



**CLIMATE**FOCUS

# **Developing Effective National REDD Programmes**

## **REDD and NAMAs**

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## Executive Summary

The Bali Action Plan contains two related agenda items in the section on mitigation – reducing emissions from deforestation and forest degradation (REDD), and nationally appropriate mitigation actions (NAMAs). Both terms describe developing country mitigation action. They build on precedents included in the UNFCCC but have seen significant elaboration and strengthening in the run-up to COP-15 in Copenhagen. The Copenhagen agreement is expected to formulate policy incentives for developing country mitigation that will be supported by Annex I financing and subject to monitoring, reporting and verification.

The REDD negotiations are more advanced than the NAMA negotiations. While still separate agenda items, there are a number of Parties that wish to include REDD under the NAMA umbrella. With this in mind this report identifies the key issues under negotiation for NAMAs, Parties' positions on these key issues, analyzes the similarities and differences between concepts being negotiated for REDD and NAMAs, weighs the advantages and disadvantages of including REDD as a NAMA, and makes suggestions of how this could happen.

The key issues being negotiated in the NAMA agenda item are i) their legal nature; ii) scope (including general and specific scope); iii) monitoring, reporting, and verification (MRV); iv) institutional arrangements/ registration; v) conditions placed on NAMAs (including if they can be unilateral); vi) implementation; and vii) funding options.

A comparative analysis is undertaken between REDD and NAMA terminology and concepts to identify similarities and differences. While the terminology often differs the concepts are generally consistent. There were also similar points of disagreement amongst the parties identified under both agenda items, such as around the use of market mechanisms in REDD and NAMAs. The main differences between the agenda items were around scope (NAMAs being naturally broader), the use of a registry to register NAMAs and MRV of funding in NAMAs.

The analysis found that including REDD as a NAMA would theoretically promote efficiency, consistent and comparable MRV, streamline funding, institutional efficiency and cross-linkages between sectors. However, linking REDD and NAMAs may also create or face some challenges. There is potential for inconsistencies between the two items – particularly if NAMA rejects the concept of reductions against a reference scenario, or if market mechanisms are categorically excluded from NAMAs. Some parties are also concerned that the cooperative and constructive dialogue that characterizes the REDD negotiations would get lost if the agenda item would be lumped under the NAMA umbrella, where negotiations move along at a much slower pace. They are concerned that the pace of NAMAs is too slow, and oppose the joining of the agenda items on these grounds. Other parties wish to keep funding for REDD and NAMAs separate.

The REDD and NAMA negotiations can each learn from the other. The NAMA negotiations could look to the more advanced discussion around funding in REDD, along with the flexibility around MRV found in the “phased approach” being discussed under REDD. The REDD agenda item may also benefit from the registry concept, along with strengthening MRV of funding and greater inclusion of REDD within low-carbon development strategies.

The final analysis finds that it will eventually make sense to list REDD as a type of NAMA. This could be done by listing REDD as an eligible category under NAMAs, also allowing



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discrete elements of a REDD mechanism to be decided at Copenhagen and continued in parallel. For the time being however, merging the two negotiation streams would risk losing the good-will and cooperative spirit of the REDD negotiations. We would therefore recommend that while REDD should be counted as NAMA in the eventual negotiations, both topics should be kept separate in the negotiation leading to Copenhagen and potentially beyond.



## 1 Introduction

At the United Nations Climate Change Conference in Bali in December 2007, Parties to the UNFCCC agreed to step up their efforts to combat climate change and adopted the “Bali Action Plan” (BAP), which consists of a number of forward-looking decisions that represent the various negotiation tracks that are essential to address climate change internationally.<sup>1</sup> The BAP also establishes the roadmap and agenda leading to the adoption of a post-2012 climate consensus scheduled for Copenhagen later this year. It launched a process for the “full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012.”

The Bali Action Plan is centred on four main building blocks – mitigation, adaptation, technology and financing. While industrialized countries are expected to engage in “measurable, reportable and verifiable nationally appropriate mitigation commitments or actions”, developing countries are mandated to consider “[n]ationally appropriate mitigation actions [...] in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner”. NAMAs, as developing country mitigation action has come to be known, seek to expand developing country engagement beyond the project-based Clean Development Mechanism, involving the developing world in broader and more meaningful mitigation action.

One of the main sources of emissions in developing countries is deforestation of tropical forests, which accounts for about 17% of global greenhouse gas (GHG) emissions. It is therefore not surprising that land-use emissions from developing countries received special consideration under the BAP that lists “[p]olicy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries” (REDD-plus) as additional action item.

While these NAMAs and REDD-plus issues are listed as separate agenda items under the mitigation activities category in the BAP, there is obvious overlap between them as they both involve actions being undertaken by and/or within developing countries to help mitigate climate change. This overlap has the potential to extend to issues such as monitoring, reporting and verification, implementation of activities, and funding options. REDD-plus could well be understood as just another “nationally appropriate mitigation action” and could as such fall under the broader NAMA debate. Yet, until now the two agenda items remain separate. REDD-plus negotiations started before the NAMA negotiations, and are moving ahead more quickly than the NAMA negotiations which remain poorly defined. Some countries argue however REDD-plus activities could fall within the NAMA category, whereas others argue they should remain separate.

The purpose of this report is to analyze the status of the NAMA negotiations to identify key issues and assess the similarities and differences between the NAMA and REDD-plus agenda items. This analysis should provide some guidance on the advantages and disadvantages of combining or keeping the REDD-plus and NAMA agenda items separate, and also help inform and guide these negotiations.

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<sup>1</sup> Decision 1/CP.13, *Bali Action Plan*



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The report is based on a review of approximately 50 country submissions to the 6<sup>th</sup> session of the Ad-Hoc Working Group on Long-Term Cooperative Action Under the Convention (LCA 6),<sup>2</sup> a review of the negotiating text going into<sup>3</sup> and coming out of this session,<sup>4</sup> the NGO proposed *Copenhagen Protocol to the UNFCCC*,<sup>5</sup> and discussions with several country negotiators, a review of all 11 Earth Negotiations Bulletin report of AWG-LCA's 6<sup>th</sup> session,<sup>6</sup> and review of relevant side events held at Bonn during the negotiations.<sup>7</sup>

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<sup>2</sup> *Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan* contained in four separate UNFCCC documents: FCCC/AWGLCA/2009/MISC.4 (Part I); FCCC/AWGLCA/2009/MISC.4 (Part II); FCCC/AWGLCA/2009/MISC.4/Add.1; and FCCC/AWGLCA/2009/MISC.4/Add.2

<sup>3</sup> FCCC/AWGLCA/2009/8 19 May 2009, *Negotiating Text*

<sup>4</sup> FCCC/AWGLCA/2009/INF.1 22 (June 2009) *Revised Negotiating Text*

<sup>5</sup> A Proposal For A Copenhagen Agreement By Members Of The Ngo Community, Version 1.0 – DRAFT Legal Text

<sup>6</sup> See <http://www.iisd.ca/climate/sb30/>

<sup>7</sup> The list of side events is available here: [http://regserver.unfccc.int/seors/reports/events\\_list.html](http://regserver.unfccc.int/seors/reports/events_list.html)



## 2 NAMAs under the UNFCCC

### 2.1 BAP and UNFCCC

#### Bali Action Plan

The Bali Action Plan (BAP) calls for “[e]nhanced national/international action on mitigation of climate change” that includes “[n]ationally 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”.<sup>8</sup>

This concept of “nationally appropriate mitigation actions” (NAMAs) contains several general elements:

1. *Nationally appropriate.* NAMAs should be appropriate for the national circumstances of the developing country.
2. *Sustainable development.* NAMAs should promote the country’s sustainable development.
3. *Support.* The NAMA should be supported by developed countries that are to provide technology, finance, and capacity building.
4. *Measurable, reportable, and verifiable (MRV).* NAMAs (and potentially the support) should be subject to MRV.

#### UNFCCC Precedent

The NAMA concept has become prominent in the negotiations leading up to the 15<sup>th</sup> session of the UNFCCC COP to be held later this year in Copenhagen (COP-15), but its basic elements are not new. Precedent to NAMAs can be found in several sections of the UNFCCC, including articles 4.1(b), 4.1(c), 4.3 4-5, 4.7, 12.1 and 12.4.

Article 4.1(b) of the UNFCCC contains obligations on all parties to formulate, implement, and publish national or regional programs to mitigate climate change, and article 4.1(c) promotes the use and diffusion of mitigation technology. Both of these obligations have to take into account “common but differentiated responsibilities” among Parties as well as different development priorities and circumstances.

Article 4.3 calls for additional funding by developed countries to help them with their reporting obligations and incremental costs of technology transfer. Article 4.5 places (additional) and specific obligations on developed countries to “...promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and knowhow to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention.” Article 4.7 links the implementation of developing country party commitments to developed countries meeting their commitments to provide funding and technology transfer.

Article 12.1 calls for all parties to submit national inventories and steps they have taken to implement the Convention. This should include reporting any steps taken under Article 4.

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<sup>8</sup> Decision 1/CP.13, *Bali Action Plan* paragraph 1(b)



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Article 12.4 allows for developing country parties to propose projects for financing that include i) an estimate of the technology, equipment etc needed for the project; ii) estimates of incremental costs and emission reductions/removals; and iii) estimates of any “consequent benefits”.

### **UNFCCC/BAP Similarities and Differences**

The UNFCCC calls on all countries - developed and developing – to take action to prevent dangerous climate change. It leaves however no doubt that developing country action as described in the UNFCCC depends to some extent on the funding provided by developed countries. This concrete expression of the principle of common but differentiated responsibilities remains also the underlying theme of the NAMA as well as the REDD-plus discussions under the UNFCCC.

Although the UNFCCC encompasses much of the NAMA concept as currently discussed in the context of a Copenhagen agreement, NAMAs remain a new and significant part of any future climate change agreement coming out of COP-15. NAMAs build on the general precedent found in the UNFCCC but are expected to result in more concrete language and enhanced action from both developed and developing countries. NAMAs imply a more involved role of developing countries in mitigating climate change taking action to reduce their emission trajectories in a verifiable way. In this way NAMAs may be seen as a tool to operationalize previously underutilized aspects of the UNFCCC.

