

Reflections, challenges and lessons learnt of three NAMA Support Projects after completion

Special Feature

Striving to accelerate carbon-neutral development and meet the Paris Agreement goals of well below two degrees Celsius in global warming, the NAMA Facility has played a key role in the climate finance landscape over the past decade. With nearly fifty climate change mitigation projects in its growing portfolio, the NAMA Facility accompanies projects from the initial application period up until successful implementation. It has lent its support to projects across a wide variety of sectors spanning from energy to waste in 33 countries. The project cycle provides a clear structure for collaboration, enabling the NAMA Facility to accompany projects for several years, as they are implemented nationally.

The NAMA Facility identifies projects with promising mitigation and transformational change potentials and closely works together with the partners, including international or national agencies and government ministries, seeking to become NAMA Support Projects (NSPs) to achieve the best possible outcomes. The competitive selection process is divided into two phases: the NSP Outline Phase and the Detailed Preparation Phase (DPP) in which a project proposal is submitted at the end.

Nine Calls have so far been issued and three projects from the first and second Calls reached completion in 2022: Costa Rica – Low Carbon Coffee, Indonesia – Sustainable Urban Transport Program (SUTRI NAMA), and Peru – Sustainable Urban Transport. This brings the total number of completed projects to five, as Thailand Refrigeration and Airconditioning (RAC NAMA) and Mexico Housing marked their completion in months and years prior. This moment provides an opportunity to reflect on the trajectories of these recently completed projects and shed a light on their varied circumstances, accomplishments and challenges as they moved through the NAMA Facility's project cycle.

Transforming coffee production – Costa Rica Low-Carbon Coffee

“The Costa Rica Coffee NSP achieved many results and solid lessons learnt; the Costa Rican coffee sector has positioned itself as a producer of a sustainable product and has achieved milestones in digitisation and greenhouse gas (GHG) metrics that did not exist before. In addition, the fact that several institutions are working towards to same objective is something to consider. It has been long period of time working together with the sector and we hope that it will be as satisfying for them as it has been for us.”

– Alberto Vega, GIZ teamleader, Costa Rica Coffee

Costa Rica stands out as one of the first countries globally to set a target to achieve carbon neutrality and develop the first Nationally Appropriate Mitigation Action (NAMA) in the agricultural sector: NAMA Café.



Figure 1: Coffee harvesting (credit: GIZ Costa Rica)

The Costa Rica Low-Carbon Coffee NSP has played an integral role in NAMA Café's success, as it sought to implement low-carbon technologies along the

whole value chain of coffee production in Costa Rica. The NSP offered technical and policy advice to change production and processing, and monitored practices in the sector, from coffee farmers to mills and institutions. The NSP's scope included extensive capacity development and the creation of a low-carbon technology investment fund providing coffee mills with low-interest loans for financing technology that reduces emissions, water and energy consumption.

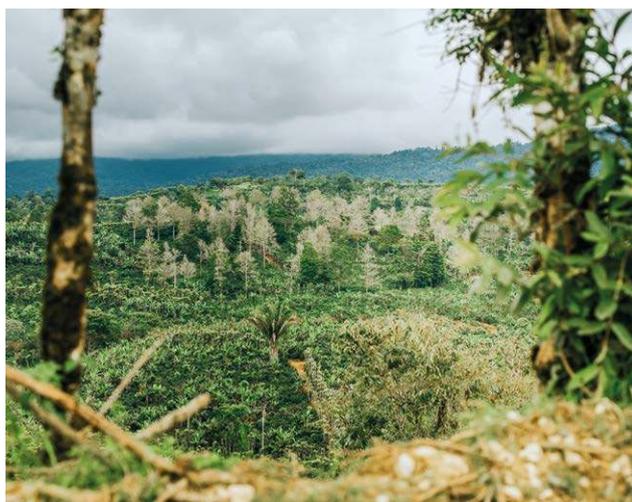


Figure 2: Coffee Farm in Costa Rica (Credit: GIZ Costa Rica)

Well embedded within national sectoral strategies and emission reduction plans, the NSP built on existing structures, as well as high levels of ownership by domestic actors. In the initial phases of project design, the NSP's ambitious emission reduction targets were projected based on Costa Rica's national Green House Gas (GHG) inventory. The emissions caused by the sector had to be adjusted to a lower level at the project implementation stage, due to inaccurate information and/or gaps in the emissions data. This made reaching the projected target values difficult since less CO₂ was emitted by the coffee sector than previously assumed as a baseline.

Despite these challenges, the NSP demonstrated efficiency by reducing generated emissions by 10%, as well as a considerable reduction of emission intensity per kg in coffee production and processing. Furthermore, the targeted number of people who were to benefit directly from the NSP was exceeded. A vast majority of the farmers now implement low-carbon practices, while achieving higher prices than farmers using conventional methods. Costa Rica has successfully transformed its coffee production into a pioneering sector for low-carbon development, serving as an example for other agricultural sectors in Costa Rica and similar NAMAs. President Carlos Alvarado,

together with the country's ministry of agriculture and livestock (MAG) and ICAFE, announced at COP26 that 70% of Costa Rican coffee is now produced in a low-carbon, sustainable manner.

