

# Ambition Initiative Call for NAMA Support Projects

## **Clarification Notes IV**

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## Abbreviations

ASP	Applicant Support Partner
CN	Clarification Note
DPP	Detailed Preparation Phase
FAQ	Frequently Asked Questions (a NAMA Facility document)
FC	Financial Component of an NSP
GHG	Greenhouse Gas
GID	General Information Document (a NAMA Facility document)
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NSO	NAMA Support Organisation
NSP	NAMA Support Project
TC	Technical Component of an NSP
TSU	Technical Support Unit
UNFCCC	United Nations Framework Convention on Climate Change

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### I. General Issues

#### **CN IV-01 Is there a maximum number of Outlines that can be submitted by one Applicant / ASP?**

No, the NAMA Facility does not set an upper limit.

## **CN IV-02 Can you please further explain the term financial cooperation / FC in the context of NSPs?**

The NAMA Facility provides funding for NSPs that are characterized as the most ambitious part of NAMAs and/or building blocks for NDC implementation. NSPs usually consist of a combination of financial and technical measures that are structured in a project concept, the so called NSP Outline and NSP Proposal.

Technical measures fall under the Technical Cooperation Component (TC), whereas financial measures are covered in the Financial Cooperation Component (FC). As part of the FC, financial support mechanisms shall be applied to overcome existing market/financial barriers hindering the deployment of GHG mitigation technologies or practices and to mobilise capital investments for carbon-neutral development pathways. For more information on financial mechanisms please refer to FAQ 36, the [podcast](#) Introduction to Annex 5a - Financial Mechanism and the [webinar](#) "Financial Mechanisms and the NAMA Support Project".

## **II. Selection Criteria**

### **CN IV-03 One of the NAMA Facility's selection criteria is the financial ambition. In the GID, section 5.1.3 Outline Assessment Criteria the criterion is further specified and amongst others, is it mentioned that a "significant private sector participation" is expected. Can you please further elaborate if the private sector participation is a mandatory feature of NSPs?**

No, a private sector participation is not mandatory for the NSPs. However, the financial ambition, both in terms of public and private funding leverage, is seen as key for triggering the transformational change towards a carbon-neutral development pathway. In both cases, the financial leverage is assessed relative to the sector and the country. Therefore, the NAMA Facility does not set a minimum threshold for the private and public leverage. It is important to demonstrate how the mitigation technology or practice proposed in the NSP will be financed and showcase that the NSP will create favorable market conditions for further uptake and upscaling of the mitigation technology or practice. Usually a certain level of private sector engagement is needed to create this effect and ensure that all relevant stakeholders are involved in the transformation.

### **CN IV-04 One of the NAMA Facility's selection criteria under feasibility is the project design. In the GID, section 5.1.3 Outline Assessment Criteria the criterion is further specified and amongst others, the following detailed requirements are listed "plausible business model(s) at the investment level and appropriate financial mechanism and possibly regulation to overcome barriers and make business models viable". For an NSP targeting a country's forestry sector: Would the NAMA Facility also consider NSPs that do not include a classical business model but propose community-based bio-business activities at a local level, e.g. community forest management and promotion of renewable energies.**

As ownership of the NSP within the local context is of high importance, working with regional or local governments and/or communities is recommendable. Measures to prove the case of long-term sustainability with the potential for upscaling, such as the promotion and support of community-based forestry and/or sustainable bio-businesses at a local level are also recommendable. Nonetheless, it will be important to demonstrate how the anticipated impacts are fed into the national level strategies/policies/agendas and how the NSP enables upscaling and replication at a national level. Additionally, the direct GHG emissions mitigation potential as well as the financial leverage, public and private, should play a prominent role within the envisaged measures.

To summarize: The answer would be yes, community-based bio-business activities could be chosen as a viable option for an NSP, as long as NAMA Facility requirements for the financial leverage and direct mitigation of GHG emissions are kept in mind.

**CN IV-05 Assuming an NSP with the objective to implement mini-grids on a large scale, triggers additional investments though the successful demonstration of the technology at a ratio 1:9.75, i.e. each Euro of the NAMA Facility funding provided to the NSP mobilises further 9.75 Euro as an additional investment: Does this additional investment meet the NAMA Facility's definition of "additional leveraged investment" as described in the GID, section 5.1.3 Outline Assessment Criteria and the Glossary?**

The NAMA Facility defines "leveraged investment" as additional funds that will become available for investments in the NSP, that would not be spent on the same purpose in the absence of an NSP. Please take a look at the NAMA Facility Monitoring and Evaluation Framework, pp. 51 & 54, to better understand the nature of the financial leverage/mobilisation by the NSP.

The financial leverage can be of a private or public nature, where the public sector leverage is usually achieved by public sector instruments (e.g. tax incentives, subsidies etc.) and/or government (in-kind) contributions, and the private sector leverage is achieved through the direct participation of the private sector stakeholders in the financial mechanisms and products offered by the NSP, e.g. in a form of a collateral, equity, loan guarantee etc.

If the scenario described in the question meets these criteria, it will be considered as leveraged investments according to the NAMA Facility's definition.

**CN IV-06 How decisive is a country's formulated NDC for the success chances of an Outline?**

The submission of an enhanced and ambitious NDC, according to the NAMA Facility's definition, until the closure of the Ambition Initiative Call is one of the eligibility criteria of the Call.

In case a country's NDC meets this definition and the submission also complies with other eligibility criteria as described in the GID, section 5.1.3 Outline Assessment Criteria, the success chances of an Outline depend solely on the quality and context of the Outline including the submitted Annexes.