The main NAMA issues being discussed to reach the goal of concrete developing country mitigation action include i) the legal nature of NAMAs; ii) scope of NAMAs; iii) monitoring, reporting, and verification; iv) registration of NAMAs; v) whether NAMAs can include unilateral actions by developing countries or not; vi) implementation; and vii) funding for NAMAs. We will discuss these issues in detail in section 2.2 below.

### **Recent developments – LCA draft text**

The draft text going into LCA 6 ran for 53 pages, 19 of which were dedicated to mitigation including 8 on NAMAs. The draft text coming out of LCA 6 runs for 199 pages, 79 of which are dedicated to mitigation including 25 on NAMAs.<sup>9</sup>

Most of the draft NAMA text coming out of LCA 6 has been surrounded by brackets, with numerous alternative proposals put forward for each paragraph.<sup>10</sup> Despite the proliferation of bracketed text and proposals for alternate language, it is possible to identify a number of themes in the text that are reflected in the following section reviewing the main issues discussed around the NAMA concept.

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<sup>10</sup> The only point that the Parties seemed to agree on is one sentence in paragraph 93 that states “Developed countries shall report on the measurement of support in their national communications under Article 12.3 and support shall be updated in the registry on an annual basis.”

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## 2.2 Key NAMA Issues Under Discussion

The following issues have been identified following a review of approximately 50 separate country submissions to the 6<sup>th</sup> session of the Ad-Hoc Working Group on Long-Term Cooperative Action Under the Convention (LCA 6),<sup>11</sup> a review of the negotiating text going into<sup>12</sup> and coming out of this session,<sup>13</sup> the NGO proposed *Copenhagen Protocol to the UNFCCC*,<sup>14</sup> and discussions with several country negotiators, a review of all 11 Earth Negotiations Bulletin report of AWG-LCA's 6<sup>th</sup> session,<sup>15</sup> and review of relevant side events held at Bonn during the negotiations.<sup>16</sup>

This list builds on the topics set out in the draft NAMA text of i) nationally appropriate mitigation actions by developing countries; ii) means of implementation; iii) measurement, reporting and verification (of supported actions and support); and iv) institutional arrangements.

### Legal nature

The discussion on the legal nature of NAMAs centres on whether NAMAs should be purely voluntary, or whether some developing countries should be required to submit NAMAs. The majority developed countries (including the EU and Japan) even propose all developing countries develop NAMAs – albeit with exceptions for LDCs. There are also statements by a number of developing countries that NAMAs should be legally distinct from developed country commitments.

Linked to the question of the legal nature of NAMAs is whether or not developing country implementation of NAMAs should be conditional upon receiving developed country support, or is “binding” once volunteered by a developing country irrespective of developed country support. This aspect is discussed in more detail under “Conditions” further below in this section.

There is very little discussion on consequences for failing to implement NAMAs. The only reference to this is in a New Zealand submission that indicates countries that apply for and obtain ex-ante credits under one option for carbon market NAMA crediting should be held liable if they fail to meet their emission reduction objectives.

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<sup>11</sup> *Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan* contained in four separate UNFCCC documents: FCCC/AWGLCA/2009/MISC.4 (Part I); FCCC/AWGLCA/2009/MISC.4 (Part II); FCCC/AWGLCA/2009/MISC.4/Add.1; and FCCC/AWGLCA/2009/MISC.4/Add.2

<sup>12</sup> FCCC/AWGLCA/2009/8 19 May 2009, *Negotiating Text*

<sup>13</sup> FCCC/AWGLCA/2009/INF.1 22 (June 2009) *Revised Negotiating Text*

<sup>14</sup> A Proposal For A Copenhagen Agreement By Members Of The Ngo Community, Version 1.0 – DRAFT Legal Text

<sup>15</sup> See <http://www.iisd.ca/climate/sb30/>

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### Scope

The scope of NAMAs illuminates what many countries consider to be a NAMA. Scope can be broken down into i) overall scope and context of NAMAs; and ii) scope or nature of specific NAMAs.

#### *Overall scope and context*

NAMAs are generally understood as voluntary nationally-appropriate mitigation actions adopted by Non-Annex I countries in the context of sustainable development goals and objectives, which shall aim to address anthropogenic emissions of greenhouse gases and protect and enhance greenhouse gas sinks and reservoirs in a measurable way and which, supported and enabled by technology, financing and capacity-building, shall contribute to achievement of the ultimate goal of the Convention by reducing emissions. While most of the elements of this definition are supported by the majority of the parties to the UNFCCC, the devil lies –as always – in the detail and there is almost no part of the LCA 6 text without brackets.

Many developed and developing countries place NAMAs within a general context of policy and planning tools such as: sustainable development policies and measures; low carbon development plans or strategies; emission development strategies; sustainable development strategies; or national action plans. Some countries add some additional precision to these concepts. For example, the EU states that low carbon development strategies should include both the proposed NAMA plus the funding needed for that NAMA. It is therefore not surprising that one of the NAMA options of the LCA 6 text asks developing countries to:

*(a) formulate national low-GHG emission development strategies containing nationally appropriate actions to mitigate climate change by addressing anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, which in the aggregate shall aim to achieve a significant deviation from current baseline emissions by 2020 and by 2050, supported and enabled by technology, financing and capacity-building;*

*(b) communicate these strategies to the Secretariat by [ date ] together with the following information:*

*(i) a description of steps taken or envisaged by the Party to implement its low-carbon development programme; and*

*(ii) a detailed description of the nationally-appropriate mitigation actions that it has adopted or undertakes to adopt to implement its low carbon development programme;*

*(iii) an estimate of the effects that these nationally appropriate mitigation actions will have on anthropogenic emissions by its sources and removals by sinks during the timeframes referenced in paragraph \_\_\_ above.*

*Support shall be provided for the preparation of low-GHG emission development strategies.*

The LCA text reflects additional discussion over whether all developing countries are required to prepare low-emission development strategies or not, and also the scope of these strategies. Additional issues here include whether the low-emission strategies



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should cover all sectors of an economy or not. Australia and the US argue that NAMAs should be economy wide.

Brazil and a number of other parties propose an international register in which NAMAs and funding are linked. Relevant (also bracketed) language in the most recent LCA text says:

*A registry for NAMAs by developing country Parties shall be established with the aims of recognizing their actions as part of the global efforts to combat climate change; and providing a platform for matching those actions, if needed, with measurable, reportable and verifiable support by developed country Parties and other developed Parties included in Annex II of the Convention. Developing country Parties {shall} be invited to register their NAMAs in the registry and implement them so that their actions can be recognized at the international level and supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner. Developing country Parties {shall} also be invited to register in the registry and implement, on a voluntary basis, their unilateral NAMAs taken without technology, financing and capacity-building support, which can be measured, reported and verified according to guidelines agreed by the COP.*

The LCA (bracketed) text also proposes that

*Developing country Parties may nominate Tier One, Tier Two and or Tier Three nationally appropriate mitigation actions to be incorporated in an International Register maintained by the secretariat.*

The tiers represent different types of NAMAs, with each tier proposed as follows:

1. Tier One: Actions that are financed domestically, either nationally or subnationally;
2. Tier Two: Actions that are financed by international financial and/or technical support, either through bilateral support, support from the Multilateral Fund on Climate Change, or other international financial means;
3. Tier Three: Actions that are undertaken over and above those identified in Tier One and Tier Two actions that are based on an emission reduction target and which may be eligible for trading of units.

All countries recognize that NAMAs should take into consideration the national circumstances of a country. However, the practical implications of this are also subject to debate. The debate centres around whether this consideration should require countries “whose national circumstances reflect greater responsibility or capabilities” to assume more onerous NAMAs that include quantified reductions against a baseline. There is a strong push from developed countries for this (e.g. from Australia and the US), but also push back from developing countries that NAMAs should not “constitute binding obligations or targets for developing country Parties, or be used as a basis for differentiating among them.”

Based on this debate developed countries want to split NAMAs amongst 3 types of developing countries comprised of i) developing countries that generate significant emissions and have capacity to address this (the most onerous NAMAs); ii) least developed countries and small island states (the least onerous NAMAs); and iii) other developing countries (more open consideration of NAMAs). Developing countries on the other hand only want to draw distinctions between the latter two categories.



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### *Specific scope of NAMAs*

Relatively few country submissions discuss the specific scope of a NAMA. Where it is discussed, it typically includes concepts such as: sectoral no-lose targets; no-lose sectoral crediting baselines; quantified targets; price-based measures; regulations; REDD; programmatic CDM; or project level activities.

Australia has developed a particularly long list of potential NAMAs which either developed or developing countries may assume and list in a “National Schedule” that is annexed to a future climate agreement. The list includes: quantified emission limitation or reduction commitments in economy-wide or sectoral terms; quantified emission limitation or reduction actions on an economy-wide or sectoral basis; emissions intensity commitments or actions; clean energy commitments or actions; energy efficiency commitments or actions; emissions thresholds aimed at protecting and enhancing sinks and reservoirs [for example national forest emissions levels]; other actions aimed at achieving quantified emission limitation or reduction outcomes.

There are a few exceptions to the generally inclusive nature of what parties consider to be specific NAMAs: i) whether or not REDD is a NAMA; ii) whether or not NAMAs generate offsets; iii) how climate benefits generated by NAMAs are measured and rewarded; and iv) whether nuclear and large hydroelectric projects can be considered as a NAMA. Point i) is assessed in Table 1 and point ii) and iii) are discussed in the section on Funding below and included in Table 1. Point iv) is included in bracketed text in the draft LCA 6 text and does not appear to be a recurring theme.

The draft LCA text prior to LCA 6 sets out a list of potential NAMAs. This list contains:

- i) sustainable development policies and measures;
- ii) low-emission development strategies and plans;
- iii) programmatic CDM, technology deployment programmes or standards, energy efficiency programmes and energy pricing measures;
- iv) cap-and-trade schemes and carbon taxes;
- v) sectoral targets, national sector-based mitigation actions and standards, and no-lose sectoral crediting baselines;
- vi) REDD-plus activities and other mitigation actions implemented in different areas and sectors, including agriculture.

The draft text coming out of LCA 6 retains each of these basic points, but with a number of additional details and proposed modifications. One noteworthy addition is the inclusion of a reference to “adaptation actions that have mitigation benefits” as a valid type of potential NAMA.

