

NAMA Facility

General Information Document Ambition Initiative – Round Two for NAMA Support Projects

9 November 2021

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LIST OF ABBREVIATIONS:

ASP	Applicant Support Partner
BEIS	UK Department for Business, Energy and Industrial Strategy
BMU	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
CER	Certified Emission Reductions
CIFF	Children's Investment Fund Foundation
COP	Conference of the Parties
DPP	Detailed Preparation Phase
FC	Financial Cooperation
GHG	Greenhouse Gas
GID	General Information Document
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
INGO	International Non-governmental Organisation
IP	Implementing Partner
MFA	Danish Ministry of Foreign Affairs
KEFM	Danish Ministry of Climate, Energy and Utilities
KfW	KfW Development Bank
M&E	Monitoring and Evaluation
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NFGA	NAMA Facility Grant Agent
NGO	Non-governmental Organisation
NSO	Nama Support Organisation
NSP	NAMA Support Project
ODA	Official Development Assistance
TA	Technical Assistance
TC	Technical Cooperation
ToC	Theory of Change
TSU	Technical Support Unit
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change

See Annex 1 for a comprehensive glossary.

On behalf of

1. Introduction

Against the background of the Covid-19 pandemic and the global revision of climate goals on the occasion of the 5th anniversary of the Paris Agreement, on 02 July 2020, Germany and the United Kingdom announced a special Ambition Initiative Call under the NAMA Facility aiming to support the Official Development Assistance (ODA) eligible countries in the implementation of enhanced ambitious Nationally Determined Contributions (NDCs) and in the alignment of these efforts with the national green recovery agendas.

Since the closure of the Ambition Initiative Call in May 2021 several additional countries have passed NDC updates. This development has been gaining further momentum in the run up to COP26 in Glasgow. Thus, the German and British governments alongside the Children's Investment Fund Foundation (CIFF) launched the 2nd round of the Ambition Initiative Call offering developing countries and emerging economies another opportunity to submit NAMA Support Projects (NSPs) based on their updated NDCs to further mobilise ambitious climate action. Through the Ambition Initiative - Round Two the NAMA Facility will extend its support to ODA eligible countries with a funding opportunity to strengthen the implementation of ambitious and enhanced NDCs. Up to EUR 100 million are made available to support climate action under the Ambition Initiative – Round Two.

The NAMA Facility is a multi-donor programme that supports the implementation of NSPs that effect sector-wide shifts toward sustainable, irreversible, carbon-neutral pathways and by this contribute to the implementation of NDCs in developing countries and emerging economies. For identifying the most ambitious NSPs, the NAMA Facility conducts open competitive Calls. In the NAMA Facility's Ambition Initiative – Round Two, national ministries from ODA eligible countries and certain legal entities are invited to submit NSP Outlines to receive support for their NDCs implementation (for details please refer to section 5.1 and 5.2).

This document provides general information on the NAMA Facility, its objective and functioning (part A) as well as requirements and specific information on the selection process of NSPs for funding under the Ambition Initiative – Round Two as the 9th Call of the NAMA Facility (part B). The purpose of the document is to assist potential Applicants in preparing and submitting NSP Outlines.

How the two rounds of Ambition Initiative differ from previous Calls

The NAMA Facility Ambition Initiative and Ambition Initiative – Round Two feature several new characteristics that distinguish them from previous Calls, targeting an even higher level of ambition in mitigation projects to achieve transformation towards carbon-neutrality and to allow countries to build back greener as they recover from the Covid-19 pandemic. The new characteristics of the two rounds of Ambition Initiative include the following:

- Focus on enhanced and ambitious first updated **or** second NDCs as an eligibility criterium (for details please refer to sections 4.1 and 5.1.3)
- Focus on NSPs targeting sectors explicitly included in the first updated **or** second NDCs (for details please refer to sections 4.1 and 5.1.3)
- Emphasis on the role of global cooperation in climate change mitigation, in particular on cooperation with the NDC Partnership (NDCP) (for details please refer to sections 4.1 and 5.1.3)
- The requirement to ensure contribution to existing national efforts for green recovery from the Covid-19 pandemic (for details please refer to sections 4.1 and 5.1.3)
- Strengthened emphasis on innovation in the context of raised NDC ambition and consideration of applications for NSPs that require a small sized pilot for novel technologies before moving into a larger scale project. This focus on novel technologies is optional for NSPs (for details please refer to section 6)
- Increased upper funding volume of EUR 25 million per NSP (for details please refer to sections 4.1 and 5.1.3)
- Disbursement of additional budget for highly successful NSPs (for details please refer to section 6)
- Possibility for commercial organisations to serve as Applicants/Applicant Support Partners (ASPs) and NAMA Support Organisations (NSOs)

All details about the NAMA Facility and on the Ambition Initiative – Round Two specifically are published on the NAMA Facility's website at www.nama-facility.org. The NAMA Facility remains committed to a simple and clear application process, direct accessibility for Applicants, and a fair and transparent competitive Call. The Ambition Initiative – Round Two application process largely follows the application process and procedures from the Ambition Initiative Call.

We look forward to receiving your NSP Outlines.

PART A The NAMA Facility at a glance

2. The NAMA Facility – What is it all about?

The NAMA Facility was jointly established by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the UK Department for Business, Energy and Industrial Strategy (BEIS) with the objective to **provide financial support to developing countries and emerging economies that show leadership on tackling climate change** and want to implement transformational country-led NAMAs within the global mitigation architecture in the short- and mid-term. The Danish Ministry of Climate, Energy and Utilities (KEFM) and Ministry of Foreign Affairs (MFA), and the European Commission joined the NAMA Facility as Donors in 2015. In 2021, the Children's Investment Fund Foundation (CIFF) joined the Ambition Initiative to support it as an additional Donor.

The NAMA Facility provides financial support for implementing national climate strategies and NDCs via mitigation actions such as Nationally Appropriate Mitigation Actions (NAMAs) in relevant sectors thereby, realising sustainable transformational change towards a carbon-neutral pathway. This is done through funding NSPs as the most ambitious parts of these mitigation actions that have the potential to catalyse transformational change towards carbon-neutral development in the overall sector. With this objective in mind, the Donors of the NAMA Facility decided to hold open competitive Calls for NSP Outlines and select the most ambitious, innovative and promising NSPs for funding. In line with this strategy, the NAMA Facility has no regional or sector focus. The level of ambition is assessed in the individual country-context.

The financial contributions to the NAMA Facility made by the German, British and Danish governments and the European Commission form part of the commitment made by industrialised countries during the United Nations Framework Convention on Climate Change (UNFCCC) climate negotiations in Copenhagen and Cancun to jointly mobilise USD 100 billion per year by 2020 to finance mitigation and adaptation activities in developing countries. By demonstrating an innovative architecture designed to provide directly accessible tailor-made support for the implementation of NDCs via transformational NAMAs, and by feeding the lessons learned into international processes, the NAMA Facility will contribute to the global emissions reduction efforts as well as the international debate on climate finance.

2.1 NAMA as a means to achieve the objectives of NDCs

The concept of **NAMA** was developed through international negotiations under the UNFCCC. First mentioned at COP13 in 2007, NAMAs are considered to be voluntary climate change mitigation measures by emerging economies and developing countries to be embedded in their national development plans. By moving countries towards a carbon-neutral development trajectory, NAMAs have the potential to significantly contribute to global efforts to reduce greenhouse gas (GHG) emissions.

NAMAs are seen as concrete building blocks to implement the objectives of **NDCs** that were adopted through the Paris Agreement at COP21 in December 2015. 43 NDCs have specifically mentioned NAMAs as an implementation modality for the NDC. In that way, the Paris Agreement through the adopted NDCs provides the context for NAMAs to play a major role in actions to combat climate change.

To underscore this conceptual linkage between NDCs and NAMAs, the NAMA Facility requires NSP Outlines to refer specifically to the country's NDC context.

2.2 The NAMA Facility's Theory of Transformational Change

When launched in 2012, the NAMA Facility was instrumental in establishing the concept of 'transformational change'. The concept has gained further momentum with the operationalisation of the Green Climate Fund and is equally applied in the Paris Agreement. The NAMA Facility continues its focus on **catalysing transformational change towards sustainable carbon-neutral development**, supporting the Paris Agreement's objective to limit the increase in global average temperature 'to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels'.

