

5th Call of the NAMA Facility

Clarifications III

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Question	A) Eligible countries
CN III-1	<p>Q: Will there be an advantage to apply as a regional NAMA Support Project, i.e. that NAMA Facility funds are transferred to one NSP but are used in more than one country? What are the possible shortfalls?</p> <p>A: Regional/ cross-border projects are eligible – see FAQ 5. The applicant should provide an explanation for the chosen approach and demonstrate the common raison d’être. The NAMA Facility does not foresee a preferred treatment of such an approach.</p> <p>Possible shortfalls could be for the applicant to demonstrate sufficient political commitment, readiness and implementation structures in each country participating in the NSP.</p>
CN III-2	<p>Is there any regional preference in the 5th Call?</p> <p>A: No, as in previous Calls, the NAMA Facility does not have any regional focus in the 5th Call.</p>

Question	B) Eligible sectors and technologies
CN III-3	<p>Q: Is a 100% financing for a trial run of a model project possible?</p> <p>A: Such an approach would not be excluded as such but on first sight doubts would arise both with regard to ambition (no leverage of other funding) and feasibility (in case no proven track record of comparable projects exists).</p>
CN III-4	<p>Q: Could the NSP include a mix of current efficiency technologies (that could mobilize short-term private investment) and creating a programme and financial mechanism that can support higher-risk, high-efficiency technologies over time?</p>

	A: Yes, this is possible; however the NSP needs to demonstrate that the support of current efficiency technologies is a significant deviation from a BAU scenario and could thus be considered transformational.
CN III-5	Q: Are lessons learned available from previous Calls and NAMA Facility portfolio for the transport sector? A: Yes, lessons learned with regard to the transport sector are available in the following presentation (LINK).
CN III-6	Q: If a proposal aims to reduce the use of coal in industrial boilers, will it be considered as supporting coal technology and not eligible for NAMA Facility? A: As per FAQ 6, coal-based energy generation is likely to be challenged to demonstrate its transformational change potential.
CN III-7	Q: Is suppressed demand accepted for GHG emission reduction? A: Suppressed demand in connection with energy access would be acceptable for GHG emission reductions if it is based on renewable energy sources.
CN III-8	Q: Do minimum energy performance standards and standards for building components count as policies, as they would create an enabling environment and thus would be eligible for NAMA Facility support? A: Yes, the introduction of standards can be part of the interventions supported as part of NSP. They could trigger transformational changes in a certain sector.

Question	C) Eligible applicants
CN III-9	Q: Can a local non-governmental organisation apply? A: A local non-governmental can apply, if it receives sufficient endorsement from the government institutions relevant for the implementation of the NSP and if it complies with the capacity requirements listed in the section 5.1.1 of the General Information Documents (LINK).
CN III-10	Q: What do you mean by consortium as mentioned in Annex 3 and Annex 5? A: Annex 3 refers to the legal entity acting as Applicant/Applicant Support Partner, Annex 5 to the NAMA Support Organisation. In both cases, a consortium might be formed by two or more legal entities to fulfil all capacity criteria and necessary qualifications to take up the respective role. See also section 3.4 and 5.1.1. of the General Information Document.
CN III-11	Q: If the legal entity acting as Applicant Support Partner is <u>not</u> the same as the legal entity acting as NAMA Support Organisation (NSO), do these legal entities need to form a consortium and sign a legal agreement? A: No, there are no such requirements. The option of legal entities forming a consortium refers to each functionality separately (Applicant Support Partner/NSO).
CN III-12	Does every entity of a consortium have to fulfil all criteria (non-governmental institutions) or can they be collectively covered? A: The capacity criteria as per section 5.1.1. of the General Information Document can be fulfilled collectively. The requirements with regard to the legal status should be fulfilled individually by every entity in the consortium. See also CN I-4.
CN III-13	Q: Can NSO be consortium of two international partners? A: Yes, this is possible. See also section 3.4 in the General Information Document (LINK).
CN III-14	Q: Can the NAMA Support Organisation also be a main implementing partner? A: Yes, this is possible.