The draft text also contains a proposal for what the description of a NAMA should contain. The draft proposal states “For each NAMA, the developing country should:

- i) indicate autonomous action that is to be financed and implemented by the country itself;
- ii) identify barriers to the implementation of autonomous action, including identifying technology needs and barriers to technology deployment and diffusion, whose removal needs support;



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- iii) indicate action that, due to the incremental costs, requires assistance, in the form of financing, technology or capacity-building for implementation;
- iv) specify, when relevant, what type of support in terms of finance, capacity-building and technology it considers most appropriate to enable the implementation of the NAMA;
- v) specify, when relevant, if the use of a [flexible][carbon market] mechanism is proposed, and the associated caps and thresholds;
- vi) specify the outcomes of the NAMA that are foreseen in terms of emission reductions for several time horizons, e.g. 2020, 2030 and 2050 and provide information on how these emission reductions were estimated.
- vii) (other elements)”

### MRV

The country submissions and LCA text discuss two broad types of MRV: i) MRV of the action taken by developing countries; and ii) MRV of the support provided by developed countries. Most developing countries refer to both types of MRV whereas most developed countries focus on the former.

MRV of developing country action can be further broken down into i) whether or not a NAMA produces quantifiable emission reductions/removals or not; and ii) whether it includes the national low-emissions strategy in addition to the actions carried out to meet the strategy; and iii) the type of MRV (if any) applied to unilateral NAMAs.

Some countries (and the NGO proposed treaty) propose NAMAs should generate measureable deviations from business as usual or some sort of reference scenario. Brazil is a notable exception that opposes MRV against a “hypothetical emissions baseline”. The basis for this position may be technical rather than substantive as Brazil supports the inclusion of REDD as a NAMA and also supports “reference scenarios” under REDD. However, Brazil has also consistently argued against the use of the term “baseline” in the REDD negotiations. Where a country proposes crediting for the successful implementation of NAMAs, MRV is always deemed quantifiable for those actions.

MRV is either carried out by the developing country, with or without expert involvement or an independent third party reviewer. Whether there is review or third party involvement in MRV can be linked to whether or not there is funding provided by developed countries for MRV. The use of terms such as “internationally accepted” is also common for defining the MRV standards.

In the LCA 6 text MRV of developed country support includes total finance above ODA, technology transfer (of the technology and the incremental costs), and capacity building.

### Institutional Arrangements/Registration

A number of countries propose registering or recording NAMAs either (in order of frequency); in a central registry; via national communications; or in schedules annexed to a new treaty coming out of Copenhagen (Australia only).

Despite the different approaches recording NAMAs, there are common elements to the stated function of recording or registering NAMAs. Recording NAMAs helps developing countries demonstrate their contributions to the ultimate objective to the UNFCCC and specify funding needed for specific NAMAs. It also allows developed countries to identify those NAMAs they prefer to fund, including those that are most cost effective at reducing



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emissions. For developed and developing parties the recording allows MRV of the NAMA and its financial support. The Australian and New Zealand submissions contain a proposed template setting out what exactly should be registered. The New Zealand template is reproduced in Figure 1 below.

Some parties also suggest that MRV may also be carried out or supported via a UNFCCC level institution/institutional framework. This may include expert review of country reports submitted to the UNFCCC. The NAMAs may also include in the registry those aspects of the NAMA subject to MRV.

Figure 1: New Zealand’s proposed template for NAMAs.<sup>17</sup>

Party	National Circumstances	Date of latest reported National GHG Inventory and Date of inventory review	Sector	Agreed projected business as usual emissions/removals	Nationally Appropriate Mitigation Action	Emission reduction or limitation	Emission budget	Agreed full incremental cost of achieving emission reduction or limitation	
Party A	GDP per capita GHG per capita Mitigation potential		Stationary Energy	XMT	List NAMAS according to: <ul style="list-style-type: none"> <li>▪ Quantified targets</li> <li>▪ Price based measures</li> <li>▪ Regulations</li> <li>▪ Other policies and measures</li> </ul>	YMT	XMT – (YMT + ZMT)	a\$m	
					ZMT	b\$m			
			Mobile Energy						
			Agriculture						
			LULUCF						
			Industrial Processes						
			Solvents						
			Waste						
			Multiple sectors						
TOTAL				TOTAL Business As Usual Projection		UGT	TOTAL BUDGET	e\$m	

## Conditions/Unilateral NAMAs

One point of division within developing country submissions and LCA text is whether or not unilateral action should be considered a NAMA. Some countries argue (based in on Art. 4.7 of the UNFCCC) that any developing country action should be contingent upon funding from developed countries, whereas other developing countries want to gain official recognition for any unilateral or un-funded actions they may voluntarily choose to undertake.

Most developing countries state their engagement in NAMAs is conditional upon funding, capacity building, and/or technology transfer from developed countries. MRV of unilateral NAMAs is expected to be less onerous than funded NAMAs. This is reflected in the draft LCA text that also contains references to developing countries assuming “voluntary obligations” along with unilateral NAMAs not being subject to MRV.

## Implementation

The LCA draft texts have a heading for “means of implementation” that covers what aspects of NAMAs will be funded. The draft LCA 6 text contains alternative approaches of listing the general scale of funding (e.g. whether funding will cover the full costs, the

<sup>17</sup> FCCC/AWGLCA/2009/MISC.4 (Part II) *Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan*



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incremental costs, the agreed costs etc) vs. a more descriptive approach that includes the types of costs. This includes listing series of tasks that could be funded that cover all phases of NAMA development including NAMA preparation, preparation of low-emission development strategies, technology needs assessment, MRV, and identifying and removing barriers to unilateral actions. The details regarding how the funding will flow is covered in the general discussion on NAMAs.

### Funding

Most countries do not discuss funding of NAMAs in detail. Specific suggestions for funding are typically restricted to discussing the use of market mechanisms within NAMAs. Most discussions of the use of market mechanisms are general, with the exception of Norway that includes set-asides from developed country cap-and-trade schemes as a funding option. New Zealand also proposes a new trading mechanism under or related to NAMAs that involves generation of credits relative to a “trading threshold” across sectors.

Mexico argues for a financing model under which all countries (except for Least Developed Countries (LDCs)) contribute in accordance with their historic responsibility, actual greenhouse gas quota, GDP and population. Mexico also proposes the creation of a World Climate Change Fund. The Fund’s purpose would be to complement existing mechanisms. All contributing and beneficiary countries would participate in the system; developing countries would have the same relative weight and voice as developed countries. The Fund would operate under the auspices of the COP. Operation of the Fund would be carried by an executive council, constituted of representatives of all participant countries. This proposal is made outside the specific NAMA agenda item, but would be applicable to NAMA funding. Other developing country suggestions for funding include calls for firm commitments for funding from developed countries with penalties for non-compliance.

The LCA text contains more details and options on funding, with two general approaches. One relies on the registry as the main “platform for matching NAMAs with financial and technology support with the provision of emission reduction credits for those actions”. The other links NAMA funding and technology mechanisms under the UNFCCC (such as the fund proposed by Mexico).

The NGO treaty proposal advocates for developed country support to implement NAMAs to increase as developing parties engagement increases (i.e. rewarding active countries), and also to be inversely proportional to the developing country’s level of development.

## 2.3 Country Positions on NAMAs

Country submissions do not discuss all issues in their submissions which makes a comprehensive comparative analysis of all issues impossible. The main themes of most of the recent submissions on NAMAs are set out in Annex I. A selection of key issues is summarized in Table 1.



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Table 1: Summary of Select Issues in Country Positions<sup>18</sup>

Country	All dev'ing countries to submit NAMAs		NAMAs should be economy wide or cover major sectors		Supports REDD as a NAMA		Offsetting in NAMAs		Offsetting in REDD		MRV results in quantified ERs or deviations from a baseline		Supports Unilateral NAMAs		Comments
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	
Africa Group							X							[x]	NAMAs should be conditional upon technology transfer, finance, and capacity building that is subject to MRV
Algeria											[x]			[x]	
Australia	[x]		X		X		X		X		X		X		All countries should submit a NAMA schedule except for LDC's
Belarus		[x]					X							X	NAMAs should be supported by funding from developed countries
Bolivia								[x]		X				[x]	

<sup>18</sup> An [x] indicates the Parties' position on a point is unclear, but may fall within the designated column.





# CLIMATE FOCUS

Country	All dev'ing countries to submit NAMAs		NAMAs should be economy wide or cover major sectors		Supports REDD as a NAMA		Offsetting in NAMAs		Offsetting in REDD		MRV results in quantified ERs or deviations from a baseline		Supports Unilateral NAMAs		Comments
		X			X			X		X		X		X	
Brazil		X			X			X		X		X		X	
China								X						X	
Colombia						[x]			X						
Costa Rica		X			X		[x]				X		[x]		NAMAs should be subject to MRV if supported by developed countries.
Dominican Republic					X			[x]		[x]					Does not appear to recognize offsetting within REDD or NAMAs.
European Union	X		X		X		X		[x]		[x]		X		The EU does not want to rule out NAMAs being able to generate offsets. Low carbon development strategies submitted by developing countries should generate 15-30% reductions against a business as usual reference for developing countries as a group.
Guatemala					X			[x]		[x]					Does not appear to recognize offsetting within REDD or NAMAs.