### III. Eligibility of countries

**CN IV-07 Will a first updated NDC envisioning a country's participation in internationally transferred mitigation outcomes (ITMO, Article 6 of the Paris Agreement) score in terms of "ambitious NDCs" according to the NAMA Facility's definition of enhanced and ambitious NDCs?**

No, the inclusion of ITMOs is not considered as an increase of the NDC's mitigation ambition. While the ITMOs can serve to encourage countries to define a higher mitigation goal, the NAMA Facility considers them rather as a vehicle and not as an enhanced target themselves.

### IV. Eligibility of Applicants and Applicant Support Partners (ASP)

**CN IV-08 The GID defines several capacity requirements that (non-governmental) Applicants, ASPs and NSO need to comply with for being eligible to receive NAMA Facility funds. How strict is the NAMA Facility on the compliance with those requirements, especially the one on implementation experience with a certain number of projects of a similar funding size?**

Applicants, ASPs and NSP need to meet all of the capacity criteria included in the respective sections of the GID for being eligible to receive the NAMA Facility funding (GID, section 3.4

Applicant, Applicant Support Partner (ASP) and NAMA Support Organisation (NSO), 5.1.1 Applicants in the Outline Phase, 5.2.2 Applicants in the Proposal Phase/NSOs and Annex 2).

Please note that the capacity requirements for NSOs are higher than those for Applicants/Applicant Support Partners. The distinction between the two roles was introduced to extend the possibility of participating in NAMA Facility Calls to entities that have the experience and capacity to design projects without necessarily having the mandate, experience or capacity to implement them.

Good to know: Several legal entities can form an NSO or ASP consortium to combine their expertise and experience to comply with the capacity criteria for NSOs and to provide the necessary sector expertise for implementation. For more information please refer to FAQ 23.

**CN IV-09 Are public Universities eligible to become Applicant / ASP and to execute the NAMA Facility funding? Would a University have to establish an alliance with a governmental ministry in order to being eligible?**

Yes, a public university can apply and upon success execute the funds if it receives sufficient endorsement from the government institutions relevant for the implementation of the NSP. To prove that, besides the provision of an endorsement letter as part of the NSP Outline, no formal alliance needs to be established.

Please note that the public university as an Applicant / ASP should comply with the capacity requirements listed in the GID, section 5.1.1 “Applicants in the Outline Phase” and Annex 2.

## V. Eligibility of Sectors and Technologies

**CN IV-10 Can you provide more information on NSPs piloting innovative technologies and how the phased approach would be structured?**

For information on NSPs piloting innovative technologies please refer to FAQ 31, CN II-20, CN III-05, CN III-06 and the Ambition Initiative Call Webinar on NSP Outline Development Case Studies and Examples.

## VI. Submission of the NSP Outline and Annexes

**CN IV-11 Does the Outline need to explicitly address each aspect of the NAMA Facility’s definition of an enhanced ambitious NDC as it was presented in the Webinar on NSP Outline Development Case Studies and Examples?**

The example presented in the [webinar](#) was just for illustrative purposes. Applicants / ASPs do not need to address all aspects of the definition! In the Outline document it will be sufficient to follow the guidance provided in the template, i.e. providing the date when the country of implementation has submitted its enhanced and ambitious NDC to UNFCCC, summarising the national climate policy context, outlining the level of ambition of the enhanced NDC along with providing a wider context of the national and (where relevant) local mitigation strategies and plans to address climate change in the sector/sub-sector where the NSP is intervening.

At the same time, in order to demonstrate why the updated NDC of the targeted country can be considered as enhanced and ambitious according to the definition provided in the GID (section 4.1 Characteristics of NAMA Support Projects (NSPs)), Applicants and ASPs are encouraged to clearly

state to which aspects of this definition the updated NDC of the targeted country correspond and how.

**CN IV-12 What is the maximum budget that can be requested for the NSP implementation?**

As stated in the GID, section 5.1.3 Outline Assessment Criteria, the upper funding volume per NSP is EUR 25 million. In exceptional cases, the total funding volume might deviate from this range, particularly, NSPs can require higher funding if a robust justification in terms of additional benefits going beyond economies of scale is provided. The funding range does not include the funding for the DPP.

**CN IV-13 Does the NAMA Facility expect letters of commitment from the private sector to provide proof of the upscaling potential?**

No, the NAMA Facility does not expect a written commitment from the private sector. Nevertheless, if private sector is seen as one of the key stakeholders and key drivers behind the NSP's Theory of Change, the respective commitment of the private sector would be expected.

Overall, in the Outline, the Applicant / ASP should provide sufficient information as of how an enabling environment will be created by the NSP to allow and encourage private sector investments in the mitigation technology or practice and to achieve the anticipated upscaling.

## **VII. Contracting**

**CN IV-14 Which German grant funding rules apply for private companies in the Ambition Initiative Call?**

The Grant Agreements to be concluded between the NAMA Facility Grant Agent and the Grantee follow the rules as stipulated in the [Financial Guidelines](#) under the national funding legislation. Financial Statements need to be submitted on the cost basis.

### **Last but not least...**

Couldn't find an answer to your question?

In line with our clarification policy for the Ambition Initiative Call, please submit your question in writing to [contact@nama-facility.org](mailto:contact@nama-facility.org).

We will publish the clarification on the NAMA Facility's website as part of the Clarification Note publication and respond to your query directly. The next Clarification Note will be published on 28 April 2021 – be sure to submit your question to the NAMA Facility by 25 April 2021 to ensure that your clarification is included.