CN III-15	<p>Q: Does the NAMA Facility apply some sort of accreditation system for potential applicants?</p> <p>A: No, the NAMA Facility does not apply an accreditation system for potential applicants. The qualification and eligibility will be assessed during the assessment phase.</p>
CN III-16	<p>Q: Can international development banks act as the NSO and also as the Applicant Support partner?</p> <p>A: Yes, they would be eligible, if they receive endorsement of the relevant national ministries. For further examples of NSOs, please see section 3.4. in the General Information Document.</p>
CN III-17	<p>Q: If Applicants are a consortium, are there any administrative or legal documentation requirements to provide at Outline stage, e.g. signed letters from partners agreeing to be in a consortium?</p> <p>A: No, the NAMA Facility does not require such document at Outline stage. If available, it can be submitted to clarify the level of cooperation between the consortium members.</p>
CN III-18	<p>Q: Where in the Outline should we clarify the roles and functions of a consortium with two NSO partners?</p> <p>A: Please clarify these in section 1.6 and Annex 5 and describe them as detailed as possible.</p>
CN III-19	<p>Q: Can a state government agency act as implementing partner of the NSO?</p> <p>A: Yes, this is possible and in many cases essential for triggering transformation change. On the role and examples for implementing partners see section 3.5 in the General Information Document.</p>
CN III-20	<p>Q: Does a consortium with a national ministry need to cover the requirements listed on section 5.1.1 of the General Information Document pertaining to the Applicants/Applicants Support Partner in the Outline phase, or is it sufficient to have a national body in the consortium?</p> <p>A: A national ministry does not have to comply with the capacity criteria as mentioned in section 5.1.1. of the General Information Document. Please note that the NAMA Facility would not expect a national ministry to enter into a formal consortium (in legal terms) with the Applicant Support Partner.</p>

Question	D) Eligible support instruments in NSPs
CN III-21	<p>Q: Is it permissible for the financial support mechanisms to evolve during the NSP implementation, e.g., starting at pilot scale and being refined for scale-up and post-NSP continuity?</p> <p>A: In principle, yes. However, the applicant should bear in mind the lead times for the implementation of financial instruments and the maximum NSP implementation period of 5 years, and the risks of a shortened window of opportunity to achieve the direct mitigation effects within the NSP implementation period.</p>
CN III-22	<p>Q: Which are the characteristics of an innovative finance mechanism, compared to a 'traditional' one?</p> <p>A: This term refers to a range of non-traditional mechanisms to raise additional funds for climate financing. For example, use of leveraging and risk sharing products such as partial loan guarantee schemes, use of remittances, targeted tax credits, reductions or exemptions etc. These should be considered in the country context – a loan guarantee scheme is not innovative per se but may well be in a given country.</p>

