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Developing Country Participation in Addressing Climate Change: Analyzing Issues and Options for Implementing NAMAs

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Background note

Since the beginning of discussions over the post-2012 climate regime, the industrialized countries have mounted pressure on major developing economies to take on mitigation commitments, so much so that it is a widely held view that the US will not accept binding mitigation targets unless India and China too accept binding targets. To an extent this pressure has been successful in that the four major developing economies, China, India, Brazil and South Africa came together to constitute the BASIC group in response and have made announcements relating to their mitigation actions. However, mitigation in developing countries has always been a complex issue. The ideational and material drivers of negotiating stances of developing countries articulated through the insistence on 'equity', 'historical responsibility', 'common but differentiated responsibility' and their inseparable links with material drivers of positions on distribution of mitigation burden and provisions of MRVable (monitoring, reporting and verification) financial, technological and capacity building support capture this complexity well. Contrary to the portrayal in popular media and most of academic literature, developing countries' attitude towards mitigation has been constructive. As some recent studies compile climate policy initiatives over last couple of years, developing countries have shown much leadership and sincerity to the global cause. It is amply evident that integration of mitigation imperatives into their developmental needs has always been seen as an opportunity by developing countries to find an economic model for sustainable development, which the developed world has failed to provide so far. Realization of this opportunity however is not simple as it necessarily involves multiple trade-offs. While at the national level the trade-offs are broadly between a range of socio-economic developmental objectives and mitigation ambition, the trade-offs in international context are between the level of transparency, support, accountability and sovereignty.

These complexities are best captured by the articulation of Para 1b(ii) of the Bali Action Plan (BAP) which introduced the phrase 'nationally appropriate mitigation actions' and subsequent debates around the definition of 'climate finance' and scope of monitoring, reporting and verification (MRV) and international consultation and analysis (ICA). As per the BAP '*nationally appropriate mitigation actions [NAMAs] by developing country Parties [are to be undertaken] in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner*'. Clearly, this was a shift away from the earlier conception of developing country participation being driven by the SD-PAMs (sustainable development policies and measures) in favor of an increased and categorical emphasis on mitigation aspects of sustainable development. In this context, the proposed mechanism—the Nationally Appropriate Mitigation Actions (NAMAs)—could be seen as institutionalizing mitigation in developing countries, albeit couched in the context of sustainable development.

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Over the years, the term NAMA has evolved into a mechanism from being an expression of a political position asserting that only those mitigation actions may be taken by developing countries which are supported with finance and technology transfer, determined nationally and are in alignment with national circumstances and development priorities. Establishment of the NAMA Registry to record information on intentions, support needs, and provision of support along with the initiatives to promote and support NAMAs in developing countries through unilaterally decided selection criteria and flow of finance (such as the NAMA Facility) have contributed significantly to this evolution. As a result, a number of categories of NAMAs such as supported NAMAs, domestic NAMAs, and credited NAMAs etc. have emerged. While these developments continued to add to the complexity of multiple trade-offs involved in conceiving and implementing NAMAs in developing countries, there remains a lack of a structured approach to help make these trade-offs from a developing country perspective. Over the last few years, the research community has come out with some useful tools to fill this gap, one finds these approaches wanting in terms of their ability to comprehend and integrate national policy cultures and political aspects in negotiations. Their focus on technical aspects leave out certain specific concerns related to NAMAs such as political implications of international support and MRV outside consideration. It is important to stay reminded here that the debate related to MRV is in essence a debate over the 'binding' nature of mitigation actions.

In the absence of objective criteria it is difficult to assess whether a mitigation option which is not appropriate today could become appropriate in near future with changes in national circumstances or additional international support. While the UN Framework Convention on Climate Change (UNFCCC) recognizes that the 'specific circumstances' and 'other factors' of developing countries must be taken into account, developing countries need to develop a codified understanding of them. In the context of technological choices, central to climate solutions, the question of appropriateness has been an unresolved discourse. The debate concerning appropriateness of policy measures within domestic circles is obvious. From a developing country perspective, the issues related to distinguishing between domestic and supported NAMAs with acceptable MRV provisions and designing and implementing them epitomize challenges in resolving the duel between development imperatives and mitigation actions. In other words, there is a lack of a tool to assess context specificity of *national appropriateness*.

