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MitigationMomentum

Status Report on Nationally Appropriate Mitigation Actions (NAMAs)

Mid-year update June 2013

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Executive summary

The growing number of Nationally Appropriate Mitigation Actions (NAMAs) seeking support and under development shows that NAMAs are becoming an increasingly attractive vehicle for developing countries looking to attract climate finance for low-carbon development activities.

The Ecofys NAMA database currently holds information on 66 NAMAs, up from 35 in November 2012. The large increase in numbers is largely due to the introduction of the prototype UNFCCC NAMA registry in 2012, which has incentivised countries to submit NAMAs. The prototype registry already contains six NAMAs seeking support for preparation and 15 NAMAs seeking support for implementation.

The geographical variation of NAMAs in the database continues to show a broader and more geographically even distribution than has traditionally been the case for CDM projects. Latin America is most advanced not only in terms of the overall number of NAMAs, but also in terms of the amount of NAMAs which have moved closest towards implementation, such as the Sustainable Housing NAMA in Mexico, which is planned to start pilot implementation in 2013. Most NAMAs are in the Energy (37%) and Transport (19%) sectors and policies and strategies account for 70% of NAMAs included in the database.

The most significant developments on NAMA support since the last Status Report was published in November 2012 include the launch of the NAMA Facility, a €70 million fund designed to support the implementation of transformational, country-led NAMAs; and the NAMA Partnership, a group of multilateral organisations, bilateral cooperation agencies and think-tanks who will focus on information and knowledge sharing to deliver know-how in support of developing country NAMAs.

Being outside the official negotiations gives both these initiatives the opportunity to focus on supporting the implementation of specific NAMA activities which can be started immediately, against the backdrop of the ongoing political discussions under the UNFCCC framework around mitigation in developing countries and the climate finance required to support this.

Both the NAMA Facility and the NAMA Partnership also aim to make progress on clarifying those types of NAMAs that are most likely to deliver concrete results in terms of mitigation and sustainable development when benefiting from external support. Currently many different types of activities fall under the NAMA umbrella, so moving towards a common and shared understanding of these, whilst retaining a bottom-up and inclusive approach to NAMA development, is proving to be a practical way to balance the needs of potential supporters of NAMAs with those of developing country governments.

In order for the NAMA mechanism to go on to deliver significant GHG emissions reductions, finance for NAMAs will need to be scaled up significantly. Furthermore, as noted in past status reports, there is still a limited understanding of how to create conditions for the private sector to start investing in mitigation actions. In this regard, progress could be made by engaging the private sector in an open discussion on the investment barriers they think that NAMAs can address, and how they think NAMAs can make investments in mitigation actions more attractive.

Finally, it should be noted that developing country governments have underlined the importance of clearly aligning NAMAs with national development objectives and priorities from the outset in order to obtain high level support nationally. Learning from practical experience as more NAMAs move into implementation phase, as well as conducting targeted research in this area, will give future NAMA projects a greater chance of finding government support and reaching implementation.

1. Introduction

This mid-year update of the Annual Status Report on Nationally Appropriate Mitigation Actions, last published by Ecofys and ECN in November 2012, highlights recent trends in NAMA development and support and identifies where more progress is needed.

In the last year alone, a large amount of new guidance on Nationally Appropriate Mitigation Actions (NAMAs) has been made available and the number of NAMAs under development continues to grow. These NAMAs are in different stages of development, as recorded in the Ecofys NAMA database (Ecofys, 2013), and many are currently seeking international support for preparation and implementation.

In the 2012 Status Report mid-year update it was noted that some 47 developing countries had submitted NAMAs to the UNFCCC secretariat (van Tilburg *et al*, 2012b). That figure now stands at 55 (UNEP Risø Centre, 2012). However, this still represents only 35% of all developing countries.[1]

The growing number of initiatives and efforts to develop NAMAs is contributing to a better understanding of the role they can play and what is needed to move towards implementation. A detailed analysis of the status of NAMA development is covered in Chapter 2.

The international policy landscape surrounding NAMAs also continues to evolve through decisions made at the UNFCCC COP negotiations. *Box 1* summarises the key decisions made in relation to NAMAs since Copenhagen in 2009.

At COP 18 in Doha, it was requested that the Secretariat deploy the first release of a dynamic web-based NAMA Registry at least two months before COP 19, after a period of consultation on a fully operational prototype (UNFCCC, 2012a). Parties also agreed upon a work programme, to be completed in 2014, which aims to further the understanding of the diversity of NAMAs submitted to the UNFCCC thus far. Under this process, four in-session workshops were organised to facilitate the clarification of pledges (UNFCCC, 2012b).

Doha also saw a number of other developments relevant to the NAMA community. Firstly, the two-track negotiating stream which divided Annex 1 and non-Annex 1 parties was ended. This means that NAMAs will now be negotiated in the Ad Hoc Working Group of the Durban Platform (ADP), rather than in the Long-term Cooperative Action track (AWG-LCA). Secondly, Doha saw the negotiation of a second Kyoto Protocol commitment period, with the decision that only participants of this much smaller group of signatory countries will be able to participate in the Clean Development Mechanism (CDM), giving rise to uncertainty about future demand in the CDM market. Therefore, more and more developing countries are increasingly looking at NAMAs as a vehicle to attract investment from developed countries in mitigation.

Finally, there was no agreement in Doha on a long term finance deal. This means that the most significant developments in NAMA support were initiatives outside the formal negotiations. Two of these, the NAMA Facility announced by the British and German governments, and the NAMA Partnership, are discussed further in Chapter 3.

1 These submissions recorded in the NAMA Pipeline are responses to the invitations in the Copenhagen Accord and Cancun Agreements and cover a broad range of NAMAs, many of which are not recorded in the UNFCCC NAMA Registry which is intended for NAMAs seeking support.

