Nature Code
Our planet is not for sale

Carbon Market Watch

The missing ingredients for successful NAMAs

December 2015

Public participation guidelines

Safeguard system

Sustainability assessment

Environmental criteria

Summary

Nationally Appropriate Mitigation Actions (NAMAs) are a promising vehicle for developing countries to pursue their mitigation and development objectives. Although this dual objective also characterizes other mechanisms under the United Nations Framework Convention on Climate Change (UNFCCC), such as the Clean Development Mechanism (CDM), NAMAs are particular in the sense that they are a voluntary, country driven instrument that moves away from carbon trading.

The general agreement among experts is that NAMAs have a great potential for driving transformational change and putting developing countries on a path towards low-carbon development. This policy brief analyses the design and governance of NAMAs and identifies a number of challenges related to the international governance deficit of NAMAs that pose several challenges towards achieving these objectives.

The key findings of this policy brief are:

- NAMAs have a potential to play an important role in the post-2020 climate regime as a tool to implement the objectives of the new political frameworks, such as the new sustainable development agenda (Agenda 2030) and the Intended Nationally Determined Contributions (INDCs).
- There is a lot of interest in NAMA development. However, currently less than 2% of support requested for NAMA development and implementation has been offered.
- Despite the 'development first' agenda of NAMAs, the oversight of sustainable development impacts of NAMAs is not framed, regulated, or called for under the UNFCCC.
- Engagement of civil society in NAMA planning, capacity building and implementation is crucial for sustainability and local ownership of NAMA, and can add substantially to resulting in economic, environmental and social co-benefits.
- Because there are currently no existing rules or guidelines for effective stakeholder consultation, processes are often poorly designed and implemented, or sometimes fail to include civil society as a key stakeholder.
- NAMAs are recognized as a promising instrument for sector-wide and sub-sector policy based emission reductions. Nonetheless, the absence of sector-specific environmental criteria can lead to use of practices and technologies in NAMAs that may be ultimately detrimental to the environment, human health and could lock in developing countries to high carbon infrastructure.

Recommendations

The following recommendations should help to shape NAMAs to become an instrument for true transformational change towards sustainable low-carbon development in developing countries:

- Adopt universal safeguards building on international good practice. These should include guidance on minimum standards for the establishment of grievance and complaint procedures at the national level.
- Provide a harmonized system of sustainable development assessment across mechanisms. This must include sustainable development indicators, requirements for sustainable development monitoring, and stakeholder involvement.
- Adopt guidance for effective stakeholder consultation. This must include consultation with indigenous and tribal peoples and local communities before adopting measures that may affect them.
- Endorse environmental criteria through adoption of a negative list in order to exclude particular project types and technologies with high GHG emissions and that are associated with other high environmental and social costs.

1. Introduction

Pursuant to the COP13 in 2007, the Bali Action Plan was launched as a process to *inter alia* address a way to enhance national and international action on mitigation of climate change. As an outcome, developing countries agreed to take NAMAs to contribute to international efforts towards mitigation of climate change.

NAMAs were established as a flexible climate policy tool without an official definition or clear-cut rules. Fundamentally, NAMAs are characterized as measurable, reportable and verifiable actions that pursue two objectives:

I. reduce their greenhouse gas (GHG) emission below business as usual by 2020

II. contribute to domestic sustainable development

The term 'nationally appropriate' provides developing countries an opportunity to develop their own proposals for climate activities that are in line with their sustainable development objectives and in a variety of forms, namely policies, sectoral goals, or project based activities. Practice suggests that NAMAs are generally implemented as long term strategies, aimed to achieve 'transformational change'. They can be based on already existing policies and strategies, such as Low-Emission Development Strategies (LEDS) and provide a good opportunity for sector-wide and sub-sector policy-based emission reductions.

However, NAMAs are still diamonds in the rough. For now, there is lack of precise international governance, guidelines and requirements around NAMA development and implementation. In other words, NAMAs need the right guidance to ensure they deliver positive environmental and social impacts on the ground.

This policy brief aims to give a brief overview of NAMAs' state of play under the current framework. It underlines the main opportunities for the role of NAMAs in the future climate regime and the challenges that curtail NAMAs' progress in becoming a successful transformational instrument for sustainable low-carbon development. Based on identified gaps and lessons learned from NAMA cases on the ground, this policy brief provides recommendations on needed guidelines and criteria to take NAMAs to the next level.

