



Center for  
Clean Air Policy

# NAMAs and the Global Deal on Climate Change

Alexander Ochs, Director of International Policy  
Center for Clean Air Policy

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GHG Mitigation Opportunities in Brazil and Mexico  
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# Outline

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- I. Overarching goals and status quo
- II. Overview of international negotiations
- III. Role of developing/major emerging countries
- IV. Nationally Appropriate Mitigation Actions & Finance
- V. Country case studies
- VI. Sectoral Approaches

# I. Overarching goals and status quo

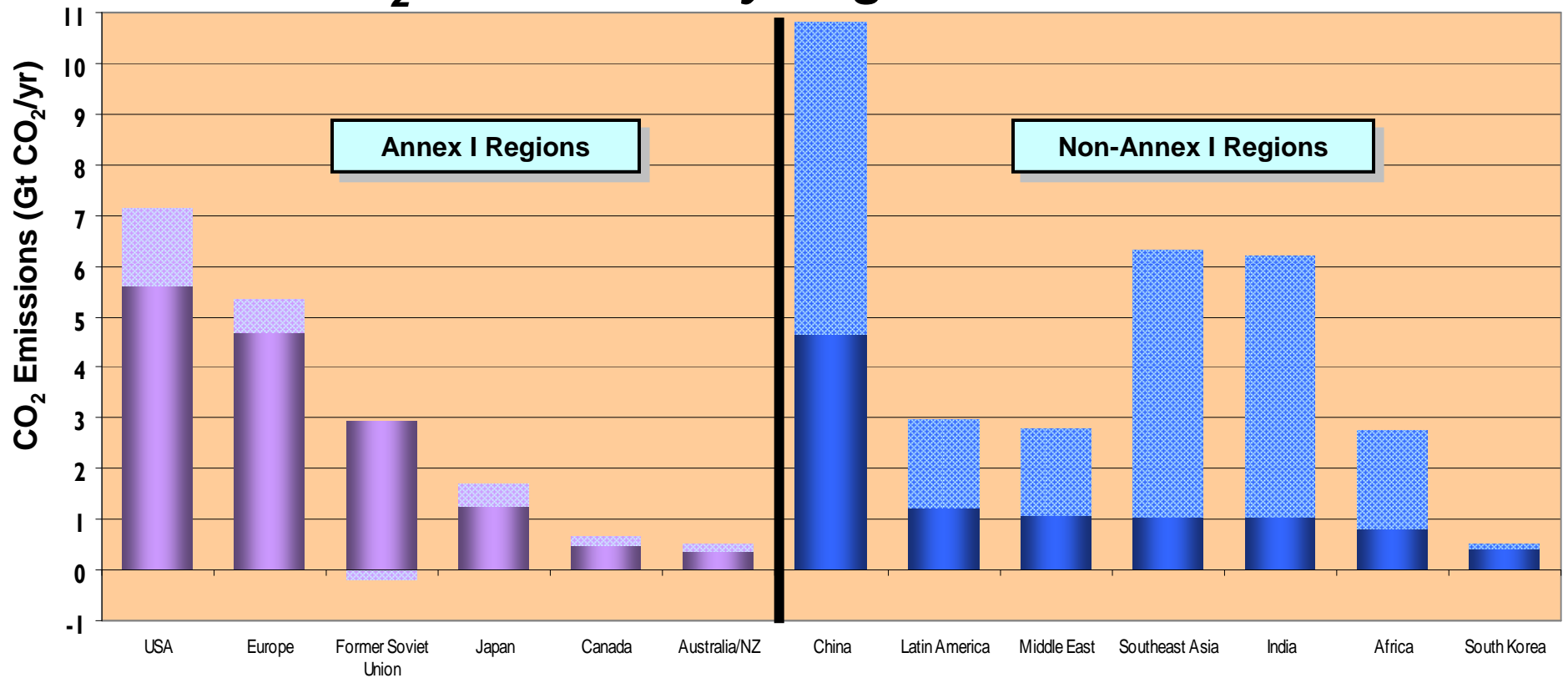
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- Science is clear, IPCC AR-4 (2007)
- Policy mandate is clear: UNFCCC, Art. 2
- $<2^{\circ}\text{C}$  global warming requires stabilization of GHG concentrations at 450-550 ppmv  $\text{CO}_2\text{e}$  by 2100
- Current emission trends unacceptable
- *Global* problem

# Emissions

## CO<sub>2</sub> Emissions by Region - 2000 & 2050



<sup>1</sup> Includes Fossil and other industrial CO<sub>2</sub>.

