of the country governments.

<sup>6</sup> NAMA Facility: <http://www.nama-facility.org/news.html>

<sup>7</sup> UNEP DTU NAMA Pipeline Analysis and Database

<sup>8</sup> On 9 May 2016, the NAMA Facility announced the support of two further NAMAs, in South Africa (energy efficiency in public buildings) and Guatemala (energy efficiency in households of rural and particularly indigenous communities) within its 3<sup>rd</sup> call. These are not included in the analysis of this report, which covers the period October 2015 to April 2016.



Figure 2 Development of NAMAs 2011-2016

Table 1 gives an overview of the 16 NAMAs under implementation, as well as the amount of financing they have received for implementation<sup>9</sup> as of April 2016. The information presented in this table is based on data publicly available through the UNFCCC NAMA Registry and the NAMA Facility (Support Projects that have been announced by the Facility in December 2015).

NAMAs marked with a star (\*) are NAMAs that have entered the “under implementation” category since the publication of the last Annual NAMA Status Report in December 2015.

<sup>9</sup> It should be noted that implementation financing covers different steps and activities that move NAMAs more or less further towards achieving their mitigation targets. Some of the NAMAs listed here are seeking further financing for implementation.

**Table 1** NAMAs Under Implementation

Region	NAMA title	Country	Sector	Financing received (USD) <sup>10</sup>	Finance Sources
<b>Africa</b>	Biomass Energy NAMA	Burkina Faso	Energy	14.7 mln	NAMA Facility
	Tunisian Solar Plan	Tunisia	Energy	3.6 mln	GEF, UNDP
	Mass Rapid Transport System Nairobi	Kenya*	Transport	22.7 mln	NAMA Facility
<b>Asia</b>	Low-carbon end-use sectors in Azerbaijan	Azerbaijan	Buildings, Transport, Energy	0.1 mln	GEF
	NAMA for Low-carbon Urban Development in Kazakhstan	Kazakhstan	Transport	71.3 mln	Government of Kazakhstan, UNDP, GEF, EDB, private sector
	Adaptive Sustainable Forest Management in Borjomi-Bakuriani Forest District	Georgia	Forestry	2 mln	Austria
	Sustainable Urban Transport Initiative	Indonesia	Transport	14 mln	NAMA Facility
	Tajikistan Forestry NAMA	Tajikistan	Forestry	14 mln	NAMA Facility
	Thailand Refrigeration and Air Conditioning NAMA	Thailand	Energy	16 mln	NAMA Facility
	Integrated Waste Management NAMA	China*	Waste	9 mln	NAMA Facility
<b>Latin America</b>	Expanding Self-supply Renewable Energy systems in Chile (SSRE)	Chile	Energy	16 mln	NAMA Facility
	Transit-oriented Development (TOD)	Colombia	Transport	18.5 mln	NAMA Facility
	Low-Carbon coffee NAMA in the Costa Rica	Costa Rica	Agriculture	7.6 mln	NAMA Facility
	NAMA for Sustainable Housing in Mexico	Mexico	Buildings	15 mln	NAMA Facility
	Transport NAMA in Peru	Peru	Transport	10 mln	NAMA Facility
	NAMA for the domestic refrigeration sector	Colombia*	Energy	10.2 mln	NAMA Facility

<sup>10</sup> Based on information from the NAMA Facility and UNFCCC NAMA Registry.



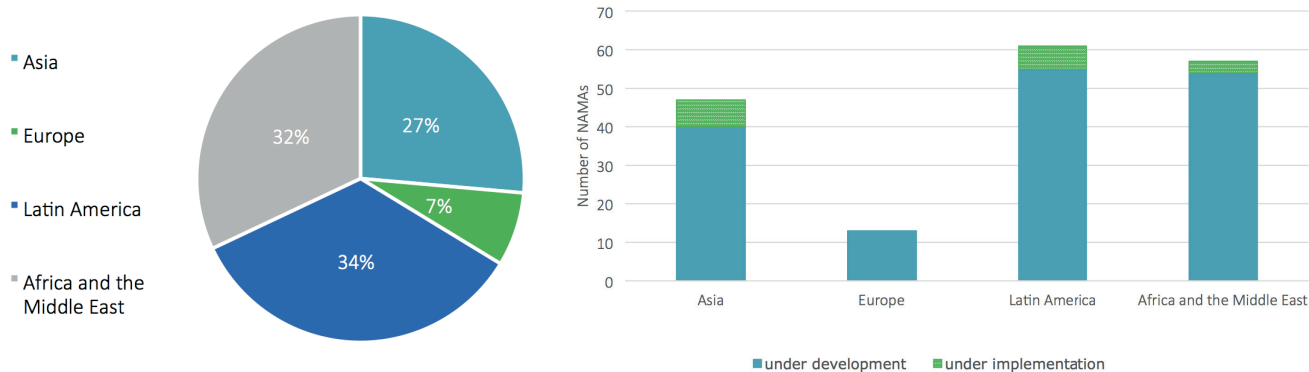
### Regional distribution of NAMAs

**Looking at the total number of NAMAs, Latin America continues to lead the way with 61 NAMAs currently recorded in the NAMA Database.** The region of Africa and the Middle East follows closely with 57 NAMAs. Serbia continues to be the only country in Europe that is seeking support for NAMAs (7% of all NAMA initiatives recorded in the NAMA Database), all of which are still at the development stage<sup>11</sup> (Figure 3).

**Following a large increase in NAMA development in the Africa and Middle East region between 2014 and 2015, a slight increase in NAMA activities can now be observed across Asia, which is slowly catching up to the leading NAMA regions of Latin America and Africa and the Middle East.** NAMAs under development and implementation in Asia have increased to 47 in total (27% of global), from 41 (24%) in October 2015.

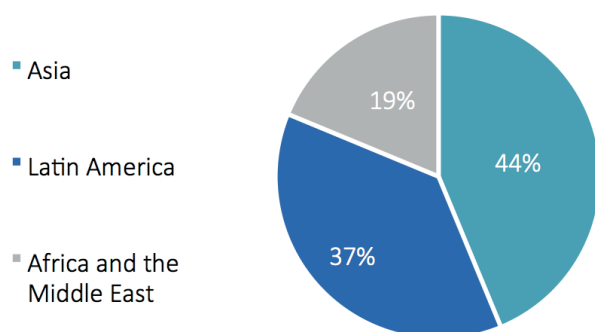
**Notably, with seven NAMAs under implementation in Asia, this region shows the highest share of ca. 15% of NAMAs under implementation,** followed by Latin America with 10% and Africa and the Middle East with 5% of NAMAs under implementation. Figure 4 shows the overall regional distribution of NAMAs under implementation.

Figure 3 Regional distribution of NAMAs (under development and implementation)



<sup>11</sup> Serbia is listed in the database with 13 NAMAs, all under development. Most of these are related to efficiency improvements in fossil fuel based energy generation, which is not an activity typically targeted by NAMAs.