Box 1: NAMAs at the COP – key decisions

Bali (2007)

- NAMAs are introduced as a central concept. They are defined as "nationally appropriate mitigation actions by developing country parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building."

Copenhagen (2009)

- A wide variety of proposed NAMAs are submitted by non-Annex I Parties as part of their association with the Copenhagen Accord.
- The Copenhagen Accord goes on to institute that "Supported NAMAs" - those funded by Annex I (developed) countries - will be listed in a registry and subject to international measurement, reporting and verification (MRV).

Cancun (2010)

- Pledges made under the Copenhagen Accord are integrated into the UNFCCC.
- The NAMA registry is formally agreed. Not just to record NAMAs seeking international support, but to facilitate matching of support with these actions.
- Text states that NAMAs are aiming "at achieving a deviation in emissions relative to business-as-usual emissions in 2020."

Durban (2011)

- LCA text shows that parties remain committed to NAMAs but that no definition should be imposed top down.
- COP asks the Secretariat to make a prototype of a registry.
- Guidelines for the preparation of Biennial Update Reports (BURs) are adopted. BURs should contain: Update of national GHG inventory; Information on mitigation actions; Support needs and received.

Doha (2012)

- Text states that a fully operational prototype of the Registry will be deployed in April 2013, with the full registry deployed in advance of COP19.
- Parties agree a work programme to further the understanding of NAMAs currently proposed.

2. NAMA development

This chapter provides an update on NAMA development activities around the world. It presents an overview of NAMAs submitted to the UNFCCC NAMA Registry Prototype, as well as an update on statistics on supported NAMAs covering, for example, regional and sectoral distribution of NAMAs and types of NAMAs under development.

NAMAs submitted to the UNFCCC NAMA Registry Prototype

As outlined in Chapter 1, at the sixteenth session of the Conference of Parties (COP16 in Cancun), it was decided to set up a registry to record NAMAs seeking international support, to facilitate the matching of finance, technology and capacity-building support with these actions, and to recognise other NAMAs (UNFCCC, 2012c). Developing countries and international supporters of NAMAs are still awaiting the official launch of the UNFCCC NAMA Registry. An advanced prototype is currently being trialed with key stakeholders and a fully operational platform is expected to launch in advance of COP19. Currently, countries that are seeking recognition or support for NAMA development and implementation can submit their NAMA information to a basic prototype version of the registry (UNFCCC, 2013a). In September 2012, Mali and Ethiopia were the first countries to submit NAMAs. Today, the prototype registry contains six NAMAs seeking support for preparation and 15 NAMAs seeking support for implementation. They are shown in the table below.

Since the Annual Status Report 2012, the UNFCCC NAMA Registry Prototype has gained importance amongst NAMA host countries. Some of the NAMAs uploaded had already existed before and were circulated in other forums, whereas some emerged for the first time in the registry. For some countries, the opportunity to present NAMAs on an official platform and thus generate interest in the countries' activities, may reflect positively in their NAMA development.

Country	Sector	Description of NAMA	Seeking support for
Chile	Energy supply	Expanding self-supply renewable energy systems in Chile	Implementation
Chile	Forestry	Forestry NAMA	Implementation
Chile	Waste	National Program for Catalysing Industrial and Commercial Organic Waste Management in Chile	Implementation
Cook Islands	Energy supply	Supporting Implementation of 100% Renewable Electricity by 2020	Implementation
Dominica	Agriculture, Buildings, Energy supply, Forestry, Industry, Waste, Transport	Low Carbon Climate Resilient Development Strategy in Dominica	Implementation
Dominican Republic	Waste	Tourism NAMA in the Dominican Republic	Implementation
Ethiopia	Transport	Shifting freight to electric rail	Preparation

Country	Sector	Description of NAMA	Seeking support for
Indonesia	Transport	Sustainable Urban Transport Initiative	Implementation
Mali	Energy supply	NAMA in renewable energy and energy efficiency in Mali	Preparation
Mali	Forestry	NAMA in the forestry sector	Preparation
Serbia	Energy supply	Construction of a Super-critical Lignite Power Plant TTP Kostolac B	Implementation
Serbia	Energy supply	Expansion of existing heating network in Valjevo	Implementation
Serbia	Buildings	Introduction of metering system and billing on the basis of measured consumption in district heating systems in Serbia	Implementation
Serbia	Energy supply	Replacement and Construction of a New Natural Gas Cogeneration Plant CHP Novi Sad	Implementation
Serbia	Energy supply	Thermal Power Project with Capacity and Efficiency Increase I - TTP Nikola Tesla Unit B2	Implementation
Serbia	Energy supply	Thermal Power Project with Capacity and Efficiency Increase II - TTP Nikola Tesla Unit A3	Implementation
Serbia	Buildings, Energy supply	Use of Solar energy for domestic hot water production in Heat plant Cerak in Belgrade	Implementation
Uruguay	Energy supply	First introduction of Photovoltaic Solar Energy in the national electrical grid	Implementation
Uruguay	Energy supply	High Integration Program of Wind Energy	Preparation
Uruguay	Buildings	Sustainable Housing Programme	Preparation
Uruguay	Energy supply, Waste	Sustainable production with low-emission technologies in agriculture and agroindustry production chains.	Preparation

Table 1: Entries in the prototype NAMA Registry May 2013 (UNFCCC, 2013c)

There are four NAMAs submitted to the registry for recognition: The Chilean National Council for Clean Production has submitted the first NAMA for recognition that is based on their Clean Production Agreement (UNFCCC, 2012d). This agreement is a standard that seeks to reduce GHG emissions, among other goals, by promoting clean production in various sectors. More recent submissions of NAMAs for recognition are two NAMAs from Uruguay (one for enhancing capacities for LNG production and one for the promotion of renewable energy) and one NAMA in Serbia (construction of new energy efficient buildings based on energy efficiency legislation) (UNFCCC, 2013b).