# CLIMATE FOCUS

Country	All dev'ing countries to submit NAMAs		NAMAs should be economy wide or cover major sectors		Supports REDD as a NAMA		Offsetting in NAMAs		Offsetting in REDD		MRV results in quantified ERs or deviations from a baseline		Supports Unilateral NAMAs		Comments
Guyana		[x]				X			X						NAMAs should be voluntary at a national level
Honduras					X			[x]		[x]					Does not appear to recognize offsetting within REDD or NAMAs.
India		X												X	NAMAs should be submitted voluntarily. Developed countries should pay the full incremental cost of the NAMA.
Indonesia					X		X		X				X		
Japan	X		[x]				X								Not all NAMAs should be eligible to generate credits. Major developing countries should set intensity targets for economy or sector.
Lesotho (on behalf of LDC's)		[x]									X			X	Implementation of NAMAs should be contingent on funding from developed countries.
Mexico									X						



# CLIMATE FOCUS

Country	All dev'ing countries to submit NAMAs		NAMAs should be economy wide or cover major sectors		Supports REDD as a NAMA		Offsetting in NAMAs		Offsetting in REDD		MRV results in quantified ERs or deviations from a baseline		Supports Unilateral NAMAs		Comments
		X			X		X		[x]		[x]			[x]	
New Zealand		X			X		X		[x]		[x]			[x]	Supports a new market mechanism that sits alongside CDM. Support for NAMAs should be made by developed countries. NAMAs should be voluntary.
Norway			X		X		X		X						
Panama		X			[x]	X	[x]	[x]	X	[x]					During LCA-AWG 6 Panama stated they did <i>not</i> want REDD to be included in NAMAs as this would dilute the focus on REDD, and that they supported offsetting in REDD. However, in a joint submission with Nicaragua, Honduran, and the Dominican Republic prior to LCA-AWG 6 they stated they thought REDD should be within NAMAs. In this submission they also seemed to imply that REDD funding should be fund based and that REDD should not be linked to developed countries QELROs.
Papua New Guinea						X			X						Does not want to dilute focus on REDD



# CLIMATE FOCUS

Country	All dev'ing countries to submit NAMAs		NAMAs should be economy wide or cover major sectors		Supports REDD as a NAMA		Offsetting in NAMAs		Offsetting in REDD		MRV results in quantified ERs or deviations from a baseline		Supports Unilateral NAMAs		Comments
Paraguay		X				X	X		X						Does not want to dilute focus on REDD
Qatar		X													
Saudi Arabia		X													
Singapore		X											X		
South Africa		X			X		X		X		X		X		
South Korea					X		X		X				X		Only NAMAs financed by developed countries should generate offsets
Tuvalu					X		X			X			X		Does not support REDD being able to generate offsets until after 2017. <sup>19</sup>

<sup>19</sup> Note: ENB reports Tuvalu representatives opposed offsetting for REDD and NAMAs at Bonn II.



<i>Country</i>	<i>All dev'ing countries to submit NAMAs</i>		<i>NAMAs should be economy wide or cover major sectors</i>		<i>Supports REDD as a NAMA</i>		<i>Offsetting in NAMAs</i>		<i>Offsetting in REDD</i>		<i>MRV results in quantified ERs or deviations from a baseline</i>		<i>Supports Unilateral NAMAs</i>		<i>Comments</i>
United States					X		[x]		X		X				Details on funding were not included in the US submission. However, the carbon market and private sector funding were emphasized as a significant source of funding generally.
G-77/China													X		
NGO Treaty Proposal	X				X		X				[x]		X		Not opposed to unilateral NAMAs but also supports Annex B funding
Coalition for Rainforest Nation countries <sup>20</sup>		X			[x]				X						Supports REDD as “pathway” to NAMA

<sup>20</sup> Countries included in this Coalition submission include: Belize, Central African Republic, Costa Rica, Dominican Republic, Democratic Republic of the Congo, Ecuador, Equatorial Guinea, Honduras, Ghana, Guyana, Kenya, Madagascar, Nepal, Nicaragua, Panama, Papua New Guinea, Singapore, Solomon Islands, Thailand, Uganda, United Republic of Tanzania, Vanuatu and Vietnam.



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### 3 REDD and NAMAs

#### 3.1 Linkages and Synergies

The following analysis of linkages and synergies between REDD-plus and NAMAs was developed by sorting NAMA terminology identified in section 2 of this report into the following themes that overlapped with REDD:

1. *Basis for measuring.* This captures different concept for expressing baselines, references scenarios etc.
2. *Monitoring, reporting and verification.* This captures the what, who, and how of MRV.
3. *Policies and measures.* This captures the broader context in which NAMAs are to be understood.
4. *Funding.* This captures the funding options being discussed in the negotiations.
5. *Implementation.* This captures any specifics on how each topic will be implemented including the scale at which implementation should occur.

The terminology used in the REDD-plus negotiations was added to the corresponding concept(s) found in the NAMA negotiations. This is followed by a comparative analysis between NAMAs and REDD of the concepts captured within each theme.

#### 3.2 Terminology

The REDD and NAMA negotiators use different terms to describe often similar concepts. A summary of terminology taken from the LCA 6 text and country submissions and a comparison of the various concepts is set out in Table 2. The table is arranged based on the themes identified above. Lists of terms that are used in the context of each theme are grouped into similar concepts in each row. Each concept grouping is followed by a brief analysis. The purpose of the table is to identify similar concepts within the two agenda items along with concepts found in one agenda item only.



Table 2: Comparative analysis of REDD and NAMA terminology

REDD	NAMAs	Analysis
<b>Basis for measuring</b>		
<ul style="list-style-type: none"> <li>• Reference level</li> <li>• Reference emission level</li> </ul>	<ul style="list-style-type: none"> <li>• No-lose targets</li> <li>• Quantified “trading threshold”</li> <li>• Baseline or reference case</li> <li>• Deviation from a baseline</li> <li>• Quantified emission limitation or reduction actions</li> <li>• Business as usual reference point</li> </ul>	<p>Established reference cases or levels that serve to determine the contribution to climate change mitigation. They may be binding or not; serve to establish funding levels; generate offsets; generated benefits that are credited towards Annex I or Non-Annex I climate contributions depending on the source of funding.</p>
<ul style="list-style-type: none"> <li>• Adjust based on national circumstances</li> <li>• Details for estimating (e.g. historic emissions, national circumstances, adjustment over time)</li> </ul>	<ul style="list-style-type: none"> <li>• Adjust based on national circumstances</li> </ul>	<p>Both the NAMA and REDD discussions contain additional details on how reference levels are established. The NAMA discussions have so far not seen the same level of detail, but it is clear that in both REDD-plus and NAMA discussions national circumstances will be considered in the establishment of crediting and funding levels.</p>
<ul style="list-style-type: none"> <li>• Reviewed by the COP</li> <li>• Independently reviewed</li> </ul>	<ul style="list-style-type: none"> <li>• Independent review</li> </ul>	<p>Both NAMA and REDD contain suggestions for independent/expert review of reference scenarios.</p>



REDD	NAMAs	Analysis
<b>Monitoring, Reporting, Verification</b>		
<ul style="list-style-type: none"> <li>• Use most recent IPCC guidance</li> </ul>	<ul style="list-style-type: none"> <li>• Based on international guidelines</li> <li>• National communications</li> </ul>	<p>There is general agreement between REDD and NAMAs on the use of international guidelines. REDD is slightly more specific and includes reference to the most recent IPCC guidance, although this point remains as controversial as the question of independent verification.</p>
<ul style="list-style-type: none"> <li>• Submission to COP contact group</li> <li>• Independent review</li> </ul>	<ul style="list-style-type: none"> <li>• Expert review team</li> <li>• Independent review</li> </ul>	<p>Both REDD and NAMAs provide for some type of independent review of MRV. This can be expected to be more demanding in market mechanisms.</p>
<ul style="list-style-type: none"> <li>• Annual reporting and verification (for fund based finance)</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reporting and verification</li> </ul>	<p>The recent draft decision on methodological guidance on REDD did not include frequency of MRV, however there has been some discussion of annual reporting in the context of non-market compensation of emission reductions.</p>
-	<ul style="list-style-type: none"> <li>• No or limited MRV for unilateral NAMAs</li> </ul>	<p>The NAMA negotiations contain the concept of unilateral (unfunded) action. As many parties consider MRV by developing countries to also be supported by developed countries, MRV of unilateral NAMAs is therefore considered optional.</p>
<ul style="list-style-type: none"> <li>• Carried out by the developing country</li> </ul>	<ul style="list-style-type: none"> <li>• Carried out by the developing country</li> </ul>	<p>Both REDD and NAMAs include developing countries taking a leading role in conducting MRV.</p>





REDD	NAMAs	Analysis
<ul style="list-style-type: none"> <li>Establish monitoring systems (national and subnational)</li> </ul>	<ul style="list-style-type: none"> <li>Establish national inventories</li> </ul>	<p>The requirement of establishing national inventories is a common theme of Parties submissions on REDD and NAMAs. Such inventories would help to account for climate benefits generate by REDD action or NAMAs. The main difference between the two is that REDD includes additional details (e.g. using remote sensing and ground based forest carbon inventory approaches)</p>
<ul style="list-style-type: none"> <li>Need for capacity building</li> <li>Readiness financing</li> </ul>	<ul style="list-style-type: none"> <li>Need for capacity building</li> <li>Developed parties covering the MRV costs of developing countries</li> </ul>	<p>The relevant sections on REDD and NAMAs both identify capacity building needs for MRV support. Developing countries may take this aspect of the NAMA discussion a little further than in REDD by explicitly stating that all MRV costs should be covered by developed countries. In the case of REDD establishing the need for MRV financing is possibly less needed, since such financing is already being made available through the World Bank’s Forest Carbon Partnership Facility and UN-REDD. The concept of readiness is also more defined in the case of REDD than in the context of NAMAs.</p>
<ul style="list-style-type: none"> <li>Contribution of indigenous peoples and local communities to MRV</li> </ul>	-	<p>Indigenous peoples do not (yet) feature in NAMAs the same way as with REDD. It is not clear how in practice they will contribute to MRV under REDD.</p>
<ul style="list-style-type: none"> <li>Coordination amongst international organizations, NGOs, and stakeholders to avoid duplication</li> </ul>	-	<p>The reviewed suggestions to not contain a similar suggestion for NAMAs. However, the NAMA registry may serve this function in practice.</p>
-	<ul style="list-style-type: none"> <li>MRV of developed country support</li> </ul>	<p>This concept is not as explicit in the context of REDD as it is under the NAMAs. However in both cases developing countries would make their action dependent on predictable and adequate funding commitments.</p>



REDD	NAMAs	Analysis
<b>Policies and measures</b>		
<ul style="list-style-type: none"> <li>• Readiness Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Low-emission/low-carbon development strategies and plans</li> <li>• (Voluntary) national action plans</li> <li>• Emission development strategies</li> <li>• Sustainable development policies and measures</li> <li>• Sustainable development strategies</li> </ul>	<p>Both REDD and NAMAs provide for country level plans or strategies for addressing either climate change mitigation in general or REDD in particular with some differences in scope and focus.</p>
<ul style="list-style-type: none"> <li>• National reductions</li> <li>• Subnational pilot or demonstration activities</li> </ul>	<ul style="list-style-type: none"> <li>• Sectoral</li> <li>• Economy wide</li> <li>• Programmatic CDM</li> <li>• Project level activities</li> </ul>	<p>These terms encompass the scale of policies and measures. NAMAs tend to be discussed for discrete sectors – which may include the forest sector – and have also been discussed at the national sectoral and sub-national project or programmatic level. REDD is essentially part of the land use or forest sector, and has been discussed at both a national and sub-national level.</p>