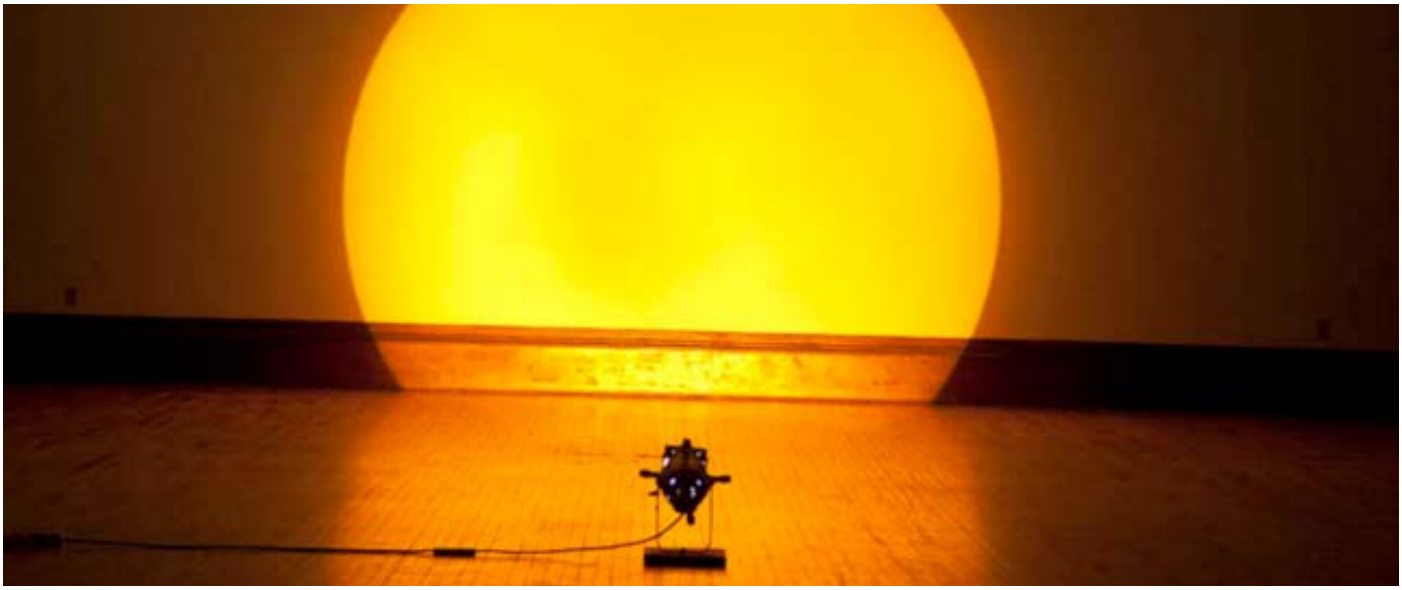
2. NAMAs vs. CDM

While NAMAs were built on the legacy of the Clean Development Mechanism (CDM), they are different in many aspects. Compared to the CDM, the agenda of priorities in NAMAs is reversed. In other words, initiative for NAMAs comes from national governments and climate actions are designed to pursue national or subnational needs for development. Respectively, NAMAs are considered as policy instrument with a 'development first' agenda, where uppermost goal is to secure social, economic and environmental prosperity.

Moreover, NAMAs move away from offsetting and allow emission reductions to be accounted for where they take place. Nevertheless, the Parties are discussing an option of 'credited NAMAs' that would allow NAMAs to generate tradable carbon credits in the form of 'credited NAMAs'. For now this mechanisms has not been defined under the UNFCCC.

3. The future role of NAMAs

NAMAs have the potential to play an important role in the future. Although they were formally developed in the framework of



pre-2020 ambition, many speculate that their role will continue beyond 2020, either as NAMAs or under a different label. Certainly, the new political frameworks, such as the new sustainable development agenda (Agenda 2030) and the Intended Nationally Determined Contributions (INDCs), give further significant to the role of NAMAs.

Role of NAMAs for implementation of SDGs

The adoption of the new sustainable goals (SDGs) will give even more meaning to policy initiatives which aim to reach economic, social and environmental development goals. Given NAMAs' potential for delivering sustainable development, mitigation and putting developing countries on low carbon intense future, they can be a powerful tool for climate finance.

NAMAs can be a way for developing countries to implement SDGs at the national level. By pursuing national sustainable development strategies, NAMAs can increase efficiency and benefits for both poverty eradication and a just transition to zero-emission development. They can be particularly useful tool as they implement cross-sectoral mitigation actions. The sectors important for mitigation and covered by the SDGs include energy, agriculture, health, forests, and transport.