Source: U.S. Climate Change Science Program. 2007. *Scenarios of Greenhouse Gas Emissions and Atmospheric Concentrations* (MINICAM Results).

## II. Overview of International Climate Negotiations

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- Exciting and very productive time in the negotiations
- Real opportunity to reach a globally acceptable deal that involves both the developed and the major developing economies.
- Requires a single integrated framework

# Overview of International Climate Negotiations

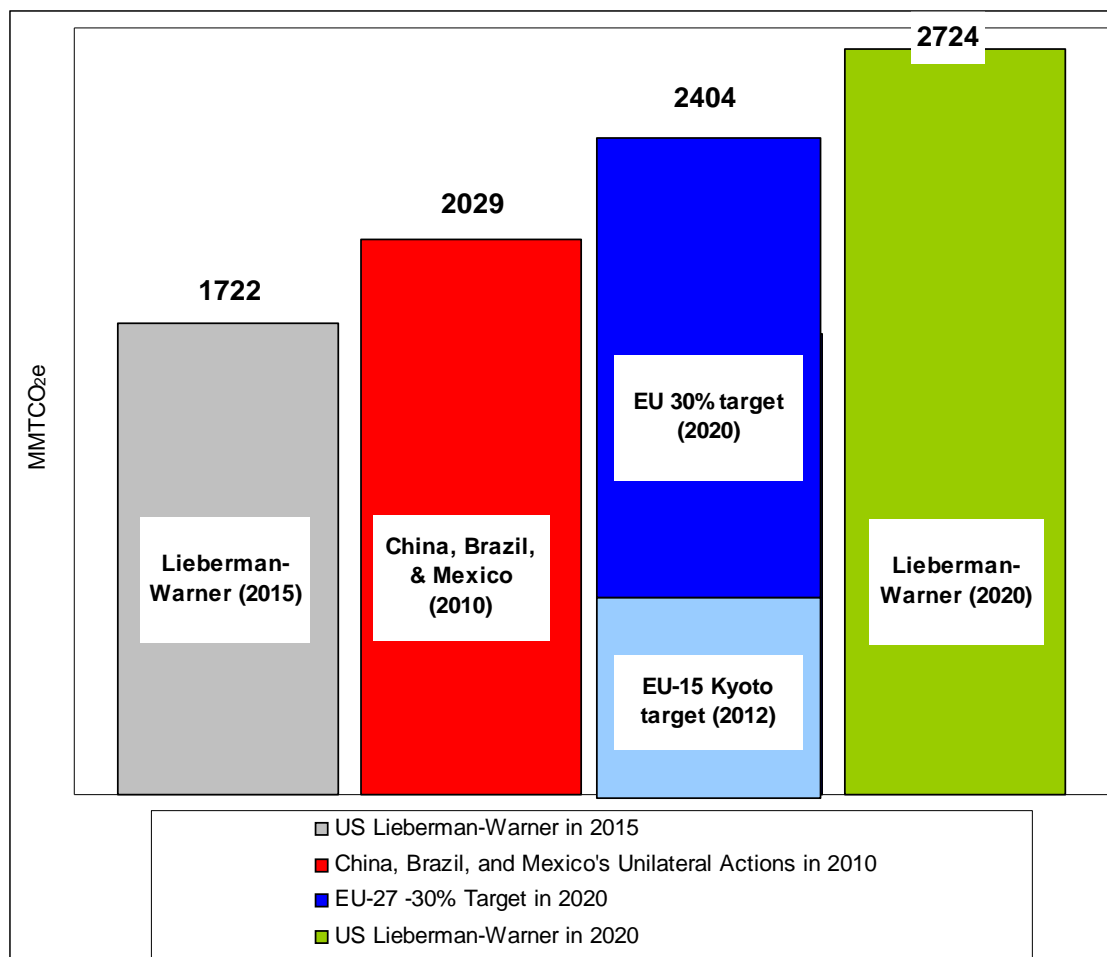
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- Thru Copenhagen (December 2009)
  - » Need to reach agreement on the basic policy architecture for both Developed and Developing Countries for action beginning in 2012
- After Copenhagen (2010-2011)
  - » Parties will negotiate the specific details required for implementation of the policy architecture (a la the Marrakech Accords)