Overall, the issue of NAMAs is of great significance for developing countries, not only from the implementation point of view, but also from the climate diplomacy point of view. A deeper understanding of NAMAs will enable them to prioritize their mitigation strategy. A comprehensive notion of what 'nationally appropriate' mitigation options are for a developing country could serve as a methodological tool to assess many developed country proposals such as sectoral approaches, deployment of carbon capture, and sequestration technology, aviation and maritime tax, MRV, international support, and so on.

It is in this context that TERI, with some foresight launched the study "Developing country participation in addressing climate change: analyzing issues and options for implementing NAMAs" began in August 2010 with support from the Framework Agreement between the Royal Norwegian Embassy, New Delhi and TERI. The objective was to develop a framework for determining 'national appropriateness' of mitigation actions which is sensitive not only to domestic political processes of decision making and developmental priorities but also

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cognizant of the political considerations of implementing mitigation actions in developing countries. The intention was to make a considered contribution to conceptualizing and implementing NAMAs in such a manner that national imperatives of development and global imperatives of GHG emissions reductions are justifiably balanced and enhanced through the use of relevant knowledge products and institutional innovations. In order to illustrate applicability of this framework in varying country contexts, the study also aimed to examine few mitigation options in BASIC countries. The study therefore is an international collaborative attempt in which TERI partnered with COPPE/Federal University of Rio de Janeiro (Brazil), University of Cape Town (South Africa) and Tshingua University (China).

Effective climate regime cannot be realized if specific circumstances of countries are overlooked and competitiveness concerns continue to overshadow the need for global cooperation. In the context of climate action, developing countries face a dual challenge. On the one hand they need to achieve higher levels of development for their citizens within the constraints of resources and environmental concerns, while on the other hand the developed countries put pressure on them in negotiations to take on higher burdens of climate action, ignoring implications for the pressing development needs of developing countries. Balancing these two types of pressures is critical in the process of developing countries' participation in addressing climate change. Therefore, throughout the study we engaged with stakeholders and experts in the process of developing the required criteria defining appropriateness. To gain from stakeholders' experience and input, two workshops were organized in August 2011 and November 2012 in New Delhi. In addition, an online survey was also conducted to identify the socio-economic criteria for evaluation of potential mitigation actions, and the desired characteristics of NAMAs. Building on the inputs received from several national and international policymakers and researchers, as well as representatives from partner institutions who brought to the table their insights and experience with development and mitigation interplay and highlighted key issues and various dimensions of the architecture of NAMAs a systematic approach and set of criteria were developed and vetted through presentations at various forums including the two regional capacity building workshops for the Asia-Pacific region organized by the UNFCCC Secretariat in 2013 and 2014, and testing the applicability of approach in BASIC country contexts. In order to learn from the experience of wider research community and practitioners, the study also invited written contributions from them which were published in the project's newsletter 'Mitigation Talks'. More than 17 research institutes from across the globe contributed to the newsletter.

In parallel, the last couple of years have seen significant progress in conception and implementation of NAMAs as well as on institutional arrangements to facilitate NAMAs such as the NAMA Registry under the UNFCCC and the NAMA Facility and the Nordic Partnership Initiative (NPI) outside UNFCCC. While the experience from these initiatives has added a lot of value and lessons to the NAMA discourse, from developing countries' perspective there are still serious gaps in terms of institutional certainty and comprehensive knowledge products. It is evident that the conception and implementation of NAMAs is a highly politically sensitive issue. The developed countries recently have unilaterally initiated processes to support mitigation actions in many developing countries, labeling them as NAMAS, and some developing countries seem to have succumbed to the need of money as well as political pressure from developed countries to accept this unilateral support. This apparently goes against the conception of NAMAs at Bali. It is extremely important for the practitioners and promoters of NAMAs to stay reminded of the political context of the Para 1b (ii). In addition, a lot of time has passed since Bali, and countries are now discussing

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‘Intended Nationally Determined Contributions’, which may take many forms including mitigation actions, capacity building, commitment to provide technology and finance, policy initiatives and so on. In this context, it is important to learn lessons from the process through which the term NAMAs has evolved from being an expression of a political position asserting that only those mitigation actions may be taken by developing countries which are nationally determined and are in alignment with national circumstances and development priorities, into a mechanism susceptible to unilateral actions by developed countries. We hope that the findings of this study and deliberations at this workshop will help fill in these gaps.

Project website: http://www.teriin.org/projects/nfa/index.php#strategic_themes

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