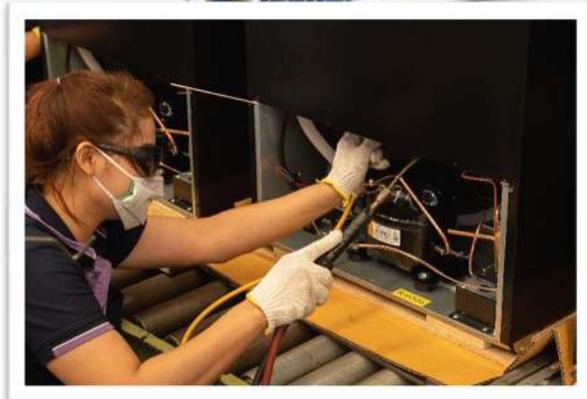


Annual Report 2020

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Pictures on the title page provided by NSPs (clockwise from top left): The Gambia Grid-Connected Solar, China Waste Management, Thailand Refrigeration and Air Conditioning, Thailand Rice.

Welcome

Meeting the international community’s climate targets requires bold, transformational action through policy, investment and capacity building. At the NAMA Facility, we strive to bridge the gap between ambitious climate targets and practical climate action. With the funding and guidance of our Donors and together with our global partner countries, we provide technical expertise and financial support to projects (known as NSPs) to trigger carbon-neutral development. With the publication of our 2020 Annual Report, the second time we publish such a report for the general public, we invite you to engage with our work from the past year.

As with various other initiatives, the NAMA Facility faced its share of challenges and opportunities during the unpredictable year of 2020. We saw a continued interest in the NAMA Facility’s offerings, with 58 Outlines submitted, nearly a third of which came from least developed countries (LDCs) and Small Island Developing States (SIDS). Our major activities in the fall involved assessing Outlines for our Donors to short-list for in-depth assessment in early 2021. 2020 also marked an exciting year for us with the launch of the Ambition Initiative (8th Call), distinct from previous Calls for its focus on enhanced, ambitious Nationally Determined Contributions (NDCs), larger funding volumes per project, and a focus on a green recovery from COVID-19. This year, our portfolio further evolved with three projects approved for implementation, including Brazil Industrial Energy Efficiency, Cabo Verde Electric Mobility and India Waste Management. The end-of-year portfolio presents a total of 20 NSPs in implementation and 8 NSPs in preparation (DPP), with a few cases of NSP components being concluded. NSPs demonstrated progress throughout 2020, with the achievement of milestones in reference to our core indicators, driving impact beyond the immediate projects themselves. Lessons learnt, derived from NSPs’ successes and failures, will be discussed further in the full report. Beyond the project portfolio, we introduced new approaches to improve internal processes at the NAMA Facility and help us adapt over time. These include streamlined NSP Risk Monitoring, a Second Interim Evaluation of the NAMA Facility and the first Evaluation and Learning Exercises (ELEs) of NSPs. Most significantly, the NAMA Facility has had to adapt and respond to COVID-19 impacts, which has added uncertainty to NSPs across the project cycle.

While we hope this publication contributes to great learning and increased transparency, the report has been modified not to reveal certain confidential information. We look forward to your questions and comments!

Dr. Sören David, Head of the Technical Support Unit, NAMA Facility



Select TSU team members during the Annual Planning Workshop (September 2020)

Executive Summary

The 7th Call closed on 30 September 2020. 58 Outlines were submitted, demonstrating a continued interest in the offer of the NAMA Facility. 19 Outlines were submitted by applicants from 14 least developed countries (LDCs); six Outlines were submitted by four Small Island Developing States (SIDS). The desk-based assessments of Outlines were conducted independently by the TSU and an external assessor in October and November 2020, followed by the compilation of a list of Outlines recommended for in-depth assessment, for the Board's consideration. Donors will decide on the short-list of NSP Outlines for in-depth assessment in early 2021. The decision will be followed by in-depth assessments in the first quarter of 2021. Subsequently, Donors will select the NSPs for the Detailed Preparation Phase (DPP). The 7th Call NAMA Support Projects (NSPs) are expected to enter the DPP in the second quarter of 2021.

In December 2020, the Ambition Initiative was launched. The Call will close in May 2021.

The portfolio further evolved in 2020. Three NSPs were approved for implementation.

At the end of 2020, the NAMA Facility portfolio consisted of 20 NSPs in implementation and 8 NSPs in preparation (DPP). Four NSP components were concluded in 2020: The Technical Component (TC) of three NSPs and the Financial Component (FC) of one NSP. Two NSPs/components were discontinued.