CN III-23	<p>Q: Can the NAMA Facility funds be gradually replaced by a government tax (i.e. is it an accepted process)?</p> <p>A: Yes, the NAMA Facility is open to the innovative use of domestic funds. The revenues from an appropriately levied government tax could provide a sustainable source of funding. It is crucial to ensure and demonstrate a substantial level of commitment from the government to raise and avail these domestic resources already as early as during the Detailed Preparation Phase.</p>
CN III-24	<p>Q: If a NSP is establishing policy and market conditions for a longer-term change, is it okay if private sector finance kicks in after the NSP implementation finished?</p> <p>A: In principle, policy and market reforms are often considered important enablers for transformational change; however, the Outline will be also judged on the direct mitigation effects and direct financial leverage potential within the NSP's lifetime. This might be challenging to demonstrate in such a case.</p>
CN III-25	<p>Q: Could the establishment of an institution for promoting sustainability and mitigation actions be eligible as a possible NAMA Support Project?</p> <p>A: This kind of output could be supported on an exceptional basis as part of the NSP intervention, if it can be demonstrated that it is essential and directly linked to mitigation actions and that its non-existence is a key barrier for enabling investments. In general, however, it is expected, that implementing partners are existing institutions with a relevant mandate to implement and operate the NAMA. The establishment of an institution should not be the core objective of an NSP.</p>
CN III-26	<p>Q: Are NSPs solely focusing on capacity building eligible for support?</p> <p>A: As the NAMA Facility's objective is the implementation of NAMAs, a NSP solely focusing on capacity building will find it difficult to demonstrate that it is within the scope of the NAMA Facility selection criteria on transformation change, mitigation potential and financial leverage.</p>
CN III-27	<p>Q: Does the NAMA facility finance acquisition of material by the Government to better implement a NAMA Programme at the national level?</p> <p>A: Yes, procurement of material can be part of the NSP; however, a grant-based support for the procurement of material as a proposed financial mechanism will find it very challenging to argue for its sustainability and financial leverage effect.</p>
CN III-28	<p>Q: Is it possible to use NAMA Facility support for seed funding for a local climate fund?</p> <p>A: Yes it is possible. The NSP should demonstrate clearly how it will mobilize additional funding.</p>
CN III-29	<p>Q: Can NAMA Facility support be used to invest in operation & maintenance?</p> <p>A: Yes, in principle. However, the Outline should clearly show how this would be financially sustainable after the NSP period.</p>
CN III-30	<p>Q: Does the NSP require an existing NAMA in the country? Or this the NAMA an outcome of the proposal?</p> <p>A: Yes, as the NAMA Facility's focus is on the implementation of NAMAs, the NAMA in terms of a nationally appropriated mitigation activity should be already developed and existing before an Outline is submitted. Please note that the NAMA Facility does not require an official NAMA label or NAM registration.</p>
Cn III-31	<p>Q: As per the General Information Document and FAQ 15, ER credits (emission reduction credits) that are generated by NSPs should be cancelled, since the NAMA Facility needs to avoid double-funding. Considering this, would following financial mechanism be eligible provided that ER credits produced with NAMA funding will be cancelled: A NSP focuses on the implementation of an ER programme, which</p>

includes the establishment of a carbon fund. The carbon fund would absorb income generated by the sale of ER credits and reinvest it further. By doing so, the carbon fund would ensure the financial sustainability of the programme and would ensure long term income streams to the programme.

A: In principle and depending on its specifications, this could be an eligible financing mechanism, provided that the ER credits are actually canceled. The assurance of the income stream should be demonstrated e.g. a guaranteed off-take of credits from a reputable purchaser. It will be of importance to provide evidence on the long-term sustainability of the financial mechanism beyond the NSP's duration.

CN III-32 Q: Is there any financial support for the development of the DPP?

A: No, the NAMA Facility does not provide financial support for the development of neither the DPP concept nor the Outline as such. The DPP concept and NSP Outline should be developed by the Applicant/Applicant Support Partner. However, the NAMA Facility offers of NSPs selected during the Call financial support for conducting the DPP.

CN III-33 Q: Is the DPP expert pool available for Outline preparation?

A: No, the DPP expert pool is not available for Outline preparation, but for the DPP once a NSP has been selected in the Call.

CN III-34 Q: Could the NAMA Facility support the involvement of national administration in the implementation of the NSP, e.g. refinancing the time spent by Ministries and national institutions in changing regulations, adapting policies, negotiating PPA, etc. or through technical assistance provided to a PMU inside a Ministry/national institution?

A: The NAMA Facility funding could support project-related activities in the Ministry, if these are additional to the ministerial mandate and not considered a core mandate of the Ministry. Developing policies and regulations are usually considered a core task of a Ministry, while operating a PMU is not necessarily a core task. Nevertheless, ownership and sustainability are demonstrated in a credible way if the national government avails respective resources on its own account.

CN III-35 Q: Can the NAMA Facility provide funding support to a NSP that requires only a technical cooperation, whereas the financial component is completely financed by own resources (e.g. in case of a bank)?

A: This could be considered if the NSP can demonstrate a clear and direct link between the technical cooperation provided and the financial mobilisation and investments.

CN III-36 Q: The General Information Document states that support granted by the NAMA Facility may not provide an economic advantage to the Applicants/Applicant Support Partner or any of the implementing partners. How is economic advantage defined in this context and applied to private entities?