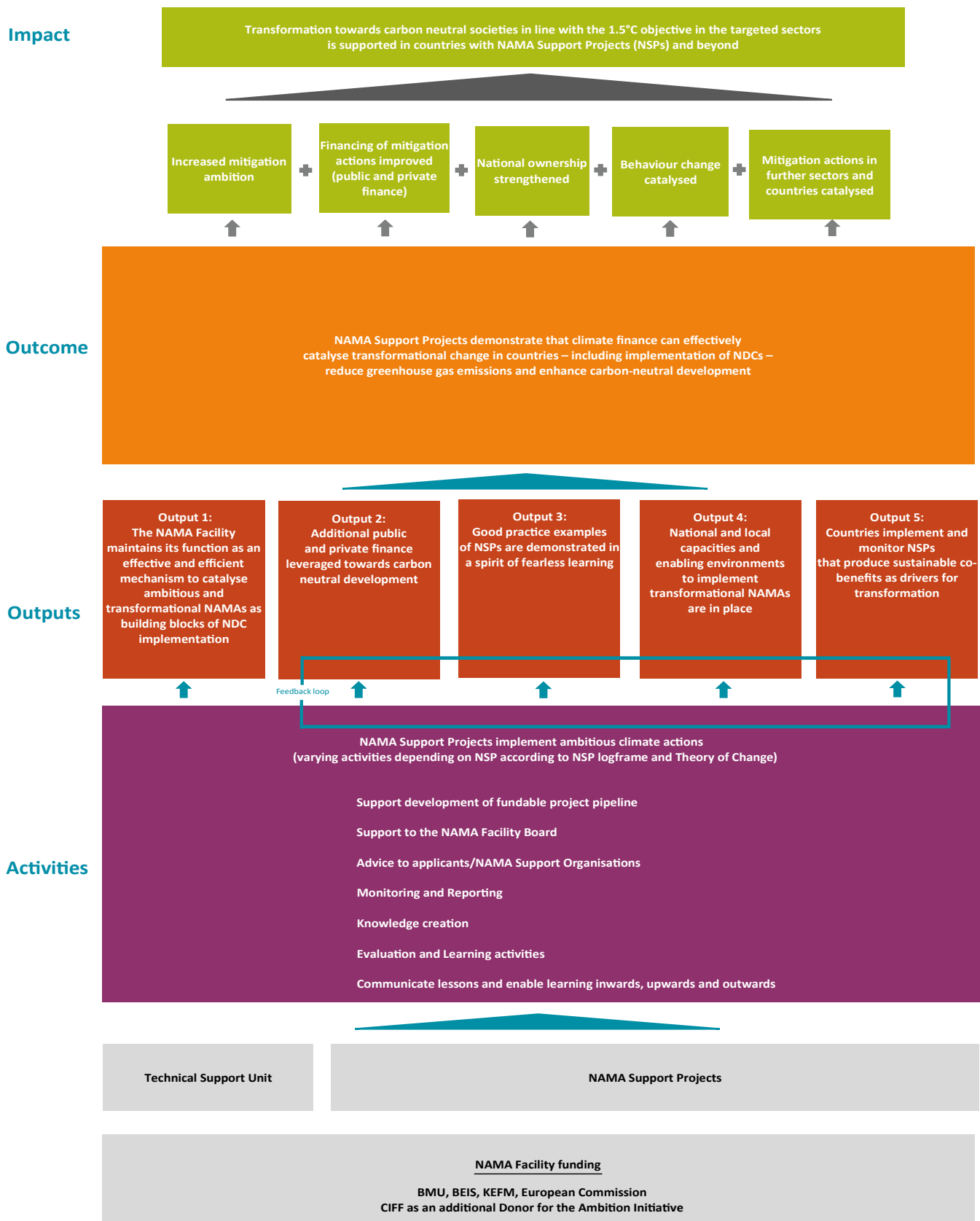
The NAMA Facility emphasises how a mix of different types of interventions - in particular regulatory and financial ones - may trigger more climate-friendly behaviour and consumption and production methods in developing countries.

NAMA Facility support enables public and private actors in emerging economies and developing countries to address financial barriers to more climate-friendly behaviour, consumption and the use of technologies driving carbon-neutral development pathways. The portfolio of NSPs demonstrates that across the various sectors, such technologies can become economically viable. Thus, they encourage and facilitate further investments in broader NAMAs (see this factsheet on transformational change on the NAMA Facility website).¹

The Theory of Change (ToC) (Figure 1 below) seeks to illustrate the transformational potential by depicting the pathway of changes that shall be initiated through NAMA Facility support. These desired changes are primarily triggered by individual NSPs. NSPs shall demonstrate how climate finance will effectively contribute to a transformational change. Given the NAMA Facility's objective of supporting NAMA implementation, the focus of NSPs is on financial support mechanisms that serve to mobilise capital investments for carbon-neutral development pathways. Technical support and institutional and regulatory capacity development in partner countries may be provided during NSP implementation to facilitate this objective.

¹ http://www.nama-facility.org/fileadmin/user_upload/publications/factsheets/2014-08_factsheet_nama-facility_potential-for-transformational-change.pdf

Figure 1: Theory of Change of the NAMA Facility



3. NAMA Facility Governance

The following section includes a short introduction to the overall governance structure of the NAMA Facility and the stakeholders involved in supporting the implementation of an NSP within the framework of the NAMA Facility.

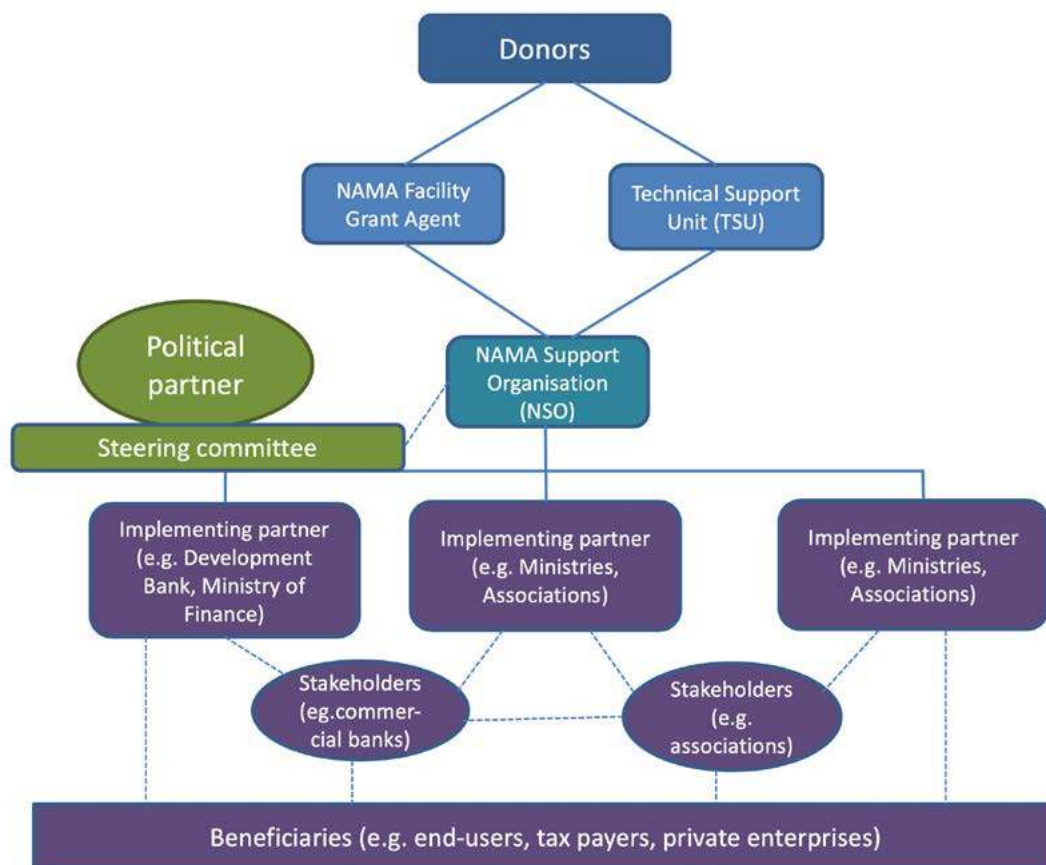


Figure 2: NAMA Facility organisational structure

3.1 The NAMA Facility Board

The central decision-making body of the NAMA Facility is its Board. It comprises representatives from the Donors of the NAMA Facility. The Board takes all decisions on strategy, policies and guidelines and selects the NSPs for funding. Formalised Board decisions are the basis for a grant award to the Applicant or ASP for the NSP Detailed Preparation Phase (DPP) and NSOs for the NSP Implementation Phase.

3.2 Technical Support Unit

The Technical Support Unit (TSU) assists the Board in managing the NAMA Facility. The TSU is the secretariat of the NAMA Facility and the focal point for national governments, implementing partners as well as for NSOs and other stakeholders. The TSU is responsible for:

- Organising Calls for NSPs, steering the assessment of NSP Outlines and NSP Proposals;
- Monitoring and evaluation of the overall NAMA Facility, reporting to the Donors;
- Communicating within the NAMA Facility and with external stakeholders;
- Facilitating the dissemination of lessons learned.

Certain processes such as the evaluation of the NAMA Facility and assessments in the NSP selection process are conducted by or in cooperation with independent experts who directly report to the Board to ensure impartiality and avoid potential conflicts of interest.

3.3 NAMA Facility Grant Agent

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is commissioned to implement the NAMA Facility. GIZ acts as the NAMA Facility Grant Agent (NFGA). This includes staffing the TSU as a secretariat of the NAMA Facility and channelling NAMA Facility funds to individual NSPs. As neither the NAMA Facility nor the TSU are separate legal entities, the role of GIZ as NFGA of the NAMA Facility is to manage funds and all procurement and contractual procedures when implementing the NAMA Facility.

In that regard, the NFGA also performs an eligibility check and enhanced due diligence on NSOs, following its respective guidelines that encompass administrative and financial procedures and capacities as well as the general capability of the NSO to implement the proposed NSP (see also Annex 2).

The NFGA will ensure that NAMA Facility funding for the DPP and Implementation of NSPs is provided to Applicants/ ASPs and NSOs adequately.

3.4 Applicant, Applicant Support Partner (ASP) and NAMA Support Organisation (NSO)

Applicant / ASP

NSP Outlines can be submitted by the following Applicants:

- A national ministry; in that case, a separate legal entity should be identified as the ASP for contracting during the DPP. The ASP must comply with certain capacity and eligibility criteria as also further detailed in 5.1.1 and Annex 2 of this General Information Document, or
- Legal entities that comply with certain capacity and eligibility requirements as further detailed in 5.1.1 and Annex 2 of this General Information Document and receive sufficient endorsement by the national government institutions relevant for the implementation of the NSP.

The legal entity acting as Applicant/ASP (in case a national ministry acts as Applicant) will be the contractual partner of the NFGA and recipient of funding. It will be responsible and accountable for the correct use of funds and services during the DPP.

