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# NAMAs in a world of INDCs

Policy Brief

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## Abstract

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With all eyes currently on Intended Nationally Determined Contributions (INDCs), 2015 will be an important year for Nationally Appropriate Mitigation Actions (NAMAs). Over the past years, there has been an unprecedented amount of activity around NAMAs; they are taking shape through bottom-up dialogues and design in developing countries while in parallel being considered as part of the overall post-2020 climate regime.

This policy brief presents a brief introduction to NAMAs and a recap on what is currently known about INDCs, followed by some reflections on how the two concepts are linked and what how experiences on NAMAs can inform INDC formulation and vice versa. The paper argues that the term 'NAMA' can be a crucial element for INDC implementation and as such needs to become synonymous with bottom-up government actions of all kinds and to be thought of in a more integrated way within sectoral plans/strategies, instead of as standalone efforts. It concludes that bottom-up efforts, such as NAMAs, are a key implementing tool for a Paris agreement and its associated INDCs.

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## 1. Introduction

A 2015 climate change agreement should ensure that all Parties make contributions to addressing climate change. Whether this agreement is successful can, at its simplest, be broken down into two key questions (Marcu, 2014): What does everyone promise to do through INDCs? and How do we achieve what we promise to do? Regarding this second question, it is too early to know what mitigation approaches will find their way into a future climate agreement. Yet it can be recognised that for many countries, either due to circumstance or negotiating position, non-market-based approaches will be preferred for achieving mitigation. This brief concludes that bottom-up efforts, such as NAMAs, are a key implementing tool for a Paris agreement and its associated INDCs.

Within that context, it becomes important to understand the potential role of NAMAs in the INDCs that are being delivered for COP21. The following sections explore these linkages and implications for NAMAs, drawing on the responses to a survey provided by BMUB, CCAP, GIZ, New Climate Institute and UNDP.

It is fair to say that the meaning of the term NAMA has evolved from that used in the first years of discussions and submissions following COP13 in 2007. Signed into life through the Bali Action Plan, NAMAs were broadly described as actions by developing countries in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner. This description still holds true, but the submissions of NAMAs in response to a call under the Copenhagen Accord, and subsequently in response to a call under the Cancun agreements, did little to further define the term. Some 57 countries submitted a mixture of pledges and actions over the three years following COP15 in a variety of formats and with differing levels of detail (UNFCCC, 2013).

These are referred to by the UNFCCC as so called 'National Level' NAMAs; formal submissions by Parties declaring their intent to mitigate GHG emissions in a manner commensurate with their capacity and in line with their national development goals (UNFCCC, 2014). Yet this broad national definition of NAMAs has fallen out of favour in recent years. In fact, many of those original national level submissions could be seen as early precursors of INDCs, with their sectoral or economy wide targets and/or lists of proposed actions.

Instead we now typically talk of NAMAs as individual actions, or perhaps groups of measures within a single action. These are still diverse, ranging from project based mitigation actions to sectoral programmes or policies, but are clearly more discrete than where the concept started from. These are the NAMAs that are submitted to the UNFCCC NAMA registry, or to the NAMA Facility for support, and it is this current definition of individual NAMAs that is most useful to think about with regards to INDCs.



The concept of NAMAs as specific actions has also evolved in practice in two main ways. First, in regards to the level of ownership by government and their central role in implementation. NAMAs listed with the UNFCCC registry are mostly government led interventions with national implementing organisations that are typically ministries or other public agencies. In many cases they stress the importance of stimulating private sector investment, sometimes with an additional emphasis on the concept of transformational change. The role of government as a catalyst for private investment stems from a focus on policy as a basis for implementation and a desire for out-sized impacts; making scarce public budgets go further. It is a definition that is fostered by some sources of support, such as the NAMA Facility, as well as the guidance and publications produced by many practitioners.

Second, a focus on supported NAMAs has emerged out of the efforts of countries and development organisations. There are very few actions registered only for recognition in the NAMA registry. This is partly the result of many domestic efforts not being prepared for formal registration, but also a tendency for the design of actions to centre around those that would need international support. This is understandable from a political standpoint and to make use of limited assistance, but has created a paradigm where the discussion around NAMAs is often focused on support. Attention to the idea of calling domestic efforts 'NAMAs' has been somewhat lost and, arguably, the added value of such an approach is not clear to countries. However, INDCs may provide an impetus for countries to seek more formal recognition for their domestic mitigation actions. As discussed later, NAMAs offer a clear means to achieving this.

NAMA development has often been approached opportunistically, without a clear strategy for the economy or sector. This can be due to limited resources/capacity, a lack of an existing overarching framework to operate under, but also development partner priorities/programmes. In many countries it can be observed that there is no comprehensive approach to climate change in general and sectoral mitigation specifically, which can necessitate pragmatic choices. However, we also observe that NAMAs are often focusing on areas where previous approaches, such as CDM, were less effective. Their flexible nature and resulting breadth in terms of types of action, can therefore be seen as a positive feature. Additionally, the central role of government in developing NAMAs has meant that countries that have engaged with NAMA development have built valuable institutional awareness and capacity.