Role of NAMAs for INDCs

INDCs are to be designed in light of national circumstances and development priorities. The pledges are therefore diverse, taking the form of economy wide targets, energy targets, policies and projects. Similarly, NAMAs are a country-driven mechanism that allows developing countries to undertake mitigation actions in the context of their development priorities and in a variety of 'nationally appropriate' forms, namely policies and projects.

NAMAs can have an important role in informing the implementation of INDCs. In the run up to Paris, NAMAs provided meaningful lessons for constructing INDCs. Some countries used capacities and institutions built in countries for developing NAMAs, including the monitoring, reporting and verification (MRV) system, finance channels and identified baselines and barriers. For example, Thailand's INDC has been prepared on the basis of key lessons learned from Thailand's NAMAs. The Dominican Republic INDC has sector specific measures that will be implemented based on capacity and expertise of institutions in the country developed through NAMAs.

Moreover, NAMAs can be used as a tool to implement INDCs. NAMAs comprise concrete mitigation actions and can serve as a main channel for delivering emission reductions pledged through INDCs. In fact, many countries have integrated NAMAs in their INDCs. For example, a part of the Tunisian INDC mitigation plan includes the use of a cement sector NAMA.[1]

Following from this, NAMAs are likely to continue beyond 2020 as a mechanism with great potential to support the mitigation and development objectives of developing countries. However, it is unclear whether NAMAs will maintain the same labelling, or whether their linking to the country pledges through the INDCs might transform their voluntary nature.

4. NAMAs state of play

NAMA development has increased significantly in the past years, with 30% more NAMAs in development since December 2014. According to the NAMA Database by Ecofys,[2] which tracks NAMA development worldwide, up to November 2015 there were 165 NAMAs at different stages across 51 countries.

NAMAs are preferably implemented as overarching sector policies and programmes with long term objectives. According to the Ecofys, more than half (56%) of all NAMA activities are carried out as part of national policies and strategies, and about a fourth (27%) as projects.

Only 18 out of 165 NAMAs are currently at implementation phase; 7 in Latin America, 6 in Asia and 5 in Africa. The remaining NAMAs are still under development. This is largely due to the slow pace of finance, scarce capacity and technology available to move NAMAs forward from the development to the implementation phase.

According to the NAMA Database, just over one third of NAMAs are being developed in Latin America, with Mexico accounting for a larger share in the region. This is followed by Africa and Asia. Less than one tenth of NAMAs in development are located in Europe, more specifically, in Serbia.

The prevailing sector for NAMA development is energy, which accounts for close to half of all NAMA activities under development and includes a range of policies and projects largely supporting renewable energy technology (e.g. wind, solar, thermal power, geothermal power, hydro, biomass, natural gas, etc).

This is followed by transport (14%), waste (11%) and building (10%) sectors. A smaller number of NAMAs are developed in industry (6%), agriculture (5%) and forestry (4%) sector. There are several NAMAs that address more than just one sector and at the same time target, for example, agriculture and waste (e.g. generation of bio-energy and GHG mitigation though organic-waste utilization in Pakistan).

Examples of NAMAs under implementation

Biomass Energy NAMA Support in Burkina Faso (project NAMA, from 2015)

The Biomass NAMA targets the main driver of deforestation in the country, the biomass energy, with the objective of reducing emissions, improving the efficiency and sustainability of wood energy value chains, and making biomass energy a commercially viable and renewable.
Read more on Nama Facility website (http://www.nama-facility.org/projects/burkina-faso.html)

NAMA for sustainable housing in Mexico (strategy/policy NAMA, from 2012)

The sustainable housing NAMA aims to promote cost effective energy-efficient building concepts, with a focus on low-income housing. It aims to add up to the existing national initiatives for energy-efficient housing by extending the efficiency standards to the entire new housing market in Mexico and upgrading them to a more ambitious level.
Read more on Nama Facility website (http://www.nama-facility.org/projects/mexico.html)

5. Finance for NAMAs

While an increasing number of financing institutions are providing support for NAMAs, the pace of financial investments does not match the enthusiasm for NAMA development. That is reflected in the scarce number of NAMAs in implementation stage – 13 against 149 in development stage.

Support for NAMAs is generally needed throughout four stages of NAMA development: i) capacity building in host country, ii) NAMA design, iii) NAMA implementation, and iv) investment in low carbon technology or infrastructure projects.[3]

The key challenge to advance NAMAs to the next stage is mobilizing climate finance, in particularly private finance. Developing country governments take the lead in providing domestic public finance (e.g. from rearranging the national budget) and identify the types of finance still needed to attract in order to implement NAMAs. Some sources of financing were developed specifically for NAMAs (e.g. NAMA Facility, Spanish NAMA Platform), while others are more general and encompass wider low-carbon development actions.