REDD	NAMAs	Analysis
-	<ul style="list-style-type: none"> <li>• Intensity targets</li> <li>• Price-based measures</li> <li>• Regulations</li> <li>• Taxes</li> <li>• Cap-and-trade</li> </ul>	<p>The NAMA debate contains additional policies and measures that may be considered a NAMA that could be registered and funded. REDD on the other hand focuses on reductions against a reference scenario.</p>
<b>Funding</b>		
<ul style="list-style-type: none"> <li>• Use of carbon market and offsets</li> </ul>	<ul style="list-style-type: none"> <li>• Use of carbon market and offsets</li> </ul>	<p>The discussion on the role of carbon markets is debated in both agenda items, with some countries opposing and supporting it in each. There is generally more support for markets and offsetting in the context of REDD than in the case of NAMAs.</p>
<ul style="list-style-type: none"> <li>• REDD-plus fund</li> <li>• Readiness fund</li> <li>• General references to fund based finance</li> </ul>	<ul style="list-style-type: none"> <li>• Multilateral Fund on Climate Change</li> <li>• General references to fund based finance</li> </ul>	<p>Both agenda items propose the use of fund based finance. REDD is more explicit in explaining how fund based finance is used – focusing on various readiness activities such as capacity building and technology transfer.</p>
-	<ul style="list-style-type: none"> <li>• International registry</li> </ul>	<p>The registry would link specific mitigation actions by developing countries and the financial and technological support offered by developed countries for each of these actions. This would link funding and action MRV in one instrument. (Brazil, India). The registry concept has not been discussed in REDD to date. Brazil however proposes forest activities, as NAMAs, to be included in the proposed registry.</p>



REDD	NAMAs	Analysis
<ul style="list-style-type: none"> <li>• Ex-post and ex-ante crediting</li> <li>• Performance based funding</li> </ul>	<ul style="list-style-type: none"> <li>• Ex-post and ex-ante crediting</li> </ul>	<p>There are some notions of performance based payments in NAMAs but less than in REDD. Performance based funding can be implied in NAMA in concepts of MRV that refer to quantifiable reductions. The NAMA registry also lends itself to ex-ante funding with ex-post monitoring of success.</p>
<ul style="list-style-type: none"> <li>• Use of set-asides from developed country allowances</li> <li>• Use of auction proceeds</li> <li>• Use of share of proceeds from a levy on emissions trading</li> <li>• Taxes on emissions from developed countries</li> <li>• Fines or penalties linked to failing to comply with emission reduction commitments</li> <li>• GEF, multilateral and bilateral funding</li> </ul>	<ul style="list-style-type: none"> <li>• Use of set-asides from developed country allowances</li> <li>• Link to UNFCCC finance and technology funding agenda items</li> </ul>	<p>This theme looks at how funding is mobilized. This theme is common in REDD but only appears in Norway’s submission on NAMAs and in the context of trading from NAMAs. The LCA draft text on NAMAs also contains references linking funding to general finance and technology transfer agenda items.</p>



REDD	NAMAs	Analysis
<b>Implementation</b>		
<ul style="list-style-type: none"> <li>• Phased approach</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritize inventories</li> <li>• Prioritize institutional and regulatory actions that support cost-efficient policies and measures and technology transfer</li> </ul>	<p>A phased approach that involves capacity building to develop inventories, MRV capability, and institutional and governance reform to support REDD has become common vernacular in the REDD negotiations. Some of this approach has started to emerge in Norway’s submission on NAMAs, but without the same detail.</p>
<ul style="list-style-type: none"> <li>• National and/or sub-national</li> </ul>	<ul style="list-style-type: none"> <li>• Sectoral, programmatic, project based</li> </ul>	<p>The national/sub-national terminology in REDD is unique to the REDD negotiations, but both REDD and NAMAs contemplate implementation across a range of scales.</p>



## 3.3 Discussion and Analysis

### Basis for Measuring

The REDD and NAMA negotiations discuss similar concepts of reference levels, reference emission levels, baselines, and no-lose targets for estimating the climate benefits of national actions. The main difference between the mechanisms is the opposition by some – notably many G77 - parties to quantify such benefits against a reference scenario in the context of NAMAs.

The large list of similar and overlapping concepts that still can be found in the NAMA discussion characterized also the early stages of the REDD negotiations. As it happened in the REDD-plus discussions, some consolidation of terminology within NAMAs is likely. During this consolidation progresses, nuances of the different terms will emerge, along with more detailed guidance on how the NAMA terminology is implemented.

A tightening of terminology under the NAMA debate is likely to lead to discussions on historic emission levels, business-as-usual scenarios and projections of future emissions. While the NAMA negotiators could learn in this respect from experiences gathered in the context of REDD, the broader mitigation debate will include concepts and references that do not apply to REDD such as the measurements of increased emission intensity and improvements in energy efficiency.

NAMAs could encompass REDD as long as the NAMA terminology is not in conflict with the REDD terminology. Where similar or equivalent terms are used for REDD and NAMAs the same definitions should apply. For example, market mechanisms, low carbon development strategies, and national inventories are all examples where common definitions should be simple. Other definitions found in REDD – such as “reference scenario” and “reference emission scenario” should also ideally be either used or recognized to fall within the scope of equivalent concepts used in the NAMA debate.

For REDD to become a NAMA, both actions should also broadly apply the same principles in the measurements of climate benefits. If the reference level concept is not recognized in NAMAs generally, it will be difficult to introduce it for REDD. Provided that NAMAs at least recognize the concept of reference levels (amongst other concepts discussed below), special modifications (*lex specialis*) could apply for REDD ensuring that the particular features and circumstances of REDD can be included in the concept.

An alternative to the establishment of reference emission levels in order to measure concrete climate benefits of NAMAs is the establishment of registered indicators and benchmarks that would allow the MRV of particular NAMAs. This may include sectoral approaches or technology transfer NAMAs that require more advanced MRV to quantify emission reductions, which may take a significant amount of time for some developing countries. These NAMAs could use proxies to monitor and report emission reductions without quantifying them such as passing and enforcement of emission standards or energy efficient building codes, or production and sale of compact fluorescent light bulbs or hybrid cars.

### Monitoring, Reporting and Verification

In accordance with the BAP, both NAMAs and REDD will be performance based. MRV is therefore a central element to both mitigation actions. The submissions on both REDD and NAMAs therefore call for i) using internationally recognized standards; ii)



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inventories; and iii) capacity building for MRV. The scale of MRV is also similar between REDD and NAMAs, with MRV contemplated at sub-national/project levels as well as sectoral/national levels under both agenda items. The scale should progress towards national level MRV for REDD. Most NAMA submissions also refer to sector or economy wide actions and those countries that call for NAMAs leading to measurable bending of emission trajectories imply sectoral or national MRV of greenhouse gas emissions against a reference (emissions) level. This is where there is clear overlap with REDD, which some countries (such as Brazil) see as a sectoral NAMA for (part of) the forest sector. However, a handful of NAMA submissions and the LCA text also refer to including stand alone projects or programmatic activities as NAMAs without the need for scaling these activities up to the sectoral or national level as is the case in REDD.

There are differences below the surface that are linked to the architecture of the mechanisms, with stricter MRV contemplated for REDD than NAMAs generally. Some parties argue that the success of NAMAs should not be measured in quantifiable and measurable deviations from a baseline. This should be contrasted to REDD, where quantifiable emission reductions against a reference scenario are embedded within the mechanism, at least as it is understood by the majority of parties.

The NAMAs discussion contains concepts of optional MRV (for unilateral NAMAs) along with MRV of funding commitments by developed countries that is not explicitly mentioned in the REDD texts. MRV of policies and funding commitments could be relevant for fund based REDD finance. However, applying MRV to funding from developed countries that occurs via market mechanisms is more difficult as private sector transactions are typically confidential and pricing information is not normally disclosed. Market based funding from developed country governments may however fall under MRV requirements as this type of funding is typically publicly available.

Finally, the phased approach in REDD advocated by Norway includes different options for MRV based on the capacity and mechanism used. The phases include a phase for MRV of policies and measures that do not generate quantifiable emission reductions. In such case MRV would be linked to proxies of deforestation such as forest cover change or assess the success of particular policies. As the capacity of a country increases, and it moves to participate in market mechanisms, the MRV requirements become more onerous and include the measurement of quantifiable emission reductions.

A similar approach of multiple MRV options could also be applied to NAMAs, where MRV is differentiated by NAMA type, capacity, and/or funding. In this way MRV of both NAMAs and REDD can be tailored to the activity being supported and the expected outcome.

### **Policies and Measures**

The implementation of NAMAs or REDD require the adoption of national strategies for addressing mitigation in general and REDD in particular. The negotiating texts and submissions are generally consistent – and consistently general – on specific policies and measures a country may adopt under a mechanism. The lack of specificity reflects the common theme of developing country parties determining the most appropriate policies and measures based on their local circumstances to address the relevant issue.

The main difference between REDD and NAMAs is the focus of the policies and measures. REDD readiness plans and other policies and measures focus on the forest sector, with some overlap into additional parts of the economy such as agriculture, mining, or



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infrastructure projects. NAMAs, on the other hand, should be situated within significantly broader national policies or strategies towards low carbon development.

Where deforestation or degradation is an issue for a developing country, national low carbon development plans or strategies should consider and include REDD. Guyana is perhaps the only example of a country that has recently developed a low carbon development strategy that incorporates REDD in its core. If REDD were excluded from NAMAs this would not need to mean that REDD was excluded from low carbon development strategies – they could still be included and funded as REDD mechanism as opposed to receive NAMA funding.

REDD contains an additional concept of indigenous peoples and local communities whereas that is absent from NAMAs. This topic is also relevant for some NAMAs, and could also be extended to include consideration of women and minorities.

### Funding

Similar funding issues and potential solutions are discussed in REDD and NAMAs. These include capacity building, market mechanisms, fund-based finance, and set-asides from developed country allowances. Applying the logic of the BAP, eventual funding would be performance based. The main differences between REDD and NAMAs are the balance between performance based funding vs. upfront funding, the use of registries to track funding needs and payments, and MRV of funding.