**Figure 4** Regional distribution of NAMAs (under implementation)

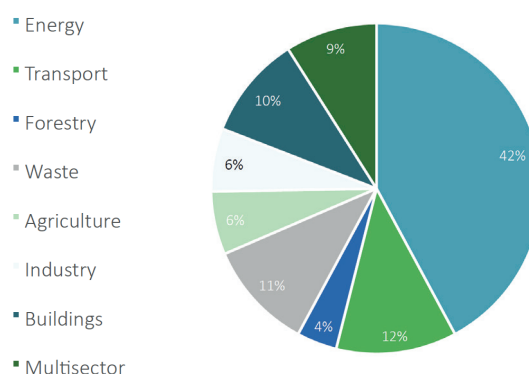


**NAMAs under implementation continue to be mostly in upper-middle income countries (ten NAMAs up from eight), followed by lower-middle income countries (four NAMAs up from three).** Only one NAMA is under implementation in a low-income country (Burkina Faso) and a high-income country (Chile) each. **Colombia is the first country to have received financing for implementation for two separate NAMAs.** Both of these NAMAs have been awarded funding by the NAMA Facility. An opinion piece of Colombia on the role of NAMAs following the Paris Agreement can be found in Chapter 3.

### Sectoral distribution of NAMAs

**As in previous years, NAMAs continue to be developed across all sectors, with nearly half of all NAMAs being developed within the Energy sector, where the largest mitigation potential is to be found.** Agriculture, Industry and Forestry remain the sectors that see the least amount of NAMA development. Despite the low number of NAMAs being developed in these high mitigation potential sectors, two NAMAs targeting the Forestry sector (in Georgia and Tajikistan) and one NAMA addressing the Agriculture sector (in Costa Rica) have secured implementation funding, representing nearly one fifth of NAMAs currently under implementation.

**Figure 5** Sectoral Distribution of NAMAs (under development and implementation)



## 2. The role of NAMAs in light of the Paris Agreement

James Rawlins, Xander van Tilburg (ECN)

*The chapter benefitted from input from: Soeren Lütken (NAMA Facility); Frauke Röser (New Climate Institute); Claudio Forner (UNFCCC); and Norbert Gorißen (BMUB). However, it does not necessarily reflect the views of the contributors.*

The big question with regards to NAMAs after the adoption of the Paris Agreement in late 2015 is how they fit in the new international climate landscape. This chapter therefore reviews what the Paris Agreement says about NAMAs, explores the role NAMAs can play in implementing the Agreement, considers the importance of continuity, and highlights some important issues that need to be addressed for NAMAs to play their full role.

### What the Paris Agreement says about NAMAs

**The first observation to make is that the Paris Agreement<sup>12</sup> does not mention NAMAs by name, neither in the Decision, nor in the Agreement<sup>13</sup> itself.** This may seem a striking absence, given the growing prominence of the NAMA concept in the mitigation approaches being put in place by developing countries in the lead up to COP21. NAMAs took centre stage in a number of events at the COP itself, for example at the UNFCCC NAMA Fair. Despite this, there is no mention of the term NAMA in the final agreement. This has understandably led to some confusion and uncertainty among developing countries and NAMA practitioners who have put considerable effort and trust into the development of the concept and its application.

**Given further consideration, this omission does however not appear to be that surprising.** The Paris Agreement is principally about ambition, intentions, objectives, and high-level national contributions. It does not go into detail of different aspects such as implementation, transparency, or finance. It is widely understood that this will follow in the next few years. So it can be argued that there was no need to refer to a specific concept like the NAMA.

**The term NAMA also has some associations which further seem to justify not including it in the text, because they might unnecessarily complicate matters.** These associations go back to the origin of the concept in the Bali Action Plan from 2007, where NAMAs were introduced as a means for developing countries to indicate the mitigation actions that they were prepared to take as part of their contribution to a global effort. Subsequently, and especially following the Copenhagen COP in 2009, the NAMA concept has evolved, and became used as a way for developing countries to describe a specific yet voluntary mitigation action, often linked to the provision of international support<sup>14</sup>. The more pragmatic approach for the negotiators in the run up to Paris was to use general language that served the needs of the Agreement, was consistent with the level of detail required, and which is applicable to both developed and developing countries.

<sup>12</sup> The text of the Paris Agreement can be found here [\[link\]](#)

<sup>13</sup> At COP21, parties agreed to adopt the Paris Agreement (which is contained in an Annex), and agreed a number of other decisions related to the Agreement and UNFCCC processes. In this chapter the term 'Decision' refers to the accompanying decisions, and 'Agreement' refers to the Paris Agreement text (just the annex)

<sup>14</sup> The evolution of NAMAs is described in more detail in Cameron and Harms (2015), and in GIZ (2015)

Thus, the Agreement states, in Article 4.2, that “Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such [nationally determined] contributions”. When considering the ‘domestic mitigation measures’ that they can pursue to achieve their NDC<sup>15</sup> goals, many developing countries and other actors involved in the process will naturally see that this is where NAMAs fit in, following the widely understood nature of NAMAs today as specific mitigation actions. In addition, throughout both the Decision and the Agreement there are many references to the importance of sustainable development priorities (e.g. Articles 2.1; 4.1) and national circumstances (2.2; 4.3; 4.4), concerns that are well aligned with the ‘nationally appropriate’ element of NAMAs.

**The key point is that while the Paris Agreement does not explicitly mention NAMAs, it requests Parties to implement mitigation actions to achieve their overall mitigation objectives, as articulated in their NDCs.** What is more, it says nothing that is contrary to the vision put forward by many actors and observers that NAMAs are a key implementation vehicle for achieving targets formulated in the NDCs. Indeed, the Agreement describes the conditions and attributes of those mitigation actions in a way that makes them sound very much like NAMAs. The following sections of this chapter therefore explore the role of NAMAs in implementing the Paris Agreement, and look at how they can evolve to play that role most effectively.

### How NAMAs can meet the needs of the Paris Agreement

At the heart of the Paris Agreement are the NDCs. The submission of contributions from over 185 countries in the run up to the Paris COP was seen as one of the most encouraging signs that a global deal was in reach, and was rightly lauded as a very significant achievement. NDCs will now be a cornerstone of the global mitigation approach and the aggregate impact of the NDCs over time will be scrutinised to assess progress towards the “well below 2°C” goal enshrined in the Agreement.

The INDCs that were submitted vary greatly, in the nature of the targets they contain, and the amount of information provided. But they are consistent in being essentially an articulation of the high-level contribution a country is prepared to make, which was their purpose. While INDCs are statements of ambition and of political commitment, they lack detail on how these contributions will be achieved, for example regarding the actions that will be taken to reduce emissions.

As noted above, the Paris Agreement acknowledges that countries will need to design and implement specific mitigation actions to achieve their NDCs. It will be through these actions that emissions will be reduced, co-benefits achieved, and confidence built. **The current interpretation of NAMAs – as specific mitigation actions – is well suited to act as one of the implementation vehicles through which developing countries can achieve their NDC targets.** Around 40 developing countries recognised the reality of this relationship by explicitly referencing NAMAs in their INDCs.<sup>16</sup> Furthermore, NAMAs are able to support other critical elements of the Paris Agreement: they constitute a vehicle for the provision of climate finance from developed countries to developing countries; and they can also help countries report their progress in achieving their NDCs. These three attributes are briefly explored in the following paragraphs.

