

# International NAMA Facility

## General Information Document

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### 1. Introduction

The NAMA Facility was announced by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and UK Department of Energy and Climate Change (DECC) on December 6, 2012 (→ [Link](#)) at the UN Climate Change Conference in Doha. DECC has committed £25m (ca. €30 million) to the NAMA Facility with BMU committing another €40m (ca. £30m). The Facility is designed to support developing countries that show leadership on tackling climate change and want to implement transformational country-led NAMAs within the existing global mitigation architecture in the short term. This document gives an overview of the scope and functioning of the NAMA Facility.

### 2. Demonstrating NAMA Implementation

During the UN climate negotiations in Copenhagen and Cancún Germany and the UK together with other industrialized countries committed to jointly mobilise US \$100bn of international climate finance per year by 2020 for both mitigation and adaptation activities in developing countries. This finance is to come from a range of sources.

Many developing countries are now developing Nationally Appropriate Mitigation Actions (NAMAs) in the context of their national development strategies and plans. The NAMA concept has developed from the process under the United Nations Framework Convention on Climate Change (UNFCCC). Although a final definition of NAMAs has not been concluded under the UNFCCC, NAMAs are increasingly understood to strive for strategic, long-term sustainable development benefits beyond mere GHG emissions reductions and to aim at catalysing transformational change towards a low carbon society.

Until today, most NAMA support initiatives by developed countries have focused on the development of NAMAs and the creation of enabling environments for NAMA implementation ("NAMA readiness"). However, very few NAMAs have entered into implementation so far. BMU and DECC have therefore jointly set up the "NAMA Facility" with the objective to provide support for the implementation of NAMAs across a range of countries and sectors, focusing on the mobilization of capital investments for transformational change.

### 3. Means of Support and Support Instruments

As described above, there is no unified definition for NAMAs under the UNFCCC. However, generally, NAMAs are considered to be voluntary mitigation actions (such as implementation of GHG emission reduction targets, policies and sectoral programmes) by national governments. The NAMA Facility will fund so-called *NAMA Support Projects* which will provide support to governments for the implementation of parts of their NAMAs through the provision of financial support and technical cooperation instruments. A first NAMA Support Project will be funded in Mexico to demonstrate the type of work the NAMA Facility has been designed for.

In financing NAMA Support Projects the full range of development cooperation instruments can be applied focusing on financial support instruments. Technical assistance and capacity building instruments (incl. grants) will be considered for support where they are combined with or closely linked to financial instruments.

Financial instruments will include grant-based support instruments as well as concessional loans. The selection of a specific financial instrument, including the level of concessionality of subsidized loans, and the

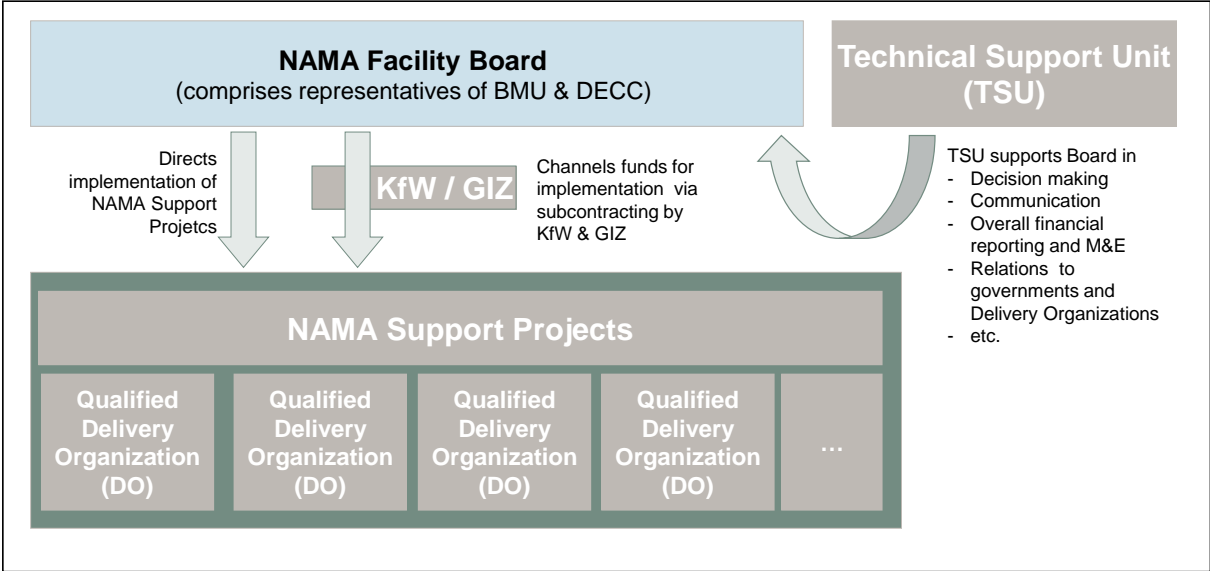
amount of funding provided through the Facility will be decided in the context of each individual NAMA support project (see section 5).