The most important challenge in the portfolio remains the temporal disconnect of activities from the TC and the FC of some NSPs in implementation which leads, in some cases, to missed opportunities rather than adding value and synergies between the two components.

The NSPs made good progress in 2020, achieving, such as in 2019, revised milestones¹ for mandatory core indicators M3 (Transformational change/Degree to which the supported activities are likely to catalyse impact beyond NAMA Support Projects), M4 (volume of public finance mobilised) and M5 (volume of private finance mobilised). While revised milestones for M1 (GHG emission reduction) and M2 (number of beneficiaries) were not achieved, outcomes still increased substantially compared to 2019.

A streamlined NSP Risk Monitoring was introduced in November 2020, based on the NAMA Facility Risk Appetite Statement. The Risk Monitoring serves as a tool to provide data and to present the aggregation of generic NSP risks on the portfolio level. The monitoring will be conducted every six months.

The Second Interim Evaluation of the NAMA Facility was conducted from March 2020 onwards and is expected to be wrapped up by February 2021. The external evaluation team also produced three Learning Reports discussing some selected overarching findings and placing them in a larger context of the climate finance community.

The first Evaluation and Learning Exercises (ELEs) took place in 2020: three NSP components underwent a final ELE and one NSP a mid-term ELE. Prior to the first ELEs, a theoretical framework was developed which describes the methodological approach and ensures consistency across individual NSP ELEs.

The impacts of Covid-19 are starting to be felt across the NAMA Facility portfolio with first delays reported and extension requests under preparation from NSPs at all stages of the project cycle. While it is too early to estimate the full impact economic recessions will have in partner countries and thus the impact on the viability of financial mechanisms provided by NSPs, it is likely that further delays

¹ In 2019, milestones for mandatory core indicators of NSPs in implementation were adjusted, see Annual Report 2019 for further information.

will occur and the achievement of impacts as planned by individual NSPs and the NAMA Facility as a whole will suffer over time.

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List of Abbreviations

Abbreviation	Definition
AC	Air-Conditioning Unit
ANME	The National Agency for Energy Management
CIF	Climate Investment Funds
CORFO	Chilean Economic Development Agency
DEA	Danish Energy Agency
DEDE	Department of Alternative Energy Development and Efficiency
DIW Berlin	German Institute for Economic Research
DMRE	Department of Mineral Resources and Energy
EE	Energy Efficiency
EEPBP	Energy Efficiency in Public Buildings and Infrastructure Programme
EEPSU	Energy Efficiency Project Support Unit
EGAT	Electricity Generating Authority of Thailand
ELE	Evaluation and Learning Exercise (individual mid-term and final NSP evaluations)
FUNBAM	Fundación Banco Ambiental (Foundation Environmental Bank)
ENCON	Energy Conservation Promotion
ESCO	Energy service company
FENOGE	National energy efficiency programme (Colombia)
GCF	Green Climate Fund
GHG	greenhouse gas
ICAFE	Instituto del Café de Costa Rica (Coffee Institute of Costa Rica)
HFC	Hydrofluorocarbon
HPMP	HCFC Phase-out Management Plan
IA	Implementation Agreement
IPA	Intergovernmental Project Agreement
IPP	Independent Power Producer
ITB	Intention To Bid
MEPS	Minimum Energy Efficiency Performance Standards
MRV	Monitoring, Reporting, Verification
MoE	Ministry of Energy of Chile
NAMA	Nationally Appropriate Mitigation Action
NAWEC	National Water and Electricity Company (The Gambia)
NSP	NAMA Support Project
PCG	Partial Credit Guarantee
PPA	Power Purchase Agreement
PSC	Project Steering Committee
RAC	Refrigeration and Air Conditioning
SANEDI	South African National Energy Development Institute
SEC	Superintendence of Electricity and Fuels (Chile)
SENA	National Service of Vocational Education (Colombia)
SHF	Sociedad Hipotecaria Federal (State Housing Development Bank)
SMEs	Small and Medium Enterprises
SSRE	Self-Supply Renewable Energy
TCA	Transmission and Connection Agreement
TCLP	Transformational Change Learning Partnership
ToR	Terms of reference
TSU	Technical Support Unit

Abbreviation	Definition
UNEP DTU	Partnership between the UN Environment Programme and the Technical University of Denmark
UNFCCC	UN Framework Convention on Climate Change
VAT	Value Added Tax

