Implementation Mechanism for Nationally Appropriate Mitigation Actions (NAMAs) in Sri Lanka

Climate Change Secretariat

Ministry of Mahaweli Development and Environment
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This National Mechanism was approved by the Cabinet of Ministers on 19.07.2017
Foreword

The 13th meeting of the conference of parties (COP 13) of the United Nations Framework
Convention on Climate Change (UNFCCC) decided to establish a mechanism which
can be voluntarily applied by the developing country parties to reduce the GHG emission,
namely, "Nationally Appropriate Mitigation Actions (NAMAs)". Subsequently,
Developing country parties agreed to implement the NAMAs at the COP 16, with the
financial and technological supports from developed country parties.

As a party to UNFCCC, Sri Lanka has identified the potentials of implementing NAMAs
in the country with Energy, Transport, Waste, Industry, Forestry and Agriculture
sectors. In this context, Sri Lanka has developed the first NAMA for energy generation
and end use sectors with the financial support of Global Environment Facility (GEF)
through the United Nations Development Programme. This project consists of four
major components and the fourth component is the "MRV system and national registry
for mitigation actions in the energy generation and end-use sectors".

Climate Change Secretariat of the Ministry of Mahaweli Development and Environment
as the implementing partner of component 4 of this project, has prepared the
Implementation Mechanism for NAMA including National Registry System and
obtained the approvals of Cabinet of Ministers on 19.07.2017. NAMA implementation
mechanism consists of NAMA approval procedure, Institutional framework and
potential sectors for NAMAs in the country. This mechanism clearly explained the
NAMA process in Sri Lanka.

In this context, I would like to express my sincere gratitude to Mr. Udaya R. Seneviratne,
Secretary, Ministry of Mahaweli Development and Environment, Mr. Wasantha
Disanayake, Additional Secretary, Ministry of Mahaweli Development and Environment
for their invaluable guidance for this task.

Also, I take this opportunity to thank the relevant Ministries, Institutes, Members of the
National Expert Committee on Climate Change Mitigation and Members of the Inter
Agency Committee on Climate Change for their valuable inputs.

Further, My appreciation goes to Ms. Chamika Iddagoda, Project Associate, UNDP
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I am also thankful to Ms. Thamila Dulani (Assistant Director), Mr. Sujith Ratnayake,
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other staff of the Climate Change Secretariat, and also Mr. Gayan Subasinghe, Project
Coordinator and all the staff of project on "Appropriate Mitigation Actions in Energy
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Dr. R.D.S. Jayathunga
Director (Climate Change)
Ministry of Mahaweli Development and Environment
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Chapter I

01. INTRODUCTION

Climate Change has been ranked as one of the major threats to global sustainable development. Therefore, The United Nations Framework Convention on Climate Change (UNFCCC) was adopted at the Rio summit in 1992 in order to stabilize the greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. The Government of Sri Lanka has ratified the United Nations Framework Convention on Climate Change (UNFCCC) on 23rd November 1993 in order to support worldwide efforts to combat global warming and the resultant adverse effects.

In order to achieve the objectives of the UNFCCC, a legally binding protocol was adopted at the 3rd Conference of Parties to the UNFCCC held in Kyoto, Japan in 1997. The Government of Sri Lanka acceded to the Kyoto Protocol on 3rd September 2002. The Ministry of Mahaweli Development and Environment is the National Focal point to the UNFCCC and the Kyoto Protocol.

The Bali Action Plan which was adopted in Conference of the Parties (COP) 13 of UNFCCC in 2007 identified the enhanced action on mitigation of climate change as a major component. Also, Bali Action Plan called for “Nationally Appropriate Mitigation Actions (NAMAs) from 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”.

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Another important decision regarding mitigation actions was taken at COP 17 in Durban, which was to establish a NAMA registry as a dynamic web-based platform managed by the UNFCCC Secretariat, where countries can voluntarily submit information on nationally appropriate mitigation actions seeking international support to facilitate the matching of financial, technological and capacity-building support for these actions and to track and recognize the NAMAs being undertaken. The UNFCCC launched the prototype of the registry in 2012; several countries have submitted NAMAs seeking support for preparation or implementation or for recognition of unilateral NAMAs.
At present, several countries have identified NAMA Focal Points of their countries and Ministries of Environment host the NAMA Focal Points in a majority of cases. Some countries have made institutional arrangements for the proper implementation of NAMAs. Some countries have enhanced the responsibilities of the Designated National Authorities for Clean Development Mechanism (CDM) to implement NAMAs in their countries.