The Facility will also provide technical assistance and capacity building instruments (incl. grants) for building up the relevant institutional and regulatory capacities in partner countries before and during NAMA implementation where these are combined with or closely linked to financial instruments, to maximise the transformational impact of the NAMA. Technical cooperation can also be used to support partner countries in developing mature, in-depth planned and co-ordinated NAMA support projects.

**4. Governance Structure**

The NAMA Facility Board, comprising representatives from DECC and BMU as founders and funders of the NAMA Facility (and potentially other donors in the future), will function as the central decision-making body of the NAMA Facility and take all relevant decisions related to strategy, guidelines and the selection of NAMA support projects for funding (see section 5). A Technical Support Unit (TSU) will support the Board in the management of the NAMA Facility. The TSU will be comprised of staff from KfW and GIZ. Figure 1 illustrates this governance structure.

**Fig. 1: NAMA Facility Governance Structure:**

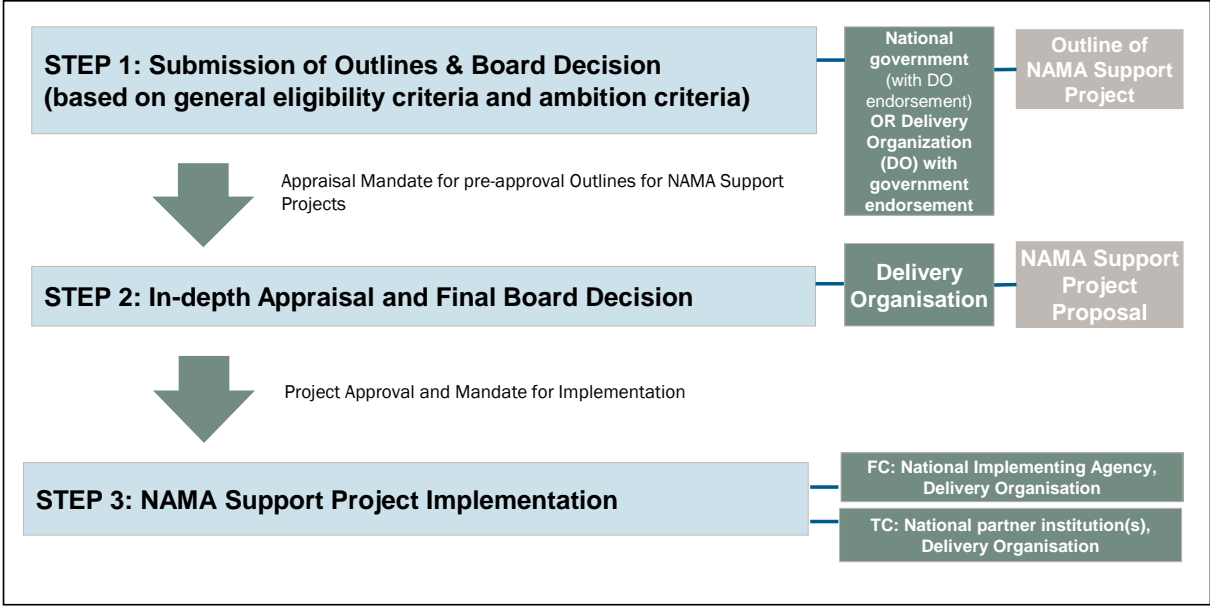


The NAMA Facility is fully **committed to transparency** with respect to its decision making processes. Guidelines and procedures related to transparency will be developed in due course.

**5. Selection of NAMA Support Projects and Implementation**

The NAMA Facility aims to be broadly accessible and aims to fund the most ambitious NAMA Support Projects available. For this purpose, a transparent selection process to guide the choice of supported projects has been defined. The process will be initiated by the NAMA Facility Board by a public call for *outlines* of NAMA support projects. Generally, the selection and implementation of NAMA support projects will follow a 3-step process, which is illustrated in figure 2 below.

**Fig. 2: Selection of NAMA Support Projects and Implementation**



**5.1 Submission of outlines of NAMA Support Projects and Pre-Assessment (Step 1)**

The NAMA Facility asks for the submission of outlines of NAMA Support Projects through competitive calls for proposals. In general, outlines for NAMA support projects may be submitted by national governments or by qualified delivery organisations<sup>1</sup>. Outlines submitted by qualified delivery organizations require full endorsement by the respective national government.

National governments submitting outlines for NAMA support projects to the NAMA Facility need to name qualified delivery organization(s) which will support the implementation of the NAMA support project. It is expected that building on well-established delivery channels to deliver financial and technical cooperation should facilitate NAMA implementation in the short term. By this means, the NAMA Facility will benefit from a quick implementation as well as a flexible structure, which will allow it to respond to the wide range of NAMAs that could apply for funding.