### 1. NAMAs as implementation vehicles for NDCs

Keeping global temperature rise well below the 2°C limit will require most countries, developed and developing, to transition onto a low carbon pathway. Mitigation actions must therefore be designed that will lead to ‘transformational change’ in how energy is produced and consumed, and in other activities and practices that lead to emissions. **It will only be possible to implement these actions if they are aligned with national and sectoral priorities and policies, if they deliver sustainable development co-benefits to the actors and beneficiaries involved, and if they demonstrate genuine country ownership.** The NAMA concept recognises this, and funders such as the NAMA Facility require evidence of these characteristics as part of their appraisal of

<sup>15</sup> This chapter uses the abbreviation ‘NDC’ to refer to the ‘nationally determined contributions’ that parties will periodically communicate to the UNFCCC in the future; and ‘INDC’ to refer to the initial versions that parties submitted in the lead up to COP21

<sup>16</sup> UNFCCC, 2016 – Moving ahead with NAMAs in the context of Paris Agreement, article on the UNFCCC website ‘NAMA News’, March 2016. <http://namanews.org/news/2016/03/02/moving-ahead-with-namas-in-the-context-of-paris-agreement/>

potential projects. As such, with NAMAs, developing countries have at their disposal an implementation vehicle that has been developed to incorporate the critical success factors for achieving the emissions reductions required, and which can help them prioritise and organise mitigation actions.

## 2. NAMAs and international climate finance

The Paris Agreement (and the Decision) are clear that the provision of finance from developed countries to developing countries is crucial and needs to be enhanced (e.g. Article 9). In the years since the Copenhagen COP in 2009, a number of new sources of international climate finance have been put in place, including both the NAMA Facility and the Green Climate Fund (GCF). The flows of finance must now grow rapidly, climbing towards the USD 100 billion per year goal by 2020 and supporting the creation of a new annual goal by 2025. It is thus in the interests of all parties to identify and use ways to facilitate the flow of finance. **Many, if not all, sources of finance will prefer to finance specific actions, rather than providing finance at the level of NDCs, which would be difficult to measure and to attribute results to specific amounts of financial support.** To enable this process, mitigation actions will need to be packaged up and presented as ‘finance-ready’ projects that can be supported using international climate finance. From their introduction, NAMAs have been linked to the provision of financial support, and for most developing countries this aspect has remained at their core even as other aspects of the NAMA concept have evolved. NAMAs can thus act as a vehicle through which international climate finance is provided to support developing country mitigation efforts.

## 3. NAMAs - transparent by design

Transparency is also a key element of the Paris Agreement, and represents a third important area where NAMAs can play a role. The Agreement calls for each party to provide “information necessary to track progress in implementing and achieving its national determined contribution” (Article 13.7). It also asks both developed and developing countries to provide

information on the provision and receipt of financial, technology and capacity building support (Articles 13.9 and 13.10). **The NAMA concept as applied today has well developed MRV aspects, and can help countries provide evidence that they are implementing real mitigation actions,** and that those actions are themselves leading to measurable emissions reductions. By using the NAMA concept to frame and present their actions, countries can communicate their mitigation achievements using a consistent language that will aid transparency and understanding.

**In these three important and complementary ways, NAMAs can play a key role in implementing the Paris Agreement.**

They can be mitigation building blocks that will deliver substantial amounts of emission reductions; they can be a vehicle through which international climate finance is provided; and they can be used to communicate progress in implementing and achieving NDC objectives.<sup>17</sup>

**It should be noted of course, that NAMAs alone will not achieve NDC mitigation objectives and move countries fully onto a low emissions pathway.** They are just one piece of the puzzle. This is especially the case where NAMAs are thought of principally as mitigation actions that receive international finance. NAMAs will need to be supported by (for example) policy and regulatory frameworks, appropriate taxes and fiscal incentives, market mechanisms and carbon pricing, and commitment and action from across the public and private sectors.

**The Paris Agreement however does not just offer NAMAs a role, but also presents an opportunity.** The NDCs will provide the clear expression of overall mitigation ambition, and of political commitment to that ambition, that has in some cases been lacking from the NAMA development process. This high-level commitment gives greater purpose, and a sense of urgency, to NAMAs and can help them play a key role in achieving the emissions reductions required to meet the goals of the Paris Agreement. Some of the challenges NAMAs face in fulfilling this role are explored later in this chapter.

<sup>17</sup> These and other linkages are explored in more detail in the Mitigation Momentum paper on NAMAs and INDCs (Cameron and Harms, 2015).

### Maintaining continuity through NAMAs

**NAMAs are well established. Replacing them with an alternative concept could send the wrong signal to developing countries that have embraced the concept, and potentially discouraging for those that are seeking finance for the NAMAs they have already developed.** Around 60 developing countries have developed or are developing NAMAs, and 16 NAMAs are being implemented with the support of international finance (see Chapter 1). So there is already a solid foundation of NAMA activity and NAMA development capability to build on.

**Creating a new concept or implementation vehicle at this time could run counter to the spirit of urgency that is recognised on the first page of the COP Decision.** Section IV of the COP Decision relates to “Enhanced Action Prior to 2020” and states that the Conference of Parties “resolves to ensure the highest possible mitigation efforts in the pre-2020 period”, and refers to cooperation to facilitate “the implementation of policies, practices and actions... in accordance with national sustainable development priorities”. NAMAs seem well suited to achieving both of these objectives. Furthermore, the time lost in introducing a new concept would surely put in jeopardy any attempts to accelerate mitigation efforts prior to 2020. It is also worth noting that neither the Decision nor the Agreement express any necessity to establish a new vehicle for implementation. In contrast, both documents are explicit that a new mechanism for the international transfer of mitigation outcomes should be created (e.g. Article 6 of the Agreement).

Finally, it is worth asking what a new mitigation action concept would look like, were one to be introduced, and whether it would be substantially different from the NAMA concept (as understood and applied today). Given the considerable thought that has gone into the current application of NAMAs, based on the evolution of the concept since its introduction, and the learnings from experience in a wide range of country contexts, it is unlikely that a new formulation would offer significant improvements.

**That is not to say however that all NAMAs that have been and are being developed are perfect.** Indeed the opposite is quite likely to be true. The fact that only 16 NAMAs are under implementation out of the 178 NAMAs recorded in the NAMA Database (see Chapter 1) is as likely to reflect the fact that many of the NAMAs are not financeable in their current form, as it is likely to reflect a shortage of willing funders and funding. This is the result of the approach followed to develop NAMAs, rather than of the fundamentals of the NAMA concept itself. While this question goes beyond the scope of this edition of the Status Report Mid-Term Update, the next section touches on two issues that are front of mind among the NAMA experts consulted in preparing this chapter. This gives an indication of some of the challenges that need to be overcome to enable NAMAs to play their full role in delivering the Paris Agreement.

### Same concept, improved approach

When considering whether the majority of NAMAs that have been developed are likely to be fit for purpose for achieving developing countries’ NDC goals, two issues stand out: the weakness of the NAMA financing plans; and the lack of integration of NAMAs into sector development plans. Failure to address these issues will hamper the contribution that NAMAs are able to make. To take a positive view, the Paris Agreement has created the conditions to enable an improved approach to both of these elements of NAMA development.