**Appropriate Mitigation Actions in Energy Generation and End Use sectors in Sri Lanka**

In this global context Sri Lanka is implementing the project on Appropriate Mitigation Actions in Energy Generation and End Use sectors. The project is funded by the Global Environmental Fund and operational from 2015 to 2019.

**Background of the Project**

Sri Lanka is highly dependent on imported oil to meet its energy needs with 49% of the primary energy supply coming from imported fuel, where 12% of the total government budget is used for electricity generation alone. This is leading to a heavy reliance on imported fossil fuels and increased GHG emissions. The National Energy Policy of Sri Lanka seeks to diversify supply mix with renewable energy resources whilst seeking to reduce energy demand through demand side management. The Renewable Energy Resources Development Plan seeks to achieve 20% from renewable energy resources by 2020 and 30% by 2030 as part of the national strategy to reduce GHG emissions through nationally appropriate mitigation actions (NAMAs). Energy Management Plan (EnMAP) seeks to achieve energy savings from the promotion of EE measures. Often, the GHG savings and the cost-benefits of these low carbon interventions are not systematically quantified and their benefits remain obscure and done on ad hoc basis. It is difficult for sub-national entities to assess the impact of their NAMA interventions at the sector and sub-sector levels.
In order to fill these gaps, the development of a robust, transparent and functional NAMA framework, along with a clear inventory and MRV (Monitor, Report and Verify) system with supporting governance and oversight (NAMA Secretariat, NAMA Coordinating Entity, NAMA Implementing Entity, MRV Committee, and NAMA Registry), is needed. The NAMA framework will systematically quantify GHG savings and benefits of the mitigation interventions, using a bottom-up approach to aggregate from the provincial and sub-sector levels to the national and sector level. Furthermore, such a transparent framework will open up a new opportunity to access regional and international climate funding (e.g. Green Climate Fund). In order to achieve these objectives, UNDP Sri Lanka, in collaboration with the Sri Lanka Sustainable Energy Authority (SEA) and the Ministry of Mahaweli Development & Environment (MMDE) is in the process of implementing the project ‘Nationally Appropriate Mitigation Actions (NAMA) in the Energy Generation and End-Use Sectors in Sri Lanka’. The executive partner of the project is the Ministry of Power & Renewable Energy (MPRE) of Sri Lanka. The project is funded by the Global Environmental Facility (GEF) and operational from 2015 to 2019. The project will support appropriate climate change mitigation actions in the energy generation and end-use sectors, as part of the initiatives to achieve the voluntary GHG mitigation targets of Sri Lanka.

Based on the above strategic considerations, the Project will focus on four major components as follows:

- Component 1: Business-as-usual energy generation and end-use sector baselines at national and sub-national levels (*Implementation Partner(s) – SEA*)
- Component 2: Mitigation options for the energy generation and end-use sectors (*Implementation Partner(s) – SEA*)
- Component 3: Implementation of appropriate mitigation actions in the energy generation and end-use sectors (*Implementation Partner(s) – SEA*)
Component 4: MRV system and national registry for mitigation actions in the energy generation and end-use sectors (Implementation Partner(s) – CCS)

Under the Component 4 of this project the following Institutional Framework for NAMAs in Sri Lanka are hereby proposed.
Further to the negotiations under the ad hoc Working Group on the Durban Platform for Enhanced Action (ADP), the Conference of the Parties (COP), invited all Parties to initiate or intensify domestic preparations for their INDCs towards achieving the objective of the Convention. Accordingly, Sri Lanka has submitted its first Intended Nationally Determined Contributions (INDCs) on October 2015 and second submission on April 2016.