An important element of the selection criteria is the full support of the developing country receiving Facility funding. Where a delivery organization submits an outline for a NAMA support project, it is essential that full evidence is provided of developing country support and consultation with country governments where relevant. Written documentation proving the full endorsement by the responsible national ministry or agency for the implementation of the NAMA support project must be included in the outline. In addition, proposals need to demonstrate evidence of successful consultation with the respective national ministry responsible for the coordination of official development assistance in order to ensure a broad commitment for the proposed project among the government of the partner country. Country engagement will also be tested further during the later appraisal stage of the selection process.

Outlines for NAMA support projects shall describe all relevant information on the design of a specific NAMA support project building on financial and/or technical cooperation instruments as described above. This includes aspects such as the country and timing for the NAMA Support Project, its expected financial volume and budget, a description of the transformational character of the NAMA and of planned activities, outputs, outcomes and impacts of the NAMA Support Project, as well as the additional information to evaluate the general eligibility of the NAMA Support Project for support through the NAMA Facility. For financial cooperation projects, an essential element will also be to indicate the national implementing agency, which

<sup>1</sup> See the eligibility criteria in the Annex for a description of how the qualification of delivery organisations will be assessed. Detailed criteria will be published with the call for proposals.

will later be responsible for the implementation of the project in the partner country. Moreover, the expected costs for the later in-depth appraisal of the outlined NAMA Support Project incurred by the Delivery Organisation will need to be included in the NAMA Project Outline (see section 5.2). Standard submission templates for NAMA Support Project applications will be provided by the technical support unit (TSU) of the NAMA Facility in due course. All national governments or delivery organizations or planning to submit outlines for NAMA support projects can submit questions on the requirements and selection process to the TSU. All answers will be published on the NAMA Facility web pages, hosted on the DECC and BMU websites.