#### 1. A more realistic approach to finance

A robust and appropriate financing mechanism is key to the success of a NAMA, both in terms of it receiving finance for implementation, and more importantly for it to achieve its ultimate results. Yet NAMA development projects have often not led to the development of appropriate financing models that meet the standards of funders. A recent ‘lessons learned’ document from the NAMA Facility, based on the 138 proposals submitted to the Facility to date, noted that “in many cases, the description of the proposed financing mechanisms has been rather vague”.<sup>18</sup> As a result, the assumptions made in NAMA proposals about

<sup>18</sup> NAMA Facility, 2016 – Financial Mechanisms in the NAMA Facility, NAMA Facility fact sheet, February 2016. [http://www.nama-facility.org/uploads/media/Factsheet\\_-\\_Financial\\_Mechanisms\\_in\\_the\\_NAMA\\_Facility.pdf](http://www.nama-facility.org/uploads/media/Factsheet_-_Financial_Mechanisms_in_the_NAMA_Facility.pdf)



how the NAMA will attract additional financing, or leverage private sector investment, can seem naïve. If NAMAs are to attract international finance, and play a leading role in the achievement of NDC targets, then the approach to developing sustainable financing strategies for NAMAs will need to be improved. In many cases, involvement of Ministries of Finance, at an early stage, will help this. **The political buy-in signified by the Paris Agreement, and the renewed commitment to mobilise very substantial sums of international climate finance, present an opportunity to involve relevant actors in developing robust and sustainable financing models for NAMAs.**

## 2. Deeper integration with sector plans

A second area of concern that needs to be addressed is the degree of integration of NAMAs within sector development plans. Up to now, many NAMAs have been developed as ‘stand-alone’ emissions reduction projects, and not as interventions designed to shift the development of a sector permanently onto a low emissions pathway. While sector ministries are usually involved to some degree in the development of NAMAs, they are seldom the driving force behind the project, which more often than not is co-ordinated by a Ministry of Environment. This needs to change if NAMAs are to realise their potential and achieve transformational change in the sectors they target. **Once again, the Paris Agreement presents an opportunity to engage line ministries and to use the overarching ambition in NDCs to link NAMAs much more firmly with country development plans.**

Both of these challenges can be overcome with changes to the approach followed to develop NAMAs. Neither requires any fundamental revision of the NAMA concept itself. Placing financing strategies directly at the heart of NAMAs, and locating NAMAs clearly within sector development plans, will both greatly improve the chances of NAMA proposals receiving support from international finance and will aid the achievement of the Paris Agreements goals for mitigation, and for the provision of financial support.

## Some next steps for NAMAs

In addition to an improved approach to NAMA development, there are a range of things the NAMA community can do to ensure that NAMAs are ready for a key role in the implementation of the Paris Agreement.

**There is a need for more communication, to reassure developing country actors that NAMAs very much have a role to play in the delivery of NDCs and Paris Agreement objectives.** Ideally this would be led by the UNFCCC as they have the most credible voice on this issue. It would also be a good time to share success stories from NAMA development and implementation, for example those funded by the NAMA Facility.

**Potential NAMA funders could re-affirm their interest in reviewing and funding good quality NAMA proposals.**

An increased pool of funding sources for NAMAs could have very beneficial effects on the level of engagement of country stakeholders, and thus on the integration and political credibility of NAMA proposals.<sup>19</sup>

**NAMA owners and other NAMA practitioners could review the NAMAs in the pipeline and identify those with the greatest potential, and where necessary revisit specific elements to ensure they are as implementation-ready as possible** (this could include addressing the concerns highlighted in the previous section). Efforts to secure finance for these priority NAMAs could then be re-doubled, including submission to the GCF if appropriate.

With the aforementioned refinements to NAMA development, and steps to maintain interest in NAMAs among developing countries, NAMAs can play an important role in implementing the Paris Agreement.

<sup>19</sup> This is expanded on in a recent Mitigation Momentum paper (van Tilburg et al., 2016).

# 3. Opinion pieces from countries: NAMAs in the new international climate landscape

While the previous chapter analysed the post-Paris role of NAMAs on the basis of the Paris Agreement and UNFCCC negotiations context, this chapter provides a “hands-on perspective” on NAMAs in the new climate landscape. It includes opinion pieces<sup>20</sup> from representatives of four countries that have been actively involved in NAMA development – Colombia, Ethiopia, Indonesia and Thailand – on how they view the role of NAMAs following the adoption of the Paris Agreement.

## 3.1 Colombia

By Rodrigo Suárez Castaño, Director of Climate Change, Ministry of Environment & Sustainable Development

### Current state of NAMAs in Colombia

Colombia’s climate change mitigation actions are framed in our Low Carbon Development Strategy (LCDS). Through the LCDS, our nation aims to decouple GHG emissions from economic growth while increasing the productivity and fostering development of our economy.

The main productive sectors of our economy participated in the formulation of their respective Sectoral Mitigation Action Plans (SMAP in English; PAS in Spanish). Today, we have mitigation plans for eight sectors: transport, electricity, hydrocarbons (oil & gas), mining, industry,

agriculture, solid waste and sewage, and housing. All of these SMAP cluster the mitigation actions planning including policies, programmes, and specific sectoral measures. NAMAs represent an important vehicle to formulate and implement these actions.

**We consider NAMAs as one of the multiple instruments to achieve our sectoral mitigation plans.** Colombia’s current NAMA portfolio (Figure 66) is the result of progressive, rigorous and productive dialogues in each sector and among private business associations, civil society, financial sector, sectoral ministries and other relevant actors. As it was taken into account for the SMAP formulation, the set-up of NAMAs takes into account a balance between: (i) GHG emission reduction potential, (ii) implementation costs, (iii) contribution to economic sector development, and (iv) environmental and socio-economic co-benefits.

The LCDS has driven the development of several NAMAs, not only from the Climate Change Division at the Ministry of Environment, but also by empowering the economic sectors and their stakeholders, so that **each sector has been acquiring and improving its capacities to identify and lead NAMA initiatives.**

<sup>20</sup> For this chapter, interviews were carried out with country representatives experienced with NAMA development. The here presented opinions pieces were put together by Ecofys based on interviews and feedback loops.



SECTOR	NAME	CURRENT STATUS
AGRICULTURE	Technological and productive reconversion of Panela sector	Under detailed formulation. NINO (Nama Information Note) completed, - <i>Included in UNFCCC NAMA Registry</i>
	Colombian Coffee	Under formulation
	Cattle ranching	Under formulation. NINO (Nama Information Note) completed - <i>Included in UNFCCC NAMA Registry</i>
INDUSTRY	Industry	Under formulation. NINO (Nama Information Note) completed for Logistics and Transport Component - In process to be <i>included in UNFCCC NAMA Registry</i>
ENERGY	Domestic Refrigeration sector NAMA	Formulated. - <i>Included in UNFCCC NAMA Registry. Support for detailed formulation and implementation received from NAMA Facility</i>
	Public Lighting NAMA	Formulated. NAMA National Form completed - <i>Included in UNFCCC NAMA Registry</i>
	Energy Efficiency in Hotels	Under formulation. NAMA National Form in draft status.
	Renewable Energy in Off-Grid Zones	Under formulation. NAMA National Form and NINO in draft status. - <i>Included in UNFCCC NAMA Registry</i>
WASTE	Solid waste management	Under formulation
FORESTRY	Forestry (Reforestation and restoration)	Under formulation
TRANSPORT	TOD - Transport Oriented Development	Formulated - <i>Included in UNFCCC NAMA Registry. Support for implementation received from NAMA Facility</i>
	Freight transport	Formulated- <i>Included in UNFCCC NAMA Registry</i>
	TANDEM - Active Transport and Demand Management	Under formulation
HOUSING	Sustainable Habitat	Under formulation

Figure 6. Colombia's NAMA Portfolio

### How the Paris Agreement affects NAMAs

Our NAMA Portfolio is the result of multisectoral efforts framed by the LCDS and stems from the development of the concept of NAMAs since its international inception in 2007. **While the Paris Agreement does not mention NAMAs directly, it does provide clear signals for the urgency to stay below 2°C, the need to be bold and ambitious regarding our targets, and the urgency for implementation.** In that sense, the new international landscape will lead us to speed up our low carbon development plans and to identify the best way in which NAMAs can achieve more ambitious goals in a cost-effective manner with transformative mitigation actions in different economic sectors. The Agreement provides a credible international framework for the process that is already underway in Colombia.