The Paris Agreement is the most important milestone of the Climate Change Negotiations. It came out of the COP21. The Paris Agreement's major objective is to strengthen the global response to the threat of climate change by keeping the global temperature rise of this century well below 2 degrees celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees celsius. Additionally, the agreement aims to strengthen the ability of countries to deal with the impacts of climate change. The historical Paris Agreement entered into force on 4 November 2016. Up to date, 169 parties out of 197 have ratified the convention. Sri Lanka signed the Paris Agreement on 22 April 2016 and ratified on 21 September 2016.
According to Article 4 paragraph 2 of the Paris Agreement, each Party shall prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions. Further, Parties shall account for their Nationally Determined Contributions. In accounting for anthropogenic emissions and removals corresponding to their Nationally Determined Contributions, Parties shall promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double counting, in accordance with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement. After the Paris Agreement, their INDC becomes their first NDC. In this context, Sri Lanka has submitted its first NDCs on September 2016. NDCs of Sri Lanka were prepared based on the Readiness Plan for the Implementation of the Nationally Determined Contributions (NDCs) 2017-2019. This includes the ongoing NAMAs as well.
Considering the above facts, the establishment of a proper institutional framework is needed. At the same time NAMAs, INDCs and NDCs need a proper MRV framework for proper implementation of such activities. Therefore, the following institutional mechanism has been designed to meet the expected outcomes and for the better implementation of NAMAs, INDCs and NDCs activities in Sri Lanka.
02. PROPOSED INSTITUTIONAL SETUP FOR NAMAs IN SRI LANKA

In order to facilitate implementation of NAMAs, the following institutional framework is proposed to be set up under the Ministry of Mahaweli Development and Environment (MMDE). Figure 1 below represents the institutional linkages proposed.

Figure 1: Illustration of the proposed NAMA institutional setup
Institutional Setup of NAMAs Administration

NAMA Approver/Ministry of Mahaweli Development and Environment

As a party to UNFCCC and its requirement to be a participant in NAMAs, Ministry of Mahaweli Development and Environment (MMDE) has been chosen to be the focal point of Sri Lanka. At the same time, the Operational Focal of UNFCCC and NAMAs is the Climate Change Secretariat of Ministry of Mahaweli Development and Environment. Therefore, it is hereby proposed to establish NAMA Coordinating Unit at Climate Change Secretariat within an existing structure as a separate functional unit.

NAMA Coordinating Unit / Climate Change Secretariat (CCS)

Climate Change Secretariat (CCS) is the National Operational Focal Point of the United Nations Framework Convention on Climate Change Conference (UNFCCC) and Kyoto protocol. Therefore, the CCS acts as the NAMA Coordinating Unit for the NAMA activities in Sri Lanka. Director of Climate Change Secretariat acts as the Head of the NAMA Coordinating Unit. NAMA related functions of CCS and NAMA Coordinating Unit are complementary and interrelated. All NAMAs to be implemented in Sri Lanka should obtain necessary approvals and endorsement from the MMDE, being the NAMA Approver. For any NAMA to be implemented in Sri Lanka, the related MRV will have to be carried out by the NAMA expert Committee of the CCS. The NAMAs for funding will be forwarded to the International NAMA registry. MRV registry is maintained at the NAMA Coordinating Unit of CCS.

Inter-Agency Committee on Climate Change

This committee is the existing Committee at Climate Change Secretariat of Ministry of Mahaweli Development and Environment. The committee includes the high level officials of Ministries, Departments and Institutions who represent the Climate Change Mitigation and Adaptation sectors.
Climate Change Secretariat will report to this committee on approved NAMA proposals.

**NAMA Expert Committee**

This committee is appointed by the Secretary to the Ministry of Mahaweli Development and Environment. This committee is a subcommittee of the existing National Expert Committee on Climate Mitigation Change (NECCC-mitigation) at Climate Change Secretariat. This subcommittee consists of the Chairman of NECCC-mitigation who will be the Chairman of NAMA expert Committee as well and one sector expert from the existing committee. In addition there will be representatives of Implementing Entities (one representative from each of five implementing entities) and one each from National Planning Department, External Resources Department (ERD) and NAMA Coordinating Unit who will be the convener. Also, three more respective sector experts will be appointed from resource pool at CCS. This Committee is to play the advisory role for the process of formulating general guidelines to project developers and guidance to sectoral NAMA Implementing Entities.

**Designated NAMA Entity**

Designated NAMA entity is the Ministry of the relevant sector. This Designated NAMA Entity is to submit project proposals to NAMA Coordinating Unit with recommendations and should represent the inter-agency over-sight committee.

**NAMA Implementing Entity**

NAMA Implementing entity can be appointed to the relevant designated NAMA entity of each sector. This entity should have the capacity to evaluate NAMA Proposals.
NAMA Developer

NAMA Developer can be a private/public partnership (PPP) entity interested in developing future NAMAs. Also, NAMA Developer can submit voluntary or supported NAMAs to the relevant implementing entity in a given standard format.