All submitted outlines for NAMA support projects will be screened against a set of selection criteria. At first, *general eligibility criteria* will be applied to ensure that outlined NAMA Support Projects fulfil the requirements for their later implementation through financial and technical support instruments (see Annex). Eligibility criteria are designed as criteria for exclusion; non-compliance with them will exclude proposed outlines from further consideration. Subsequently, the outlines will be assessed against a set of *ambition criteria* to ensure that the NAMA Facility supports the most ambitious NAMA support projects available (see annex). The ambition assessment will be based on a point-grade system. For this purpose, the TSU will assess the submitted outlines for NAMA Support Projects based on an assessment template designed for this purpose. The final decision on whether outlines will be pre-approved or rejected remains with the NAMA Facility Board. All outlines for NAMA support projects which were pre-approved will be published together with a short evaluation to ensure transparency of the decision making process and to produce guidance for future outlines for NAMA support projects. In addition, an independent third-party will undertake an ex-post evaluation of the pre-selection process to ensure impartiality.

At the discretion of the Board, outlined NAMA Projects can be returned for revision and further detailing and can therefore be supported through the NAMA Facility to be further prepared for their later submission in a subsequent bidding round. NAMA Support Projects, which have been pre-approved by the Board will be forwarded to the delivery organisation who submitted the outline or which has been specified by the host government in the outline for the NAMA support project.

## **5.2 Submission of Proposals for NAMA Support Projects and Final Assessment (Step 2)**

Outlines for NAMA support projects, which have been pre-approved by the Board, will be sent to the respective Delivery Organisation. The Delivery Organisation will be responsible for conducting an in-depth appraisal and due diligence of the NAMA Support Project to ensure its feasibility and to produce a robust implementation plan. The in-depth appraisal will be guided by a template for *proposals* for NAMA Support Projects, which will address the main aspects to be appraised.

*Appraisal funding* will be granted to Delivery Organisations based on the estimated appraisal costs, which have been indicated in the project outline. For administrative reasons, Delivery Organisations other than GIZ and KfW will be subcontracted by GIZ and KfW. Based on the in-depth appraisal of the NAMA Support Project, the respective Delivery Organisation will submit the proposal for the NAMA Support Project to the NAMA Facility for the final funding decision by the NAMA Facility Board. The project appraisal must comply with international standards for financial and technical assistance. For this purpose, *feasibility criteria* will be applied according to which the proposals for NAMA support projects will be assessed. These will be provided in due course.

## **5.3 Project Implementation (Step 3)**

Based on the final approval of the NAMA support projects by the Board, the Delivery Organisation will enter into contractual arrangements with the partner government and, for financial cooperation, with the national implementing agency for the implementation of the NAMA Support Project. All rules and procedures for the implementation of NAMA Support Projects have been defined in contractual arrangements between DECC, BMU, GIZ and KfW. For administrative reasons, organisations other than GIZ and KfW will be subcontracted by GIZ and KfW to function as Delivery Organisations for the NAMA Facility. Independent of the

responsible Delivery Organisation, the implementation of financial cooperation projects will be done by National Implementing Agencies in the partner country. For NAMA Support Projects using technical cooperation instruments, the Delivery Organisation supports the partner government in the implementation of the underlying NAMA.

## **6. Monitoring and Evaluation of Supported Projects**

Monitoring and Evaluation will be an important part of the NAMA Facility. The monitoring of NAMA support projects will be in line with the results-based internal monitoring policies of BMU and DECC and will comprise both GHG emission reductions attributed to the NAMA Support Project as well as sustainable development aspects. According guidelines will be developed in due course. Monitoring and evaluation will take place both on the level of the specific NAMA Support Projects as well as on the level of the NAMA Facility:

