A global registry for NAMAs:

*Linking mitigation, technology, finance and sustainable development*

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**Abstract**

This working paper examines key issues for making Nationally Appropriate Mitigation Actions by developing countries (NAMAs) operational as a mechanism within the Convention. It argues for a two-part NAMA registry with *domestic NAMAs,* consisting of independent mitigation action, and *international NAMAs*, where mitigation actions are enabled through developed country Parties’ support. A third type of NAMA is proposed: *allowance NAMAs,* which could be either of the two andfor actions achieving above a pseudo target that could be eligible for participating in auctioning of allowances. The design of registry shall have differential treatment of the three types of NAMAs on account of (i) accounting for emissions reduction, (ii) enabling means of implementation (finance, technology, capacity building) and (iii) measuring, reporting and verifying (MRV) actions and support.

The registry should be setup under the guidance of and accountable to COP with the governing body comprising of a technical panel and an additional MRV panel. The paper argues that NAMA proposal should be included in the National Communications of the developing country Parties, listing proposed actions and information related to the expected outcome, such as direct emissions reductions and sustainable development co-benefits and potential systemic changes. The proposal should also estimate the full incremental cost of each action, specify the support needed by developed countries in terms of technology, finance and capacity-building. The registry should make the submitted NAMAs, committed support, implementation reports and time frames available to the global stakeholders.

**Background**

One of the underlying issues responsible for discord in climate negotiations have been the concerns raised by the developed country Parties relating to “meaningful”, “active”, “enhanced” or “broadening of” participation of developing country Parties while the later continues to reiterate that the extent of such participation cannot or should not challenge their development.

The Bali Action Plan (BAP) has allowed for increased discussion on enhanced developing countries participation through a mechanism for Nationally Appropriate Mitigation Actions by developing countries (NAMAs)[[1]](#footnote-1). Since then debates and negotiations have revolved around what should be included under NAMAs and how they shall be accounted for. This working paper examines key issues to achieve this and proposes operational details with key elements for a balanced, fair and inclusive design of a NAMA registry.

Paragraph 1(b)(ii) of the BAP[[2]](#footnote-2) calls for *‘nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner’,* which have been interpreted in different ways. However, when read with Article 4.7 of the Convention,[[3]](#footnote-3) the developing country Participation is highly dependent on the extent of enabling support from the developed countries. The article says that *‘the extent to developing country Parties will effectively implement their commitments... will depend on the effective implementation by developed country Parties of their commitments...related to financial resources and transfer of technology...take fully into account... overriding priorities of developing country Parties’*, Further Article 12.4 of the Convention[[4]](#footnote-4) states that the *‘Developing country Parties may, on a voluntary basis, propose projects for financing, including specific technologies, materials, equipment, techniques or practices that would be needed to implement such projects, along with, if possible, an estimate of all incremental costs, of the reductions of emissions and increments of removals of greenhouse gases, as well as an estimate of the consequent benefits’.*

Thus, the nature of these actions is voluntary and implementation is subject to the provision of enabling support. Still, the developed country Parties emphasise that major emerging economies should take some action independent of the support. Along with the debate on the nature of NAMAs, there also exists a parallel debate on to what extent NAMA actions shall be measured, reported and verified (MRV). Interpretations vary on whether only support and supported action is to be MRVed or all actions.

NAMA proposals are still at a very conceptual level. The important issues being deliberated upon in these proposals include: a) the nature and scope of NAMAs, such as whether they are voluntary actions or obligations, whether they include domestic actions or should only include internationally supported actions and whether NAMAs will be set according to the national priorities; b) the governing mechanism of NAMAs such as what might the mechanism look like in terms of its design, organization and activity, what will be the role of existing institutions and mechanisms, if new institutions are required what will be the role of elements and modalities that would enhance its effectiveness; c) the operational issues such as identifying the content of NAMAs as well as the kind of support they need to implement those actions, implementation plan, timeframe and the outcome of actions, d) differentiating between developing countries in terms of support and MRV of NAMAs, for instance could LDC and major emerging economies have different provisions for their proposed actions and e) the debate on MRV such as whether all actions should be MRVed or only actions that receive support should be MRVed, and in any case what will be methodological and technical requirements in terms of methodologies relating to MRV, and who should do MRV. There is of course less discussion of the linking MRV with suitable compliance clause. A breakthrough in addressing these issues while designing a mechanism for NAMAs might resolve negotiations on critical issues that are still open such as support in terms of Finance, Technology & Capacity Building and developing country mitigation actions especially in case of emerging economies[[5]](#footnote-5). However, the nature of mechanism that would operationalize NAMAs is crucial. An international mechanism and possibly a registry have been suggested by many including Parties and scholars.