Current financial flows for NAMAs come from a range of sources, including developed country governments, bilateral and multilateral development banks and agencies, such as:

- **Multilateral financing institutions**: World Bank, Global Environment Facility (GEF), Asian Development Bank (ADB), soon the Green Climate Fund (GCF);
- **National governments**: Germany through International Climate Initiative (IKI) and Climate-related Official development assistance (ODA) funding, Spain through Spanish NAMA Platform;
- **Regional initiatives**: EU-Africa Infrastructure Trust Fund; Latin American Investment Facility (LAIF); Neighbourhood Investment Facility (NIF); Inter-American Development Bank (IDB).

Given that NAMAs are largely government-driven policy actions, they struggle to leverage private finance. To mobilize private sector money, developing countries must provide 'bankable' NAMAs. That means that NAMAs should generate adequate level of revenues with a sufficient level of certainty. Developing country governments must thus create an attractive investment environment through creation of legislations and regulations which reduce investment risks. Policy NAMAs can create demand for low carbon investment, for example through financial incentives like feed-in tariffs for renewable energy, policy packages which incentivize a market for a new technology, or new requirements such as building codes.

The arising challenge is that investors' request for short term bankability of NAMA does not always match the national effort for long-term low-carbon development. That is why there is a concern that investors' interest might outweigh the country's initial proposal and end up forming the NAMA.

Current state of finance for NAMAs

According to the NAMA Pipeline Analysis and Database by the UNEP Technical University of Denmark (DTU), until November 2015, $7.8 billion of support was requested for NAMAs, and only about $136,57 million offered. Most of this - $120 million - came from the NAMA Facility. The remaining $17 million of the funding for NAMAs was provided by the Global Environment Facility (GEF), Japan, Austria, and Australia. This together represents less than 2% of support requested.

Respectively, the majority of NAMAs are looking for support. The NAMA Pipeline contains 113 NAMAs, of which 106 are listed as looking for external support for preparation or implementation.

Support offered	From	MUS$
ODA for Climate Change Measures	Japan	0,96
NAMA Facility	UK & Germany	120,41
Austrian NAMA Initiative	Austria	1,94
UNDP MDG Carbon	Australia	0,13
Global Environmental Facility (GEF)	GEF	13,13
Total		**136,57**

Source: NAMA Pipeline Analysis and Database, UNEP DTU

The stated offered support of $136.57 million will be increased due to new financial boost by the NAMA Facility.

The NAMA Facility's third round of finance for NAMA support project outlines closed in July 2015. Thanks to two new donors – the Danish Ministry of Climate, Energy and Building (MCEB), and the European Commission – which provided €12 and €15 million respectively, the facility will provide funding of up to €85 million (about $95 million) to some of the 42 submitted support project outlines.

Furthermore, the GCF announced to bring in a total of $10.2 billion, with $5.83 billion equivalent contributions signed up to date. In November 2015, GCF approved the first projects worth $168 million. Since the Fund attempts to allocate 50% of its sources to mitigation actions, it can provide great assistance to NAMA implementation in the future.

Lack of criteria for ambitious NAMA

International support for NAMA development and implementation is not based on any uniform, globally agreed set of criteria. This in turn raises a number of red flags, such as the development of NAMAs on the ground utilizing practices resulting in much residual waste, pollution or little data on stakeholder consultation and accountability.

Particularly worrying is the absence of negative or exclusion lists by many funding institutions that have the power to endorse the environmental and sector-specific criteria for NAMA actions.

For example, the NAMA Facility's ambition criteria prioritize the likelihood of a NAMA support project to achieve transformational change. This includes whether the proposed NAMA pursues an innovative approach, includes private sector, and how it builds national capacity to reduce future emissions. While the NAMA Facility does not apply a negative list, it states that it would not support coal-related projects except in exceptional circumstances, in which the poorest countries have no feasible alternative. The GCF also applies its own Initial Investment Framework with selection criteria. This includes para-

digm shift potential and a minimum benchmark for the greenhouse gas emissions reduction attained through projects. However, GCF failed to agree to a negative list, which would ban coal power or any fossil fuel projects. This is paradoxal from a fund set up to support transformational climate action towards low-emission and climate-resilient development pathways.