Applicants/ASPs can form a partnership/cooperation to prepare and submit an NSP Outline. In this case, profiles and roles of partners must be well-defined and clearly described. The responsible entity leading the partnership/cooperation should be identified to become the contractual partner of the NFGA to receive funding for the DPP.

The capacity criteria for legal entities acting as Applicant/ASP for the DPP are not the same as they are for the NSO who will be responsible for the implementation of the NSP. The NSP Outline Phase is open to Applicants and ASPs that do not necessarily need to qualify as NSOs for implementation. However, in the NSP Outline, a qualified NSO (or a list of possible NSOs) for the implementation of the NSP shall be proposed (NSOs need to fulfil certain capacity and eligibility criteria as further stipulated in this section as well as under 5.2.2. and in Annex 2). Note that the eligibility of the NSO is not a fixed criterion in the selection process of an NSP Outline, but it needs to be confirmed, at the latest, within the first three months of the DPP.

NSO

NSOs that submit the NSP Proposals are qualified legal entities, endorsed by the national government to ensure the implementation (as opposed to the DPP) of an NSP. As NAMA Facility funding cannot be provided directly to partner government institutions such as ministries, the NSOs will be the contractual partners of the NFGA and recipients of funding. The NSOs will be responsible and accountable for the correct use of funds and services, the financial and administrative management of the NSP, for monitoring of the NSP and reporting to the TSU.

The NSO (alone or in a partnership/cooperation) needs to demonstrate that it has all relevant capacities required to implement the NSP including the financial mechanism. In case an entity only covers part of the required qualifications, e.g. an NGO that has a purely technical assistance background without experience in handling major investment funds, it is recommended to identify a partner to cover the remaining required qualifications. The required competencies could also be provided by a national Implementing Partner (IP). In case a partnership/cooperation is formed, all partners and their roles must be well-defined and, if applicable, the responsible entity leading the partnership/cooperation should be identified to become the contractual partner of the NFGA.

Possible legal entities

Legal entities that could act as NSOs, Applicants or ASPs include the following organisations:

- National: development banks, development funds, public utilities, public agencies, foundations, national non-governmental organisations (NGOs), commercial organisations, etc.
- International: regional or international development banks, United Nations (UN) agencies, bilateral and multilateral development agencies, international non-governmental organisations (INGOs), international foundations, commercial organisations etc.

Considering the mandatory public benefit purpose of each NSP, national and international commercial organisations are encouraged to submit NSP Outlines and NSP Proposal in a partnership / in cooperation with a not-for-profit organisation, e.g. a national NGO, regardless of the possibility to also submit such NSP Outlines and NSP Proposals on their own.

Legal compliance

The submission of NSP Outlines or NSP Proposals does not lead to a legal entitlement to receive any NAMA Facility funding. Any possible funding through the NAMA Facility will be granted following and in accordance with an appropriate legal review, in particular concerning the public-benefit purpose of each project and the non-violation of EU state-aid law. The legal compliance may also require adjustments in respect of the concept of the NSPs as well as the inclusion of corresponding provisions into the contracts governing the use of NAMA Facility funding.

3.5 Implementing Partners

Implementing Partners (IPs) are the key national partners for the implementation of the NSP. In the case of a national organisation applying as an NSO, the implementing partner and NSO might be the same. NSOs must include national IPs with a specific national mandate for implementation unless the NSO itself has such a mandate. It is recommended that the NSO is linked with the IP, e.g. through cooperation agreements, Memoranda of Understanding or other agreements that specify their respective roles and responsibilities.

Examples for typical IPs are:

- National (sector) ministries and other public and/or private entities; and
- Financial institutions, such as a national development bank or the ministry of finance.

IPs are expected to be existing entities with the required national mandate and to possess the relevant experience to implement NAMAs / NDCs.

3.6 Steering Committee

The national government's strong involvement and ownership are essential for the success of the NSP. Government institutions (national ministries and other sector institutions) must be strongly committed to managing and implementing the NSP within the framework of the overarching NAMA / NDC.

To ensure political oversight and guidance by the national political partner, it is recommended to establish a steering committee for each NSP. The set-up of this steering committee and its functions shall be defined during the DPP of the NSP and laid out in the NSP Proposal.

PART B The NAMA Support Project Cycle and Selection Process

4 The NAMA Support Project

4.1 Characteristics of NAMA Support Projects (NSPs)

The NAMA Facility aims to fund the implementation of the most promising and ambitious - while at the same time feasible – NSPs. NSPs should have the following characteristics:

- NSPs support the implementation of enhanced and ambitious NDCs.
- Only NSPs from countries with ambitious first updated or second NDCs presented to UNFCCC until the end of COP26 will be eligible for support.
- In the context of this Call, ambitious NDCs are characterised by meeting several or all of the following criteria:
 - Compatibility with the globally agreed temperature limit under the Paris Agreement;
 - Mitigation target that:
 - implies a significant reduction of economy-wide GHG emissions below business as usual emissions trajectories; and/or
 - includes a rapid reduction of GHG in key emitting sectors with a view to achieving decarbonisation; and/or
 - implies an early peaking of GHG emissions and rapid decarbonisation thereafter; and/or
 - is aligned with an existing net-zero target.

The NSP Outlines should indicate clearly how the intervention proposed under the NSP would be embedded into the respective ambitious NDCs and therefore why the NSP would meet the targets of the Ambition Initiative – Round Two.

- In the context of the Call, raising ambition of NDCs by the national governments can be characterised through (1) strengthening mitigation targets and actions over time; (2) strengthening emissions reduction goals (including the addition of sector-specific targets) or by (3) broadening the scope to include a wider coverage of sectors or gases. Countries may additionally raise ambition by moving from conditional to unconditional targets, shortening timelines, adding policies and measures.
- NSPs integrate into sector-wide programs or policies with specific reference to NDCs. NSPs should engage in the sectors explicitly included in the NDCs to drive forward transformative action in such sectors.
- NSPs demonstrate a high level of alignment with the plans developed within the framework of NDCP (Partnership Plans) as far as these exist. In countries, where economic advisors have been deployed with support from the NDCP, it would be desirable to link the NSP to the work of the advisors.
- NSPs are country-driven and embedded in national development strategies and plans. Against the background of the Covid-19 pandemic, NSPs should support the integration of climate change mitigation into national recovery plans as far as they exist to facilitate a wider uptake of green solutions to build back national economies and sustain growth.
- NSPs consist of a combination of policy and/or regulatory reforms and financial mechanisms. Policies should serve to create an enabling environment, whereas regulation and financial mechanisms channel financial flows into investments driving carbon-neutral development pathways. Regulation and financial mechanisms should serve to address potential barriers for investment and leverage public and private support for mitigation activities. Financial support should not be used to mitigate macro-economic risks such as exchange rate risks or the risk of inflation.

- NSP funds are used to leverage additional public and/or private capital investment. A phase-out strategy for NAMA Facility support and phase-in of other sources of financing, including national financing for self-sustained long-term implementation, must be part of the NSP. Funds provided by the NAMA Facility and associated investments must qualify as ODA throughout the implementation period of the NSP and need to serve and be spent in line with the public benefit purpose to promote sustainable development in partner countries that are included in the OECD DAC-list. This means that the NSP and its activities must aim at achieving a substantial positive impact on society and the environment within these partner countries. An individual economic advantage or commercial benefit or profit for the Applicant, ASP, NSO or any implementing partner cannot be generated with the use of the NAMA Facility funds. Only reasonable costs directly related to the NSP plus reasonable overheads can be covered by the NAMA Facility funds. This needs to be ensured up to the final recipients/beneficiaries of each NSP.

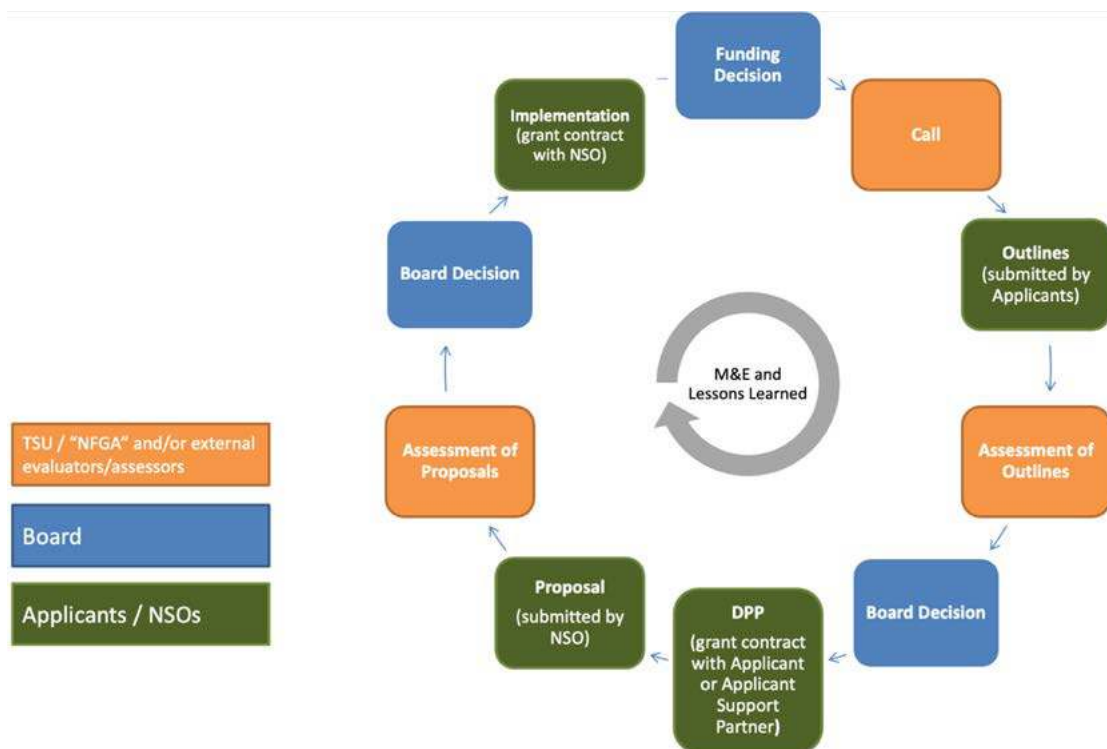
Apart from the above-mentioned characteristics, NSPs must comply with the timeframes for DPP and NSP implementation phase of the NAMA Facility set out as follows:

- NSP preparation time (DPP): either 10 months or 15 months;
- NSP implementation time: between 3 - 5 ½ years.