# III. Role of developing/major emerging countries

Developing countries are already doing more than many believe



Reductions from BAU. Source: CCAP, updated

# The Bali Action Plan

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- Bali Action Plan (12/07) is the breakthrough Developed Countries have been waiting for
- Reaffirms “*common but differentiated responsibilities*” between developed and developing countries
- BUT goes much further: Developing countries will consider “***Nationally appropriate mitigation actions...in a measurable, reportable and verifiable manner***”

# The Bali Action Plan

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The quid pro quo for agreeing....

- .....Developed Countries provide verifiable technology, financing, and capacity-building
- Menu of options: tech transfer, CDM, sectoral approaches, and reductions from deforestation (REDD)
- Since Bali, negotiations have focused on a menu of options under these so-called NAMAs:
  - » Unilateral Actions
  - » Conditional Actions
  - » Credit Generating Actions

# Kyoto vs. Copenhagen

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- Kyoto didn't include meaningful developing country action and had no mechanism to recognize developing country actions outside of the Clean Development mechanism (for which they were paid)
- One of the tests of any agreement in Copenhagen will be whether it creates a system for recognizing unilateral developing country action
  - » A large portion of the 2 billion tons of projected reductions in China, Brazil and Mexico, are unilateral – protecting the environment, not generating credits

# IV. Nationally Appropriate Mitigation Actions & Finance

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- NAMA Requirements All NAMA descriptions should include:
  - » Concrete details of implementation (timeframes, etc.)
  - » Expected emissions reductions
  - » Sustainable Development (and other) co-benefits

If international assistance is requested:



Unilateral NAMA

# How financing could work

## Developing Country financial needs:

- Backed by NAMAs
- With MRV provisions

Executive Committee  
under the UNFCCC  
(Matchmaking  
Body)

## Available funds:

- GEF
- World Bank
- Regional  
Development Banks
- AF
- Bilateral assistance
- Multilateral  
Partnerships
- New funds (either  
under the UNFCCC or  
earmarked in national  
budgets)

# Technology Finance

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- Financing by setting aside a portion of allowances or auction revenues in domestic trading systems
  - » Examples:
    1. German Parliament has earmarked 30% of auction revenues
    2. European Commission has proposed that at least 50% of auction proceeds should be used for CCS deployment, int'l EE/RE, adaptation, and measures to avoid deforestation.
    3. Norwegian Finance Minister has proposed use for international programs including adaptation, technology, and reducing deforestation
    4. Lieberman-Warner bill used such an approach for int'l forestry

# Technology & Finance Assistance to Encourage Stronger Actions

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- Technology & finance assistance could be provided:
  - » To build first-of-a-kind advanced technologies which are not cost effective
  - » To accelerate deployment by bringing down the cost of advanced technologies
  - » As incentive for participating developing countries to establish more aggressive “performance goals”
- Finance Assistance could take the form of:
  - » Loans,
  - » Incremental finance to fund the portion of a project that is more expensive than a traditional technology
  - » Tax credits to U.S. businesses to right down Intellectual property costs
- Finance could be provided:
  - » Bilaterally or multilaterally.
  - » There is not likely to be a single formula and there may be multiple mechanisms