- **Annual Project Review:** Delivery organisations will undertake a regular project review to assess the performance of the NAMA Support Projects and appraise the Annual Work Plan on the basis of M&E framework established by the Board.
- **Six-monthly Facility Review:** The technical support unit will undertake a regular Facility review to assess the performance of the NAMA Facility as a whole and appraise the work plan on the basis of M&E framework established by the Board.
- **Final Project Review & Final NAMA Facility Review:** A final review of each of the NAMA Support Projects and of the NAMA Facility as a whole will be conducted during the last year of the NAMA support projects / the last year of operation of the NAMA Facility to assess the performance, contribution to related outcomes, and determining lessons for broader application.
- **Final Evaluation:** The NAMA Support Projects as well as the NAMA Facility as a whole will be evaluated ex-post by an independent evaluation.

Additional information on the M&E Framework will be provided in due course.

## ANNEX: Detailed Selection Criteria

The selection criteria will be a central instrument to guide the selection process. The selection criteria compose different types of criteria, which will be applied at different stages in the selection process for NAMA Support Projects and which will fulfill different purposes.

### Eligibility Criteria

Eligibility Criteria will be applied at the first step of the selection process to assess NAMA Project Outlines submitted subsequently to the call for NAMAs by the NAMA Facility Board (STEP 1). These eligibility criteria serve as a first stage of selection – projects will need to be assessed as ‘yes’ against all of these to proceed. Eligibility criteria serve to ensure that outlined NAMA Support Projects fulfil the essential requirements necessary for their later implementation through financial and technical support instruments<sup>2</sup>.

| Criterion   | Definition/ explanation/ rationale  |
|---|---|
| Eligibility of the submitting entity<br>(yes / no)  | Has the outline for the NAMA Support Project been submitted by a national government or a qualified Delivery Organisation, which complies with the qualification criteria for submitting outlines for the NAMA Support Project?<br><br><i>Comment: This Criterion shall ensure the feasibility and quality of the implementation of the NAMA support project. Qualified delivery organizations are expected to fulfil the following criteria: International presence, experience with the implementation of ODA and in the implementation of large-scale programmes/projects in the fields of financial or technical cooperation, specifically with climate change mitigation related programmes /projects, experience in working with governments and other public institutions. For technical cooperation projects, qualified delivery organizations should in addition be able to recruit staff in the respective partner country. Detailed criteria for delivery organizations will be published with the call for submissions of outlines.</i> |
| Endorsement by the national government<br>(only for outlines from delivery organizations)<br>(yes / no)         | Does the outline for the NAMA Support Project provide written documentation to prove the full endorsement by the the responsible national ministry or agency for implementing the NAMA Support Project? Is further documentation provided that the NAMA Support Project is moreover supported by the full government (e.g. planning ministry or ministries responsible for the coordination of ODA, presidential office or similar).<br><br><i>Comment: There is broad evidence suggesting that broad national ownership is a <b>key requirement</b> for the successful implementation of NAMAs. There is no particular form required for the written proof of endorsement by the national government; however the TSU will rigorously test this criterion to ensure that all projects have the genuine and broad support of country governments. The TSU will provide guidance were required.</i>  |
| Co-operation with a qualified Delivery Organisation (only for outlines from national governments)<br>(yes / no) | Does the outline for the NAMA Support Project provide written documentation that a qualified Delivery Organisation is supporting the outlined NAMA Support Project?<br><br><i>Comment: Since a qualified Delivery Organisation will be required to facilitate the implementation of a NAMA Support Project, early support of that qualified Delivery Organisation must be ensured already at the level of the Outline for the NAMA Support Project. The Delivery Organisation must be ready to do an in-depth appraisal of the outlined NAMA support project and produce a full pro-</i>  |

<sup>2</sup> At the discretion of the Board, outlines which do not fully meet the eligibility criteria (e.g. which are planned to start 13 rather than 12 months after the submission) may be considered if not sufficient eligible outlines are received