Box 2: Criteria for inclusion of activities in the NAMA Database

The NAMA Database lists "mitigation actions undertaken by a developing country with the intention to seek financing, capacity building and/or technology transfer support under UNFCCC agreements". The following criteria are used to classify NAMAs according to their stage of development, differentiating between a concept, a proposal and implementation stage:

- **Feasibility studies:** A feasibility study describes a potential NAMA but may not yet have government backing.
- **Concept:** A specific mitigation objective is given. It is published and has traceable sources. Documentation in addition to (other than) the official UNFCCC documentation is provided, and sector(s) are specified. The action has a clear proponent and is backed by the government.
- **Proposal/planning:** Cost estimates are presented, including a specification of support needs and an estimate of GHG mitigation potential; activities are clearly specified.
- **Implementation:** All of the above, plus (some) support secured to undertake implementation activities, and source(s) of funding (national, international and/or other organisations) has been specified.

Supported NAMAs under development

For the 2013 NAMA Status Report June Update, information and feasibility studies on internationally supported NAMAs were collected between December 2012 and May 2012. As in previous NAMA Status Reports (Röser *et al.*, 2011; van Tilburg *et al.*, 2012a), information was taken from the NAMA Database which tracks ongoing NAMA activities ranging from feasibility studies to implemented actions using publicly available sources.[2]

Current status of NAMA development

The database currently contains information on 66 NAMAs and 35 feasibility studies from 35 countries. The number of NAMAs thus increased significantly to the number presented in the 2012 NAMA Status Report (which identified 34 NAMAs). This reflects mainly activities of countries submitting information to the UNFCCC NAMA Registry Prototype (21 NAMAs seeking support). Apart from the increase in NAMAs due to the possibility to submit information to the registry, the number of NAMAs under development not included in the registry also increased to 46 NAMAs.

Figure 1 shows the distribution of NAMAs according to their stages. NAMAs submitted to the UNFCCC NAMA Registry Prototype include those at any stage of development, including those seeking support for preparation and implementation, but not recognition. NAMAs for recognition were classified as unilateral NAMAs and fall out of scope of the NAMA Database which only tracks supported NAMAs. For NAMAs not yet submitted to the Registry, we track according to three stages: Concept, Proposal/Planning and Implementation.

2 The NAMA Database is maintained by Ecofys. The database does not represent official NAMA submissions and may not reflect the priorities of the country government.

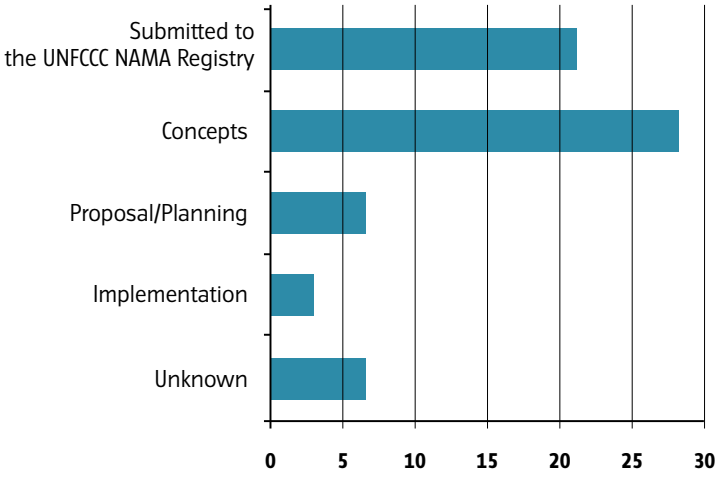

Figure 1: Number of NAMAs according to the stage of development (difference to total because stage of some NAMAs unknown, also note that according to the definitions in the NAMA DB, NAMAs can be either submitted to the registry OR in one of the other categories)

While new NAMA concept notes and proposals were presented, also by countries that had not presented NAMAs before (for example Cook Islands, Dominica and Serbia), little progress has been reported in bringing NAMAs to implementation. Although some NAMAs have moved towards advanced proposals and some countries have submitted NAMAs seeking support for implementation to the UNFCCC prototype registry, there are no additional ones actually in the implementation phase in comparison to the 2012 NAMA Annual Status Report.

Regional overview on NAMA development

Over 50% of NAMAs are currently being developed in Latin America which continues the regional trend in NAMA development seen previously. One-fourth of NAMA initiatives are carried out in the Middle East and Africa, followed by Asia and Europe *(Figure 2)*.

The update shows again, just as previous NAMA Status Reports, that NAMAs may have a broader and more geographically even distribution than CDM projects, where over 80% of activities have taken place in the Asia and Pacific region (UNEP Risø Centre, 2012). In addition, over 80% of CDM projects are developed in only four countries, India, China, Brazil and Mexico, while NAMA development sees a much broader participation from countries including LDCs and middle income countries.

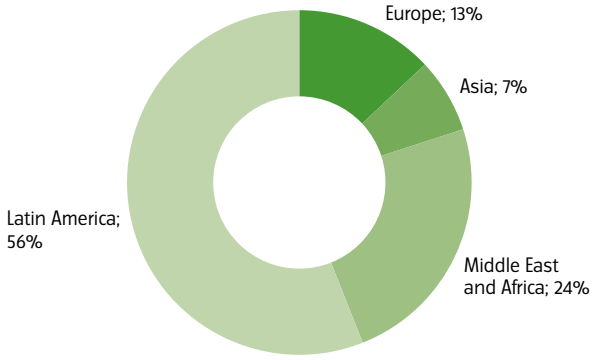

Figure 2: Regional development of NAMAs

Latin America remains not only the most advanced region in terms of number of NAMAs developed but also hosts those NAMAs which have moved closest towards implementation, such as the NAMA for Sustainable Housing in Mexico which is planned to start pilot implementation in 2013 (GiZ, 2013).