A: The support granted must contribute to the public benefit as defined in the GID, unfair advantages compared to other market participants must be prohibited and more generally, restrictions due to applicable rules of state aid law have to be considered. If a specific Outline complies with these and other applicable rules is assessed at an early stage of the selection process on a case-by-case basis.

CN III-37 Q: The General Information Document states that NSOs must include national IPs with a specific national mandate for implementation. Does this mean that all implementing partners must have such a national mandate? Are private entities meeting all requirements in section 5.1.1 also eligible to be implementing partners?

A: This section of the General Information Document stresses the need to include institutions which have specific national mandates with regard to the intervention of NSPs. In cases in which no such institutions exist or in which they are included as Implementation Partners private entities may be eligible as IPs if they fulfil all other applicable criteria.

Question	E) Submission of NAMA Support Project Outlines
CN III-38	<p>Q: What are the exact differences among 'outputs', 'outcomes' and 'impacts'?</p> <p>A: The outcome is the overarching direct project goal. It includes direct effects that can be causally attributed to the NSP interventions and which reflect the utilisation of the outputs by the target group.</p> <p>The Output covers products, goods, services and regulations/standards that have arisen as a result of the NSP activities.</p> <p>Impacts are the mid- and long-term direct and indirect effects of the NSP.</p>
CN III-39	<p>Q: Which mandatory core indicator should be considered as an impact, outcomes and output indicator?</p> <p>A: The Mandatory Core Indicators M1 (GHG emission reduction), M2 (People directly benefitting) and M3 (Likelihood of Transformational Change) are closely related to the outcome level.</p> <p>The two Mandatory Core Indicators M4 (public finance mobilized) and M5 (private finance mobilized) should be considered at output level.</p>
CN III-40	<p>Q: Can a NSP have some NSP staff embedded within an Implementing Partner institution, and some within the in-country offices of the NAMA Support Organisation?</p> <p>A: Yes, this is possible and should be defined as part of the DPP.</p>
CN III-41	<p>Q: At which point should the NSO's management fees be determined?</p> <p>A: Already during the Outline preparation, all management fees for the NSO and other indirect costs should be included in the requested funding for implementation (Outline section 4).</p>
CN III-42	<p>Q: What are the overheads and administration fees for NSOs for projects under the NAMA Facility?</p> <p>A: The overheads and administration fees should be proposed by the NSO and are subject to approval by the NAMA Facility. In general, the NAMA Facility does not define maximum cost levels but considers them in individual contexts.</p>
CN III-43	<p>Q: Does the NAMA Facility have focal points in the countries or are the relevant UNFCCC focal points the persons to contact for endorsement?</p> <p>A: The NAMA Facility does not have its own focal points in any country. Please contact the focal points of the UNFCCC, the list of focal points is accessible on the website of the UNFCCC secretariat. (Link)</p>
CN III-44	<p>Q: At this stage, is it required to submit support letters from NAMA Support Organizations, main implementing partners and the Applicant Support Partner?</p> <p>A: No. For the submission of the Outline, there is no such requirement. Only endorsement letters from the relevant ministries of the applying government are required. Additional support letters can be submitted if available.</p>
CN III-45	<p>Q: For Annex B, when asking about sensitivity scenarios, what is the factor of change between the scenarios (ie. sensitivity to what?)</p> <p>A: The sensitivity analysis should be performed on the most critical and most uncertain assumptions in your calculations, e.g. electricity price increase. The factor</p>