### NAMA efforts after Paris

**The further development of our NAMA portfolio will depend indirectly on the new climate landscape.** This is because some opportunities that we and all stakeholders will be identifying to move forward in implementing our LCDS might include the improvement of existing NAMAs or the creation of new ones. The financial support we have received from the NAMA Facility to implement our transport NAMA and domestic refrigeration NAMA is an additional aspect that motivates us to continue the work on NAMAs under our model of sectoral dialogues.

### Challenges to NAMA development

In Colombia, sector-specific agendas are not imposed, but must be shaped through the dialogues within the low-carbon and green growth framework. This model has permitted to break down barriers and convinced stakeholders to participate and contribute in the process by providing them with tangible arguments regarding benefits and economic opportunities of decoupling GHG emissions from sectoral growth. One of the main difficulties to build these tangible arguments is the lack of information. **While we have learned to work with information that is available, some stakeholders' processes are prolonged when information is not complete, lacks detail or is of low quality.**

Furthermore, since Colombia has several decentralised authorities, some sector-specific agendas have territorial components that must be discussed and agreed upon with local authorities, regarding territorial needs, regionalised GHG inventories and vulnerability assessments. **Bringing together national and subnational efforts is one of the main challenges in order to guarantee the NAMA's implementation and financial sustainability in sectors such as Transport, Urban Development, Housing, or Waste management.**

While NAMAs might be seen as predominantly top-down policy instruments, we have been promoting a bottom-up approach regarding subnational authorities and their prioritised mitigation actions. In order to align agendas across different levels of governments, we have been working on: i) prompting local plans focused on mitigation and adaptation measures, ii) encouraging regional institutional arrangements for climate change issues, and iii) regionalising national and sectorial information that must be integrated in the decision-making at regional and local levels. Overcoming the challenge of combining the bottom-up and the top-down approach will be key in achieving our national climate mitigation goals and securing the long-term financial support that the NAMA initiatives need.

### Supporting factors for NAMA development

**The participation of the private sector has been crucial for the formulation and implementation of our NAMA portfolio.**

Private sector actors who are on board are convinced not just by the environmental and climate benefits, but also by the economic productivity and development opportunities linked to our NAMA initiatives. For example, regarding the NAMA for the domestic refrigeration sector, supported by the NAMA Facility, a significant part of the group of implementing partners are the national industry, including the National Business Association of Colombia (ANDI), a number of national producers of domestic refrigerators, Red Verde corporation, waste electrical and electronic equipment (WEEE) Managers, and a group of commercial banks. These stakeholders agreed on transforming the entire domestic refrigeration sector, such as manufacturing, distribution, waste management and national policy framework to enable

the transformation (i.e. adding labels, minimum energy performance standards, and a ban of HFCs). The financing sector played a crucial role in designing the on-bill financing model and incentives for low-income households.

**Furthermore, the support of the international climate community has been crucial in advancing Colombia's NAMA portfolio, and our LCDS.** Multiple bilateral and multilateral institutions have been involved in the process, for example UNDP, the German Government, the Australian Government, the European Commission, the Mitigation Action Plans and Scenarios (MAPS) programme, the Children's Investment Fund Foundation, USAID, and the NAMA Facility, and more recently, the Adaptation Mitigation Readiness (ADMIRE) project and CAF development bank, among others. The technical and financial support has added robustness and credibility to the process.

#### **What is needed to further promote NAMAs**

**Firstly, at the national level, we need to continue the multi-stakeholder approach in order to identify strategic partnerships, public-private financial support and territorial priorities that might sum up efforts and resources to sectoral actions.** Most importantly, we need to transcend the planning phase and focus on implementation measures, institutional arrangements, diversified financial strategies and results-based projects in the short and long-term. Additionally, we need to keep working on communicating and educating all types of audiences about climate change mitigation, and why it concerns each Colombian citizen.

**Secondly, through the international climate community, we could foster a south-south learning programme to exchange knowledge, experiences and lessons learned among developing countries involved in NAMA development.** Although the road we have travelled has been long and the results are positive, they are not completely perfect and we could benefit from the experiences of other countries.

## **3.2 Ethiopia**

By Ms. Ghrmawit Haile Gebrehiwot, Director of Strategic Planning and Resource Mobilization, Ministry of Environment and Forest

### **NAMA efforts after Paris**

**The government of Ethiopia is keen to continue using NAMAs as one of the mechanisms to implement our national climate mitigation targets.** The new international climate agreement per se does not change our plans on NAMAs, on the contrary, it reinforces the importance of increasing the pace of implementation of our climate mitigation targets. In my ministry, I coordinate the NAMA pipeline and sectoral work to develop more NAMAs, and we are willing to hear opportunities and ideas from the climate community and work together to increase the use of NAMAs for climate change mitigation.

### **How the Paris Agreement affects NAMAs**

**In Ethiopia, we have not made substantial changes to our pre-Paris plans with regards to NAMAs.** We believe in the instrument as a useful option to implement our climate mitigation contributions (i.e. NDCs), and the Paris agreement did not change this perception.

The international climate community plays a crucial role in keeping NAMA processes active, and it is in my country's interest and benefit to continue to have their support. I principally see a strong role for the UNFCCC Secretariat and the international financial institutions.

### **What is needed to further promote NAMAs**

Even though we want to keep using NAMAs, we are demotivated by the lack of financial resources flowing directly to Ethiopia for NAMA implementation, and by the limited transparency in the process of allocation of financial resources. Therefore, in light of the new international climate change landscape, our government expects three main things: (1) **increased financing flows to the implementation of NAMAs**; (2) **a more transparent process to access financing**; and (3) **increased capacity to develop baselines and MRV for specific sectors.**

### 1. Implementation finance

The efforts of our government in developing Ethiopia's NAMA pipeline have been significant, and we have worked tirelessly to ensure public processes that involve not only government agencies, but also stakeholders from civil society, private sector, and development institutions. Despite these efforts, we have not been fortunate to receive financial support to start with the implementation of our NAMAs. Following the Paris Agreement, we expect clear signals from the climate finance community and easier access to resources.