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|  | <p>posal for the NAMA Support Project presenting the results of its appraisal to the NAMA Facility Board for final funding approval. There is no particular form required for the written proof of cooperation with a qualified delivery organisation. The TSU will provide guidance were required.</p>   |
| <p>Degree of Maturity (“Readiness”)<br/>(yes / no)</p>     | <p>Does the outlined project aim to support the implementation of a NAMA rather than its preparation and directly mobilize capital investments?</p> <p><i>Comment: This criterion is to establish the main purpose of the NAMA Facility to offer support for the implementation of NAMAs as opposed to the preparation of NAMAs.</i></p>  |
| <p>Time Frame for Implementation<br/>(yes / no)</p>        | <p>Does the time frame of the outlined NAMA Support Project foresee a start of the NAMA Support Project within 3-12 months after the submission of the proposal and end of the NAMA Support Project within 3-5 years thereafter?</p> <p><i>Comment: This criterion shall ensure that only such NAMA Support Projects are proposed, which can be quickly implemented.</i></p>  |
| <p>ODA eligibility<br/>(yes / no)</p>                      | <p>Would the implementation of the outlined NAMA support project qualify to be credited as ODA?</p> <p><i>Comment: Funding provided by BMU and DECC needs to qualify as ODA.</i></p>  |
| <p>Financing volume<br/>(yes / no)</p>                     | <p>Does the Outline for the NAMA Support Project foresee an overall support volume between € 5-15m?</p> <p><i>Comment: This criterion shall establish the intended average support volume for NAMA Support Projects. There will, however, be some discretion for the assessment of this criterion. NAMA Submitters need to explain in detail the funding requirements for the outlined NAMA Support Project, which will be taken into account for the assessment of this criterion.</i></p>   |
| <p>Feasibility<br/>(yes / no)</p>                          | <p>Does the outline for the NAMA Support Project provide a (preliminary) implementation plan for the NAMA Support Project, which gives a first overview of barriers tackled, methods, mechanisms and/or instruments applied, sequencing of steps of implementation and stakeholders/national implementing agencies involved? Are the proposed measures adequately designed for the national context?</p> <p><i>Comment: This criterion shall establish that outlined NAMA Support Projects have been pre-assessed with regard to the feasibility of an implementation of outlined NAMA Support Project.</i></p> |
| <p>Concept for the phase-out of support<br/>(yes / no)</p> | <p>Does the NAMA Project Outline provide a concept for the phase-out of international support?</p> <p><i>Comment: This criterion shall establish that support of the NAMA Facility will lead to sustainable results and only be granted where an end of the support need is foreseeable or a concept exists how future support needs could be addressed.</i></p>  |

### **Criteria for evaluating ambition (“Ambition Criteria”)**

Ambition Criteria are applied to NAMA Support Project Outlines, which comply with the eligibility criteria for NAMA Project Outlines. Ambition Criteria shall ensure that the NAMA Facility supports the most ambitious projects available and are assessed on a point-grade system. This system allows ranking projects according to their overall level of ambition and will inform the NAMA Facility Board with regard to its decision, which NAMA Support Outlines will be pre-approved or rejected. The assessment and Board Decision will be subject to an ex-post evaluation of the selection process by an independent third party.