	of change may differ depending on the assumptions applied but should always represent a pessimistic and a more optimistic scenario, depending on the individual case under consideration.
CN III-46	<p>Q: As the financial support mechanism is a very important part of the NAMA Support Project, how detailed do you expect the section to be in the Outline exactly?</p> <p>The financial scheme should be sufficiently elaborated to allow the TSU to assess its feasibility and appropriateness in the country and sector context. Aspects such as indicative costs, institutional capacities, legal and governance structures should be covered as far as possible. Details need to be established at least as part of the DPP.</p>
CN III-47	<p>Q: Do we need to complete Annex 3 for both the Applicant (for instance, Ministry) and Applicant Support Partner (for instance, development agency)?</p> <p>In this case, Annex 3 should only be completed for the Applicant Support Partner. Annex 3 does not need to be completed for national ministries.</p>
CN III-48	<p>Q: Do the capacity requirements need to be met at the organizational level or at the country office level, if the Applicant Support Partner is a country office of an international organization?</p> <p>A: Capacity requirements need to be fulfilled at organizational level, unless the country office of the organization is acting independently, in its own legal capacity or on its own accounts. In this case, capacity requirements would need to be fulfilled at country office level.</p>
CN III-49	<p>Q: Is it possible to obtain a successful NSP Outline as a reference?</p> <p>A: The NAMA Facility is not authorized to share or publish NSP Outlines it has received in previous Calls. Interested stakeholders may consider the UNFCCC NAMA Registry which includes several successful NSPs and avails some of the details also depicted in the NSP Outlines, e.g. the Colombian Refrigeration NAMA (Link).</p>

Question	F) Selection Criteria
CN III-50	<p>Q: What is the co-financing ratio for NAMA Support Projects?</p> <p>A: The NAMA Facility has no minimum requirements with regard to co-financing ratios. As the NAMA Facility seeks to maximize financial leverage and resulting climate mitigation outcomes this is a key assessment criteria.</p>
CN III-51	<p>Q: In calculating the financial leverage ratio, should the TA component of the funding requested be taken into account or not?</p> <p>A: Please note that the calculation of the ratio is not required in the Outline; it is calculated as part the assessment by the assessment team. If nevertheless the applicant wishes to do so, s/he may use the sum of all NAMA Facility funding requested by the NSP, i.e. for Technical and Financial Component, expressed as a ratio to the sum all public, private and other co-financing mobilized by the NSP.</p>
CN III-52	<p>Q: When preparing the GHG emission calculation for the NAMA Outline, we were wondering how binding the GHG target is. If the project is chosen and after its implementation, only half of the emission target is attained due to some risks occurring (e.g. local partners working slower than planned, regulations not being approved on time etc.), what happens with the funds of the NSP?</p> <p>A: The consequences of a non-delivery of outcomes and outputs during the implementation would be assessed individually and discussed with the NSP. The NSP faces the risk of a non-release of funds or early termination. See also FAQ 21.</p>
CN III-53	<p>Q: Can a NAMA Support Project be submitted requesting less than EUR 5 million?</p>

	<p>A: Yes, this is possible and in line with the eligibility criteria stated in section 5.1.3 of the General Information Document (LINK). As the amount would deviate from the recommended range of EUR 5 to 20 million, an explicit explanation justifying the deviation should be provided in Outline section 4.</p>
CN III-54	<p>Q: Does Annex 4 DPP concept score only 2 out of 50 points? A: Yes, this is correct. The complete overview on the distribution of points applied during the assessment process is available in section 5.1.3 of the General Information Document. (LINK)</p>
CN III-55	<p>Q: What is "concessionality"? A: Concessionality is the extent to which the terms of a soft (i.e. below market rates) loan reduce a lender's returns in comparison with a loan of the same amount and duration as the soft loan but provided at full market rates. The costs related to enabling the concessional part of a financial instrument is typically funded by a donor. Concessional financing should be primarily provided to those facing the greatest difficulties in terms of accessing finance, ea with regard to the risk profile of a specific country context, sector or technology.</p>
CN III-56	<p>Q: If there is no public funding contribution, but public commitment through policy interventions, reforms, tax incentives, how is this considered? A: Policy commitment is encouraged and quantifiable tax incentives would be taken into account in the assessment as enablers of transformational change, although "hard" funding commitments might, depending on the specific country context in question, indicate a higher degree of ownership and sustainability of a NSP.</p>
CN III-57	<p>Q: Does the NAMA Facility have a recommended split between capital and grant? A: No, there is no such recommendation. See also FAQ 20.</p>
CN III-58	<p>Q: Can you explain what the readiness criteria means for the introduction of a financial scheme within 12 months? A: The financial scheme (such as loan programme or a guarantee instrument) should be ready for disbursing funding within 12 months from the start of the implementation phase. Finalizing preparatory work such as the detailed scheme design, allocation criteria (investment criteria), development of contracts and operating manual should be undertaken in the detailed project preparation phase (DPP).</p>
CN III-59	<p>Q: Is it mandatory to prove private sector funding in the NSP Outline and late in the proposal? A: No, it is not mandatory but preferable, as public funding is likely to be limited and private funds is typically easier to be scaled up at a later stage.</p>
CN III-60	<p>Q: Does the implementation period of 3-5 years include the DPP duration? A: The eligible implementation period of 3-5 years does not include the duration of the DPP.</p>
CN III-61	<p>Q: Is co-financing required? A: Co-financing from other Donors is not required, but NSPs are expected to mobilize additional financial resources from public and private sources; the financial ambition is a key selection criteria in the NAMA Facility.</p>
CN III-62	<p>Q: Will you evaluate the experience of proposed project personnel submitting an Outline as part of the selection process? A: During the initial assessment, the project references of the legal entity acting as Applicant/Applicant Support Partner are scrutinized as an indication whether the organization has sufficient capacities to implement the DPP. During the DPP, a due diligence will check the suitability of the proposed NSO. This includes the staffing</p>