### 2. Transparency on funding criteria and evaluations

Our experience with accessing financial resources to implement our NAMAs is discouraging, not only regarding our lack of success, but also the lack of transparency in the process of accessing resources. Financial institutions should clearly communicate the criteria they are using to evaluate proposals, so we are aware of where we should be focusing our efforts. Furthermore, we would like to encourage the NAMA Facility to provide feedback on why submitted proposals are dismissed. Without such feedback, we do not know what went wrong, what corrections in the proposal need to be made, and what aspects need to be strengthened. In this context, it is difficult for us to refine our NAMA proposals and learn from the process in order to submit better proposals in the future. In the new climate era, I expect the NAMA Facility and other financial institutions to carry out a more transparent evaluation process of NAMA proposals, and better communicate with us, creating an environment that encourages learning. It should be noted that the capacity level of NAMA development among developing countries is not homogenous. Therefore, financial institutions should create standard modalities of financing according to the capacities of countries, so the competition for resources takes place in a fair way. For example, we do not consider it fair that we have to compete directly with emerging countries that dispose of larger technical capacities.

### 3. Capacity Building for Baselines and MRV

Even though we have been developing a national GHG baseline and a national MRV system for *Ethiopia's Climate Resilient Green Economy Strategy*, we lack the internal capacity and resources to go further into detail to develop sector- and sub-sector specific baselines, needed to increase accuracy and quality of our mitigation options. The same applies to the development of MRV. Although we are creating an MRV infrastructure, it is still very immature and our institutions and personnel are not yet trained to implement it. Given the importance of increasing ambition and implementing the Paris Agreement, we expect that Ethiopia will receive more technical support to strengthen both the process of creating sector- and NAMA-specific baselines and the institutional capacities to implement successful MRV systems.

Furthermore, we see the need for improvement in the following area:

### 4. Feedback of financial institutions in the UNFCCC NAMA marketplace

We value the NAMA marketplace organised by the UNFCCC Secretariat, because it has provided a forum to present our ideas and proposals to the NAMA community and to network with staff from financial institutions, development agencies, and other countries working on NAMAs. Throughout this network, we keep aware of the developments in this field and can exchange knowledge and experience. If something should be strengthened in the NAMA marketplace, it is the feedback provided by the financial institutions; though they indeed provide their impressions, opinions and reactions to our presentations, the feedback has not been specific enough to serve the further refining of our NAMAs. The UNFCCC Secretariat could play a role as intermediary in this regard, thereby supporting countries in the learning process to bring our NAMAs to the structure and quality expected by financial institutions. This learning process includes being aware of why the NAMA proposal did not fulfil the funders' expectations, what elements are not right, and what needs to be enhanced.



### 3.3 Indonesia

By Mrs. Syamsidar Thamrin, Deputy Director Weather and Climate, State Ministry of National Development Planning (BAPPENAS)

#### Opportunities of the Paris Agreement for NAMAs

**The new climate landscape offers several opportunities to Indonesia to scale up our ambition through an increased number of mitigation activities, including NAMAs.** We see that the (I)NDC process provides the chance to develop more NAMAs and other types of mitigation projects that can be linked to our country's communicated target. Given the global enthusiasm the Paris Agreement has sparked, we believe that the involvement from the private sector can be further encouraged and expanded. The Green Climate Fund will offer more opportunities for NAMAs to receive financing. It provides opportunities for Indonesia to build a more systematic approach that enables national institutions to gain access to financial resources.

#### NAMA efforts after Paris

Through our INDC, Indonesia has committed to 29% GHG emission reduction (unilaterally) up to 41% (with international support) by 2030, against a business as usual scenario. To maximize the contribution of our NAMAs, we are encouraging investments and are actively seeking to strengthen the coordination among our government and NAMA implementation. **We have the clear objective to ensure strong linkages between our NDC, national development programme priorities and NAMAs.**

We see the previous years in which we have gained experiences with NAMAs as very beneficial to our further development of mitigation activities and programmes. Like no other intervention, NAMAs are able to provide a guiding framework to creating sector programmes targeting the sectors' transformation. **We are therefore confident that even if the term "NAMA" fades into the background when discussing mitigation interventions, their contribution to structuring the discussions and learning about these processes will remain valuable.**

#### The role of NAMAs in the new climate landscape

Looking at specific elements in the Agreement, we expect that on an international level, more ambitious climate policy will be developed over time ("ratchet-up mechanism"<sup>21</sup>). This requires improved institutional structures and processes for climate policy implementation at the national level. **More ambitious national climate policy will encourage more NAMA ideas and proposals to be developed.**

**We believe that NAMAs can play a role in the identification and unlocking of additional mitigation potential (i.e. sectors not covered in the INDC so far).** To give an example, the global goal to limit temperature increase to well below 2°C has encouraged Indonesia to mainstream climate change issues into national development planning. Our *National Action Plan on GHG Emission Reduction*, short RAN-GRK, is our national framework for sectoral and regional GHG mitigation policies that are in line with our national mitigation target. We understand the RAN-GRK as a unilateral NAMA that forms not only the basis for developing NAMA proposals, but also lists a variety of mitigation actions planned by Indonesia<sup>22</sup>. As a reaction to the newly agreed global goal, we are working on, among others things, the revision of the RAN-GRK. It shall reflect more accurately a national target that can be achieved by 2020 as well as on the longer run actively contribute to the achievement of the well below 2°C limit.

We believe that after 2020, the NAMA framework will continue to be used by initiatives as an example of how to implement policy goals and how to calculate the impact of planned activities towards nationally set goals, be they mitigation, adaptation or sustainable development related.

<sup>21</sup> The Paris Agreement outlines that UNFCCC Parties will come together for a formal review and updating of their targets every five years starting in 2018. Each submission need to be more ambitious than the previous one. This is against the background that the aggregate effect of the current targets formulated in the INDCs are not yet sufficient to keep global warming below 2°C.

<sup>22</sup> Not all of these mitigation actions are acknowledged internationally within the UNFCCC.

## Challenges to NAMAs in the new climate landscape

**A clear barrier to further NAMA development in Indonesia is that there is no clear signal on how NAMAs will be continued after 2020.** This is creating a lack of confidence for the development of more NAMA ideas and is threatening existing NAMA activities that may not be sustained on the longer term. Furthermore, specifications are largely left out of the Paris Agreement in particular with regard to MRV systems, the ratchet-up mechanism etc. This leaves a lot of uncertainty on how to best move forward beyond 2020. MRV is one important element of NAMAs for transparency and tracking purpose. Without further guidance on this element, we see limited opportunities to create high quality NAMA proposals that are attractive for financing.

**In general, the focus within the new climate landscape seems to be on “quick” implementation, neglecting the fact that many NAMA proposals still need further improvements to become financeable and implementable programmes.** As an example, there are already several Indonesian NAMA proposals seeking international funding, through various sources, e.g. NAMA Facility, bilateral funding, donor agencies operating in Indonesia etc. Yet many have not been able to secure funding until now.

## What is needed to further promote NAMAs

### 1. Early-stage support to enhance quality of NAMA proposals

The Green Climate Fund could potentially be instrumental in financing NAMAs and thus facilitate faster implementation of NAMA concepts. However access to this and other types of financing remains complicated. We see the need for more early-stage support to enhance quality of NAMA proposals and their likeliness to access financing.

### 2. Feedback on unsuccessful funding proposals

Unsuccessful funding proposals generally lack feedback that would enable us to improve the NAMA and re-submit it. Many of these proposals focus on grant funding for pilot implementation that will then allow to be scaled up by triggering private sector investments. But the lack of initial funding is currently keeping this process from moving forward. To overcome this barrier of dormant NAMA proposals, donors should give clear feedback on NAMA proposals. Furthermore, the Indonesian Government is planning to initiate the improvement of our existing NAMA proposals by further engaging all relevant NAMA stakeholders during the updating process. We hope that this will make our currently unsuccessful funding proposals more attractive and will lead to implementation.