Sectoral overview

NAMA development is taking place across most economic sectors. About 40% of NAMAs are being developed in the energy supply sector. The second most important sector in terms of number of activities is the transport sector. In comparison to previous reports, the share of NAMAs in the industrial sector has decreased slightly, and now represents 11% of the total. The relatively strong interest for NAMAs in the transport sector directly contrasts with the CDM, where the sector has the least amount of projects. However, the agriculture and forestry sectors, for example, which are largely underrepresented in the CDM, also show little NAMA activity to date, even though many countries proposed agricultural and forestry as priority sectors in their submissions to the UNFCCC Secretariat on NAMAs (UNFCCC, 2013c). One of the reasons for the low level of NAMA activities in forestry could be that the sector is also covered by other initiatives under the programme Reducing Emissions from Deforestation and Forest Degradation (REDD+).

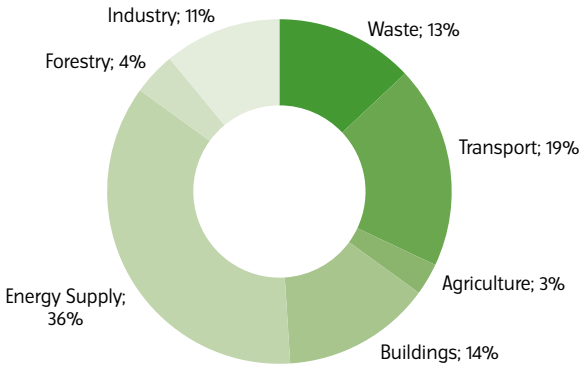

Figure 3: Sectoral distribution of NAMAs

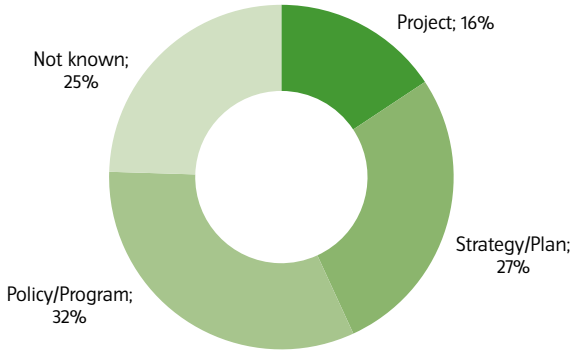

Figure 4: Type of activity

Types of activities

NAMAs in the database are classified according to the main type of activity. The resulting categories; projects, strategies/plans and policies/programmes, are explained in more detail in *Box 3* below.

NAMA policies and strategies account for 70% of the NAMAs included in the NAMA Database. Policies and strategies have a broader scope than projects, both in terms of geography and time, and objectives with regards to transformational impacts. This distribution has shifted slightly to more unknown activities where the NAMA scope is unclear, compared to the last NAMA Status Report in December 2012.

The dominance of NAMA policies and strategies underlines the statements made by developers and supporters of NAMAs that NAMAs are considered as a mechanism that has the potential, if properly designed, to achieve far-reaching GHG emission reductions and to thereby induce transformational change. It also underlines the importance of leadership at a high governmental level and the involvement of a broad group of stakeholders, both of which are necessary to develop comprehensive strategies and policies.

Box 3: NAMA typologies and examples

The Ecofys NAMA Database (Ecofys, 2013) distinguishes between three types of examples:

A **Strategy** – a long term comprehensive plan of measures and actions designed to achieve a common goal. It contains many types of activities with various degrees of impact:

- 20% Renewable Energy target backed by a market and regulatory strategy to break barriers in RE development.
- Master plan to improve transit management.

B. **Policy** – a government led programme or measure that has been or is intended to be embodied in legislation:

- Feed-in tariff
- Emissions trading scheme.
- Building code.

C. **Project** – a localised capital investment in either infrastructure or machinery:

- Building a concentrated solar power plant
- Building a bus rapid transit system
- Deployment of energy efficient industrial motors.

3. NAMA support

This chapter focuses on two new developments aiming to improve support for NAMAs. The NAMA Partnership and the NAMA Facility, both launched at COP18 in Doha in December 2012.

As previous Status Reports have highlighted, the majority of activities associated with NAMAs currently undertaken are preparatory in nature. Likewise support for NAMAs up to this point has largely been directed towards readiness and preparation activities. This includes capacity building, setting up processes and institutions, and developing NAMA proposals (van Tilburg *et al*, 2012b).

At Doha, the COP negotiating text recognised not only the progress made on capacity building so far but also the need for more to be done, specifically in relation to the development and implementation of national low-carbon development strategies consistent with national priorities and with emission reduction targets (UNFCCC, 2012e).

The Doha text demonstrates that there are still gaps in providing support for readiness. However, as the impacts of the finance already provided begin to be felt, a gradual shift towards support for implementation will be necessary. The 2012 NAMA Status report estimated that in the order of €100 million of support had been provided to programmes closely linked to NAMA readiness by December 2012.

In terms of ramping up climate finance for developing countries, no agreement was reached at Doha on mid-term commitments (2013-2020) from developed countries to scale up from the US$30 billion of 'fast-start finance' delivered between 2010 and 2012 to the US$100 billion per year committed from 2020. Nonetheless, a number of individual commitments were made. In addition to the UK /German initiative (discussed below), Sweden and France also made pledges. In the absence of a concrete agreement, a work programme on long-term finance was extended to help move discussions forward. In the current climate of economic uncertainty, and with developed countries unwilling to make firm commitments, advancing the discussion on how to best leverage private finance to support NAMAs is becoming increasingly important.

Two initiatives launched at Doha aim to advance action both on best practice for financing NAMAs, and on increasing finance for NAMA implementation specifically. The first of these is the NAMA Facility, announced by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the UK Department of Energy and Climate Change (DECC) on December 8th, 2012. DECC has committed £25 million (ca. €30 million) to the NAMA Facility with BMU committing another €40 million. The Facility is designed to support developing countries that show leadership on tackling climate change and want to implement transformational country-led NAMAs.