The total funding volume requested from the NAMA Facility for the implementation of an NSP should be in the range of EUR 5 – 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.

4.2 The NAMA Support Project Cycle

Figure 3: NSP cycle



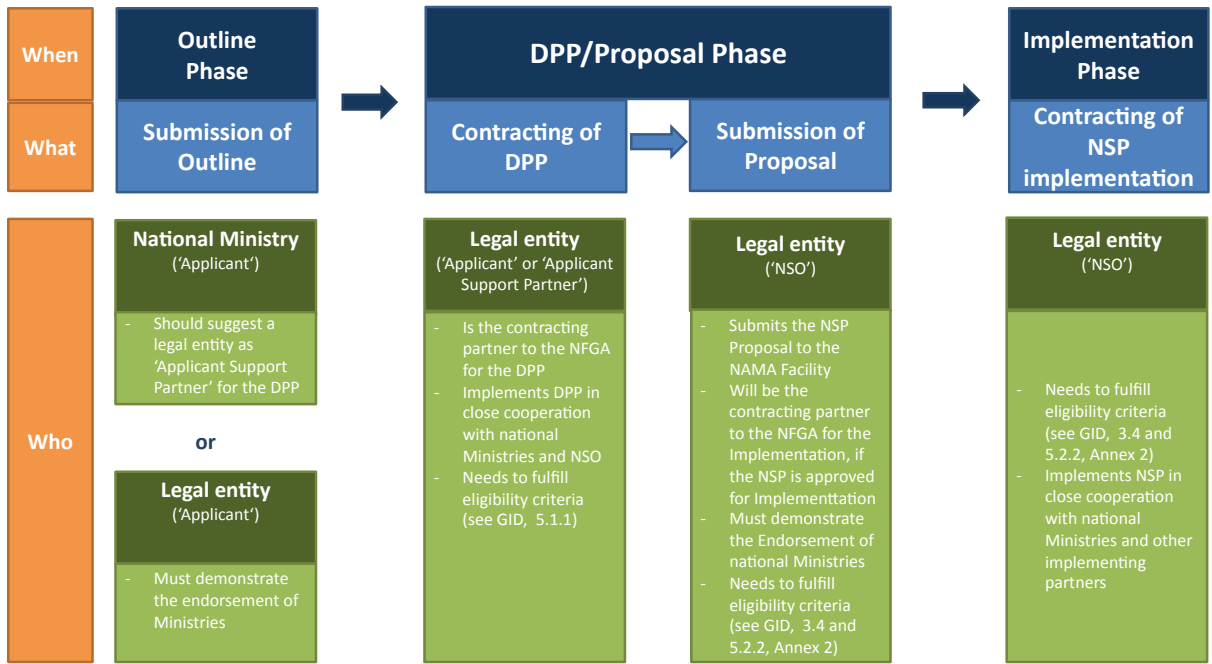
5. NSP Selection Process

Following the decision by the Board to avail funding for new NSPs, the TSU initiates the selection process for NSPs via a public Call for NSP Outlines. In order to identify the most ambitious and feasible projects, a competitive two-phase selection process applies.

- **Phase 1 (Outline Phase):** Selection is among the submitted, relatively short NSP Outlines that undergo a thorough desk, and some of them an onsite, assessment by an independent external evaluator and the TSU. NSPs that successfully pass the assessment are recommended to the Board for funding of the DPP.
- **Phase 2 (DPP/Proposal Phase):** During the DPP, support will be provided for more detailed preparation of NSPs. The provision of funding support for the DPP will be linked to the progress achieved with regard to crucial milestones in the DPP. At the end of the DPP, the selection will be based on the full-fledged NSP Proposal, which is the outcome of the DPP. NSP Proposals undergo an assessment by the TSU and external experts; NSP Proposals successfully passing the assessment are recommended to the Board. According to the assessment result and the available funding, the Board takes a final decision on providing funding for the implementation of the NSP.

There is no automatism for NSPs that passed the Outline Phase and received funding for the DPP to also receive funding for implementation. Funding decisions are contingent on the assessment of the submitted NSP Proposals and the funding available. NSP Proposals that pass the assessment process but cannot be funded immediately due to limited funds can be considered as soon as new funding becomes available. They could also be submitted to other financing facilities.

Figure 4: Overview of phases and actors



5.1 The NSP Outline Phase

Once the Call for NSP Outlines is launched, all relevant information and documents are made available on the official website of the NAMA Facility. When submitting NSP Outlines, it is mandatory to use the NSP Outline template for the Ambition Initiative – Round Two published on the website. The NSP Outline and Annexes must be submitted in English.

5.1.1 Applicants in the Outline Phase

As described under 3.4, NSP Outlines can be submitted by a national ministry in cooperation with an ASP, by a legal entity serving as Applicant endorsed by the national government institutions relevant for the implementation of the NSP, or by a partnership of Applicants/ASPs.

Applicants other than national ministries and ASPs must fulfil the following **capacity requirements**:

- Experience in the country of implementation (at least 3 years)
- Experience in the respective sector (at least 5 years)
- Experience with project development and/or project management (at least 5 projects of similar funding size as the NSP)
- Experience in developing investment/climate finance policies and/or programmes (at least 5 projects)
- Experience in working with the public sector (at least 3 years)
- Annual turnover of at least EUR 1 million over the last 3 years and 10 % of the requested funding volume for implementation
- During the in-depth assessment, the Applicant or ASP shall provide annual budgets and supporting financial statements (preferably audit reports) of the last three years, evidence of internal and external control and reporting structures and, if applicable, information on its procurement and contract award procedures. Qualified Applicants or ASPs will be contracted by the NFGA for the DPP based on a specific eligibility check (see also Annex 2).

In addition, eligibility criteria as specified in Annex 2 need to be met.

Letters of Endorsement

In order to ensure the full endorsement of the national government, the NSP Outline should be accompanied by letters of endorsement from the national government (at least from the national ministry of the relevant sector responsible for the NSP implementation and from the ministry responsible for climate change, including UNFCCC climate change negotiations). The endorsement letters should be addressed to the NAMA Facility Board.

5.1.2 Submission of NSP Outlines

Outline template: The NSP Outline template and Annexes allow for a consistent and comprehensive presentation of the NSP. For this, the template provides guiding questions in each section. The word count is only indicative. Annexes based on Excel (or similar spreadsheets) should be submitted in this form, i.e. not as a pdf or other formats, and include formulas instead of hard-coded figures.

Submission: The submission deadline is published on the NAMA Facility website and strictly applied as a formal eligibility criterion. Outlines submitted late will be rated ineligible. Complete NSP Outlines with all Annexes (all in English) shall be submitted electronically by a duly authorised representative from the Applicant to contact@nama-facility.org. Confirmation of receipt of NSP Outlines will be provided by the TSU within two working days.

5.1.3 Outline Assessment Criteria

Ambitious NSPs are defined by their transformation and mitigation potential as well as their potential for the leveraging of further public and private finance. NSPs should set out how mitigation actions in a certain sector could be implemented, and in principle should be close to implementation on a wider scale. This should include a financial mechanism that would enable redirection of public and private investment decisions beyond the NSP's lifetime leading to a carbon-neutral development path. NSPs should then be further developed during the DPP to be ready for full implementation. The NAMA Facility will provide support to Applicants/ASPs for the detailed preparation of NSPs during DPP stage. In order to unfold its full potential, the NSP must realistically address all relevant regulatory and investment barriers.

Eligibility criteria

Based on the mandatory characteristics of an NSP as outlined in 4.1, NSPs need to meet a set of eligibility criteria which serve to ensure that the submitted Outlines fulfil the formal requirements of the competitive bidding for the NAMA Facility support. The following criteria apply:

ELIGIBILITY CRITERIA

- Timely submission (i.e. by the closure of the Ambition Initiative – Round Two at 3 pm CEST on 30 April 2022)
- Completeness of documents (including endorsement letters* of ministries)
- Documents provided in English
- First updated **or** second NDCs of the country in which the NSP intends to intervene are presented to UNFCCC until the end of COP26 and meet the definition of ambitious NDCs as specified in 4.1
- Envisaged implementation duration of 3 - 5 ½ years
- Envisaged DPP duration of either 10 or 15 months
- ODA-eligibility of the country according to the OECD DAC-list throughout the entire NSP implementation period
- Qualification of the NAMA Facility funding as ODA finance
- Funding volume requested from the NAMA Facility for implementation is in the range of EUR 5-25 million excluding DPP funding
- NAMA Facility funding is not used for the generation of tradeable GHG emission allowances in the compliance market such as CERs or, if generated, allowances should be verifiably cancelled
- Additionality of the NSP

* Also e-mails from national ministries confirming the support to the NSP are accepted during the Outline submission. In this case, the actual endorsement letter should be presented at the latest during the in-depth assessment phase.

