

# NAMA Facility Annual Report 2016

(Final version March 2017)

## Executive Summary

Based on lessons learned from the NAMA Facility's first three Calls for NAMA Support Projects and in the light of the results of COP 21, the NAMA Facility has been subject to a **reshaping process** in the first half of 2016. The process included a revision of procedures in order to enhance access to the NAMA Facility, to strengthen the financial structuring of NAMA Support Projects and to ensure their linkage to the Nationally Determined Contributions (NDCs).

As **NAMAs are considered important building blocks to implement NDCs**, the Donors of the NAMA Facility have continued to provide financing for the implementation of NAMA Support Projects. On 4 July 2016, the Donors announced and launched the 4<sup>th</sup> Call for NAMA Support Projects at the Petersberg Climate Dialogue. The 4<sup>th</sup> Call is based on a joint contribution of **additional funding of up to EUR 60 million** by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and the UK Department for Business, Energy and Industrial Strategy (BEIS) bringing the total funding under the NAMA Facility to approximately EUR 262 million.

In addition, the Swiss State Secretariat of Economic Affairs (SECO) has committed to provide up to **EUR 7 million of co-funding** for activities related to the NAMA Support Project in Indonesia.

The **4<sup>th</sup> Call for NAMA Support Projects** was open from 4 July to 31 October 2016 and was accompanied with reinforced activities by the TSU to encourage participation in the 4<sup>th</sup> Call (i.a. regular clarification notes, three interactive webinars, participation in conferences and a series of bilateral meetings with key institutions). The 4<sup>th</sup> Call resulted in 75 submissions for NAMA Support Projects from 45 countries, which is almost double the number in previous Calls. The Outlines have been assessed on their general eligibility, ambition and feasibility based on criteria that are published on the NAMA Facility website. This assessment has been led by an external assessor and cross-checked by the Technical Support Unit (TSU). In response to feedback from earlier calls, the NAMA Facility has introduced a second, more detailed assessment phase in the country (the so-called "on-site assessment") before the Donors select NAMA Support Projects for support to the proposal development. In December 2016, Donors approved 12 NAMA Support Projects for such an onsite assessment in the country. These are scheduled for January and February 2017, the Donors' decision on Outlines to develop proposals is expected for March 2017.

With regard to the 3<sup>rd</sup> Call, the NAMA Facility has also been in discussions with the submitters of a number of NAMA Support Projects up until the end of the 1<sup>st</sup> quarter of 2016 to assess the feasibility of their approaches in more depth. This exercise was meant to result in additional outlines to be selected to go into the project proposal stage and by the end of April 2016, the Donors **selected two additional NAMA Support Projects** from the 3<sup>rd</sup> Call (NSPs in Guatemala and South Africa) to enter the proposal stage. These NAMA Support

Projects as well as previously selected NAMA Support Projects receive support for their detailed preparation and appraisal.

By the end of 2016, Donors have approved funding for the implementation of a total of seven NAMA Support Projects. In 2016, two additional projects have received **approval for implementation**: the **Thailand** Refrigeration and Air Conditioning (RAC) NAMA and the Transit-oriented Development (TOD) NAMA in **Colombia**.

The Sustainable Housing NAMA in **Mexico**, the Low-Carbon Coffee NAMA **Costa Rica**, the SUTRI NAMA in **Indonesia**, and the **Thailand** RAC NAMA are in *de facto* implementation and show first results. Other NAMA Support Projects approved for implementation experience some delays due to pending intergovernmental project agreements and limited capacities in the partner countries to absorb the funding.

Two further NAMA Support Projects (Forestry NAMA **Tajikistan** and Refrigeration NAMA **Colombia**) have finalised the in-depth appraisal and submitted their full-fledged proposals for approval in 2016. The in-depth appraisal of other NAMA Support Projects of the 2<sup>nd</sup> Call (Biomass Energy NAMA **Burkina Faso**), of the 3<sup>rd</sup> Call (Integrated Waste Management NAMA **China**, Mass Rapid Transport NAMA **Kenya**, Alternative Fuels Cooking NAMA **Guatemala**, Energy Efficiency in Public Buildings NAMA **South Africa**) as well as of the FC component of the SSRE NAMA **Chile** were still in progress by the end of 2016.

The NAMA Facility's objective is to demonstrate that climate finance can effectively support transformational change in partner countries, reduce greenhouse gas emissions and enhance low carbon development in the context of implementation of NDCs. The success of the NAMA Facility is based on the performance of its NAMA Support Projects in attaining these results in the respective partner country contexts. On the basis of the currently limited number of NAMA Support Projects in implementation, the full potential of both the NAMA Support Projects and the NAMA Facility as such is still not realized. Nevertheless, first progress has been observed and is reported with regard to the NAMA Facility's five mandatory core indicators, including mitigation effects and the leverage of public and private financing. With a growing number of NAMA Support Projects going into implementation in 2017 there will also be a sharp increase in progressing towards the achievement of the goals of the NAMA Facility over time.

The NAMA Facility's **Theory of Change, Logframe** as well as its **Monitoring and Evaluation Framework** were published as a guidance document for NAMA Support Projects. Based on the data provided by NAMA Support Projects, aggregated data has been provided to establish targets and report on progress reporting and for measuring the success of the NAMA Facility at an aggregated level.

An external **mid-term evaluation** of the NAMA Facility has been conducted in 2016 that was steered by the Donors of the NAMA Facility. Results and a management response that includes concrete measures and a timeline have been approved by the Donors and are published on the NAMA Facility's website. Among others, a **mid-term prospect** for the operation of the NAMA Facility is considered and will be further discussed in 2017 with key stakeholders of the NAMA Facility.

The tendering process for evaluations of individual NAMA Support Projects has been initiated, as the first evaluation is scheduled in 2017.