**A global registry for NAMAs**

The registry could offer a systematic and organised mechanism to operationalize NAMAs. It is key to link mitigation actions in developing country with enabling support by offering an institution that may leverage finance for developing countries. It is also critical to link enabling support as well as actions with MRV. The mechanism also offers to link mitigation goals with sustainable developmental objectives.

The many contentious issues in designing a global registry for NAMAs fall into three categories: 1) *from negotiation perspective*, How shall NAMAs included in the registry be defined in terms of nature and scope (voluntary, obligation, supported, unilateral, crediting), what type of actions should eligible, and whether type of NAMAs, MRV and enabling support should be differentiated in terms of developing countries at different stages in economic development; 2) *from governance perspective*, which includes the role of existing institutions and mechanism, as well as modalities of new institutions and governance structures and whether policies and measures are effective ways to reach mitigation objectives, support structures and increased participation in UNFCCC objectives from developed and developing countries and whether it would counter the existing instruments; 3) *from market perspective*, including interaction of NAMAs with other domestic and international policies such as SD-PAMs, CDM, p-CDM, REDD+, and role of private sector and industry.

The following section dwells on the above identified categories.

**Defining a NAMA**

To achieve substantial progress on bringing NAMAs from proposals to a mechanism in operation, Parties need to agree upon an operational definition of the term NAMA. We argue that is should be based on the envisaged purpose and scope of NAMAs (See Box 1 for details). NAMAs can be defined as voluntary mitigation action by developing country considered nationally appropriate by the respective country having sustainable development co-benefits and supported by enabling capacity building, finance, and technology in an MRV manner. Given their national circumstance developing countries may undertake mitigation action independent of the support without any international obligation.

**Actions eligible as NAMAs**

The proposals include range of activities that may qualify as NAMAs including activities with direct emission reductions, activities that would lead to emission reductions in the long run such as capacity building or R&D, regulations, standards, programs, policies or financial incentives. Also, it is being proposed that the scale of activity could be a project or program or a policy. However, for sustainable development and the stabilization goals of the Convention it is essential to envisage actions at a scale that are able to bring about a systemic and long-lasting change in the political economy. The need for such an approach is also recognised as in case of CDM, where programmatic CDM broadens the project focus to the policy focus allowing the submission of actual implementation of a policy measure as a single CDM project activity. Therefore, activities in the form of a programme or a policy measure are best suited as NAMAs. And also, activities which do not bring about direct emissions reductions, but have potential to bring about such a systemic change should not be deterrent.

*Table 1. Core elements for the definition of NAMAs.*

Functions of NAMAs:

1. Enhanced developing country participation in mitigating climate change: The BAP calls for enhanced national or international actions on mitigation of climate change including mitigation actions by developing country that are supported and enable by technology, finance and capacity building. Hence, developing country NAMAs shall contribute to the efforts leading to mitigation of climate change. However, the extent of actions depends on the level of enabling support provided by developed country Parties. Nevertheless, in global interest Parties may take independent domestic mitigation actions voluntarily.
2. Enhanced support from developed country to developing countries: According to the BAP the extent actions is depended on the level of enabling support in terms of finance, technology and capacity building provided by developed country Parties. Thereby enhancing developed country Party commitments in Article 4 of the Convention. This will ensure that the support is duly recognised as new and additional finance support and will also lend predictability to the finance support.
3. Increased accountability and transparency: The BAP also calls for MRV (measurable, reportable, verifiable) of enabling support in the form of funding, technology, and capacity building. However, it could also facilitate MRV of mitigation actions of developing country Parties that are supported by developed countries. Above all, it can be a tool to acknowledge and recognize both actions and supports.