Figure 2: Structure of the NAMA Coordinating Unit

The NAMA Coordinating Unit will be headed by the Director, Climate Change Secretariat. Director, Climate Change Secretariat is responsible to Additional Secretary (Environment and Policy). Also, Director of CCS is responsible for overseeing the roles and has responsibilities mentioned in the section 4 under the NAMA Coordinating Unit. In addition, a NAMA Coordinator and two officials from the Climate Change Secretariat shall be released to NAMA Coordinating Unit to assist the NAMA Coordinator and Director (CCS) to fulfil the task in the section 4 under the NAMA Coordinating Unit.
Linkages and institutional arrangements of other Stakeholder Agencies

Three main groups of stakeholders outside the Ministry of Mahaweli Development and Environment are the participating institutions of the government of Sri Lanka, private sector and the academia.

Public sector
The main public stakeholders are ministries, departments and institutions that can play a major role in the NAMA activities in Sri Lanka.

Private Sector
Private sector stakeholders are mainly the project developers in Sri Lanka. Some private sector representatives shall be involved in advising and consulting roles.

Academia
Academia is another main group of stakeholders who can contribute in developing project ideas for NAMAs and providing technological advice for such new ideas.
Chapter III

03. NAMA APPROVING AND IMPLEMENTING PROCESS

The NAMA Project Concept Note (PCN) Approving Process

1. The NAMA Developer contacts the NAMA Implementing Entity, which is a Government line agency and express its interest. This can be submitted through a standard format. Implementing Entity should submit this Project Concept Note (PCN) to the NAMA Coordinating Unit at Climate Change Secretariat (CCS). CCS should submit the PCN to the National Planning Department (NPD) for their observation. After NPD observation, NAMA Coordinating unit should contact the NAMA Developer with In-principal approval for the project concept with copy to relevant implementing entity.

2. If there is a need for improvement of the proposal / rejection, the NAMA Coordinating Unit will inform the NAMA Developer with copy to relevant NAMA implementing entity.

Figure 3: Project Concept Note (PCN) Approving Process in Sri Lanka

Notes-
(1) - Submit NAMA Concept Note in given standard format.
(2) - Submit to the NAMA Coordinating unit.
(3) - Submit to National Planning Department to check for duplication and national priority.
(4) - Made Recommendations.
(5) - In-Principle approval/Rejection/Improvements.
The NAMA Design Document Approving Process

1. The NAMA developer contacts the NAMA Implementing Entity, which is a Government line agency and expresses its interest. This can be submitted through a standard format. There will be prior assessment of the proposal by their technical committee and it should be in line with the line agencies mandates and be recommended by the line agency. Thereafter, the proposal has to be submitted to the NAMA Coordinating Unit through the Designated NAMA Entity. The proposal is forwarded to the NAMA Expert Committee, for evaluation and recommendations. Based on its recommendation, the NAMA Coordinating Unit forwards this proposal to the NAMA Approver for endorsement.

2. If there is a need for improvement of the proposal or if it is rejected, the NAMA Coordinating Unit will inform the relevant NAMA Implementing Entity.

3. NAMA Coordinating Unit will report the approved NAMA projects to the Inter-agency Committee on climate change.

NAMA Implementing Process

1. The implementation of the project is monitored by the technical committees of the line agency.

2. The technical committee of the line agency of the relevant Ministry also evaluates the MRV.

3. The NAMA and MRV are submitted to the NAMA Coordinating Unit

4. The NAMA-Coordinating Unit forwards the NAMA to the NAMA Expert Committee.

5. The NAMA Expert Committee evaluates and verifies the NAMA project and the MRV and recommends the NAMA to the NAMA Coordinating Unit, which forwards the recommendation to the NAMA Approver. With the recommendation of the NAMA
Coordinating Unit, the NAMA is approved by the NAMA Approver and it is submitted to the NAMA National Registry and then to the International Registry.