1 Main Developments in 2020

1.1 Status of the NSP Portfolio

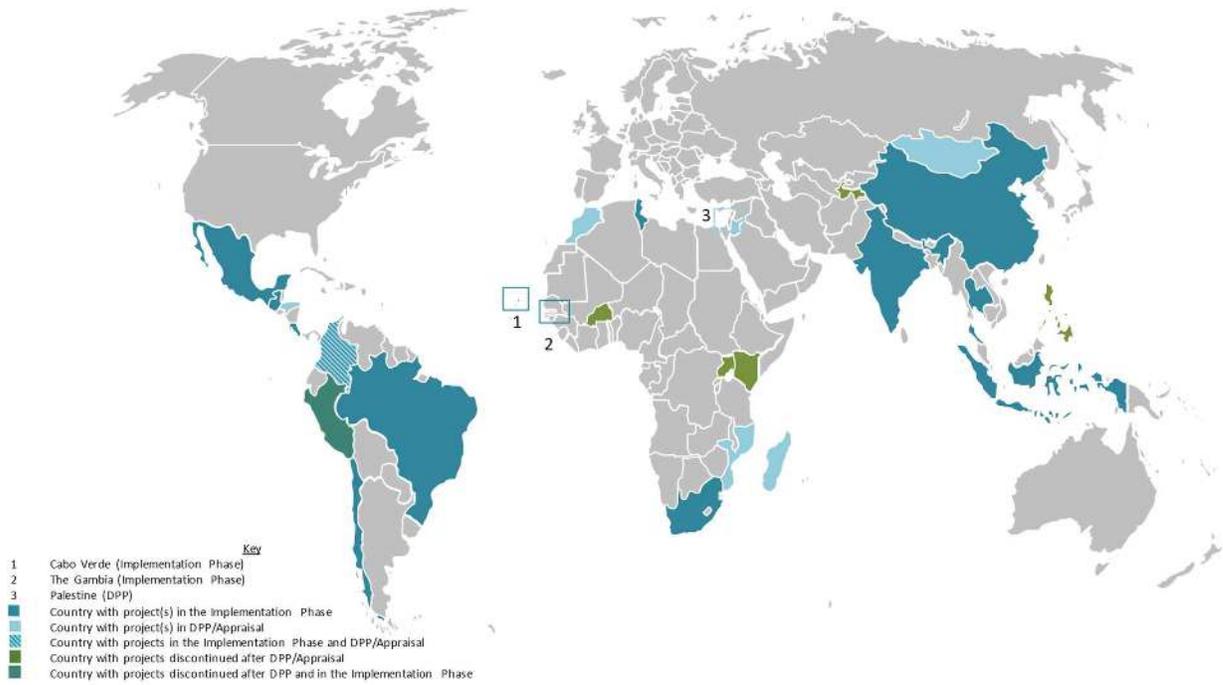


Figure 1: The portfolio of the NAMA Facility at the end of 2020

The portfolio of the NAMA Facility is composed of NAMA Support Projects (NSPs) in preparation (DPP), NSPs in implementation (both operational and non-operational, for example, due to delay in signing IPA), NSPs that have been concluded and NSPs that have been discontinued after their appraisal phase/DPP or been partially terminated early (see Table 1 below).

The main developments in 2020 were:

- Implementation was approved for three NSPs.
- Implementation was not approved for one NSP.
- One NSP and the component of one NSP were discontinued.
- Four NSP components were concluded (three technical components and one financial component).

NSP	Preparation	Implementation	Concluded	Discontinued ²	Changes in 2020
001 Mexico Housing		FC	TC		
005 Costa Rica Coffee		FC	TC		TC concluded; FC extended
006 Colombia Transit-Oriented Development		FC	TC		TC concluded
009 Indonesia Transport		TC		FC	FC discontinued
025 Chile Renewable Energy		FC	TC		TC concluded
203 Tajikistan Forestry					
212 Peru Transport		TC	FC		FC concluded
228 Burkina Faso Biomass Energy					
237 Thailand Refrigeration and Air Conditioning					
306 Colombia Refrigeration					
308 Guatemala Cookstoves					
316 Kenya Transport					Discontinued
317 South Africa Public Buildings and Infrastructure					
318 China Waste Management					
404 Uganda Cookstoves					
405 Thailand Rice					
410 The Gambia Grid-Connected Solar					
414 Mexico SME Energy Efficiency					
428 Philippines Distributed Solar					
437 Tunisia Clean Energy in Buildings					
460 Brazil Beef					
469 Mexico Sugar Mills					
505 Brazil Industrial Energy Efficiency					Implementation approved
526 Peru Coffee					Discontinued
537 Palestine Olive Value Chain					
541 India Waste Management					Implementation approved
546 Mozambique Waste Management					
548 Cabo Verde Electric Vehicles					Implementation approved
566 Colombia E-Mobility					
603 Morocco Energy Efficient Households					
619 Mongolia Building Retrofitting					
639 Madagascar REDD+					
644 Honduras Livestock					
649 Jordan Grid Enhancement					
Total	8	17	2.5	6.5	
		34			