Ambition criteria

The ambition criteria seek to ensure that the NAMA Facility supports the most ambitious NSPs. NSPs are assessed on the basis of a point-grade system. In total, up to 25 points can be assigned for ambition. The ambition will be assessed relative to the country and sector context. Please note that NSPs are expected to take a conservative approach to their financial and mitigation potential as the NSP's success will be measured against this initial proposition throughout the assessment and implementation process.

CRITERION

Potential for transformational change (11 points)

The potential for transformational change is crucial for the NAMA Facility. It implies to sustainably redirect the flow of public and private funds towards GHG mitigation actions. The political will and respective decisions towards GHG mitigation translate into laws and regulations as well as to the reallocation of finance and cash flow (e.g. subsidies).

Detailed criteria are:

- Government commitment/endorsement
- Embeddedness in national strategies including co-benefits as drivers for implementation as well as the linkage to the enhanced and ambitious NDCs and the country's measures to promote green recovery from the impacts of the Covid-19 pandemic
- Alignment with the Partnership Plans of NDCP (applicable only to the countries that are members of the NDCP)
- Sectoral relevance (engagement of NSPs in the sectors explicitly included in the NDCs)
- Catalytic effect and scope (significant change)
- Replicability/scalability at national and/or regional level
- Sustainability (irreversible change)

Financial ambition (6 points)	<p>The mobilisation of public and private funding (i.e. leverage) in terms of national public contribution and private sector funding are seen as key for inducing and taking forward the transformational change towards a carbon-neutral development pathway. The financial leverage is assessed relative to the sector and the country.</p> <p>Detailed criteria are:</p> <ul style="list-style-type: none">• Removal of financial/economic market barriers• Significant private sector participation• Significant public budget contribution
Mitigation potential (8 points)	<p>The mitigation potential shows the direct and indirect contribution of an NSP to the decarbonisation targets as defined by the country's NDC. It is assessed on relative terms, i.e. relative to the sector and the country.</p> <p>Detailed criteria are:</p> <ul style="list-style-type: none">• Plausibility of underlying assumptions, baseline, calculations• Direct mitigation potential• Indirect mitigation potential• Cost-effectiveness

Indicator guidance sheets of the NAMA Facility's M&E Framework provide additional information on definitions and methodologies.²

² https://www.nama-facility.org/fileadmin/user_upload/publications/documents/2018-11_doc_nama-facility_me-framework.pdf#page=32

Feasibility criteria

Feasibility criteria seek to ensure that the NSPs are not only highly ambitious but also likely to be implemented successfully. In total, up to 25 points can be assigned for feasibility.

CRITERION	
Project rationale (10 points)	<p>The key criterion for the project rationale is a comprehensive barrier analysis that clearly shows the current sector situation and what impedes transformational change. The NSP is to tackle the barriers - not simply work around them. NSPs should utilise synergies with other projects to the greatest extent possible.</p> <p>Detailed criteria are:</p> <ul style="list-style-type: none"> • Plausibility of barrier analysis • Plausibility of project rationale • Clear logframe (indicators and risks) • Clear definition of the target group(s) • Clear definition of synergies with other projects • Appropriate and clear scope of the NSP • Justification of NSP funds
Project design (13 points)	<p>The project concept needs to respond to the barrier analysis and show how regulatory measures, financial mechanisms, technology shifts and capacity building work together towards the proposed transformational change, thus tackling the identified barriers. Especially important here are the financing mechanisms of the NSP (based on a sound barrier analysis and business models for investors/end-users), potentially combined with regulatory initiatives, which should kick-start a redirection of investment and cash flows in the sector.</p> <p>Detailed criteria are:</p> <ul style="list-style-type: none"> • Adequate institutional set-up • High level of readiness • Feasible and appropriate technology • Plausible business model(s) at an investment level • Appropriate financial mechanism and possibly regulation to overcome barriers and make business models viable • Clearly defined technical cooperation and assistance measures • Reasonable funding request (including the FC component/TC component funding ratio)
DPP concept (2 points)	<p>The concept for the Detailed Preparation Phase (DPP) is to show that the Applicant/ ASP has a clear understanding of the required detail and readiness of a Proposal and how to prepare for it. The concept should also show a self-reflection on what can be done in-house and where additional expertise (e.g. financial competence) needs to be hired from external sources.</p> <ul style="list-style-type: none"> • Adequate focus • Comprehensiveness (complete and cohesive) • Adequacy of approach /methodology • Realistic timeline • Appropriateness of requested funding for DPP

Note: While the NSP Outline template has a reduced "light" structure, the NAMA Facility's expectations on both readiness and ambition of projects remain high. Please consult the factsheets on financial mechanisms published on the NAMA Facility website for more information.³ A webinar providing recommendations on describing business models for investors/end-users and financial mechanisms designed to address investment barriers is also available on the NAMA Facility website.⁴ The Applicant/ASP needs to show that the economic and financial sides of the NSP have been designed with a high degree of diligence and that sufficient information has been collected in order to assess the viability of the approach.

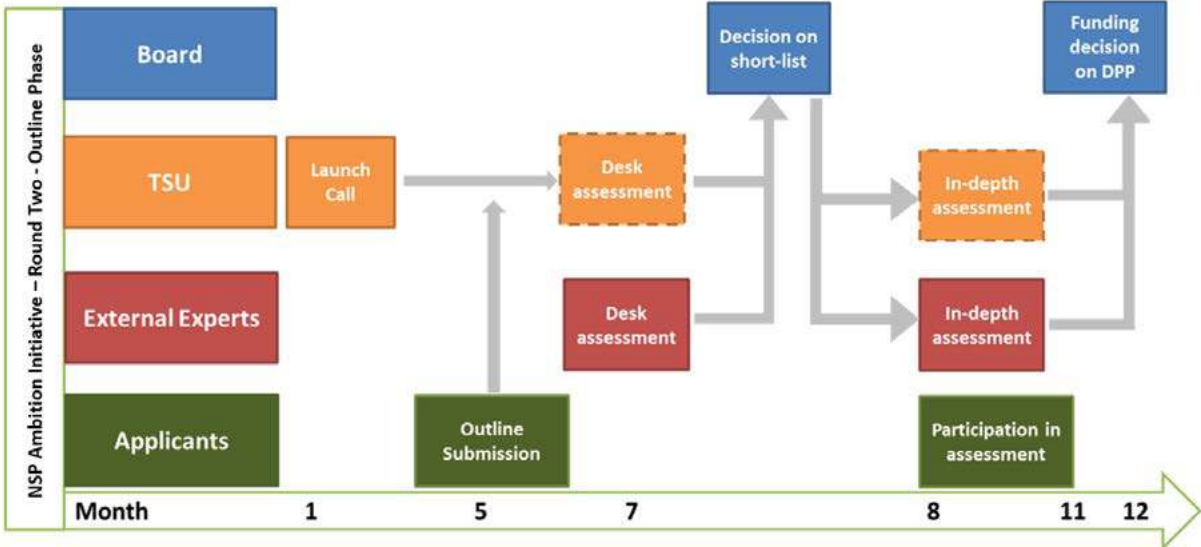
³ https://www.nama-facility.org/fileadmin/user_upload/publications/factsheets/2016-02_factsheet_nama-facility_financial-mechanisms-2016_01.pdf

⁴ <https://www.nama-facility.org/news/how-online-recording-of-the-webinar-financial-mechanisms-and-the-nama-support-project/>

5.1.4 Assessment Process in the Outline Phase

The assessment consists of two distinct stages: an initial desk assessment followed by an in-depth assessment. The in-depth assessment may include a written round of clarifications with short-listed NSPs and an on-site assessment. The result of both combined will inform the funding decision on the DPP.

Figure 5: NSP Outline phase – actors and activities



In the initial desk assessment, the submitted NSP Outlines will be evaluated against the set of selection criteria. NSPs are first assessed for their general eligibility. Those that pass are assessed against the above-mentioned ambition and feasibility criteria. Eligibility is rated on a Yes/No basis; and ambition and feasibility on a point system with a maximum of 25 points each. NSPs that do not pass a threshold of 50% (i.e. 25 points) of ambition and feasibility (combined) during the initial desk assessment will not be considered for an in-depth assessment. The Board will decide, which NSPs will be further assessed in an in-depth assessment that potentially includes an onsite assessment. The evaluation criteria described above will apply at both stages of the assessment, but the in-depth assessment will focus on specific issues that may have been identified during the initial desk assessment. The eligibility of the Applicant/ASP for contracting of the DPP will be verified during the onsite assessment.

The in-depth assessment serves to confirm and expand the initial desk assessment, in particular on the following issues:

- National ownership and capacities of political partners and implementing partners
- Verification of the mitigation potential and financial leverage
- Project concept (incl. additionality, barrier analysis, target groups, synergies, etc.)
- Readiness of the NSP for implementation
- Discussion and further detailed elaboration of the concept for the DPP that may also include a revision of the budget and conditions, if deemed necessary

The potential onsite assessment is expected to take on average three days per NSP. The active participation and support of the Applicant and ASP is crucial - the Applicant/ASP is requested to support the assessor team in setting up meetings and making contact details and documentation available. Exact timing will be communicated once the Board has decided on the short-list and the external assessors have been assigned for assessing specific projects.

The in-depth assessment will result in a final recommendation regarding whether the NSP should be considered for DPP funding. The assessors may propose conditions and prescriptive measures to be included in the concept for the DPP, e.g. a change to or identification of a suitable NSO within a certain timeframe, or a change of implementing partners, inclusion of external expert advice (e.g. on financing) or in exceptional cases even an adjustment of the chosen Implementation approach. Proposed adjustments will be discussed with the Applicant/ASP for comments, as the DPP concept shall reflect these comments and possible conditions and a finalised DPP concept will become the basis for the contracting of the DPP.