A number of countries have stated that NAMAs should be conditional upon developed country finance, and also that this finance should initiate and support the actions with the outcome being monitored and assessed. This is different to the focus on the ex-post funding that dominated the main funding for REDD initially, though the REDD debate is also starting to move towards the discussion of upfront financing of some activities. Capacity building/readiness funding is the exception to this which is not performance based in REDD or NAMAs. As discussed in MRV above, registries to track funding along with MRV of funding are also not found in REDD submissions to date.

### *Funding and Markets*

There are five main risks commonly associated<sup>21</sup> with market funding in REDD, many of which are also applicable to NAMAs:

1. Use of offsets depressing domestic reductions in developed countries.
2. Flooding the carbon market with REDD credits, which affects i) the financial incentive to cut emissions domestically in developed countries; and ii) the viability of emission reduction projects in other non-forest sectors with higher abatement costs (such as renewable energy or technology transfer projects).
3. Strict restrictions or prohibitions on the use of REDD credits by capped actors (government or private sector) to meet commitments. This depresses the price and therefore viability of REDD credit markets to finance REDD.
4. Fluctuations in the market price for emission reductions for other reasons affecting the viability of REDD credit markets to finance REDD.

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<sup>21</sup> Adapted from Zarin D. *et al*, *Reducing Emissions from Deforestation and Forest Degradation (REDD): An Options Assessment Report*, Prepared for the Government of Norway, Meridian Institute (2009) at 59 – 61. Available at [www.REDD-OAR.org](http://www.REDD-OAR.org).





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### 5. Violation of rights of indigenous peoples and local communities.

The first two issues tend to focus more on the perspective of developing countries, though a number of developed countries also express concern over too much use of carbon markets and are generally sceptical where offsets would replace Annex I domestic action.

The first issue regarding offsets generally is applicable to NAMAs in the same way as REDD; in the longer term NAMAs may even generate larger volumes of offsets than REDD.

The first element of the flooding issue is similar to concerns over offsets generally. The second element of the flooding issue relates to using funds most efficiently and limiting the rents generated by the sale of REDD credits.

The third issue is likely more significant in REDD than in NAMAs. A number of countries have restricted/prohibited the use of forestry based credits in their domestic trading regimes. These restrictions are based in concerns over flooding and permanence (amongst other reasons).

The fourth issue is relevant for NAMAs as well as REDD. The Coalition for Rainforest Nations has been a prominent advocate for price floors to help address this. Similar arguments could also be used for securing prices and predictability of funding for NAMAs.

The fifth issue is more typically associated with REDD, but issues of equity and inclusion of disadvantaged or marginalized groups is a common issue within the climate change negotiations generally.

Despite the different views of parties to the carbon markets and offsetting, parties' views were consistent between NAMAs and REDD on the use of markets – i.e. if a party supported markets and offsetting in NAMAs, they also supported this in REDD and vice versa. This consistency should avoid potentially inconsistent funding mechanisms being negotiated for NAMAs and REDD.

### **Implementation**

REDD and NAMAs implementation will have to be country-driven and supported by capacity building, technology transfer, and other financial support from developed countries. This is more clearly expressed in the REDD negotiations where the concept of a “phased approach” that is gaining traction. The phased approach may also be appropriate for implementing NAMAs that are market based and therefore require significant up front capacity building (e.g. to develop national inventories and estimate economy wide or sector specific baselines or intensity targets).

Some of the national v.s. subnational debate that occurred under REDD can also be expected under NAMAs. Some countries will push for extending NAMAs to projects and other discrete activities in the absence of an over-arching low carbon development strategy. Developed countries can be expected to push for first establishing national plans and sector wide reference scenarios or intensity targets before engaging in more project-specific NAMAs.

There is some discussion under both REDD and NAMAs on linking developed country emission reduction commitments to REDD or NAMAs respectively. Most of the discussion under REDD is focused on supporting this link as part of a market mechanism (via developed countries committing to deeper cuts). The parties tend to be more split in NAMAs, with some expressly trying to separate NAMAs from developed country



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commitments on the grounds that NAMAs should be separate from and additional to emission reduction commitments. Some developing countries take a different approach, and argue developed country commitments should become more onerous if they do not fund NAMAs. Developed countries tend to support some link between their commitments and the ability to meet them in part through offsets generated from NAMAs.

### 3.4 Linkages with AWG-KP

The LCA draft text dealing with mitigation commitments or actions by developed countries contains numerous references to the Kyoto Protocol including linking commitments, reporting, the compliance procedures, and the flexible mechanisms to the outcome of the LCA. Bracketed LCA text includes proposals that would allow the US to make use of Kyoto credits even if does not ratify the Kyoto Protocol.

There are similar links proposed with NAMA credits and Kyoto credits, subject to “rules, modalities and guidelines” developed by the COP, CMP, and/or the relevant body of any new treaty.

### 3.5 Cross Sector Interaction

The REDD text focuses on the forest sector whereas NAMAs are multi-sector. Implementation of REDD (e.g. via R-Plans) does go beyond the forest sector to look at drivers of deforestation. This expansion typically includes the agriculture sector, infrastructure, and mining. However the of analysis of these sectors is with respect to how they affect emissions and emission reductions in the forest sector rather than an analysis of reducing emissions in these other sectors.

Low carbon development strategies under the NAMA agenda are expected to have a more holistic approach and assess emission and mitigation options in multiple sectors.

### 3.6 Issues with Linking REDD and NAMAs

The linking of NAMAs and REDD can happen on different levels: It can lead to a merging of the LCA agenda items and the merging of the two negotiation streams. This would put at risk the advances made in the REDD negotiations, which would then become yet another G77 mitigation action. The linking can also happen on the implementation level, where REDD actions can count and be registered as a NAMA. This would lead to efficiency gains where REDD can rely on NAMA institutions and communication channels. Generally, the advantages and challenges in considering REDD as NAMA can be summarized as follows:

#### Linking Negotiations

Generally the advantages of keeping the negotiation streams of REDD and NAMAs separate outweigh the advantages of merging them. This is based on the following analysis:

- **Compromising success**

Due to strong developing country leadership, the REDD negotiations are more constructive and goal oriented than the discussions on NAMA which involve a lot of posturing from both developed and developing countries. The cordial atmosphere around REDD makes it possible to move these negotiations ahead faster. As a



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consequence a REDD decision is one of the most likely outcomes of COP-15. Merging the REDD and NAMA negotiations would compromise the success of REDD, the fast-tracked implementation, and undermine the cooperative spirit of the REDD negotiations.

- **Pace of NAMA negotiations**

The NAMA agenda item has progressed more slowly than the REDD agenda item. There are high expectations that Copenhagen will produce a decision on REDD that at least covers many methodological issues. The NAMA agenda, on the other hand, is still much less advanced and crowded by a number of different terms and ideas. If REDD is subsumed within the NAMA debate there is fear amongst some parties that the significant attention and momentum REDD currently enjoys will be lost.

- **Efficiency**

The climate change negotiations risk floundering under the weight of multiple agenda items and agendas. The plethora of issues creates negotiating inefficiencies as related tracks need to coordinate to ensure they produce consistent rather than conflicting outcomes. It also stretches developing country negotiators in particular, who have limited staff to follow and participate in all the issues that affects them. There are therefore arguments that combining REDD and NAMA negotiations would streamline the negotiation process.

### Linking Implementation

There are however significant advantages with including REDD under the NAMA umbrella when it comes to implementation. Advantages include efficiency; ensuring consistent and comparable MRV; streamlined and consistent funding; and promotion of a holistic approach to mitigation in developing countries. The one hurdle is the potential for inconsistencies between REDD and NAMAs.

- **Consistent and comparable MRV**

Consistent and comparable MRV of actions is needed to compare the international efforts to mitigate climate change. MRV in both REDD and NAMAs may evolve to include different MRV requirements for different phases or activities. Co-ordination will be needed to develop consistent and comparable MRV approaches (for both quantified and non-quantified MRV) between REDD and NAMAs. While it is not essential, the easiest way to do this is under a single set of MRV guidelines. These single guidelines could also cover the MRV of funding.

- **Streamline funding**

Significant funding from developing country governments will be needed for NAMAs and REDD. The NAMA registry that will match developing country needs and developed country funding (together with MRV of the funding) will be a useful tool to help streamline and coordinate this. This should help ensure cross cutting issues such as inventories and national communications are appropriately funded. It should also help avoid donor's funding the same or very similar activities in the same country – a practice that currently happens when a country finds favour amongst a number of donors. Alternatively or complementary, centralized funding models could be established that would allocate REDD and NAMA funding via an international body.



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- **Institutional efficiency**

Operationalizing NAMAs will require establishing new institutions within the UNFCCC. These new institutions may include a registry, an expert review team, an accounting function and potentially institutions involved in the issuance of offset credits. Operationalizing REDD may also require an expert review team and UNFCCC involvement in the generation and overview of issuance of REDD credits. Consolidating these institutions would help reduce the proliferation of multiple bodies within the UNFCCC engaged in similar tasks.

- **Efficiency**

Treatment of non-forest sectors under REDD is in the context of how these sectors contribute to deforestation and degradation. The focus is not on mitigation within these other sectors. NAMAs (at least the low-carbon development strategy component of the NAMA discussion) explicitly takes a more holistic approach to cross sector interactions. Including REDD within NAMAs would help further cross-sector interactions.

- **Potential Inconsistencies**

REDD has made progress on issues such as reference scenarios, MRV, scale (national and sub-national) and funding. These issues are less advanced under NAMAs, and it is possible that NAMAs may take a different route than REDD in some. However, the discussion above has demonstrated that there is greater potential for overlap in these areas than there is for conflict or inconsistencies. The objection to any reference to deviations against baselines, and crediting are likely the two areas with potential for inconsistency.



## 4 Copenhagen (and Beyond)

The analyses of advantages vs. disadvantages of including REDD as a NAMA in section 3.6 above clearly favours a linkage in the implementation while keeping the negotiation streams separate. This section sets out some lessons learnt from REDD that could help advance the NAMA debate and vice versa along with some suggestions of how REDD could be included in the NAMA framework at Copenhagen.

### 4.1 Lessons learnt

#### Lessons from REDD for NAMAs

The REDD negotiations are more advanced than the NAMA negotiations. This should enable the NAMA negotiators to learn something from REDD. There are two types of lessons – substantive and procedural.