Overriding principles in the BAP:

1. Consideration of ‘Nationally appropriateness’: Mitigation action undertaken by the developing country Parties shall be nationally appropriate, Therefore, they should be left to each Party to decide which actions to undertake as per its national priority, according to its level of development and capability and without undermining its sovereignty. The NAMAs could be different for different groups of countries especially the least developed countries and Small Island developing States, depending on their respective capacities and specific national circumstances. Also, NAMAs should be dynamic in nature and should evolve over time as their respective national circumstances and respective capabilities change.
2. Consideration of Sustainable development: NAMAs shall be in the context of sustainable development. Consequently, they should not have adverse impacts on sustainable development and rather promote sustainable development co-benefits as a requisite. The phrase “nationally appropriate” indicates that the NAMAs are designed to address concerns other than just climate. It also indicates that the definition cannot be an internationally agreed criteria for sustainable development that are not nationally appropriate for all participating parties. At present criteria for sustainable development is not included in the core proposals. However, some proposals from the Copenhagen negotiations include criteria for sustainable development. It is probably difficult to reach agreement on exact definitions of “context of sustainable development”. However, minimum requirements could be agreed upon. Sustainable development goals could, for example, have as it baseline policies and measures contributing to the Millennium Development Goals. They have been approved by all parties to the UNFCCC and may serve as acceptable limitations on sustainable development projects.

Source: Draws from Pahuja and Linner, 2010

**Types of NAMAs**

There is a huge volume of debate on the types of NAMAs on the basis of the means of implementation, that is if finance, technology, capacity building should come from domestic sources or international and if the actions should be MRVed domestically or internationally. Broadly, there can be two types of NAMAs that is *domestic NAMAs* (independent mitigation action) and *international NAMAs* (mitigation actions that are enabled through developed country Parties’ support). For entering into a registry, NAMAs shall estimate emission reductions and work out timelines and implementation plan. The reduction estimates should act as targets for the proposed actions and it should also state the nature and level of support required in accordance with Article 12.4 of the UNFCCC. The reduction estimates should act as a pseudo emission reduction targets or emission limits for the proposed actions. In order to incentivise compliance, a third category, *allowance NAMAs,*has been proposed for actions that are able to achieve over and above the pseudo target. The reductions above the target should then be eligible for participating in auctioning of allowances. The design of registry shall have differential treatment of the three types of NAMAs on account of (i) accounting for emissions reduction, (ii) enabling means of implementation (finance, technology, capacity building) and (iii) MRV (See Figure 1).

*Figure 1: Types of NAMAs*

The *d*-NAMAs will be supported through domestic means and the reductions achieved would be accounted for the Host country Party and the MRV will be done domestically. The achievements of the *d-*NAMAs should be reported in the National Communications in accordance with the Article 12 of the UNFCCC. The *i-*NAMAs will be supported through the international means (see section below) and the reductions achieved would be accounted for the Host country Party whereas the MRV would be done internationally under the new guidelines prepared hereafter.[[6]](#footnote-6) The case of *a-*NAMAs is special as both *d-*NAMAs and *i-*NAMAs will be eligible for the same and the choice for opting for the same is vested with the host country Party but stated upfront. The reductions which are over and above the pseudo target would then be able to participate in auctioning of allowance. In this case, the means of implementation could be domestic or international depending upon whether it was a *d-*NAMA or *i-*NAMA to begin with and the proceeds from the trade of auctions will go to the National funds to be used for future *d-*NAMAs. However, in both cases the international MRV would be done for the entire NAMA.

The design of *a-*NAMAs ensures (i) that the so called “crediting” of NAMAs do not just provide another offset market to the developed country Parties, (ii) brings a balance on the MRV debate as both *d-*NAMAs and *i-*NAMAs will have to state upfront if it wants to be eligible for *a-*NAMAs, (iii) also, international MRV will counteract perverse incentive to setup higher baseline, (iv) even *d-*NAMAs will be able to attract finance through the proceeds on over achievement and (v) offers higher incentives for compliance by offering increases revenues in the National Fund through the proceeds. However, the extent and the effectiveness of *a*-NAMAs hinge on the scope of future emissions market and the demand for carbon offsets.

*Figure 2. The Case of a-NAMAs*

**Governance and Institutional Design**

An effective institutional arrangement and governance mechanism is a prerequisite to operationalize the NAMA registry. Three prerequisites for setting up a registry are new mechanism, institutions, and guidelines (see figure 3).

*Figure 3. Required actions to operationalize NAMAs*

The registry should be setup under the guidance of and accountable to COP with the governing body similar to the CDM EB and comprising of a technical panel and an additional MRV panel. However, the three types of NAMAs have differential treatment. It is suggested to have a two-part registry, to facilitate implementation of the differential treatment. In addition, there should be National Implementing Body overseeing the actions and the National Fund, in each Host country to co-ordinate NAMAs and other provisions within the country and with the registry. As for the new formats and guidelines, the NAMAs could be proposed along with the support requirement (details in following section) in the National Communications in accordance with the Article 12.4.[[7]](#footnote-7) However, new format for the same will need to be developed. For *i-*NAMAS, a common agreement among Parties of what MRV of support and actions will also be needed (discussed below).