capacities of the organization. An assessment of individual staff members is not foreseen as it is deemed within the responsibility of the organization to deploy capable staff to the NSP.

CN III-63 Q: Is there any preferential treatment of certain types of organizations proposed as NSOs (like non-governmental organizations) in the selection process?

A: No, the NAMA Facility does not apply any preferential treatment of any type of organization. Each legal entity will be assessed on its eligibility and capacities to take fulfil the role of a NAMA Support Organization.

Question G) Detailed Preparation Phase (DPP)

CN III-64 Q: Who receives the funding for the DPP, the Applicant Support Partner or does the NAMA Facility provide it directly to implementing partners?

A: The Applicant Support Partner receives the financial support for conducting the activities as foreseen in the DPP concept. In the DPP concept he spells out the inputs and resources needed for these activities, e.g. national or international expertise. The NAMA Facility does not provide the funding directly to implementing partners.

CN III-65 Q: What activities are eligible for support in the DPP?

A: Supported activities should be focused on clarifying open issues necessary for the elaboration of a high-quality, detailed proposal that allows the NSP to quickly start the full implementation after approval to the NSP proposal. A comprehensive list of eligible activities cannot be provided as this essentially depends on the individual context. Examples of supported activities include detailed baseline studies, sensitive analyses for business models, detailing and modelling the financial mechanism, negotiations with implementing partners, definitions of steering structures for the implementation, etc. Feasibility studies can be supported in limited cases only if specific details still need to be clarified; however the overall technological and economic feasibility should be analyzed already before an Outline is proposed to the NAMA Facility.

CN III-66 Q: Will the government partner receive any remaining funds from the DPP support?

A: No, the NAMA Facility does not foresee any "remaining funds", as the financial support for the DPP is limited to the requested amount for conducting the activities in the DPP. Only such activities as agreed as the basis of the DPP can be conducted and will be remunerated up to the maximum amounts defined. See also CN III

CN III-67 Q: Is section 2 "mandatory output" in Annex 4 (DPP concept) only for information and does not require any further text?

A: It is correct that section 2 of the DPP concept does not require further text, although the Applicant/Applicant Support Partner might decide to amend the section as deemed necessary. The draft text provided is to facilitate the elaboration of the DPP concept that eventually will be the basis for the Terms of Reference for the DPP in case the NSP is selected.

Last but not least...

Could you not find an answer to your question?

In line with our [clarification policy for the 5th Call](#), please submit your question in writing to contact@nama-facility.org. We will publish the clarification on the NAMA Facility's website and also respond to your query directly. You can also submit your further question during the next webinar dedicated to the 5th Call 31 January 2018.