The need for stringent environmental criteria is accentuated with a number of troublesome examples of NAMAs that are presented as ambitious 'waste-to-energy' or 'cultivation of high yielding' actions, but are in fact pursuing practices that have negative environmental impacts, for example:

- A Dominican Republic NAMA seeking support for implementation foresees implementation of waste practices for co-processing in the cement sector to improve waste disposal and reduce emissions from cement production.While the NAMA states numerous environmental, social and economic benefits, it includes incineration of industrial and municipal solid waste, including used tires in cement kilns as a part of its climate strategy. This is based on the reasoning to replace the use of fossil fuels with 'alternative' fuel. However, burning industrial and municipal solid waste does not reduce GHG and toxic emissions and in fact contributes health problems and climate challenges.

- Similar problematic practices are found in Indonesia, where the NAMA encourages waste to energy in the cement sector. The aim is to reduce coal as primary fuel in cement production and substitute it by alternative fuels from industrial and municipal solid waste and raw material.

- NAMA in Uganda foresees the cultivation of high-yielding upland rice and promotion of NERICA (New Rice for Africa) practices. NERICA is a mix of African and Asian rice developed in laboratory, often pushed as way for the sustainable expansion and intensification of rice which can lead to large-scale planting of NERICA monoculture. Experience has shown that this can open the doors to negative environmental impacts, particularly if it becomes susceptible to pests and in case of improper use of pesticides.The danger is also that the NERICA endangers existing local and traditional rice varieties and leads to a loss of rice biodiversity. Moreover, the use of NERICA has shown to have a negative social impacts on the small-scale farmers and the poor.

These examples underline the challenges in the face of no environmental criteria for waste and agriculture sectors, and sector-specific criteria in general. Without establishing clear standards, funding institutions risk promoting practices that add to climate change and bring negative social impacts. Such greenwashing practices have no place in national mitigation actions.

6. Role of civil society in NAMAs

The state of guidelines for stakeholder engagement in NAMAs

There is a broad understanding that NAMAs need to be designed, developed and implemented through an all-inclusive stakeholder engagement. The Guidance for NAMA design, developed by UNFCCC, UNEP and UNDP, recognizes the need for wide stakeholder engagement in every stage of the process. However, there are no official rules or decisions under the UNFCCC that call for stakeholder consultation in NAMA development process, nor guidance on how to conduct them. In comparison to NAPAs (National Adaptation Programmes of Action), which include guiding elements for preparation, consisting of participatory process involving stakeholders, particularly local communities, sustainable development and gender equality, NAMAs lack guidance as

to minimum standards for consultative processes.

The absence of rules and specific guidelines on this matter leave NAMAs largely to be carried out in line with requirements defined by financing institution supporting NAMA or national rules. This can be particularly delicate, since a number of developing countries have no or poor rules established for stakeholder engagement.

Respectively, the processes for stakeholder engagement for NAMA development are generally poorly designed and implemented. Cases from early stages of NAMA development in Chile, Indonesia, Kenya, Peru and Tunisia show the importance of pre-planning and initiatives to bring stakeholders together. The lack of awareness among civil society about the concept of NAMA can add to low public participation in the process. Therefore, capacity building and enhancing understanding around NAMAs is key for meaningful stakeholder engagement.

Good and bad practices of civil society engagement on the ground

Despite lack of guidance, some NAMAs are developed with high public engagement where members of civil society are key actors in development and implementation of actions on the ground. On the other hand, there are NAMAs under development, which fail to involve civil society as a key stakeholder group.

i. Gender sensitive NAMA in Georgia

The challenges of energy poverty in rural Georgia were addressed through a 4-year pilot phase project to develop a gender-sensitive NAMA with installation of energy efficient stoves and solar hot water collectors. The project was led by coalition of NGOs together with men and women from local communities. The stakeholder meetings were largely organized by the civil society, hand in hand with the local government, and were held once or twice per month. The awareness about the benefits of sustainable energy was built due to a previous energy project implemented in the region. Moreover, the NGOs have built the capacity of local women and men through training and involvement in development and implementation of the project. Women were trained as monitoring and maintenance experts of sustainable development benefits, while men were trained in construction of solar collectors. The project contributed substantially to benefits for the local population and empowerment of women.

ii. Low emission schools in Mexico

A pilot programme for low emission schools in took place across 35 schools in Mexico. In the first phase, the NAMA was piloted and implemented by the Integral Platform for Sustainable Development (PIDES) hand-in-hand with four local governments and the German Agency for International Cooperation (GIZ). Most important goals of this program included the empowerment of school communities, reduction of school emissions and environmental education through the creation of NAMA. The precondition for success was a good understanding among civil society about what NAMA for schools meant and how the policy can be implemented.