##### *Substance*

The main substantive lessons that can be learnt from the REDD negotiations is the discussion on sources of funding. The REDD negotiations contain much broader lists of options of sources of funding whereas the NAMA debate has focused to date on a smaller list of sources such as general financing mechanisms under the UNFCCC (including GEF, multilateral and bilateral funding) or market mechanisms. REDD, on the other hand, contains numerous proposals (mostly from developing countries) on sources of funding such as taxes, share of proceeds, auction proceeds etc. See Table 2 above for a more complete list of funding sources considered in REDD.

The Norwegian “phased approach” including the transition from non-quantified to quantified MRV may also be useful for many NAMAs that may not be able to generate quantifiable emission reductions from the start. This may include sectoral approaches or technology transfer NAMAs that require more advanced MRV to quantify emission reductions. These NAMAs could use proxies to monitor and report emission reductions without quantifying them such as passing and enforcement of emission standards or energy efficient building codes, or production and sale of compact fluorescent light bulbs or hybrid cars.

##### *Process*

The procedural lessons can be summarized in two words – flexibility and consolidation. The REDD negotiations have moved quickly partially because of the significance of the issue but also because of the willingness of the negotiators to keep options open and modify their initial positions when needed. The plethora of terms describing similar concepts has also been consolidated on points where this was needed – such as the use of terms such as baseline vs. reference scenario. This process of consolidation helps flesh out differences in concepts as opposed to differences in terminology which helps move the debate forward.

#### Lessons from NAMAs for REDD

The NAMA registry, MRV of funding, and including REDD within low-carbon development strategies are all NAMA concepts that could help REDD. The registry should help streamline and bring greater transparency to REDD funding – particularly REDD readiness funding. MRV of funding will also help hold developed countries to funding



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commitments they make. The inclusion of REDD within low-carbon development strategies will help countries address cross-sector interactions within their economies and put REDD into a bigger, economy wide context.

### 4.2 Relationships Outside UNFCCC

REDD is supported by a variety of initiatives outside of the UNFCCC, ranging from World Bank and UN initiatives to bilateral and private programs. It seems as if the fact that REDD was not considered under the Kyoto Protocol has unleashed new and fresh energies and funds focussing on historic “failings” to address international deforestation. The fact that the US is generally very supportive of REDD and considers international forestry prominently in its draft cap-and-trade legislation supports the positive and problem-solving oriented approaches towards REDD. The main actors contributing to the relative REDD success are:

1. The Coalition of Rainforest Nations, a loosely connected UNFCCC negotiation group, serves as forum for exchange of ideas of developing countries and provides a platform to develop coordinated negotiation positions. It also hosts workshops on MRV and REDD implementation.
2. The World Bank’s Forest Partnership Facility has pioneered the concept of readiness and creates valuable lessons learned for the international negotiations. UN-REDD adds to that function, although the UN-REDD process is generally more opaque and less participatory.
3. The Government of Norway’s generous support of REDD has lend Annex I credibility to the process and generated significant trust among REDD negotiators – trust that is missing in the context of the NAMA negotiations.
4. The Prince of Wales Rainforest Project has convened heads of states in a meeting which led to the creating of an interim working group on financing for REDD. The interim working group looks at ways to accelerate funding for REDD before funding will flow under a UNFCCC financing mechanism.

There is no other mitigation area which would see a similarly lucky coming together of various entities and actors playing constructive and complementary roles in facilitating an international agreement around REDD through a wide number of non UNFCCC coordinated activities.

### 4.3 Including REDD as a NAMA at Copenhagen

REDD can be incorporated into the NAMA agenda item in one of three ways:

1. REDD can be listed as an eligible category under NAMAs, but negotiations regarding discrete elements of a REDD mechanism can also be decided at Copenhagen and continued in parallel.
2. REDD can be listed as an eligible category under NAMAs, subsuming the REDD negotiations into the NAMA negotiations.
3. REDD can be included as an optional category under NAMAs, with countries choosing to either pursue REDD as a NAMA or via a parallel REDD mechanism.



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## Option 1

The first option is the recommended framework for Copenhagen. It acknowledges the concern some parties have over the pace of the NAMA negotiations while at the same time formalizing a link between the two. For this option to work the following would need to be decided under NAMAs at a minimum:

1. The potential for NAMAs to include reductions against a reference level. This would not need to be a requirement for all NAMAs.
2. The potential for NAMAs to include funding via market mechanisms. Potential complexity around MRV of private sector financing REDD (or other NAMAs with market mechanisms) could be avoided by focusing on non-market funding for the specific NAMA (e.g. policy and measures) and also recording the existence of any market funding rather than the amount. This is seen to be the case with the current CDM that lists parties and “project participants” involved in the projects without disclosing details of financial support. That said, most NAMA funding is also expected to be government-to-government, which should limit the MRV issue in practice.
3. General consistency between REDD and NAMAs on MRV. This may include MRV that generates quantified reductions against a reference level as well as MRV of other indicators (e.g. forest cover change or technology transfer).
4. The flexibility to allow a number of additional issues to be negotiated for each type of NAMA. This could be under future “NAMA modalities and procedures” similar to the Marrakesh Accords and could include issues such as how reference scenarios are set and agreed, timing or other criteria for moving to market mechanisms (e.g. once national reference scenarios and national MRV are established rather than project specific).
5. Other issues such as the NAMA registry, and specific elements of NAMAs reported there are less likely to be contentious.

## Option 2

This option will likely face opposition from a number of parties that do not want to put at risk a REDD agreement to be included in Copenhagen. The issues that would need to be solved in substance are similar to those listed under Option 1.

## Option 3

This option is the least preferred as it would require duplication of processes under the REDD and NAMA agendas. This option would likely only arise as a compromise option between parties if consensus could not be achieved on Options 1.



## **Annex I: Summary of Party Positions on NAMAs**

### **Africa Group**

#### *Legal Nature*

Support from developed countries that should be subject to a compliance mechanism and reported in Annex I country national communications.

#### *Conditions*

NAMAs should be conditional upon technology transfer, finance, and capacity building that is subject to MRV.

#### *Registry*

NAMAs can be voluntarily registered and include SD-PAMs and programmatic CDM.

#### *MRV*

Reporting should occur through national communications or via a registry if accompanied by measurable, reportable, and verifiable support. Verification of NAMAs should be carried out by developing countries based on international guidelines where there is no international support, or via the UNFCCC where there is multi-lateral support for the NAMA.

### **Algeria**

#### *MRV and Conditions*

Developing country NAMAs could result in a substantial deviation against a baseline, which should be taken into account in the global effort. However, NAMAs should be supported by funding from developed countries. If this does not happen, NAMAs can not be expected to result in deviations from the baseline therefore developed countries should assume increased commitments to compensate for this.

### **Argentina**

#### *Scope*

NAMAs should include, *inter alia*, descriptions of national circumstances and the needs for capacity building, mitigation technologies and financial support.

#### *MRV*

MRV of NAMAs should be linked to MRV support from developed countries.

#### *Funding*

Financial and technical support should be available upon request through the financing mechanism to be created under the UNFCCC.

### **Australia**

#### *Scope*





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Australia proposes countries submit “National Schedules” that would be appended to a new treaty under the UNFCCC.<sup>22</sup> The National Schedule would include a long term emissions pathway as well as national commitments and actions reflecting each party’s capacities and circumstances. It would include concepts such as: quantified emission limitation or reduction commitments in economy-wide or sectoral terms; quantified emission limitation or reduction actions on an economy-wide or sectoral basis; emissions intensity commitments or actions; clean energy commitments or actions; energy efficiency commitments or actions; emissions thresholds aimed at protecting and enhancing sinks and reservoirs [for example national forest emissions levels]; other actions aimed at achieving quantified emission limitation or reduction outcomes.

### *Legal nature*

The National Schedule would be required of developed and developing countries (except for LDCs who would submit schedules at their discretion).

### *Registry*

Each activity registered in the national schedule shall contain information including; a description of the action or commitment; whether it is economy wide or sector specific; the baseline or reference case against which MRV will occur; an estimation of the emissions limitation or reduction outcomes expected; whether the commitment or action is to be taken unilaterally and/or is enabled by previously agreed financial, technology and/or capacity-building support.

## **Belarus**

### *Conditions and funding*

NAMAs should be supported by funding from developed countries and be eligible to generate tradeable credits.

## **Brazil**

### *Conditions*

NAMAs require funding and technology transfer support from Annex I countries, so unilateral action by non-Annex I countries should not be considered a NAMA.

### *MRV*

The results of NAMAs should be measured, but not against a hypothetical emissions baseline. The results of NAMAs should be MRVd according to national monitoring and reporting procedures and UNFCCC verification.

### *Registry and funding*

Non-Annex I countries could propose NAMAs within a registry, that would include a description of the activity, an estimation of the amount of support needed, and the expected mitigation result. Once an Annex I country has provided the required funding, the NAMA would become “effective”. The registry would be for large scale initiatives (not projects) and would not replicate the CDM. NAMAs would not generate offsets.

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<sup>22</sup> FCCC/AWGLCA/2009/MISC.4/Add.2 *Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan*, Submissions from Parties, Addendum (31 May 2009)



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### **China**

#### *Scope and conditions*

Developing countries are to determine themselves what should constitute a NAMA, taking into account existing development and poverty reduction needs. NAMAs should be supported by technology, financing and capacity building from developed countries. This support should be new, additional, adequate, predictable and sustained.

#### *MRV*

MRV shall be i) of the mitigation activities and conducted by developing countries under the guidance of the UNFCCC; and ii) of support provided by developed countries.

#### *Funding*

NAMAs should not generate offsets.

### **Costa Rica and Panama**

#### *MRV and conditions*

NAMAs should result in substantial deviations from a baseline by 2020 and be subject to MRV if supported by financial and technology support from industrialized countries.

### **European Union**

#### *Legal nature and scope*

All developing countries should develop low-carbon development strategies (LCDS) that include i) proposed NAMAs and ii) funding needs to implement the NAMAs. All developing countries would be required to propose LCDS by 2012 which would cover all sectors. LDC would be given financial support to prepare their LCDS.

NAMAs should generate deviations of 15% - 30% against business as usual for developing countries as a group.

#### *MRV*

MRV would include more frequent inventories and national communications to help assess overall progress to meeting the ultimate objective of the UNFCCC and recognize developing country contributions.