### 3. Simplification of GCF procedures

While the GCF is seen as a vehicle to finance ambitious NAMAs proposals, disbursement remains slow and complicated. We clearly see the need for the simplification in access, i.e. to enable more entities at different levels (national to subnational level) to become accredited and therefore have access to the available funding. Given that there has been a recent change in the institution acting as the National Designated Authority (NDA) in Indonesia, there is an urgent need for capacity building on how to access the GCF and how to link the efforts with national programme priorities.

### 4. Capacity building for MRV

Although there is willingness of the Government of Indonesia to apply transparency principles following international standards, it lacks the capacity to carry out national MRV systems, both institutionally (even though there is already directorate for MRV since 2015), and on the basis of expertise. To overcome this barrier the government has developed an MRV framework through its ministerial regulation. Pilot testing of MRV for energy and transportation mitigation reports is on-going with the clear aim to scale up this MRV process to other sectors.

### Support of the international climate community to NAMAs

To foster the momentum, we think it would be beneficial to continue to have the support of the climate community in order to keep using NAMAs for climate change mitigation. More specifically we see several services that can be strengthened and newly offered by the different actors within the community to support NAMAs as tools for climate mitigation implementation.

The **UNFCCC Secretariat** should continue to set guidelines and lessons learned for improving access to funding, MRV development as well as guidelines and lessons for sustainable investment that can encourage and stimulate private sector investment in mitigation activities and NAMA projects. Services that should be strengthened are already established networks that allow the exchange among countries facing similar challenges in their NAMA developments. South-South cooperation and learning is a powerful tool that we see as very beneficial especially when dealing with challenging sectors like Agro-Forestry, or the development of financial mechanisms appropriate for the national context. A new effort that we would like to see from the Secretariat is the development of a clear roadmap for reaching the goal of mobilizing USD 100 billion in climate finance by 2020. Furthermore, the implementation of additional MRV requirements is an element that could be supported through services from the Secretariat as well.

Within the international climate negotiations there has been little talk about NAMAs although they are well known and accepted concepts in many countries. The negotiations often feel disconnected from reality and the Secretariat could do more to promote the NAMA concept in negotiations, building on events like last year's NAMA day and further bigger, attention attracting events. In general, the NAMA community as a whole could do more to promote the opportunities that lie within NAMAs to ensure that the concept and especially the helpful framework continues beyond 2020.

**International Financial Institutions** have been increasingly offering information on how to access funding and should continue to do so through different forms, be

it publication of guidelines, training workshops or designated agencies that can support countries with the process. Further emphasis should be put on financial support for capacity building to ensure that high quality NAMA proposal can be developed. What we see as an attractive new service that could be put forward by financial institutions is designated financing of “early-movers”, i.e. for NAMAs that have significant mitigation potential and offer the opportunity to deliver real transformational change.

**NAMA practitioners** have become a valuable asset in the NAMA development process, specifically offering support and guidance in identifying actions with high mitigation potential as well as capacity building. These services should continue to be offered. Services that should be strengthened are from our point of view the coordination among ministries to endorse NAMAs, starting from the scoping and development phase to the implementation of the NAMA. More and new types of support and services is needed from NAMA practitioners regarding integrated approaches covering mitigation and adaptation, support in the identification of specific resource needs in terms of capacity building as well as for the actual implementation of NAMAs.

Indonesia's **private sector** already offers several helpful services targeting climate change mitigation and/or adaptation. Many Corporate Social Responsibility (CSR) programmes and actions exist that can directly link to certain activities within NAMAs. Support for green investments is another aspect that the private sector is already putting forward that supports NAMA development and implementation. In the context of CSR, more could be done on reporting of the ongoing activities related to climate change. To further increase the transparency of actions already taking place, a database could be created. This database could hold information on mitigation and adaptation actions targeted through CSR strategies. Making this database accessible to government and other parties responsible for monitoring could increase the knowledge on activities taking place and impact that has been achieved.

### 3.4 Thailand

By Natthanich Asvapoositkul, Director of Climate Mechanism and Development Section, Climate Change Management Coordination Division, Office of Natural Resources and Environmental Policy and Planning

#### Current state of NAMAs in Thailand

Thailand is a country both highly vulnerable to the impacts of climate change and experiencing growth in GHG emissions, as it continues to develop. To tackle this challenge **we have been actively involved in creating several NAMA concepts and proposals** targeting our emission-intensive sectors, creating domestic as well internationally supported NAMA initiatives. Our NAMA in the Refrigeration and Air Conditioning (RAC) sector, which will transform the production and use of RAC appliances for both the domestic and commercial sectors, has been approved for funding by the NAMA Facility. Thailand is therefore much invested in its NAMA pipeline that currently contains a few NAMAs covering the Energy, Industry, Buildings and Transportation sectors.

#### NAMA efforts after Paris

**In the context of the new international landscape, we see the need to develop several additional NAMA concepts, as the NAMAs currently in our pipeline are not sufficient to achieve Thailand's INDC target.** In its INDC, Thailand has committed to reducing GHG emissions by 20 % (compared to 2005 levels) and by up to 25% conditional on international support, by 2030. Thus, Thailand now needs to add further mitigation measures like NAMAs to the measures already put forward in our national plans. These additional measures should cover all relevant sectors. Special emphasis should be put on the necessary MRV systems accompanying the proposed mitigation measures, especially if NAMAs are chosen.

We understand that, though necessary, our INDC formulates a challenging target. Achieving this target will require all related agencies in the country to be on board. Therefore, Thailand is actively exploring the expansion of its NAMA concepts beyond the energy

sector<sup>23</sup>. Specifically, we are looking to create concepts with the clear objective of developing NAMAs in those sectors that offer significant mitigation potential such as Agriculture, Waste and LULUCF. The Government of Thailand is currently in the process of establishing its NDC roadmap from now until 2030, which is expected to be finalised in 2017. This roadmap will include all GHG mitigation activities, including NAMAs, and will offer specific timeframes and activities of each project and intervention.

We see these efforts as being in line with the new international climate landscape, which continues to seek a high mitigation impact, which is one of the guiding principles of our NAMAs, next to other (co-) benefits.

#### How the Paris Agreement supports NAMAs

From our experience in NAMA development, the private sector has always been key in facilitating and strengthening the development of our NAMA projects. **The new Agreement also supports this by seeking to engage and include a diverse range of stakeholders, specifically the private sector.** We see the strong signal that is sent from the Agreement as an opportunity to highlight the benefits of engaging in mitigation activities with private sector stakeholders. We further hope that it will incentivise small and medium enterprises, real estate developer and banks to increase their participation and support of NAMAs and other mitigation and adaptation activities.

As a country that is still rapidly developing we see the support of sustainable development as another benefit that advances our NAMA pipeline. The emphasis on the socio-economic and environmental co-benefits that often accompany mitigation actions is also part of our NAMA concepts. Lastly, we see the elements of financial and technological support and the consideration of energy and food security, as included in the Paris Agreement, as benefits to the new international climate landscape.