# Sources for Technology Finance

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- Countries could provide financing by setting aside a portion of allowances or auction revenues in domestic trading systems, e.g.,
  - » German Parliament has earmarked 30% of auction revenues
  - » European Commission has proposed that at least 50% of auction proceeds should be used for CCS deployment, int'l EE/RE, adaptation, and measures to avoid deforestation.
  - » Norwegian Finance Minister has proposed use for international programs including adaptation, technology, and reducing deforestation
  - » Lieberman-Warner bill used such an approach for int'l forestry
  - » But it is a tough sell in the U.S.

# V. Country Case Studies - China

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- Chinese experts are considering a technology penetration type of approach as its more consistent with traditional five year plan strategies
- China has already:
  - » Required industries to improve energy intensity by 20% by 2010,
  - » Set tough CAFE standards and taxed SUVs
  - » Installed more wind capacity than any other nation in 2007 with a goal of 10% of electric capacity from renewables by 2010
  - » Retired many aging coal power plants (14 GW in 2007), cement kilns and steel mills

# Mexico

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- Pres. Calderon has set an ambitious aspirational goal to reduce GHG emissions 50% below current levels by 2050
- Mexico announced in Poznan that it will establish sectoral intensity targets for oil refining, cement, electricity and steel for 2020, based on a Stern-like review and CCAP analyses
- Mexico would meet those goals thru a cap & trade system covering the four sectors
- Unilateral reduction efforts in cement and oil refining could produce 5-11% reductions below BAU, and 19-22% reductions if international support is made available

# South Africa & South Korea

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- South Africa announced its intent to peak emissions no later than 2025
  - » Expects to have a final domestic climate policy adopted by the end of 2010
- South Africa also continues to implement sustainable development policies and measures that will reduce GHG emissions
- South Korea intends to announce a long-term, economy-wide target for emissions reductions later this year.

# Chile

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- Chile announced a 4 year program to research possible courses of action in terms of adaptation, mitigation, and local capacity building
- The plan includes over ten million USD for biofuels research, a 400 million USD national warranty fund for investments in renewable energy and efficiency, and the establishment of a Renewable Energy Center with a budget of over one million USD.
- President Bachelet: “This is [...] a concrete plan of action with goals, terms and resources”

# Brazil

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- Climate Plan emphasizes energy efficiency and Reduced Emissions from Deforestation and Degradation (REDD)
  - » Goal: to reduce average deforestation rate by 70% over the period of 2006-2017
  - » It would lower CO<sub>2</sub> emissions by about 413 million metric tons CO<sub>2</sub> in 2010 and a total of 4.8 billion metric tons over the life time of the whole program

# VI. Sectoral Approaches

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The “sector-based” approach focuses on controlling emissions from particular economic sectors in developing countries.

Advantages:

- » Quantitative and qualitative criteria
- » Ease of administration
- » Data availability
- » Greater equity
- » Increased technology transfer
- » Targeted emission reductions

# NAMAs and Sectoral

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- NAMAs could be combined to achieve a sectoral goals:
  - » Up-front assistance would be provided to help achieve the NAMA or to incentivize the choice of a more stringent NAMA (the no-lose goal)
  - » Any GHG emissions reductions achieved by exceeding the sectoral goal would generate international carbon credits
- Key design issue: Governance of the negotiation and financing process on “beyond unilateral” NAMAs
- Up-front assistance linked to MRV requirements

# Conclusions

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- CDM is not enough for Developing Countries to meet the target
- Current negotiations pose a great opportunity for innovation through NAMAs
- Sectoral approach is a cost-efficient tool for Developing Countries Climate Action Plans



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Gracias

**ALEXANDER OCHS**

Director of International Policy  
Center for Clean Air Policy  
750 First Street NE, Suite 940  
Washington, DC 20002

Phone: +1.202.408.9260  
Fax: +1.202.408.8896  
aochs@ccap.org

[www.ccap.org](http://www.ccap.org)