A modified short-list of NSPs and funding recommendations will be submitted to the Board for its decision, with the final scoring (points) of the Outline having been adjusted according to the findings of the in-depth assessment. Applicants will be notified on the decision and those selected for the DPP will conclude a grant agreement with the NFGA.

The assessment of NSP Outlines is conducted by external assessors who have been recruited on the basis of a public tender. The TSU undertakes an assessment in parallel in order to double-check and be thoroughly informed, but the external assessor establishes the ranking of NSPs and puts forward recommendations to the Board.

5.2 NSP Detailed Preparation Phase / Proposal Phase

The ultimate purpose of the DPP is to prepare a comprehensive Proposal for NSP implementation. For that purpose, the Applicant or ASP can engage external experts and consultants to prepare the detailed project concept, conduct the required baseline and feasibility studies for establishing the financial mechanism, verify the mitigation potential and conduct other activities that might be necessary for the detailed project preparation. The TSU offers to support Applicants or ASPs in identifying and engaging external expertise if requested.

During the DPP, close cooperation with the national implementing partners and political partners is considered crucial to confirm the necessary ownership that is key for unfolding the NSP’s transformation potential. The same holds true for cooperation with the foreseen NSO, in case this is an entity different from the Applicant or its support partner.

Identification and specific eligibility check of the NSO

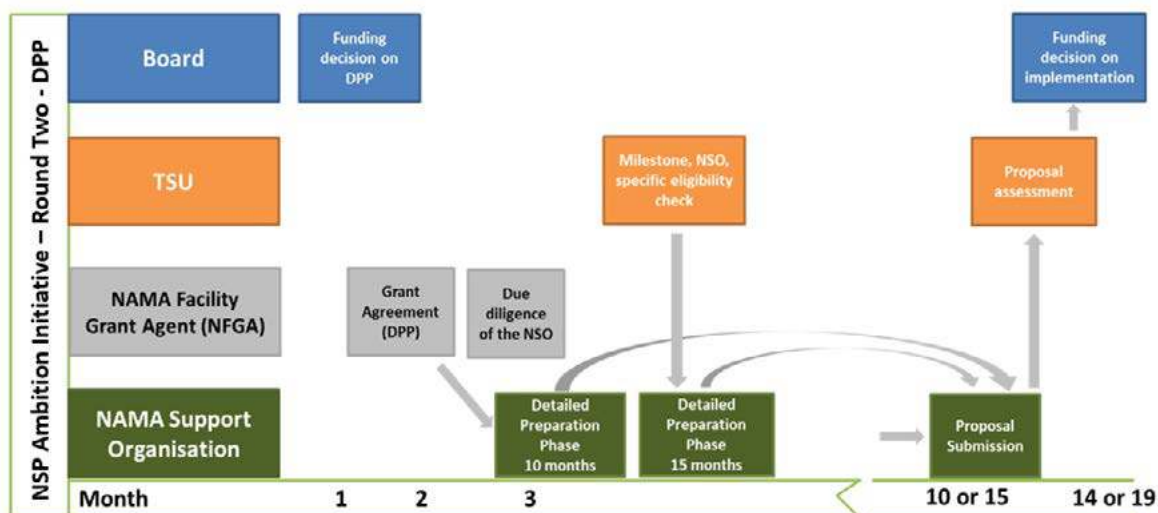
If the Applicant or ASP for the DPP and the intended NSO for the Implementation Phase of the NSP are different entities, the NSO needs to be identified and confirmed by, at the latest, three months from the start of the DPP. General eligibility criteria for the NSO are provided in 3.4, 5.2.2 and Annex 2.

A confirmation of the NSO at the beginning of the DPP is important in order to enable the NSO’s active participation in the DPP and the formulation of the Proposal that is to be submitted by the NSO. The NSO has to undergo a specific eligibility check and enhanced due diligence by the NFGA, following its respective guidelines that encompass administrative and financial procedures and capacities as well as the general capability of the NSO to implement the proposed NSP (see also Annex 2). The NSO is expected to support the eligibility check and due diligence by providing information and documents requested by the NFGA (or an external consultant assigned with this task). If the specific eligibility check of the NSO has a negative outcome, the government will be assisted in identifying an alternative NSO.

Duration of the DPP

The DPP has a total duration of either 10 or 15 months from signing the grant agreement for the DPP to submitting the NSP Proposal. The provision of funding support for the DPP will be linked to the demonstration of satisfactory progress achieved with regard to crucial milestones in the DPP. For this, the DPP is divided into two phases. Entering the second phase is contingent upon the achievement of agreed milestones in the first phase (the first phase can last up to six months).

Figure 6: DPP / Proposal Phase – actors and activities



5.2.1 Submission of NSP Proposals

NSP Proposal template: The template will be made available to the Applicant/ASP at the beginning of the DPP. The NSP Proposal has to cover, among others, full-fledged analysis of the underlying business model and the proposed financial support mechanisms; the substantiated calculation of the expected direct and indirect GHG emission reductions and the mitigation potential; the institutional set-up (including a steering committee and implementing partners with their respective roles and responsibilities); and the assessment and definition of safeguards for environmental, social issues and human rights, and gender considerations.

Submission: The complete NSP Proposal needs to be submitted either within 10 or within 15 months after the conclusion of the DPP grant agreement. The specific interim deadlines for milestones and the final deadline for submission will be part of the individual grant agreement for the DPP.

The complete and signed NSP Proposal is to be **submitted electronically** as both pdf and Word /Excel versions to the following address **before the deadline:** contact@nama-facility.org.

5.2.2 Applicants in the Proposal Phase/NSOs

NSP Proposals can only be submitted by the designated NSO. In cases when two NSOs are designated for the implementation of the NSP (i.e. one NSO for the TC component and one for the FC component), they are expected to submit one NSP Proposal that includes clearly delineated roles, responsibilities and budgets and that is confirmed in writing by both NSOs.

Eligibility criteria for the NSOs for the implementation are different, and more demanding, than for the Applicants/ ASPs submitting an Outline. The NAMA Facility does not require NSOs to go through an accreditation process. NSOs will be subject to an enhanced due diligence process initiated by the NFGA during the DPP. In general, international as well as national organisations (legal entities) may qualify as NSOs, as long as they have been endorsed by the national government for their role as NSOs and fulfil the following capacity requirements:

- Proven work experience in the country of implementation (> 3 years)
- Proven work experience in the respective sector (> 5 years)
- Proven experience with project implementation in the lead (> 5 projects with a similar funding volume as requested)
- Proven experience in investment/climate finance (> 5 projects)
- Proven experience with the implementation of ODA projects (> € 5 Mio)
- Proven experience in working with the public sector (>3 years)
- For entities other than financial institutions, an average of annual turnover over the last 3 years > requested NSP volume

In addition, eligibility criteria as specified in Annex 2 need to be met.

The NSO is expected to align with the processes and requirements put in place by the NAMA Facility for monitoring and evaluation, reporting, knowledge management and communication.

5.2.3 Assessment Criteria

Only NSP Proposals that are complete and fulfil all formal requirements will be accepted for assessment. The submitted NSP Proposals must continue to fulfil the mandatory characteristics of an NSP as outlined in 4.1 above and will be assessed against a list of criteria that are similar to the Outline assessment. However, the feasibility assessment is emphasised at this stage. On a 50-points scale, NSP Proposals will be rated as follows:

- 15 points: Ambition
- 35 points: Feasibility

NSP Proposals that pass the assessment process but cannot be funded immediately due to limited funds can be considered as soon as new funding becomes available. They could also be submitted to other financing facilities.

Written endorsement by the national government must be annexed to the NSP Proposal confirming that the relevant national sector ministry and the ministry responsible for climate change (including the UNFCCC climate change negotiations) endorse the detailed NSP concept and implementation plan, the NSO and commit to supporting the NSP's implementation.

Ambition criteria

The assessment of the NSP Proposals follows the same criteria with the same rationale as was applied for the Outline assessment, although a higher level of refinement, particularly with respect to the mitigation potential and a well-designed financing mechanism based on solid background data, is expected for the NSP Proposal. Substantiated assumptions and calculations of the GHG mitigation potential must be presented, and the financial contribution of the national public budget needs a higher level of commitment (secureness), etc. The assessment criteria for ambition are as follows:

CRITERION	
Potential for transformational change	<ul style="list-style-type: none"> • Government commitment/endorsement • Embeddedness in national strategies including co-benefits as drivers for implementation and the linkage to the enhanced and ambitious NDCs as well as the country’s measures to promote green recovery from the impacts of the Covid-19 pandemic • Alignment with the Partnership Plans of NDCP (applicable only to the countries that are members of the NDCP) • Sectoral relevance (engagement of NSPs in the sectors explicitly included in the NDCs) • Catalytic effect and scope (significant change) • Replicability/scalability • Sustainability (irreversible change)
Financial ambition	<ul style="list-style-type: none"> • Removal of financial/economic market barriers • Significant private sector participation • Significant public budget contribution • Participation of other (possibly development) financiers
Mitigation potential	<ul style="list-style-type: none"> • Plausibility of underlying assumptions, baseline, calculations • Direct mitigation potential • Indirect mitigation potential • Cost-effectiveness

Feasibility criteria

NSP Proposals will be assessed more strictly with regard to the feasibility criteria than the Outlines. They are to be substantiated by baseline and feasibility studies. The readiness of the financial mechanism and its underlying assumptions and calculations are of particular importance for the assessment of the feasibility, as the implementation of the financial mechanism is to start within the first year and a half of NSP implementation. Furthermore, a plausible and clear institutional set-up of the NSP is expected, meaning that the key implementing partners and their respective roles and responsibilities, as well as an appropriate political steering structure (e.g. steering committee), are clearly defined and involved. The NSP is expected to demonstrate, which national institution(s) will take a lead in monitoring during the NSP implementation and beyond. The proposed approach to knowledge management and communication will be assessed as well. The feasibility criteria are as follows:

CRITERION	
Project rationale	<ul style="list-style-type: none"> • Plausibility of barrier analysis • Plausibility of project rationale • Quality of logframe (including NAMA Facility core indicators) • Risk analysis (incl. environmental and social impact assessment, human rights and gender issues) • Target group (incl. gender) • Synergies with other projects • Appropriate scope of the NSP • Justification/additionality of NSP funds
Institutional set-up	<ul style="list-style-type: none"> • Capacity and legitimacy of implementing partners • Distribution of roles and responsibilities • Steering structure • Other stakeholders (roles and responsibilities)
Project concept	<ul style="list-style-type: none"> • Readiness including the definition of appropriate milestones for Implementation Phase 1 and 2 (or for further implementation stages defined on a case-by-case basis for the NSPs piloting innovative technologies) • Feasible and appropriate technology • Plausible business model(s) • Comprehensive and sustainable financing mechanism • Clearly defined technical assistance measures • Appropriate implementation timeline, incl. milestones • M&E concept • The concept of knowledge management and communication
Project budget	<ul style="list-style-type: none"> • Reasonable funding request • Consistent and adequate budget • Co-funding (secured)

5.2.4 Assessment and Funding Decision Process of NSP Proposals

NSP Proposals undergo a detailed assessment. During the assessment, the NSO may be contacted for the clarification by the TSU or external assessors on behalf of the TSU. NSP Proposals successfully passing the assessment are recommended to the Board. According to the assessment result and the available funding, the Board takes a final funding decision in batches. The NSO and the political partners are informed in due time on the decision of the Board. The assessment and funding decision process takes approximately four months.

NSPs that are selected for funding will undergo the next steps to conclude a grant agreement with the NFGA on the NSP implementation.

6 NSP Implementation

Following the final approval of an NSP by the Board, the NFGA will enter into a grant agreement with the qualified NSO. All the rules and procedures, which have been defined in the underlying contractual arrangements between the Donors and the NFGA and which are relevant for the implementation of the NSP, shall be reflected in the grant agreement.

The NSO is fully responsible for implementing the NSP according to the NSP Proposal and any conditions stipulated in the grant agreement.

In order to ensure swift implementation, the Implementation Phase will be divided into two distinct phases:

Implementation Phase 1 begins with the Board's approval of the NSP's implementation and the respective notification of the political partners and NSO. During Implementation Phase 1, all contracts and agreements necessary for the implementation of the FC and TC components must be established. A set of pre-defined milestones must also be achieved. During this period, only minor TA activities should be undertaken. Implementation Phase 1 shall have a duration of up to 18 months, after which the Donors may decide to discontinue support if insufficient progress is achieved regarding the contracting process and pre-agreed milestones. The duration could also be shorter. The NAMA Facility funding for this first phase will be limited.

Implementation Phase 2 is the phase of the full project implementation in the partner country. As all major contracting arrangements are in place at this point, the NSP should be posed for rapidly delivering the expected results.

As the overall implementation period is limited to 5 ½ years (i.e. 66 months), the maximum duration of Implementation Phase 2 could be up to 66 months minus the duration of Implementation Phase 1. For instance, if Implementation Phase 1 is 18 months, Implementation Phase 2 should be no longer than 4 years (48 months).

NSPs piloting innovative technologies should clearly demarcate that they have a smaller pilot phase before moving to a larger scale project, effectively having two stages. The specific milestones and criteria for such implementation stages should be indicated as part of the NSP Outline and further refined during DPP.

Successful NSPs proving a substantial upscaling potential at the end of the initially requested Implementation Phase 2 can apply for additional funds. The funding amount will need to be justified for specific upscaling activities that are relevant to the original NSP. The request for additional funding will be reviewed and assessed by the NAMA Facility on the basis of the NSPs performance and potential for upscaling. The final decision will be made by the Donors of the NAMA Facility and will be subject to the availability of funds.

As the NAMA Facility understands itself as a learning hub for NAMA implementation, NSOs and implementing partners are expected to share their experience with the broader, international community. This requires NSPs to allocate sufficient capacities and resources to communication and knowledge management. The TSU may contact the NSO or implementing partners for specific inputs and events.

6.1 Monitoring and Evaluation

Monitoring and evaluation (M&E) is an important part of the NAMA Facility.

Monitoring is carried out by the TSU for the overall NAMA Facility and by the NSO for the individual NSP. NSPs are expected to build up and institutionalise monitoring capacities with national institutions in the partner country. This shall ensure that monitoring and data collection mechanisms do not end when the NSP concludes. It is based on the M&E Framework of the NAMA Facility, which provides guidance on monitoring and reporting requirements. In addition to indicators measuring the progress of the NSP on the output and outcome level, attention must be paid to the monitoring of mandatory core indicators and additional sector-specific indicators.⁵ With regard to all NSPs as selected under the Ambition Initiative – Round Two, this will include the additional mandatory core indicator M6 on the contribution of the NSP to the country's measures to promote green recovery from the impacts of the Covid-19 pandemic.

⁵ https://www.nama-facility.org/fileadmin/user_upload/publications/documents/2018-11_doc_nama-facility_me-framework.pdf

Mandatory core indicators, which all NSPs have to monitor and report on, and for which projections and results are aggregated at NAMA Facility level, are:

- Greenhouse gas emissions directly reduced by the NSP intervention (M1)
- Number of people directly benefitting from the NSP (M2)
- Potential for transformational change (M3)
- Volume of public finance mobilised (M4)
- Volume of private finance mobilised (M5)
- Contribution of the NSP to the country's measures to promote green recovery from the impacts of the Covid-19 pandemic (M6)

The M&E Framework of the NAMA Facility has been developed in a consultative process by the TSU and the Donors of the NAMA Facility. NSOs are requested to provide a **detailed M&E plan** with validated indicators within **the first three months** of implementation. The information provided in the annual NSP reports, in particular on the status of the mandatory core indicators and additional NSP-level indicators are aggregated at the level of the NAMA Facility, and feed into the NAMA Facility monitoring and reporting to the Board.

In addition to regular monitoring, NSPs are subject to **evaluations** that are commissioned by the TSU and financed by 1% of the NSP budget. All NSPs have to undergo a final evaluation at the end of their implementation period and those with an implementation period of more than three years are obliged to perform a mid-term evaluation.

6.2 Reporting

For reporting on progress, NSOs are required to regularly submit reports to the NAMA Facility following a template provided by the TSU. These reports are:

- **Semi-annual reports** on project progress, lessons learned and financial statement
- **Annual reports** on the status and progress of the project, including an updated implementation schedule, on performance according to indicators, risk assessment, deviations from the original planning, lessons learned and financial status of the project
- A **final report** has to be submitted two months prior to the end of the NSP. In addition to the reporting requirements of the annual report, the final project report will assess the overall performance and achievements of the project in terms of outcomes and outputs and will discuss the impacts and lessons learned for broader application.

The TSU will assess the progress of the NSP on the basis of the logframe, the M&E plan and the reports provided by the NSP.

6.3 Communication and Knowledge Management

Both the TSU and the NSOs are responsible for knowledge management, communication and public relations. This includes a pro-active approach to learning with regular reflections of lessons learned and the sharing of them with the stakeholders of the NAMA Facility. It also includes the full range of communication measures such as publications, presentations, participation in events and communication with the wider NAMA / NDC community. NSOs are thus requested to submit communications and knowledge management strategies, in line with the guidance provided by the NAMA Facility, as well as allocate sufficient resources for their implementation. NSOs might be contacted by the TSU for:

- Contributions to presentations by delivering content, pictures or other – sometimes at a short notice;
- Representing the NSP as part of the NAMA Facility at a national or regional event with a jointly elaborated presentation;
- Updates on the progress of implementation.

In order to harmonise the presentation and corporate identity of the NAMA Facility, the TSU provides a set of logos and visibility guidance that are shared with the NSOs at the beginning of the implementation phase and are mandatory for use.

Annex 1

Glossary

Applicants: In the initial Outline Phase, national ministries or legal entities may function as Applicants, i.e. submit an NSP Outline to the NAMA Facility. Legal entities must comply with capacity requirements as stipulated in 5.1.1 of the General Information Document (GID) and receive sufficient endorsement by the national government institutions relevant for the implementation of the NSP. In case that the Outline is submitted by a national ministry, a legal entity should be identified as an Applicant Support Partner. The legal entity (as Applicant or Applicant Support Partner) will then function as contracting partner for the Detailed Preparation Phase (DPP).

Applicant Support Partner: If a national ministry submits the NSP Outline, a legal entity complying with the capacity criteria as stipulated in 5.1.1 of the General Information Document (GID) should be identified as Applicant Support Partner for the contracting of the Detailed Preparation Phase (DPP).

Business model: A key indicator for transformational change in a sector is the redirection of the flow of funds. In order to achieve this, end-users' and/or investors' decisions must be influenced towards a carbon-neutral pathway. The underlying assumption is that end-users/investors will change their commercial/financial decisions if it is economically beneficial for them and if it follows a potentially successful business model. The concept of the NAMA Support Project needs to offer a (potentially) successful "business model" for end-users/investors including adequate financing mechanisms.

Commercial Organisation: An entity taking the role as an Applicant, Applicant Support Partner or NAMA Support Organisation in the preparation/implementation of an NSP as stipulated in 3.4 of the General Information Document (GID).