The second is the NAMA Partnership, a group of multilateral organisations, bilateral cooperation agencies and think-tanks who will focus on information and knowledge sharing to deliver know-how in support of NAMAs in developing countries. Although it is not a funding body itself, its aim is the coordination of supporting agencies and streamlining of efforts to make NAMA support more effective. Both of these initiatives are presented in detail below.

The NAMA Facility

In December 2012, the British Department of Energy and Climate Change (DECC) and the German Environment Ministry (BMU) launched the 70 million euro NAMA Facility to fund so-called NAMA Support Projects. The objective is to provide support for national governments to implement (part of their) NAMAs through the provision of financial

Box 4: Global NAMA Financing Summit

In May 2013 CCAP and the Danish Ministry of Climate, Energy, and Building hosted the first Global NAMA Financing Summit. The conference brought together high-level government officials, private sector chief executives, and other financial institutions. At the summit, 14 NAMA proposals in various stages of 'maturity' were presented to discuss opportunities for support funding.

The summit presented a unique opportunity for developed countries to receive specific feedback from potential supporters and private sector investors, who in turn were offered a glimpse of the 'NAMA pipeline'. Two aspects that came out prominently are the need for NAMAs to pursue long-term transformation of sectors, and the need for NAMAs to include financial mechanisms that 'leverage' international support and private sector investments.

(image source: CCAP)

support and technical support instruments, across a range of countries and sectors. The focus of the facility is to mobilise capital investments for transformational change that shifts a whole technology or sector in a country onto a low-carbon development trajectory. At the time of writing, the first call for proposals is expected to be opened soon.

To date, most support for NAMAs has been focused on preparatory actions (i.e. 'readiness') and very few NAMAs have entered into implementation. The aim of the Facility is to support partner countries that show strong leadership with the implementation of ambitious NAMAs. A first 'demonstration' project to receive support from the Facility, will be a NAMA for sustainable housing in Mexico (GIZ, 2013).

As it is the first initiative of its kind to explicitly target NAMA implementation, the Facility will be closely watched by the donor community. Several institutions have indicated interest in contributing in the (near) future.

Eligibility Criteria

The NAMA Facility distinguishes between national governments and delivery organisations (DO). A proposal can be submitted by either of the two, as long as it shows written documentation to demonstrate 'genuine and broad support' and 'full endorsement' by the national government. Qualified delivery organisations are not identified yet, but they are expected to have international presence, experience with implementing ODA programmes and large-scale climate change-related cooperation programmes, experience in working with governments and public institutions, and ability to recruit staff in the partner country.

A competitive call for proposals will ask for the submission of outlines for NAMA Support Projects, which are then evaluated against general eligibility criteria and appraised on their level of ambition. The NAMA Facility is looking to support the implementation of NAMAs rather than preparation. The support project should be able to start shortly after application (3-12 months) and have an expected duration of 3-5 years. The Facility targets NAMAs with an overall support volume of €5 - 15 million. Moreover, the support should be eligible for ODA and the NAMA proposal should include a strategy for phase-out of international support. The outlines are expected to demonstrate feasibility through a preliminary implementation plan. This preliminary plan includes an assessment of barriers, an overview of methods, instruments and mechanisms applied, and process design for stakeholder involvement.

In addition to meeting the eligibility criteria, outlines will be evaluated on a number of 'ambition criteria' to select the most ambitious projects available. Using a point-grade system, the ambition is assessed on: the potential for transformational change, the development co-benefits of the action, the expected funding contribution from other sources, and the direct or indirect mitigation potential.

Organisational Structure

The Facility consists of a NAMA Facility Board as a central decision-making body (BMU and DECC), and a Technical Support Unit (TSU, KfW and GIZ) for the management of the Facility, and the pre-selection and assessment of the submissions. The channeling of funds and contracting of Delivery Organisations is undertaken by KfW and GIZ.

The NAMA Facility invites NAMA outlines through a competitive call for proposals. The selection and implementation follows a stepwise approach:

- Step 1: Submitted outlines for NAMA Support Projects will be pre-approved and appraised by the Technical Support Unit, upon which the Board pre-approves outlines for in-depth appraisal.

- Step 2: As a second step, the Delivery Organisation will perform an in-depth appraisal and due diligence to produce a NAMA Support Proposal to ensure feasibility and present a robust implementation plan. The Facility has 'appraisal funding' available for this preparatory work.

- Step 3: Based on final approval of the Board, the Delivery Organisation will enter into contractual agreement with the partner government, and with the national implementing agency. The delivery organisation will be contracted by KfW and GIZ, and the implementation of financial cooperation projects will be done by national implementing agencies.