Shifting urban transport towards sustainability and safety for users – Peru Sustainable Urban Transport

In Peru, the spread of urbanization and poorly organized public transport has resulted in personal motorized vehicles becoming the increasingly popular choice of transportation, leading to traffic congestion, high levels of pollution, and transport being responsible for some 40% of national energy-related greenhouse gas emissions. The NSP, Peru Sustainable Urban Transport, also known as TRANSPerú NAMA, aimed to tackle this problem and to instigate low-carbon development in the transport sector. TRANSPerú NAMA promoted the transformation of Peruvian urban transport toward sustainability and reduction emission practices through integrated public transport systems and non-motorized transport. TRANSPerú NAMA was embedded in the sectoral NAMA Sustainable Urban Transport and was essential for the implementation of the NAMA by designing and implementing key structural changes. The NSP affected core policy and supported investment projects through a combination of capacity measures, policy support and policy-based lending.

Due to administrative hurdles, the Covid-19 pandemic and tumultuous political circumstances in Peru, the NSP experienced some setbacks from the start. Long waiting periods before project agreements were finalised and implementation could begin kept the project in limbo for several years. Efforts also needed



Figure 3: Passengers waiting for a bus (credit: GIZ Peru)

to be made to maintain governmental interest. Notwithstanding the obstacles, the NSP has successfully effectuated important institutional regulatory and policy changes and supported the establishment of institutional structures that continue to coordinate sustainable urban transport, such as a dedicated transport authority for Lima and Callao. The project has played a key role in bringing about a shift in the focus of the country's Ministry for Traffic and Communication (MTC) when it comes to transport sector management. Instead of mainly targeting the development of infrastructure, it has shifted its focus to improving the quality of life of transport service users. Through this shift, the project was able to tackle social issues alongside environmental ones. The NSP helped the efforts of the MTC in the area of public transport safety, in particular concerning harassment, and introduced impetus for gender equality to the urban transport agenda.

Cooperation for sustainable transport – SUTRI NAMA

“Seeing the SUTRI NAMA project come to a close is a truly rewarding experience. I am very excited about the impact resulting from our work in Indonesia. We have successfully contributed to the policy-making and regulatory framework that have opened the door for further investment and innovations. The lessons learnt and successes achieved through this project will serve as a valuable guide for future initiatives. [...]”

Working with the NAMA Facility on this important initiative has been a privilege. [...] Their expertise and insights have helped us navigate challenges and maximise our impact. [...] The successful completion of this project is a testament to the dedication and hard work of all those involved, and it offers hope for a cleaner, more sustainable future for our communities.”

– Zacky Ambadar, GIZ Indonesia

Indonesia's population is rapidly growing and urbanising and remains the third-largest source of energy-related emissions, making transport a fundamental challenge at the national scale. Finding practical solutions to these challenges inspired Indonesia's first sector-wide mitigation action, Sustainable Urban Transport Programme Indonesia NSP (SUTRI NAMA). Through institutional and capacity development measures, the NSP aimed to make Indonesian urban transport more efficient and sustainable by supporting the

transformation of national sustainable urban transport policy. In five pilot cities, the NSP provided technical assistance to local governments by offering support in conducting feasibility studies in conjunction with INDOBUS on technical concepts for BRT corridors establishment and related GHG savings, revising transport master plans and attracting investments to finance BRT development. The State Secretariat of Economic Affairs of Switzerland (SECO) finances the INDOBUS component with the intention for BRT to serve as a major backbone for integrated urban transport systems that enhance liveability and reduce congestion.



Figure 4: Bus rapid transit lanes intended to improve traffic conditions in Indonesia city (credit: GIZ Indonesia)

Supporting national and sub-national strategies, SUTRI NAMA involved actors on many levels, and after approval for implementation, the project and implementation agreements between the actors took a long time to complete. This delayed the project and the NSP faced outdated assumptions and new framework conditions, which challenged the NSP's approach to transformation and made some outputs become unnecessary when the NSP was able to launch. However, once the Implementation Phase was reached, national and regional actors cooperated to enable mutual learning. SUTRI NAMA emerged from a carefully structured project design that included national coordination, technical support for local governments and funding mechanisms for public and private sector funding.

Through the combination of developing policies at the national level and carrying out pilot projects in five cities, the NSP team could document success factors in their implementation, aim to replicate them in other cities and translate them into national guidelines through top-down and bottom-up processes. The NSP's in

direct mitigation impact consisted in encouraging the usage of buses and non-motorised transport through improved urban transport services and policies. The elaborated guidelines made possible through this project design provide a basis for a sustainable future transport sector in Indonesia as well as in other countries facing similar challenges, even after the NSP's completion.

Reflections from three NSPs

The three projects highlight the wide variety of sectors NSPs can affect, from agriculture to transport and beyond. Requiring collaboration from many different actors, all three NSPs initiated a significant step in moving their respective sectors towards carbon-neutral practices. The NSPs were embedded in broader (national and NAMA) structures, which facilitated implementation and national ownership. The obstacles the NSPs faced, such as delays and having to work with outdated assumptions, provided learning opportunities that constitute lessons for the future. As the NSPs have established structures, guidelines and practices, their impact will not end with their completion but ripple across scales and geographic locations. Furthermore, the experiences gained by their execution will serve to guide partner countries, implementers and the climate finance with further project design and implementation, thus contributing, one step at a time, to the NAMA Facility's overarching vision of ensuring carbon-neutral economies.

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