#### *Conditions and funding*

NAMAs should include i) unilateral action, ii) action requiring support, and iii) action that would be supported by the carbon market. A mechanism would be established whereby LCDS are assessed and need for support identified, support would be matched to the need, and the action and support would be validated.

Sectoral based crediting and the CDM can “incentivize” the implementation of NAMAs.

### **Guyana**

#### *Legal nature, scale, MRV*

NAMAs should be voluntary, at a national level, and may include low-carbon development plans or strategies as well as sector based plans or standards. MRV should be more flexible for LDCs, SIDS, and “coastal low lying development states”.



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## **India**

### *Legal nature, funding, registry*

NAMAs should be proposed on a voluntary basis by developing countries and developed countries should pay the “full incremental costs” of the NAMA. Each NAMA and corresponding support should be recorded in a register.

## **Indonesia**

### *Scope*

NAMAs should be based on sustainable development strategies and no-lose targets.

### *Conditions*

NAMAs should be supported and enabled by technology, financing, and capacity-building in measurable, verifiable, and reportable manner as the main source of funding, but can also be self-financed.

### *Funding*

NAMAs may generate offsets for developed countries if those offsets are supplemental to the no-lose target. REDD-plus should be considered a NAMA and be included in market based mechanisms if certain conditions are met.

### *MRV*

NAMAs and their support should be subject to MRV that is managed by a new body established under the COP.

## **Japan**

### *Legal nature, scope*

NAMAs are obligatory for developing countries and are to be set out in “national action plans” and can include policies and measures directed towards mitigation. Major developing countries should set “economy-wide GHG emissions or energy consumption per GDP” and “GHG emissions or energy consumption per unit in major sectors”. These intensity targets are in addition to NAMAs for major developing countries.

### *MRV*

MRV should result in quantitative data, especially in major developing countries that should include plant-level reporting. Reporting should ideally be annual (especially for major developing countries) and verification should include expert review. MRV in developing countries should be supported by developed countries.

### *Funding*

The purpose of the CDM is to be revised to include promotion of NAMAs (in addition to generating offsets for Annex I countries), but not all NAMAs should generate credits.

## **Lesotho (on behalf of the Least Developed Countries)**

### *Scope, MRV*

NAMAs should be differentiated between developing country Parties based on “reductions per unit of investment cost” and subject to MRV against a business as usual reference point.

### *Conditions*



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Voluntary actions should be recorded, and SIDS and LDCs should be able to propose NAMAs that have additional co-benefits. Implementation of NAMAs should be contingent up on funding from developed countries.

### **New Zealand**

#### *Funding*

New Zealand proposes establishing a new market mechanism for developing countries under the UNFCCC that is a type of NAMA, or developed in conjunction with NAMAs.<sup>23</sup> Tradeable emission reductions or removals would be generated relative to a quantified “trading threshold” covering one or more sectors. Credits could either be issued ex-ante at the start of a trading period or ex-post once verified. Ex-post issuance would not have any consequences if targets were not met. Ex-ante issuance would include consequences if targets were not met. Trading thresholds would be agreed within broader NAMA discussions, and the NAMA trading mechanism would need to be supported by capacity building from Annex I countries. It would be established under a new agreement reached at Copenhagen and sit alongside the CDM.

#### *Scope*

Additional NAMAs should also be possible with specific types of activities (such as quantified targets, price-based measures, regulations, and other policies and measures) recorded for each developing country.

#### *MRV*

A detailed reporting template is proposed. This builds on Art. 12 of the UNFCCC. The different NAMAs should reflect each country’s capacity and be subject to MRV. National inventory and reporting requirements for major emitting and advanced developing countries should also be required annually. Effectiveness should be estimated via business-as-usual baselines, “with measures” projections, and mitigation cost estimates. Support for NAMAs should be made by developed countries.

### **Norway**

#### *Scope*

NAMAs should be integrated into a national low emission development strategy and set out in economy-wide National Appropriate Mitigation Action Plans that are submitted to a registry. The economy wide consideration should also include REDD as a sector. Priority should be given to institutional and regulatory actions that support cost-efficient policies and measures and technology transfer that may also require longer term capacity building.

REDD is discussed as being part of NAMAs, but with some unique consideration such as permanence, leakage, MRV, reference setting, and involvement of indigenous peoples and local communities. MRV should be consistent between REDD and NAMAs.

#### *Funding*

Developed country support for NAMAs should focus on the most cost efficient emission reductions. Support can be tailored to specific NAMAs, such as implementing REDD, or

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<sup>23</sup> FCCC/AWGLCA/2009/MISC.4/Add.1, *Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan*, Submissions from Parties, Addendum (22 May 2009)



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research and development of new technology. Support can also be via market measures including cap-and-trade and taxes. A portion of allowances from Annex I cap-and-trade mechanisms could also be set aside and accessed via developing country NAMAs that include domestic cap-and-trade or carbon taxes. Capacity building will also be required.

### *MRV*

An initial focus should be national inventories for developing countries, which should be supported by capacity building as a priority.

### **Panama**

#### *Scope, funding*

During Bonn II Panama stated they did not want REDD to be included in NAMAs as this would dilute the focus on REDD, and that they supported offsetting in REDD. However, in a joint submission with Nicaragua, Honduras, and the Dominican Republic prior to Bonn II they stated they thought REDD should be within NAMAs. In this submission they also seemed to imply that REDD funding should be fund based and that REDD should not be linked to developed countries QELROs.

### **Papa New Guinea**

Does not support inclusion of REDD in NAMAs because they do not want to dilute focus on REDD.

### **Paraguay**

Does not support inclusion of REDD in NAMAs because they do not want to dilute focus on REDD.

### **Singapore**

#### *Scope, conditions*

NAMAs include sustainable development policies and measures and can be unilateral or include support from developed countries.

### *MRV*

All NAMAs should be subject to MRV which is open to independent auditing. Where a NAMA receives support from a developed country this support is also subject to MRV.

### **South Africa**

#### *Registry*

A NAMA register matching NAMAs to funding should be the key feature of any decision on NAMAs. The NAMA registry should be updated annually, and developing countries should submit national inventories every two years.

#### *Scope, funding*

NAMAs would generate emission reductions relative to a baseline and developing countries would be free to propose what constitutes a NAMA, such as sustainable development policies and measures, REDD, programmatic CDM, or no-lose sectoral crediting baselines.

#### *MRV and funding*



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NAMA methodologies would be assessed by a technical panel established under the UNFCCC and both action and support would be subject to MRV.

Verification of NAMAs that does not generate credits should occur via international procedures with developed parties covering the MRV costs of developing countries. If a NAMA generates credits this may be verified by an independent third party. Unilateral NAMAs may be verified, though do not have to be.

### **South Korea**

#### *Conditions*

NAMAs can include support from developed countries or be unilateral actions.

#### *Registry*

Developing country NAMAs are to be recorded in a registry along with any support.

#### *Funding*

NAMAs should also be able to generate tradeable emission reduction credits that build on the modalities and procedures of the CDM.

### **Tuvalu**

#### *Conditions, funding*

Tuvalu has submitted draft text for a Copenhagen Protocol to the UNFCCC.<sup>24</sup> This text states that developing countries shall undertake NAMAs, and may elect to take action under the following tiers:

- Tier one: Actions that are financed domestically, either nationally or sub-nationally;
- Tier two: Actions that are financed by international financial and/or technical support, either through bilateral support, support from the Multilateral Fund on Climate Change, or other international financial means;
- Tier three: Actions that are undertaken over and above identified Tier one and Tier two actions that are based on an emission reduction target and which may be eligible for trading of units.

#### *Scope, registry*

Actions may be either national, sectoral, or project level, and may be incorporated into a International Register maintained by the UNFCCC secretariat. REDD is explicitly mentioned as a type of NAMA, but prohibited from participating in Tier three trading activities during the “first assessment period” under the Copenhagen Protocol that would run from 2012-2017. This would be re-assessed by 2015.

### **United States**

#### *Legal nature, scope*

Developing countries with greater “responsibility or capacity” should develop quantified NAMAs that include reductions from business-as-usual scenarios. Other developing

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<sup>24</sup> FCCC/AWGLCA/2009/MISC.4/Add.1, *Ideas and proposals on the elements contained in paragraph 1 of the Bali Action Plan*, Submissions from Parties, Addendum (22 May 2009)



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countries should implement NAMAs consistent with their capacity and submit annual inventories (except for LDCs). National REDD-plus strategy would be developed in the context of a low-carbon development strategy. REDD-plus should be seen as a NAMA, but discrete elements of a REDD-plus deal can be struck at Copenhagen.

### *Conditions*

The development of low carbon development strategies and implementation of NAMAs may be supported by developed countries as appropriate.

### *Funding*

Funding for NAMAs (and REDD) will include a wide range of topics, including carbon markets.

## **NGO treaty proposal**

### *Legal nature and scope*

All parties not included in Annex B shall undertake nationally appropriate actions and sustainable development policies and measures to address and reduce GHG emissions, and seek to minimize the international displacement of emissions, from deforestation and forest degradation, taking into account Parties' differing circumstances, responsibilities, capabilities and needs.

Nationally appropriate mitigation actions include, but are not limited to, sectoral approaches, use of carbon market mechanisms and sustainable development policies and measures.

Low Carbon Action Plans should provide an integrated framework where a country's NAMAs can be pulled together in a coherent way. The LCAPs should clarify the link between actions, expected emission reductions and financial, technological (including R&D) and capacity building support needs.

### *MRV*

Parties not included in Annex B shall aim to reduce GHG emissions from deforestation and forest degradation against a national reference emission level in accordance with their national circumstances.

### *Conditions and funding*

NAMAs may be registered by Parties not included in Annex B and may receive support from the Copenhagen Climate Facility or other bilateral, regional or multilateral sources now, up to and beyond 2012 in line with the Bali Action Plan.

Nationally appropriate mitigation actions for which credits from emission reductions achieved may be sold on a carbon market and may be used for compliance with commitments under Article 3 of this Protocol or Article 3 of the Kyoto Protocol

The more nationally appropriate mitigation actions developing countries undertake and achieve, the more financial and technological support should be made available to support their efforts.

Support to undertake further nationally appropriate mitigation actions received by Parties not included in Annex B shall also be inversely proportional to the level of development of the country.