6. NAMA coordinating unit will report the approved NAMA projects to their Inter-Agency Committee, on Climate Change.

7. If there is a need for improvement of the proposal or if it is rejected, the NAMA Coordinating Unit will inform the relevant NAMA Implementing Entity.
Figure 4: NAMA design document approving and implementing process in Sri Lanka
Notes:

(1) - Submit the detailed project proposal in the given standard format.
(2) - Submit to the Technical Evaluation Committee for screening.
(3) - Made recommendations.
(4) - Submit the Designated NAMA Entity.
(5) - Submit to the NAMA Coordinating Unit.
(6) - Submit to the NAMA expert Committee for deep evaluation.
(7) - Made recommendations.
(8) - Based on the recommendations, rejection or further improvements.
(9) - Submit to the NAMA approver
(10) - Grant approvals
(11) - Report to Inter-agency Committee on Climate Change.
(12) - Registered approved NAMA in National Registry.
(13) - Registered approved NAMA in International Registry.
Chapter IV

04. ROLES AND RESPONSIBILITIES OF RELEVANT INSTITUTES OF NAMA FRAMEWORK IN SRI LANKA (TERMS OF REFERENCE)

NAMA Approver

- Provide endorsement for NAMA proposals.
- Provide approval for NAMAs to be registered at the NAMA National and International Registries.
- Formulate policies and regulations (and updates) relevant to NAMA (INDC/NDC) development and implementations.

NAMA Coordinating Unit /Focal Point

- Establish, update, monitor, verify and report NAMA database.
- Refer NAMA proposals for National Planning Department (NPD) for their observations whether the particular NAMA is in alignment with the national development process at the concept stage.
- Receive NAMA Proposals and coordinates with NAMA Expert Committee and NAMA Implementing Entity.
- Establish the NAMA Expert Committee for all NAMAs.
- MRVing of national aggregated emissions of all
- Develop criteria for NAMA project evaluation for all sectors.
- Formulate general guidelines to project developers on NAMA development process.
- Conduct capacity building and create awareness for all relevant stakeholders.
- Formulate a project submission format and other relevant documents.
• Provide guidance to sectoral NAMA Implementing Entities.
• Maintain a resource pool of experts for different sectors.
• Collect and document information on mitigation action outcomes from NAMAs.
• Maintain the National NAMA Registry.
• Submit NAMAs to the International Registry.
• Liaise with international agencies for communication and related matters.
• Sourcing of local and international funds for NAMA implementations.
• Closely work with CCS for UNFCCC Secretariat related matters and submit progress reports.

NAMA Expert Committee

• Play the advisory role in the process of formulating general guidelines to project developers and guidance to sectoral NAMA Implementing Entities.
• Provide guidance to developing criteria for NAMA project evaluation for all sectors.
• Provide recommendations for MRVing.
• Provide recommendations to issuing project approvals.
• Provide general guidance to project developers on NAMA development process.
• Provide guidance to sectoral NAMA Implementing Entities.
• Ensure alignment of NAMAs with national development process.
• Issue procedures to avoid double counting of emissions.
Designated NAMA Entity

- Submit the project proposals to NAMA Coordinating Unit with recommendations.
- Represent the inter-agency committee on Climate Change.

NAMA Implementing Entity

- Determine baselines for relevant NAMA Proposals.
- Representation in the Technical Committee.
- The right to accept or reject or request for further information/up gradation of original proposals.
- The right to withdraw the approval granted if not implemented with a given time period, with the consent of NAMA Coordinating Unit.
- Preliminary screening for feasibility of proposal received from NAMA Developers.
- If deems feasible, submit the proposals to the NAMA Coordinating Unit through the Designated NAMA Entity.
- Provide assistance and guidance for NAMA Developers on NAMA project implementations.
- Have capacity to evaluate NAMA Proposals.
- Responsibility of MRVing of NAMA Projects of the Sector
- Monitor and evaluate NAMA implementations.
- Conduct capacity building and other programmes for prospective NAMA developers.

Note: NAMA Implementing Entity can also be a NAMA Developer and develop their own NAMAs.
NAMA Developer

- Be a private/public partnership entity (PPP) interested in developing future NAMAs.
- Develop initial proposals in a given standard format and submit to the relevant NAMA Implementing Entity.
- Responsibility for the cost of initial proposal development.
- If approved, implement the proposed NAMA project within a given time period.
- Obtain necessary approvals when implementing the project
For Further Details Please Contact
Director
Climate Change Secretariat
Ministry of Mahaweli Development and Environment
No. 416 /C/1
Robert Gunawardane Mawatha
Battaramulla

Tel -011-2034198
Fax -011-2879968
E-mail-climatsec@gmail.com
Web : www.climatechange.lk