**Operational details**

This section discusses the operational details such as how to submit a NAMA, what is a suitable vehicle for NAMA, information that will be required while submitting the NAMA, how to realise support amongst others. (Figure 5 and 6)

* NAMA proposal to be included in the National Communications of the developing country Parties in accordance with Article 12 of the UNFCCC. The proposal should include list of proposed actions and information related to the expected outcome such as direct emissions reductions or emission removals, indirect benefits and its sustainable development co-benefits. This will require increased discussion and agreement on the methodologies that will be used for ex-ante estimations.
* The proposal should also estimate the full incremental cost of each action, specify the technology needed and also estimate the agreed full cost of capacity-building along with the support by developed countries in terms of technology, finance and capacity-building. Information on implementation and timeframes should also be included. Also, to be eligible as *a-*NAMAs the proposal should also clearly state the interest as to do so.
* The *d-*NAMAs listed in the National Communications (NATCOM) to be implemented by the National Implementation Body and MRVed domestically. The progress to be included in the next NATCOM as per Article. 12 of the Convention
* The *i-*NAMAs and the *a-*NAMAs listed in the NATCOM shall be submitted to the registry (apart from being also listed in NATCOM) where the mitigation actions and matching of enabling means of implementation are listed. Both need to be MRVed internationally and reported to the registry.
* The registry comprising of a technical and a review panel and informed by the other mechanisms and institutions under the COP such as finance mechanism/a fund under the COP and both the subsidiary bodies would then match the NAMA proposals with the available support and also inform the other mechanism about the required support from NAMAs. The technical panel will be responsible for the new methodologies and formats required as well as for matching of support. However, what should be the criteria of the match-mixing is yet unclear and would largely depend on the identified NAMAs and the available support. How priorities are set is a crucial issue. Hence, it is similar to the Adaptation Fund in that it is largely provided through direct access where priorities are determined domestically and finance is allocated to countries by the governing body according to decided distribution principles.
* To facilitate this, the registry should make available the NAMAs submitted to the registry as well as the support available to the global stakeholders. Also, the reports of implementations should be kept for global review for all stakeholders to put their comment.
* Once the matching is done, the support would be made available upfront or as per the implementation plan for host country to implement actions.
* In case of *i-*NAMAs and *a-*NAMAs, the MRV could be done similar to that done in case of Annex I Parties i.e. progress on the implementation plan to be reported to the registry as per the submitted NAMA. The review panel then delegated the Expert Review Teams for each NAMA. An alternate could be to have third party verifiers like the DOE in case of CDM or as in case of World Bank funding.
* However, the needs to be a uniform metrics that is able to capture both direct and indirect emission reductions. This will be crucial also for the matching exercise as if projects deliver less on direct emissions but have huge directional impact that should be considered in some way.
* The linkage of the registry with other existing or proposed mechanisms need to be clarified.
* By addressing basket of policies or entire sectors, NAMAs have the potential of contributing to systemic change. To effectively make a lasting contribution to the stabilization goals of the Convention the NAMAs need to aspire to be “game changers”. Accordingly, when registering a NAMA, Parties should motivate how the NAMA can contribute to systemic change of reducing emissions and/or sustainable development.

*Figure 4 Global Registry for NAMAs*

*Figure 5 Global Registry for NAMAs: case of a-NAMAs*

1. Pahuja & Linner, Clipore Policy Brief, 2010, NAMAs: Key to resolve open issues in negotiations [↑](#footnote-ref-1)
2. UNFCCC, 2007, Decision -/CP.13, Bali Action Plan [↑](#footnote-ref-2)
3. United Nations Framework Convention On Climate Change, 1992 [↑](#footnote-ref-3)
4. *Ibid* [↑](#footnote-ref-4)
5. Pahuja & Linner, Clipore Policy Brief, 2010, NAMAs: Key to resolve open issues in negotiations [↑](#footnote-ref-5)
6. It is important to highlight that what is meant by the concept of international MRV is not decided by COP yet. [↑](#footnote-ref-6)
7. The NATCOM might require a new section on NAMAs. [↑](#footnote-ref-7)