This then is the status today: approximately 150 NAMAs under development or implementation, with a large and growing community of domestic stakeholders and international experts with experience in the design of mitigation actions. Furthermore, they are the only tried and tested approach for bottom-up government action available in the new climate regime. This leaves open an important question of how the concept of NAMAs should be anchored in a 2015 climate agreement. Understanding links with INDCs is a first step in answering this.



## 2. INDCs: a recap

During previous climate negotiations, countries agreed to publicly outline what level of mitigation ambition they intend to offer under a global agreement before the Paris COP. These indications of ambition are known as Intended Nationally Determined Contributions (INDCs). They will largely determine whether the world achieves an ambitious agreement in 2015 for a post-2020 climate regime, putting it on a path toward a low-carbon future. A country's INDC should signal to the world that they are doing their part to combat climate change and limit future climate risks (WRI, 2014).

The Lima Call for Climate Action proposes some basic information to be included in INDC submissions. At the same time, the language of that document leaves a lot of room for countries to set their own priorities when developing their INDCs. What the text does say, is that contributions “will represent a progression beyond the current undertaking” of that country. The actual level of ambition is left to each country to determine themselves, with the hope that these efforts, when aggregated, will be sufficient to tackle climate change globally (or at least provide a valuable starting point for increased ambition in the future).

The final form of submitted INDCs will be varied, with countries possibly choosing to offer absolute GHG targets, reductions below some type of reference level, non-GHG objectives (such as renewable energy targets), or specific projects and policies. Countries might also address other issues, such as how they will adapt to climate change impacts, and what support they need from, or will provide to, other countries. The upfront information that was discussed in Lima does not ask countries to explicitly link their INDC to individual bottom-up actions, but does seek information on planning processes and assumptions.

### 2.1 How are NAMAs and INDCs linked?

INDCs and NAMAs are different in their intent; the former represents a country's ambition at an aggregate national level, while the latter is a specific voluntary action, typically within a single sector. However, they share some characteristics. Both INDCs and NAMAs are nationally-driven processes, which require broad stakeholder engagement and political buy-in from governments. Both are meant to be framed within broader national/sectoral development priorities. In practice, the two concepts can be closely linked and have much to offer each other, although that interaction will be influenced by the approach taken to developing an INDC.

Guidance for INDC development describes two main categories of contribution: actions and outcomes (or possibly a contribution of the two). For the former, a country may package its existing, planned, and potential future mitigation actions and present them in its INDC. For the latter, a country could assess the collective impacts of possible actions and put forward outcomes. Outcomes can be framed as GHG outcomes — a commitment to reduce GHG emissions by a certain quantity by a certain date — or non-GHG outcomes — such as quantity of renewable energy generated or share of electricity generated with renewable sources (Levin *et*



al., 2015). Outcome-based contributions will often be the result of an economy or sector wide analysis and this is something we see in practice in early INDC submissions.

One possibility is that NAMAs, as individual bottom-up actions, can directly be part of an action-based contribution or an outcome-based contribution that aggregates individual actions. Building on bottom-up efforts, such as NAMAs, in this way can make the achievement of INDC targets more tangible and offer a clear approach to implementation.

A second, perhaps more likely possibility, is that NAMAs play a role in meeting targets that have been cascaded down from a high level outcome-based INDC. These types of contributions can be the result of a top-down modelling exercise or a more visionary level of ambition that has been informed by global estimates of effort sharing<sup>1</sup>. High level outcomes will need to be assessed in order to determine where action should be taken within an economy (i.e. sectors) and in what ways (i.e. specific actions). NAMAs and other bottom-up efforts will ultimately be the implementation tool to achieve sectoral goals and thereby meet INDCs.

This is not a new challenge in the field of climate policy. The EU's experience in working towards its 2020 climate and energy targets was an illustration of how to successfully cascade high level targets down to sectors and specific government measures that would eventually lead to increased low-carbon action by private entrepreneurs and consumers (and, in this case, different EU countries as well).



Figure 1: NAMA potential for INDCs

The potential of NAMAs, as an input to action-based or aggregate output-based INDCs or as an implementation tool for more top-down output-based INDCs is conceptualised in Figure 1. It shows how contributions can be built up from, or broken down to, sectoral plans and individual actions.

One specific question on the relationship between INDCs and NAMAs relates to timing. Should INDCs, which describe post-2020 mitigation ambition, include NAMAs that were initiated pre-2020 and may already be in early implementation stages, or would these be considered “business as usual”? As noted earlier, the Lima Call does not require any strict form of

<sup>1</sup> The 40% target reduction by 2030 target of the EU might be considered to be of this type.



additionality, only that there is a 'progression' in aggregate ambition from current efforts. NAMAs that have already been proposed or started are therefore expected to be considered in the development of many countries' INDCs. Under the Bali Action Plan, NAMAs were formally framed until 2020. However, the expectation is that they will need to continue as an implementation mechanism and to channel support. In support of this, the following sections discuss some of the main opportunities for each concept to complement or inform the other.