| Criterion                             | Definition/ explanation/ rationale  |
|---------------------------------------|---|
| Potential for Transformational Change | <p>Does the outlined NAMA Support Project contribute to a transformation of the national or sectoral development towards a less carbon intensive development path?</p> <p><i>Generally, there can be different arguments for the transformational impacts of a NAMA Support Project. The below list of aspects is not exhaustive but shall provide different starting points for the assessment of the transformational potential of the outlined NAMA Support Project. NAMA Support Projects do not need to address all and can consider other and/or additional aspects for the maximum grade of points. The argument for the transformational impact of an outlined NAMA Support Project has to be closely aligned to the specific project and country context, as well as to the broader context of the country's mitigation strategy / NAMA in the respective sector.</i></p> <ul style="list-style-type: none"> <li>- <i>Is the outlined NAMA Support Project element of a broader programme or policy framework, which contributes to achieve a higher level sectoral or national emission reduction target or implement a low emission development strategy? Would the achievement of the higher level emission reduction target or implementation of the low emission development strategies imply transformational change?</i></li> <li>- <i>Does the outlined NAMA Support Project fit into a broader context of mitigation activities in the respective sector?</i></li> <li>- <i>Does the outlined NAMA Support Project contribute to change the prevailing structures of the sector? Does the NAMA Support Project help to overcome systemic barriers to the reduction of emissions?</i></li> <li>- <i>Does the outlined NAMA Support Project develop capacities to reduce future GHG emissions beyond the scope of the project?</i></li> <li>- <i>Is the outlined NAMA Support Project replicable with respect to its applicability in other regions, countries and internationally?</i></li> <li>- <i>Is the outlined NAMA Support Project implemented as far as possible strengthening national systems as for example described for the aid effectiveness criteria of the OECD/DAC?</i></li> <li>- <i>Does the outlined NAMA Support Project use an innovative approach for the reduction of emissions, which can have impacts beyond the specific NAMA Support Project (e.g. technology transfer; general support approach)?</i></li> <li>- <i>Does the outlined NAMA Support Project foresee the participation and/or development of the private sector?</i></li> </ul> |
| Co-Benefits                           | <p>Does the outlined NAMA Support Project provide important additional development co-benefits beyond the reduction of GHG emissions?</p> <p><i>Co-benefits are considered a central element to create country ownership and can have an important impact on the long-term sustainability of a NAMA Support Project. NAMA Project Outlines should therefore explicitly explain which additional development co-benefits beyond the reduction of GHG emissions will be achieved through the NAMA Support Project.</i></p>  |
| Financial Ambition                    | <p>Does the outlined NAMA Support Project foresee or enable a substantial funding contribution from other sources?</p> <p><i>NAMA Project Outlines should plausibly explain which additional funding contributions are leveraged through the outlined NAMA Support Project, and, where applicable, within the broader context of mitigation activities in the (sub)sector, which provide the backdrop of the NAMA Support Project. This</i></p>   |



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|                             | <p><i>includes both directly mobilized funds as well as funding which will be indirectly mobilized. The below list includes different aspects, which will be considered for the assessment of the outlines for NAMA Support Projects. However, the financial ambition of a NAMA Support Project has to be aligned to and will be considered against the specific project and country context.</i></p> <ul style="list-style-type: none"> <li>- <i>Does the outlined NAMA Support Project reduce or remove market barriers and provide opportunities for investments into GHG mitigation activities by the private sector?</i></li> <li>- <i>Does the outlined NAMA Support Project foresee a financial contribution from the host country's national budget? If applicable, does the host country provide a financial contribution to a broader range of mitigation activities in the (sub)sector, which provide the backdrop of the NAMA Support Project?</i></li> <li>- <i>Does the outlined NAMA Support Project foresee a financial contribution from other donors? If applicable, do donors contribute to a broader range of mitigation activities in the (sub)sector?</i></li> <li>- <i>Does the outlined NAMA Support Project foresee a financial contribution from the private sector?</i></li> <li>- <i>Does the outline for the NAMA Support Project contain a convincing explanation, why international public support is required for the NAMA Support Project?</i></li> </ul> |
| <p>Mitigation Potential</p> | <p>Does the outlined NAMA Support Project foresee substantial direct and indirect GHG emission reductions?</p> <p><i>NAMAS have been defined as voluntary mitigation activities of developing countries. NAMA Project Outlines should therefore provide estimates for expected direct GHG emission reductions of the NAMA Support Project and explain how indirect mitigation effects will be achieved. The mitigation potential of a NAMA Support Project has to be aligned to and will be considered against the specific project (incl. its sector) and country context. This also includes the costs-effectiveness of GHG reductions.</i></p>  |