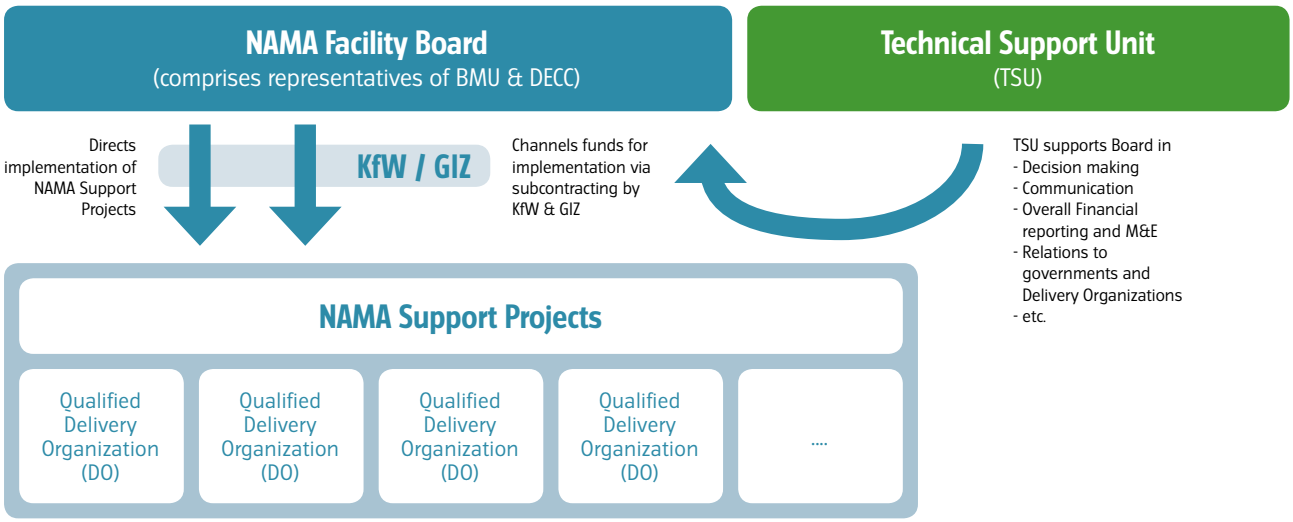

Figure 5: NAMA Facility Governance Structure (source: BMU/DECC, 2013)

The NAMA Partnership

The NAMA Partnership was launched in Doha in December 2012. Its stated aim is to "enhance collaboration and complementarity of the activities of multilateral, bilateral and other organisations in order to learn lessons and accelerate support to developing countries in preparing and implementing NAMAs" (NAMA Partnership, 2012). It is premised on the idea that although much is happening on the topic of NAMAs there are no clear guidelines, nor strict agreement on aspects such as MRV, financing and the role of sustainable development benefits. There was, therefore, an opportunity for potential sources of NAMA support, as well as selected institutes, to improve communication and find synergies.

Current work programme

The work of the Partnership has already commenced with three operational working groups: Finance, Sustainable Development and MRV.

The Sustainable Development working group has so far discussed topics such as developing a common vision for sustainable development, reconciling different perspectives on what sustainable development means in the context of NAMAs and MRV for sustainable development. Part of this work will involve looking at what can be learnt from past approaches to integrating development issues, for example in the Clean Development Mechanism (CDM).

UN Agencies	Development Banks	Bilateral Organisations	Other Relevant Organisations
- UNEP Risoe Centre - UNFCCC - UNDP - FAO - UNITAR	- World Bank - African Development Bank - Asian Development Bank - Nordic Environment Corporation - Inter-American Development Bank	- Agence Française du Développement - United States Agency for International Development - International Fund for Agricultural Development - Deutsche Gesellschaft für Internationale Zusammenarbeit - KfW - Japan International Cooperation Agency	- World Resources Institute - The Climate Policy Initiative - Climate Markets and Investment Association - Centre for Clean Air Policy - Climate Works Foundation

Table 2: Official partners in the NAMA Partnership

The finance working group plans to start by identifying potential sources of NAMA finance and mapping specific financial initiatives for NAMAs. They then plan to identify best practices for NAMA finance. The focus of this work will be on financing implementation rather than technical-assistance and readiness.

The reporting and evaluation group will focus on developing indicators and methodologies for MRV, as well as on the linkages between individual NAMA actions and national GHG inventories, i.e. national-level MRV, for which processes are often already in place.

The final work programme for this initial phase is still under development and more information will be published on the Partnership website in the second half of 2013.

Stakeholder Engagement

Briefing papers from the working groups will be made available to the public in advance of COP 19 in Warsaw. In addition, in the latter part of the year, the NAMA Partnership will run a series of webinars to share its findings. There are also plans to launch a NAMA-wiki, to create a space for collaboration and discussion among the partners and share information and lessons learnt with the broader public.

As part of the process of getting input from non-Annex I countries, the NAMA Partnership will work with the ongoing UNFCCC regional NAMA workshops, at COP side events, and through the network of practitioners that prepare , approve and implement NAMAs.

Opportunities and challenges

Getting input from as wide a range of stakeholders as possible will remain an ongoing priority for the NAMA Partnership. This will also be one of its key challenges, especially in terms of understanding the wants, expectations and capabilities of developing countries.

Although there is a significant amount of technical and capacity building assistance for the preparation of NAMAs, this does not always lead to follow up on implementation, primarily due to a lack of committed sources of support. This situation may be improved if the major sources of support represented by the NAMA Partnership can more clearly articulate a vision for which types of NAMAs can be transformational and how support could be structured. One emerging idea is that supported NAMAs should focus on policy frameworks rather than specific projects.[3]

Being outside the official negotiations gives the NAMA Partnership the opportunity to have an impact by developing best practice on supporting specific NAMA activities which can be started immediately. Hopefully this can be moved forward relatively quickly against the backdrop of the ongoing political discussions around mitigation in developing countries and the climate finance required to support this.

In terms of the sustainable development debate, the Partnership is in a position to add value by helping expand the discussion from one focused on how to measure the sustainable development co-benefits of mitigation projects, to one where sustainable development objectives are made the starting point for any NAMA seeking support . This would recognise feedback from developing countries that NAMAs are unlikely to get high-level support nationally unless the links to development objectives are clear from the outset.

3 Although various 'project' NAMAs are documented in both the 2011/INF.1 document and the NAMA Registry, there seems to be a tendency among practitioners and donors to frame NAMAs as a means to achieve long-term transformation of sectors (e.g. in CCAP, 2013; BMU/DECC, 2013).

4. Selected NAMA development initiatives

This Chapter presents five ongoing initiatives where countries are being supported in the development of a concrete NAMA proposal as part of the MitigationMomentum project (Kenya, Indonesia, Chile, Peru, and Tunisia).