## 2.2 What can INDCs offer NAMAs?

Purpose and high level support: INDCs can offer an overarching target for all ministries and agencies to strive towards, along with high level commitment from government (partly through international scrutiny). This can help to build support for bottom-up actions and sectoral strategies.

- **A SENSE OF URGENCY:** countries are encouraged to communicate their INDCs together with information about the timeframe for implementation. This can help to set deadlines for mitigation efforts.
- **AN INTEGRATED APPROACH:** INDCs offer the opportunity connect mitigation ambition that is communicated internationally to sectoral action in line with domestic priorities and drivers. Implementing INDCs could therefore enhance coordination and transparency at the national and sub-national level on climate policy.
- **FRAMEWORK FOR PRIORITISATION:** INDCs provide countries with an opportunity to look at opportunities across sectors and evaluate them in terms of a variety of dimensions, including aspects such as mitigation potentials, costs and national impacts. This process can give countries a consistent framework for determining which NAMAs to prioritise.
- **BROADENING THE NAMA CONCEPT:** the ambitions expressed in outcome-based INDCs may act as a trigger for countries and development partners to apply the concept of NAMAs to more than just supported actions and broaden the focus to domestic actions in order to get recognition for mitigation efforts.

## 2.3 What can NAMAs offer INDCs

- **IMPLEMENTATION TOOL:** the main opportunity for NAMAs, is for them to directly serve as an implementation tool for INDCs to achieve mitigation targets; a practical mechanism to materialise the contributions on the ground.
- **INPUTS FOR INDC DEVELOPMENT:** NAMAs can provide valuable information on mitigation potentials, measures to achieve emissions reductions, costs/savings and other aspects. INDCs that are output-based and aggregate individual actions, or action-based, may directly build on NAMAs.
- **MRV SYSTEMS AND AWARENESS:** capacity has been built and systems put in place for the MRV of NAMAs. These can have important benefits for the eventual assessment of progress on achieving INDCs. In particular, assessing the level of mitigation achieved versus BAU will require a robust understanding of the GHG impacts of different measures and actions.



- **CHANNEL FOR ACCESSING FINANCE:** some countries may seek financial support for achieving the ambition in their INDCs. Supported NAMAs offer a channel for accessing international finance, including the GCF.
- **DEMONSTRATION OF BENEFITS/IMPACTS:** Robust INDCs should be the result of a process that generates domestic cross-sectoral buy-in, by showing how the proposed contribution connects with various stakeholders priorities. However, the domestic benefits of high level mitigation ambition can be challenging to adequately demonstrate at the national or economy-wide level. Assessing the impacts of individual NAMAs is an opportunity to illustrate benefits for a domestic audience in a way that connects with their priorities.
- **INSTITUTIONAL AND INDIVIDUAL CAPACITY:** last, but not least, the capacities which have been built and the knowledge acquired in NAMA development could serve as a good foundation for preparing and implementing INDCs.

### 3. Discussion

NAMAs have mostly signified voluntary government actions whose implementation depends on external sources of funding. This has at times, along with other factors, limited their acceptance and domestic buy-in. The national and highly visible nature of INDCs has the potential to increase buy-in for sectoral action plans and individual bottom-up measures, including NAMAs.

In return, NAMAs can directly serve as an implementation tool for INDCs to achieve mitigation targets; a practical “mechanism” to materialise the contributions on the ground. In addition, the more clearly defined scope of individual NAMAs is an opportunity to illustrate benefits for a domestic audience. Engaging with a high level target is difficult for stakeholders, but understanding the impacts of a specific action is more feasible.

That being said, the NAMA concept needs to continue to evolve. NAMAs do have value as a concept and label, but they run the risk of becoming piecemeal efforts promoted by development partners. For the concept to be most impactful, ‘NAMA’ needs to become a term that is synonymous with bottom-up government actions of all kinds and to be thought of in a more integrated way within sectoral plans/strategies, instead of as standalone efforts. Such a formulation offers an opportunity to engage more fully with financial institutions and key large economies who may have seemed reticent to date. At the same time NAMAs will need to demonstrate in the short to medium term that they can represent a viable and scalable means to achieve emission reductions in a cost effective manner.

We should avoid a repeat of the CDM, a situation where a lot of capacity and energy for a mitigation approach was lost or scattered as that mechanism became less central in a changing climate regime. The skills and learning on NAMA development can be seen more fundamentally as capacity for bottom-up action design and attention should be paid now to ensure that this is maintained in the future, no matter what happens in Paris.



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