<sup>23</sup> Thailand's INDC highlights the potential and need for action specifically in the energy and transport sector, setting both energy supply and energy efficiency targets, as well voicing the ambition to expand and modernise transport infrastructure. Find all INDCs online here: <http://www4.unfccc.int/submissions/INDC/Submission%20Pages/submissions.aspx>

### Challenges for NAMAs in the new climate landscape

Despite all these benefits of the Paris Agreement, we also see some drawbacks that this new climate landscape might bring to our NAMAs. **The legally binding aspects of the Agreement discourage some national stakeholders from fully participating in NAMA development, seeing especially MRV as a burden in terms of potential costs and time.** This adds to the fact that the general lack of knowledge of the NAMA concept is hindering many private sector actors in related fields from engaging in NAMA proposal development. Many understand NAMAs to be similar to Clean Development Mechanism (CDM) projects with a comparable complex MRV system. This keeps them from fully engaging in NAMAs and opportunities for realising mitigation potentials are missed. Even though these agencies are often already implementing some of the measures included in our NAMA concepts, they remain sceptical. They are mainly worried about the MRV system and its potential complexity.

**The fact that the term “NAMA” is not included in the Paris Agreement is further feeding national agencies’ doubts toward NAMAs, which are often seen as a potential burden and not as part of the solution.** A wider, more visible support and promotion of NAMAs as a concept to realise mitigation ambition and generate sustainable development co-benefits would help these agencies better grasp the idea behind NAMAs. This would help the overall enhancement of our NAMA activities and make them more successful. To overcome this barrier, the Government of Thailand will continue to build capacity and raise awareness. We are planning to visit all related agencies in order to promote the idea of NAMAs and explore ways to develop more NAMA projects within areas and sectors of their responsibility and expertise. We are also exploring suitable incentives for these agencies that can convince them to step up their engagement in NAMA development.

### What is needed to further promote NAMAs

**The major barrier to NAMA implementation remains the lack of accessible funding. The criteria for NAMA projects to receive funding from the GCF are too difficult to comply with and the process remains very complex.** Still an opportunity for private sector investment lays within a well-designed financial mechanism. Such mechanisms allow small and medium enterprises to recognise benefits of the NAMA and encourage the willingness to invest.

**In general, the time from NAMA development to submission for funding is too long, limiting the momentum behind NAMA concepts.** This includes the in-country process, but also the process of identifying and securing international funding. While it is beneficial to have a high level of stakeholder involvement, the additional coordination efforts as well as the discussion of different options in scope and activities often make the development process of NAMAs complex. In our experience, it has been difficult to agree on a common objective among stakeholders. These three aspects – difficult funding criteria, complex process and overall duration of the development process – are barriers we currently face when developing NAMAs and other mitigation initiatives. The new landscape offers little to alleviate these barriers. The Government of Thailand is trying to address these barriers through capacity building measures. We also try to develop existing projects further as well as ongoing projects that support our mandates and overall sustainable development objectives. We hope that this will minimise discussion time and sustain the national interest in our NAMA concepts.

**Moving forward we see several opportunities for the climate community to support the continuation and strengthening of NAMA development and especially implementation.**

### 1. Capacity building

We would like to see the **UNFCCC Secretariat** continue offering capacity building on NAMAs for developing countries. With more and more NAMAs being developed and countries gaining experience, we would appreciate taking NAMA workshops and trainings to the next level. Workshops dealing with specific elements in the NAMA development process and offering in-depth trainings would be helpful to create more mature, financeable concepts. Further trainings should be opened to a wider set of stakeholders. In Thailand, the private sector as well as other agency representatives would greatly benefit from such NAMA workshops. This would help them to understand the difference between NAMAs and CDM projects. Thailand is fortunate to have many different stakeholders involved in its NAMA development process, with many of them experienced in the development and implementation of CDM projects. As we target different sectors, we often face challenges in explaining the difference and opportunities that NAMAs can offer compared to CDM projects.

Another service that could be strengthened is the UNFCCC's NAMA Registry. The Registry hosts a multitude of NAMA proposals seeking funding. But only a limited number of connections to funding sources have been achieved through the platform so far. Strengthening the facilitation of matching donors suitable for mitigation strategies and NAMAs would greatly benefit the implementation of existing NAMA concepts.

### 2. Guidance on funding criteria

Similar to this, **international financial institutions** should continue to offer guidance and clarifications on the criteria and requirements NAMAs should meet in order to receive financial support. Specifically, donors should make more details available from projects that have received support, ideally including reasons why they have been selected. We see that the transparency around funding could be strengthened.

### 3. Support for NAMA development and implementation in different sectors

**NAMA practitioners** have been a valuable support to Thailand's NAMA development process. However, they often focus too much on the energy and transport sectors. More support in the development of NAMAs in different, often more challenging sectors, would be helpful, for example agriculture, waste and LULUCF. Additionally, support from NAMA practitioners has been mainly focused on NAMA development. As our first NAMAs has received funding, we are now looking into how best to manage our NAMA projects to lead them to successful implementation. The role NAMA practitioners play in this regard could be further strengthened.

### 4. Involvement of private sector

Finally, Thailand would like to continue to see the **private sector** strongly involved in NAMA development. An aspect that should be clarified is how the private sector can get involved along the entire NAMA development process from scoping, proposal development to implementation. Offering capacity building and sharing information will strengthen their support in the country's mitigation ambitions.



### **3.5 Synthesis of countries' opinion pieces**

Through the opinion pieces that cover perspectives from several continents and sectors, as well as NAMAs at different development stages, three common themes emerge. While the opinion pieces cannot be considered as representative of the overall NAMA pipeline, they offer valuable inputs for the discussion on the role of NAMAs under the Paris Agreement:

#### **1. Countries are likely to continue their NAMA activities after Paris**

While some country representatives state that their countries' NAMA plans are not directly affected by the Paris Agreement, others see increased needs and opportunities to enhance their NAMA activities after Paris. These representatives understand NAMAs as an important element for meeting ambitious national targets put forward in the recently submitted INDCs. Further opportunities arising from the Paris Agreement are seen in its emphasis on the role of the private sector, sustainable development, and international climate finance. These are all elements that are perceived as important within NAMA concepts and development processes. Furthermore, the reference to the "well below 2°C" limit in the Agreement is seen as encouraging NAMA development.

#### **2. The Paris Agreement may introduce some new challenges for NAMAs**

The fact that the term NAMA is not included in the Agreement is observed as a challenge by some country representatives. They fear that this omission adds to the already existing skepticism they have observed from some national stakeholders. They feel this might create a further barrier towards NAMA development as well as implementation. This is exacerbated by the lack of a clear signal whether NAMAs will be continued after 2020. These two aspects are joined by the worry that the new climate landscape puts too much of an emphasis on quick implementation, neglecting the fact that ongoing NAMA efforts need further support to be moved to an implementation stage.

#### **3. Continuing needs to further promote NAMAs**

Country representatives perceive similar needs to further promote NAMAs. These needs include a facilitated access to climate finance through guidance on funding criteria, simplification of GCF procedures and receiving more detailed feedback on dismissed funding proposals. The lack of feedback and proper guidance is currently perceived as a bottle neck towards the further improvement of existing NAMA concepts in terms of quality and attractiveness for implementation funding. Furthermore, capacity building, especially on the topic of MRV, is seen as a continuous need, as well as an improved south-south learning process and stronger involvement of the private sector.

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