As the research presented in this report illustrates, NAMAs have emerged as a central concept for mitigation actions by developing countries supported by finance, technology and capacity building from the developed world. In order to move the international climate negotiations under the UNFCCC forward and to support global climate mitigation efforts there is a strong need for the concept to be put into practice and to provide guidance on the successful development and implementation of NAMAs. In response to this, the MitigationMomentum project works across five countries to support governments to bring a supported mitigation action to the next level, preferably to an advanced enough stage that it is considered 'fundable'.

Five countries were selected and agreed to collaborate in this project: Kenya, Indonesia, Chile, Peru and Tunisia. In each of the countries, the MitigationMomentum project will support governments to bring a supported mitigation to the next stage.

In **Kenya**, the Ministry of Environment, the Ministry of Energy, and the Climate Change Secretariat are working on a NAMA on accelerated geothermal electricity development. The development of a Kenyan geothermal NAMA proposal is anchored in the National Climate Change Action Plan 2013-2017, as geothermal is identified as a 'big win' in terms of abatement potentials in the electricity generating sector. Kenya has a defined goal with regard to the development of geothermal power generation, and key policy documents are well aligned in that respect. However the development of an additional 4500 MW by 2030 remains ambitious. The involvement of the private sector and the capacity of actors (GDC, KenGen, MoE) to manage and drive the growth in the sector appear to be the most critical elements to achieve Kenya's geothermal goals that can feasibly be supported by a pilot NAMA in this country.

In **Indonesia**, MitigationMomentum works with the national government and the provincial government of North Sumatra to prepare a finance ready NAMA proposal for small scale renewable energy projects, as part of the provincial climate change action plan (RAD-GRK). Stakeholder meetings have revealed that the government's feed-in tariff for small and medium scale renewables provides a strong 'pull' mechanism for encouraging such facilities, but that Independent Power Producers (IPPs) still face a number of barriers that may prevent successful project initiation and implementation. Areas identified where a supported mitigation action could be used to remove barriers and improve the investment environment for the private sector include: Equity financing (for up-front costs such as due diligence studies); No-recourse debt financing (based on expected project revenues, currently a challenge for many project developers and banks in Indonesia); and Financing for transmission infrastructure (developers typically have to pay for their own connections so more remote projects may be uncompetitive with a standard feed-in tariff). A combination of these ideas will be studied to provide a supported NAMA proposal which builds on existing renewable energy policies whilst targeting specific barriers.

In **Chile**, the NAMA proposal centres around a finance mechanism and technical support programme to stimulate investments in renewable energy systems for self-supply across the industrial and commercial sectors. Chile faces significant challenges in meeting its growing

energy demand. Self-supply is an attractive option because a wide range of renewable energy resources are available and retail energy prices are relatively high, which help make renewable energy more competitive. The NAMA is being developed by the Centre for Renewable Energy (CER), an agency of the Ministry of Energy, whose mission is to promote the use of renewable energy in Chile. The CER is being supported by the MitigationMomentum team and Fundación Chile to develop the NAMA proposal . The draft proposal was recently presented at the Global NAMA Financing Summit in Copenhagen and was submitted to the UNFCCC NAMA Registry as seeking support for implementation.

In **Peru** the NAMA proposal focuses on a comprehensive programme to scale up waste-to-energy activities in the agricultural sector in the context of the country's wider renewable strategy. The Ministry of Environment has initiated the work on this NAMA and will involve the Multisectorial Bioenergy Commission, which has been set up with participation from the Ministries of Agriculture, Energy, Production and Environment, in the development process. The NAMA will be tailored to different energy needs and energy generation potentials of three geographically distinct regions in Peru. To achieve this, NAMA sub-programmes are defined in consultation with regional governments and other stakeholder groups, including private sector participants, farmer associations, financing entities and NGOs. The main elements of the NAMA are a finance mechanism, a capacity building programme and awareness raising activities to promote the creation of a renewable energy market in Peru.

In **Tunisia**, the Agence Nationale pour la Maîtrise de l'Énergie (National Energy Agency) and the Ministry of Environment are working on the development of a NAMA in the building sector for energy conservation (energy efficiency and renewable energy). The proposed NAMA aims to reduce the demand for fossil fuel based energy in buildings, in particular that used for heating and cooling of buildings. It sits within the wider Tunisian national energy strategy and builds on existing national energy conservation programmes in the building sector. The NAMA will comprise a programme of activities and measures to address key barriers (financial, technology, knowledge barriers) to the implementation of energy efficiency measures in the building sector. It also aims to achieve wider development benefits, including the creation of skilled jobs in the energy technology and building sector as well as reducing the country's dependence on fossil fuels. Next steps include the design of a financial mechanism and of a Monitoring, Reporting and Verification (MRV) system through a stakeholders' consultative process.

5. Where progress is most needed

This chapter looks back at the key issues identified by NAMA practitioners in past editions of the NAMA Status Report, and highlights where progress has been made, and where it is still needed.

Based on interviews with practitioners in the NAMA community, previous editions of the NAMA Status Report have identified four key areas where progress needs to be made – defining, financing, monitoring and operationalising NAMAs. Under each of these areas, a number of open issues have been discussed and recommendations made. An update on the state-of-play of each of these key 'progress areas' is given below. These insights are made on the basis of a review of relevant publications and announcements, rather than from a further round of interviews.

Defining NAMAs

Within the broad contours of the NAMA description that the UNFCCC negotiations provide, countries have started to use their own (working) definition of NAMAs. Previous Status Reports have indicated the need for continued bottom-up exchange on developing and piloting NAMAs, highlighting the importance of country driven, flexible approaches. Over the past years, side events at the COP and SBSTA meetings have proven to be an effective platform for presenting and discussing experiences on NAMA development. In parallel, the UNFCCC has facilitated a series of workshops to better understand the diversity of NAMAs. A notable platform for the exchange of experiences on development of NAMAs, is the MAIN Dialogue series (in Latin America and Southeast Asia), run by CCAP.