Stakeholder consultations were held by PIDES and GIZ for a period of 4 months and included the Environmental Minsitry, the Foreging Affairs Ministry, the Mario Molina Center and the feedback of youth. Students, teachers, parents, administrative staff and cleaning personnel formed green teams and were trained and empowered as implementers of initiative. The empowerment of civil society generated strong community commitment. The younger generation took ownership of the programme and became the facilitators of the conversation among the government, the civil society organisations and the school sector.

I. Solid waste NAMA in Costa Rica

The waste NAMA under the development in Costa Rica includes a number of practices to deal with solid waste, including extracting fuel from solid waste for the use in cement factories. This has been denounced by local communities and international civil society, because this practice is not only highly contaminating and a serious danger to public health, but also does not represent a reduction of greenhouse gases. While several workshops were held to involve the key stakeholders, this largely included representatives from industry, while citizen groups that promote sustainable systems for waste management were not invited. Despite trying, Towards Zero Waste Costa Rica' Collective did not succeed to open a dialogue with the relevant government agencies on the process of NAMA.

Public participation: a win-win situation

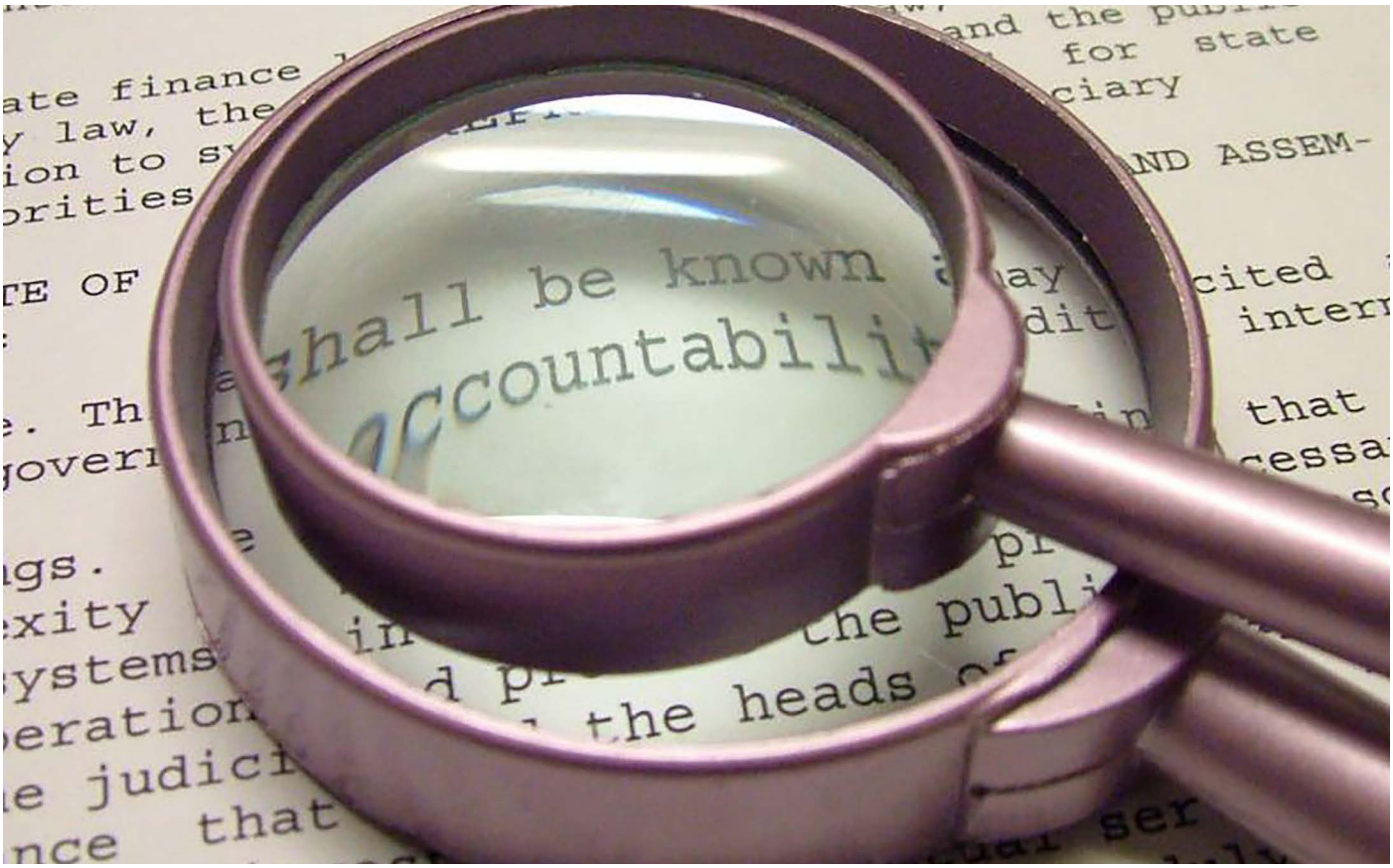
The engagement of civil society in the NAMA process is an advantage that can add to both, capacity of NAMA and capacity of the civil society.