Table 1: Overview of NSP portfolio

In 2020, DPP phase 2 was approved after delivery of the DPP phase 1 report for six NSPs (three from the 5th Call, 3 from the 6th Call). One NSP delivered its DPP phase 1 report at the end of 2020; the DPP phase 1 report of another NSP is due in February 2021. There were three minor extensions of DPPs.

In 2020, IPAs for two NSPs were signed. At the end of 2020, IPAs were not yet signed for five NSPs. As a result of a reform process of international treaties in development cooperation led by BMZ, IPAs for

² This includes only NSPs that were discontinued after appraisal/DPP, not NSPs that were not approved for DPP after the in-depth assessment.

projects implemented by KfW are no longer mandatory. For projects implemented by GIZ IPAs are still needed in many countries. IPAs do therefore require continued attention by the NAMA Facility.

A number of amendment requests were lodged by NSPs. Not all amendment requests were granted, for example in the case of two NSPs who filed requests for additional funds. In both cases, the requests were denied.

1.2 Strategic Considerations

With the NAMA Facility portfolio further maturing and some first NSP components closing the necessity to focus even more on the learning from NSPs implemented is picking up crucial momentum. 2020 has marked the first ELEs conducted and although final reports and ensuing management responses from the NAMA Facility will only become available in 2021 it is already foreseeable that the resulting insights will add a crucial and expected further dimension to the impacts of the NAMA Facility. In this context, an additional opportunity for NSPs profiting from mid-term ELEs will arise to revisit their scheduled activities and where necessary and agreed by the NAMA Facility Board refine them. This will present an excellent opportunity to further strengthen the impacts from NSPs and thus increase their contribution to combat climate change.

2020 has been marked with the introduction of the Ambition Initiative in December 2020 that will have lasting impacts on the way the portfolio of NSPs will further evolve. The Ambition Initiative strives to support the ongoing global climate effort to raise the ambition of the next generation of NDCs ahead of COP26 and on the background of a growing urgency for climate action. In addition, the introduction of the additional modality to support NSPs venturing into novel technologies has added a promising alternative to open up the NAMA Facility for additional applicants and projects.

Severe structural deficits of one component of a NSP in implementation has necessitated a first case in which this component has been terminated early to ensure the efficient use of funding provided. It is hoped that such cases will remain the exception in the NAMA Facility portfolio.

1.3 7th Call for NAMA Support Projects

1.3.1 Overview

The 7th Call, launched on 1 April 2020, was open for NSP Outline submissions until 30 September 2020. In total, 58 NSP Outlines were submitted, 19 of which were resubmissions from previous Calls. 6 Outlines were rejected due to ineligibility; for 17 Outlines eligibility remained unclear after the initial eligibility check. Donors agreed to take forward 52 NSP Outlines for a substantive desk-based assessment.

The desk-based assessments were conducted independently by the TSU and the external assessor [E Co Ltd. Group](#) between 01 October and 30 November. The TSU and the external assessor compiled a joint list of NSP Outlines recommended for in-depth assessment through a series of consultations. Board Meeting 19, where Donors will decide on a short-list of NSP Outlines for in-depth assessment is scheduled for January 2021. The in-depth assessments are scheduled for February/March 2021. Board Meeting 20 where Donors will select the NSPs for DPP is expected to be held in April 2021.

1.3.2 Lessons Learnt from the 7th Call

As the in-depth assessments and feedback calls with non-successful applicants from the 7th Call will take place in 2021, only a few preliminary lessons can be drawn so far:

Overall Approach and Outcome

Over the course of seven Calls, the TSU has continuously refined and improved the processes for NSP Outline submission and evaluation, especially considering the short time available for the TSU and

external assessors to evaluate the NSP Outlines. Based on lessons learnt from the 6th Call and feedback from applicants, only minor changes were introduced in the 7th Call.

With 58 Outlines received, the overall number of submissions in the 7th Call was higher than in the 6th Call (51 Outlines) but lower than in the 5th Call (76 Outlines). 6 Outlines were rejected due to ineligibility. 12 Outlines were scored at least 25 points (i.e. above the threshold for consideration for an in-depth assessment) out of 50 points. No Outlines were rated higher than 34.5 points.