Detailed Preparation Phase (DPP): The stage of the NSP Proposal development with a duration of either 10 or 15 months that follows the NSP Outline selection phase and precedes the submission of NSP Proposals.

Financial ambition: One of the ambition criteria of the NAMA Facility. The financial ambition of a NAMA Support Project is assessed as to its ability to leverage additional private and/or public funds for the implementation of the NAMA / NDC and/or for financing investments related to the NAMA / NDC. The financial potential is also reflected in two of the mandatory core indicators of the NAMA Facility.

Financial mechanism: An adequate financing mechanism is at the core of a NAMA Support Project. The financing mechanism needs to be defined in a way to incentivise a behavioural change of market participants (end-users, investors) towards a carbon-neutral pathway. At the same time, it should ensure the most efficient use of NAMA Facility grants as it leverages public and/or private funds. The financial mechanism, possibly in combination with regulatory changes, must ensure the sustainable reduction or removal of market barriers. In most cases, this requires a viable phase-out concept for NAMA Facility support and a phase-in concept for other sources of finance preferably from private funding sources.

Gantt chart: A visual illustration of the project time schedule. It displays the outcome, the timeframe of outputs and milestones and related activities along the timeline of the NAMA Support Project.

General Information Document (GID): Provides general information on the NAMA Facility, its objectives and functioning as well as specific information on the selection process of NAMA Support Projects for funding under the competitive Calls of the NAMA Facility. The purpose of the document is to assist national governments of partner countries and other potential Applicants in preparing NAMA Support Project Outlines for submission to the NAMA Facility.

Impacts (long-term results): Long-term direct and indirect effects of the NAMA Support Project that reflect the ambition criteria: potential for transformational change including sustainable development co-benefits, financial ambition and mitigation ambition.

Implementation: The implementation of a NAMA Support Project refers to the stage when the project concept, measures and activities are sufficiently developed and prepared to get started on the ground.

Implementing Partners (IPs): Implementing partners are national (sector) ministries, financial institutions such as regional or national (development) banks and other public and/or private entities mandated by the national government to implement and operate the NAMA Support Project. The strong involvement and ownership of the national government and implementing partners are considered to be essential for the success of the NAMA Support Project.

Indicators: Quantitative or qualitative indicators provide evidence on the achievement of results. Indicators add greater precision to the project goals and serve as a binding standard for measuring the attainment of goals and thus the success of the NAMA Support Project. The NAMA Facility M&E framework defines three types of indicators: core mandatory indicators, sector-specific outcome indicators and project-specific output indicators. All indicators have to be SMART (specific, measurable, achievable, realistic and time-bound). Please refer to the NAMA Facility M&E framework for further information.

Logframe: The logframe is a results matrix drawn from the results model or theory of change. The logframe shows the linear causal relationship between the impact, the outcome(s) and related outputs and activities of the NAMA Support Project. Indicators are quantitative and qualitative variables to measure changes and results, and sources of verification are needed to substantiate these elements. Central assumptions and risks for achieving the defined targets also have to be described in the logframe as it is the basis for the NSP's M&E concept.

Mitigation ambition/potential: This is one of the ambition criteria of the NAMA Facility and describes the direct and indirect greenhouse gas emission (GHG) reductions caused by the NAMA Support Project. The mitigation potential is also reflected in one of the mandatory core indicators of the NAMA Facility.

NAMA Facility: This is a climate finance mechanism jointly established by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and the UK Department for Business, Energy and Industrial Strategy (BEIS), and co-funded by the Danish government and the European Commission. The Children's Investment Fund Foundation (CIFF) joined the Ambition Initiative to support it as an additional Donor. The NAMA Facility provides financial support to developing countries and emerging economies that show leadership on tackling climate change and that want to implement transformational country-led NAMAs / NDCs within the global mitigation architecture.

NAMA Facility Board (Board): The central decision-making body of the NAMA Facility. Currently, the Board comprises representatives from five Donors, i.e. German BMU, UK BEIS, Danish KEFM and MFA, the European Commission and the Children's Investment Fund Foundation (CIFF). The Board takes all relevant decisions related to strategy, policies, guidelines and budget, and selects the NAMA Support Projects for funding.

NAMA Facility Grant Agent (NFGA): As NFGA of the NAMA Facility, GIZ is commissioned to administer the NAMA Facility. This comprises financial and contractual management as well as due diligence of NAMA Support Organisations.

NAMA Support Organisations (NSOs): NSOs are responsible and accountable for the proper delivery of funds and/or services, the financial and administrative management of the NAMA Support Project, reporting to the TSU and the Donors and for monitoring. The architecture of the NAMA Facility does not allow for a direct transfer of funds to the implementing (government) institution in the partner country. Eligible NSOs can submit NSP Outlines (acting as Applicants / ASPs) and NSP Proposals for NAMA Support Projects to the NAMA Facility.

NAMA Support Projects (NSPs): Projects funded by the NAMA Facility that will provide support to governments for the implementation of the most ambitious parts of their NAMAs / NDCs through the provision of financial support and technical cooperation instruments.

NSP Outline: A concept of the NSP and the proposed intervention prepared according to the requirements of the NAMA Facility for Phase 1 of the NSP selection process. NSP Outlines undergo a thorough desk, and some of them an onsite, assessment by independent external assessors and the TSU. NSPs that successfully pass the assessment are recommended to the Board for funding of the DPP.

NSP Proposal: A detailed description of the NSP and the proposed intervention that is prepared during the DPP (Phase 2 of the NSP selection process). NSP Proposals undergo an assessment by the TSU and external assessors; NSP Proposals successfully passing the assessment are recommended to the Board. The Board takes the decision on providing funding for the implementation of NSPs based on the recommendation of the TSU, its own assessment and the availability of funding.

Outcome: The overarching direct project goal and direct effects that can be causally attributed to the NAMA Support Project interventions and reflect the utilisation of the outputs by the target group.

Output: Products, goods, services and regulations/ standards that have arisen as a result of the NAMA Support Project activities.

Readiness: Readiness refers to the degree of maturity or development of a NAMA Support Project. Activities to prepare a project are generally referred to as readiness activities. In the sense of the NAMA Facility, a NAMA Support Project is considered to be ready, when it is able to move to the implementation stage of the activity right away, after a limited detailed preparation e.g. of the envisaged financial mechanisms.

Stakeholders: People or organisations that actively participate in the project or are directly affected by the NSP in a positive or negative way. They could be actively involved in the NSP as intermediary organisations in the implementation (e.g. microfinance institutions or associations) or passively associated rather as a recipient (benefitting from capacity building or being targeted for harm reduction purposes). Stakeholders are different from the targeted beneficiaries of an NSP.

Sustainable development co-benefits: Contributions to sustainable socio-economic, ecological and institutional development, including gender-sensitive development, associated with NSPs and which go beyond the reduction of GHG emissions. Co-benefits are mostly reflected in the respective sector policy and can be obtained at a regional or local level (e.g. increase in income, social security, reduction of airborne pollutants). Sustainable development co-benefits are considered a key element to create country ownership and a driver for transformational change and thus can have an important impact on the long-term sustainability of a NAMA Support Project.

Technical Support Unit (TSU): Assists the Board in managing the NAMA Facility. The TSU is the secretariat of the NAMA Facility and the focal point for national governments, NSOs and other stakeholders. The TSU is responsible for organising Calls for NSP Outlines, assessing NSP Outlines and Proposals and Monitoring and Evaluation of the NAMA Facility during implementation. It also has responsibility for the financial management of the NAMA Facility.

Transformational change potential: Change is considered transformational if it is significant, abrupt (quicker than the business-as-usual) and permanent/irreversible in bringing the country on a carbon-neutral development trajectory in line with the Paris Agreement's objective to limit the increase in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. NSPs can support the transformational change by enabling a significant evolution in terms of scope (e.g. scaling-up or replication), a faster change or a significant shift from one state to another. They do so by influencing policies, regulation, and enforcement and by providing adequate financing mechanisms that manage to incentivise end-users'/investors' decisions in order to sustainably redirect the flow of funds in the sector towards the carbon-neutral pathway.

Annex 2

Indicative list of specific eligibility criteria for Applicants, Applicant Support Partners (ASPs) and NAMA Support Organisations (NSOs)

Applicants, ASPs and NSOs will be assessed on an individual basis in the project-specific context to determine their capability and suitability as a contracting partner of the NAMA Facility.

Applicants, ASPs and NSOs must:

- 1) Be or represent a legal entity.
- 2) Demonstrate appropriate organisational structure and procedures.
- 3) Have an appropriate accounting system with qualified personnel in place. It is expected that the annual budget and proper annual financial statements, annual sales and implemented budgets for the past three years will be made available.
- 4) Have appropriate contract award procedures, which meet national legislation and international standards.
- 5) Have appropriate internal and external control.
- 6) Demonstrate an appropriate track record in the handling of (ODA) financing, including from (other) donors.

During the DPP, NSOs are subject to enhanced due diligence initiated by the NFGA that includes but is not limited to verification of the risk management, financial analysis, adherence to environmental, social and governance standards. The NFGA might task a qualified external consultant to support the enhanced due diligence.

Applicants, ASPs and NSOs must not be subject to any of the following aspects:

- They have entered insolvency proceedings, are having their affairs administered by the court, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in an analogous situation arising from a similar procedure provided for in national legislation or regulations;
- They, or persons having the power of representation, decision making or control over them, have been convicted of an offence concerning their professional conduct by a judgment of a competent authority which has the force of res judicata (i.e. against which no appeal is possible);
- They have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- They are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with both the legal provisions of the country in which they are established or those of the country where the contract is being performed;
- They, or persons having the power of representation, decision making or control over them, have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such an illegal activities are detrimental to the donor's financial interest.