Firstly, NAMA process can add to the success of NAMA by providing valuable input to the process and making the outcomes publicly accepted. The cases from Mexico and Georgia demonstrate that that involvement of civil society in project planning, capacity building and implementation is crucial for sustainability of and local ownership of climate action.

Civil society input is valuable in every stage of the process. In the concept phase when the NAMA idea is being formed, civil society participation can add to understanding the development needs on the concerned ground, identifying and prioritizing the areas where development and emission reductions are most wanted and attainable, and classifying co-benefits as an outcome of NAMA. Particularly, the local community is considered to be the best judge on who the most relevant stakeholders are and which activities could be most realistic and efficient. In the development stage, civil society can be valuable in identifying barriers to implementation, such as economic, financial (e.g. how NAMA will impact local manufacturers or distributors), or information barriers (e.g. lack of knowledge or technical expertise). Furthermore, as the case from Georgia shows, civil society can serve as an implementer of initiatives and monitoring agent. Civil society can be valuable in validating impacts and providing feedback to the data from the MRV process.

Secondly, involvement in NAMA development and implementation can benefit civil society by supporting their mission and providing an opportunity for governments to focus on areas important to civil society. Moreover, civil society gains substantially from the resulting economic, environmental and social co-benefits, as the cases from Georgia and Mexico demonstrate. Women and men participating in pilot project in Georgia, benefited from training, which led to 40 % of women becoming monitoring and maintenance experts and an overall creation of 135 jobs. Most of all, the project contributed to empowerment of women who became key agents in information and management of the project. Similarly, a pilot for low emission schools NAMA in Mexico empowered youth through education and training to become the leaders of the sustainable low-emission initiative.

7. Social and environmental accountability of NAMAs



The Bali Action Plan determines that NAMAs are to be developed in a "measurable, reportable and verifiable manner". The oversight of NAMA performance is enforced through an MRV system. MRV however plays a different role in NAMAs than in the CDM. Due to the strongly country-driven nature of NAMAs, the process is more flexible and keener to consider national circumstances and priorities. The general agreement is that MRV system should not constraint NAMAs but should be used as a tool to reinforce NAMA actions.

Environmental accountability of NAMA actions

The reporting on NAMA mitigation actions is linked to two reporting streams. All developing countries must submit national communications every four years which include a national GHG inventory. Furthermore, they 'should' submit Biennial Update Reports (BURs), containing updates of national greenhouse gas inventories, steps taken towards the objective of NAMA action,

information on international market mechanisms and description of the domestic MRV system. Submitted BURs are then subjected to review of International Consultation and Analysis (ICA), which was for the first time conducted in May 2015. ICA however does not impose a system of compliance, or sanctions in case of possible underperformance.

While COP decision provided some guidance on reporting requirements for developing countries mitigation actions, they gave little guidance on how to monitor NAMAs on the ground.

The guidelines adopted during COP19 outline that domestic NAMAs are to be measured, reported and verified in accordance with national MRV systems. They propose that MRV should be voluntary, consider national circumstances and national priorities. It is therefore up to countries' abilities, institutional capacities and discretion to determine which environmental and social effects to oversee.

Supported NAMAs are in addition to domestic MRV also subject to international MRV. However, there are no universal guidelines for MRV for supported NAMAs. This means that the criteria for MRV will be generally set by the entity, which is providing financial, technical and capacity support for the NAMA (e.g. donors, investors, partners). In this case, MRV requirements will not be so much influenced by developing country's capacity, but more by its demand for funding.

One of the resulting challenges of supported NAMAs is providing a healthy balance between the rigidity of MRV system imposed by international donors and the country ownership over mitigation actions. MRV system should not ignore the specificity of each NAMA, each country's circumstances and development priorities and should thus include relevant indicators and metrics suited for a specific NAMA. This makes NAMA MRV systems more flexible and pragmatic.

Social accountability

It is clear that monitoring of NAMAs must encompass other outcomes apart from GHGs reductions. From many national perspectives, resulting social, environmental and economic co-benefits are of greater interest and constitute some of the main objectives of NAMAs. In comparison to the CDM, which is more focused on large-scale projects aiming for large GHG reduction rather than high co-benefits, NAMAs are driven by public and private interest for long term development and have a great potential to deliver co-benefits on the ground.