There is a strong increase in countries using NAMAs as building blocks in a broader national climate policy framework, taking climate and development strategies and action plans as the starting point for the prioritisation and selection of NAMAs. Indonesia, for example, has identified NAMAs as the main vehicle to implement the national and provincial climate change action plans (RAN/RAD-GRK). In Kenya, the selection of priority NAMAs has been an integrated part of the Kenya Climate Change Action Plan (KCCAP, 2012) process.

There is much to learn from a long history of development activities, especially when moving into the implementation of NAMAs. To date there is no comprehensive study on this topic, but development organisations are fully aware of the potential of NAMAs to play a role in the delivery of climate compatible development actions.

The role and prominence of development (co)benefits as selection criteria for designing NAMAs is expected to become clearer in the near future, as more proposals are moving towards the implementation stage (and actually secure support). Increasingly, donors focus on the need for NAMAs to support 'transformational change'. Some initiatives, such as the NAMA Partnership, are working to provide clarity for donors and other partners on those types of NAMAs which are most likely to deliver concrete results in terms of mitigation and sustainable development when benefiting from external support.

Where progress is needed:

- Move towards a better understanding of the different types of NAMAs, and their roles in initiating transformational change, whilst retaining an open and bottom-up approach to NAMA development.

Financing NAMAs

Developed countries agreed to provide US$ 30 billion in fast-track financing between 2010 and 2012 and to mobilise US$100 billion per year by 2020 of additional climate support with a balanced allocation between mitigation and adaptation. Now that the fast-track period has ended and in the absence of a large-scale agreement on Climate Finance from developed countries, the discussion around NAMA finance is becoming increasingly urgent.

The request for clear and transparent criteria for fundable NAMA proposals which balance donor interests and the needs and circumstances of developing countries remains. The NAMA Facility is a pioneer in this regard: it presents eligibility criteria that need to be met, and a set of ambition criteria against which proposals are evaluated. Moreover, the Facility emphasises the need for a detailed and feasible financial and operational plan.

Previous NAMA Status Reports indicate the need for reliable climate finance for NAMA implementation at a scale large enough to enable deep, far-reaching mitigation action. Progress is limited to date: the Green Climate Fund is still being established and the NAMA Facility is of relatively small size. Nevertheless, the expectation is that in the coming year(s) the number of pilot NAMAs that reach the implementation phase will grow steadily.

Arguably, the focus of NAMAs should be on removing barriers to make investments in mitigation actions more attractive. As noted in past status reports, there is a limited understanding of how to create conditions for the private sector to start investing in mitigation actions. Progress is needed, both in general and on a case-by case basis, on inviting those in the private sector to indicate what they see as barriers that NAMAs could address, and how they think NAMAs could make investments in mitigation actions more attractive.

Where progress is needed:

- Active and open dialogue with private sector actors, to move towards a better understanding of private sector needs. Ask them for their needs and perspective; in general and on a case-by-case basis.

Monitoring NAMAs

New monitoring, reporting, and verification (MRV) guidelines for internationally supported mitigation actions as announced under the Cancun Agreements (UNFCCC, 2010) are still being discussed. The prevailing view is that guidelines should be pragmatic and simple and not present barriers to effective implementation of mitigation actions.

The NAMA community indicated the need for concrete and clear examples of MRV of different types of NAMAs, with sufficient attention for the MRV of support in order to build trust and ensure credibility of the concept (van Tilburg *et al.*, 2012; Hänsel *et al.*, 2012). Progress on this is slow, as still only a handful of NAMA proposals are sufficiently 'mature' to be considered for implementation.

In a recent discussion paper, DeVit *et al.* (2013) present an overview of the key challenges related to the current discussion on MRV for NAMAs by looking at three dimensions recognised across literature and negotiating texts: transparency, robustness and feasibility, and cost-effectiveness. It finds that although standardised solutions may provide useful common ground for some MRV issues, in most cases the diversity of NAMAs may require approaches tailored to the selected purpose of the MRV system and to the host country's capacities.

Where progress is needed:

- Sharing experiences to provide further clarity on expectations from different stakeholders on the level of transparency, robustness, feasibility and cost-effectiveness for MRV systems.

Operationalising NAMAs

An advanced and fully functional prototype of the NAMA registry has now been launched and is being trialed with key stakeholders.[4] Based on feedback from this group the first release of the official, web-based NAMA registry will be made in the run up to COP19 in Warsaw, most likely in October. One initiative of the registry is The NAMA approver's forum which will help the appointed national focal points for NAMAs to better coordinate the NAMA development process.

Recently, a number of organisations have published (or are developing) tools and guides summarizing practices and approaches to NAMA development. From a preliminary analysis of these tools and guides, it can be observed that there is broad agreement across the publications on the overall steps involved in a national NAMA development process. However, at present the focus is on providing mainly high-level guidance. Many important topics are in need of further detailing and consideration. These include, for example, the involvement of the private sector to establish 'leveraging and mobilization of finance', how to weigh-up the development and mitigation aspects for prioritizing NAMAs, and the value and limitations of the use of templates (Cameron, 2013).

Where progress is needed:

- Sharing of experiences on the use of tools, templates and guides and their applicability across different country and sector contexts
- Increased feedback and communication between NAMA practitioners and negotiators to ensure that practical experience is duly reflected in the policy process

Conclusions

Whilst steps forward have been made in all the four areas previously identified by practitioners working in the NAMA community, there is clearly an ongoing need for open and frank dialogue in order to learn from practical experiences and to make further progress. In particular, this should be extended to involve those actors, such as the private sector, who are not always traditionally included. This debate could be supplemented with targeted research in specific areas, for example an analysis of the lessons that can be learnt from the many years of development finance, in relation to the implementation of NAMAs. The goal of such endeavors should be to provide structured thought and guidance around the current barriers to NAMA development, and further ideas on how these can be overcome, rather than on creating prescriptive and top-down frameworks.

4 This is different from the basic prototype UNFCCC NAMA Registry which is currently accessible to the public

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