Although sustainable development parameters are central to NAMA actions, they not accounted for in reporting requirements to the Convention. The COP decisions do not provide criteria, methodologies, incentives or safeguards to monitor and assess the sustainable development co-benefits of NAMA actions.

Initiatives to give emphasis to sustainable development impacts are developed separately from a number of NAMA stakeholders. For example, UN Economic and Social Commission for Asia and the Pacific (UNESCAP) argues for recognizing, quantifying and rewarding the sustainable development benefits from waste NAMAs. The need for quantification and monetization of sustainable development co-benefits beyond CDM, was also expressed by Brazil, Uganda and Cambodia. The host countries find that such methodology on the national level could give a clearer idea of how much mitigation actions contribute to national development.

Moreover, there are initiatives in place to improve such methods for NAMAs. In September 2014, United Nations Development Programme (UNDP) developed a voluntary tool to report and monitor sustainable development benefits over its full life cycle. The tool is linked to proposed Sustainable Development Goals (SDGs) and based on indicators NAMA developer can choose on their own. Another initiative was undertaken by the NAMA Partnership Working Group on Sustainable Development together with the International Institute for Sustainable Development (IISD) and the UNEP DTU Partnership, which based on taxonomy from CDM SD tool, aims to design a relevant NAMA Sustainable Development assessment tool.

The new SDGs, adopted in September 2015 add to the momentum of developed initiatives and the need for effective monitoring of co-benefits in climate mechanisms with sustainable development objectives.

8. Challenges and Recommendations

Current NAMA experiences show that NAMAs can be a great tool for sectorial and sub-sector policy-based emission reductions and a tool to drive national sustainable development goals and priorities. Statistics also demonstrate that there is a big enthusiasm among developing countries to develop NAMAs, but little guidance and rules on several aspects that determine their success. This is somewhat due to the very flexible concept of NAMAs coming out from the UNFCC negotiations. Many questions remain on how to develop a successful NAMA, what are the criteria and what is the role of different stakeholders in the process.

In the light of identified gaps, NAMAs ultimately face the same or worse challenge as the CDM in supporting activities that could potentially have serious negative impacts on local communities and the environment if not properly safeguarded. In order for NAMAs to become an instrument for true transformational change towards sustainable low-carbon development in developing countries, they need the right guidelines and criteria.

Given that NAMAs are principally supported by public money spent through national governments and international funders, NAMA developers are accountable to the people. Accountability of NAMA actions can be best supported in two ways.

Firstly, MRV of both GHGs emission reductions and sustainable development co-benefits is the best tool to demonstrate how implemented actions have contributed to improving livelihoods and environment. Furthermore, it is also a way to learn from the NAMA experience and its impacts through transparent information sharing. Sustainable development is a key driver for NAMAs. NAMAs should therefore address it thoroughly and build on the limitations of the CDM by providing a framework which promotes and effectively monitors co-benefit.

Recommendation 1

Provide a harmonized system of sustainable development assessment across mechanisms. This must include sustainable development indicators, requirements for sustainable development monitoring, and stakeholder involvement.

Secondly, experience has shown that inclusion of all stakeholders in the process, particularly civil society, can ensure that NAMA activity will be publicly accepted, sustainable, that it creates a spirit of ownership and does not result in adverse impacts. NAMAs need to ensure effective participation of civil society in the decision making process at international level as well as at the national, governmental level. However, currently there are no official guidelines on how to involve stakeholders in the process. For this reason, the following recommendations should be applied.

Recommendation 2

Adopt universal safeguards building on international good practice. These should include guidance on minimum standards for the establishment of grievance and complaint procedures at the national level.

Recommendation 3

Adopt guidance for effective stakeholder consultation. This must include consultation with indigenous and tribal peoples and local communities before adopting measures that may affect them.

Although national governments give the stamp of approval on the final NAMA proposals, the criteria for NAMA action is often set by international NAMA financing institutions. It is therefore in their hands to ensure that NAMAs aim for truly transformational impact and stray from pursuing harmful practices and technologies (e.g. waste incarnation, fossil fuel-based methodologies). Financing institutions, such as the GCF, can avoid the lock-in to high-carbon, low-climate resilient paths only by endorsing a negative list that explicitly ban certain project types.

Recommendation 4

Endorse environmental criteria through adoption of a negative list in order to exclude particular project types and technologies with high GHG emissions and that are associated with other high environmental and social costs.

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