19 NSP Outlines were received from 14 LDCs and 6 Outlines from SIDS representing a slight increase compared to the previous Call. Energy efficiency and renewable energy accounted for around half of all projects, a share comparable to previous Calls.

Communication and Outreach

During the reporting period, the TSU organised three live webinars (on 29 April, 27 May and 14 July 2020) to provide guidance on the 7th Call, and to clarify questions from potential applicants. Questions were also systematically answered through clarification notes published on 1 April, 13 May, 24 June, 22 July, 25 August and 22 September 2020. The last date was added to accompany the extension of the deadline of submissions of NSP Outlines and provide further support to potential applicants. According to feedback received from applicants, the events and clarification notes continue to be greatly appreciated. In total, the TSU published 55 FAQs and 107 formal clarification notes. The TSU engaged in two new outreach activities to guide potential applicants: it drafted and presented as part of a webinar a fictional NSP Outline and published its first podcast on the GHG mitigation potential in terms of Annex 6.

As in previous Calls, the TSU also conducted a series of outreach conversations with international institutions, providing a “heads-up” prior to the formal announcement of the Call to allow them to prepare their project pipelines. The TSU observed that a broad range of organisations participated in the 7th Call, with less submissions compared to the 6th Call from UN organisations but more submissions from international finance organisations, national development banks/programmes/funds, international NGOs/foundations/agencies and national institutions, indicating that the outreach strategy was successful overall. The TSU also observed, as it did in the 6th Call, that the number of submissions per organisation is decreasing, indicating a concentration of efforts within the organisations applying. The diversification of applicants and NSOs will also lead to a more diverse set of interventions and approaches on a mid-term perspective.

Mitigation Potential

For the 7th Call, Annex 6 on the GHG mitigation potential was amended to increase the transparency of calculations and underlying assumptions, allowing the TSU to better assess the plausibility of the estimated mitigation potential. In addition, the TSU published a podcast guiding potential applicants through the newly developed Annex 6 (as well as an exemplary filled-in Annex 6) on the NAMA Facility website.

Moreover, during the 7th Call Outline assessments, the TSU had the opportunity to share Outlines with an external consultant (Perspectives Climate Group (PCG) GmbH) for the first time, in order to receive additional feedback on the calculations’ plausibility. Overall, the TSU was supported with mitigation plausibility checks for 15 Outlines (Outlines scoring >25 points and/or for which the TSU required an additional opinion). The consultants’ assessment focused on screening the assumptions and input values, as well as the formulas used for the estimations of the direct and indirect emission reductions that the proposed NSPs would achieve.

The TSU’s observations on the 7th Call Outlines received were also shared by PCG and are very similar to the findings of the 6th Call, which is unfortunate given that Annex 6 was revised as a response to last year’s findings. This might therefore hint to a general lack of expertise and capacities on the applicants’

side regarding the calculation of mitigation potentials, which is not easily overcome simply by amending the template or providing a walk-through podcast. The most critical observations are:

- **Parameters and assumptions:** Often parameters/assumptions were either not complete, or not provided at all. Even where parameters and assumptions were provided, references/sources for such data used were often either incomplete or entirely lacking.
- **Mitigation calculations:** Calculation steps were often not included, or at least not transparently provided. In many cases the provided data did not show the formula applied, but only the cumulative final figures or results (i.e. calculations in excel files were not properly presented, with figures inserted manually rather than calculated through formulas).
- **Methodology selection:** Many applicants did not apply existing and publicly available GHG methodologies that would be deemed suitable for the project type/sector.
- **Direct and indirect emissions:** Many Outlines still lacked a clear and correct differentiation of direct and indirect emissions. In other cases, indications for the indirect mitigation potential were missing completely or overly simplified, e.g. assuming that activities will be replicated in certain countries/regions/cities within the next 10 years without providing details on the underlying assumptions.
- **Alignment of Annex 5 Business and Financial Model and Annex 6 GHG mitigation potential:** Inconsistencies were often observed between Annex 5, Annex 6 and sometimes also the main Outline document, e.g. inconsistent reporting on target values.

Even though the overall quality and amount of information received on the GHG mitigation potential improved from the 6th to the 7th Call, there is still much room for improvement. The lack of referencing/justification of parameters/assumptions, combined with missing calculation steps, formulae and no reference to the methodology applied, makes it often difficult to evaluate the plausibility.

For the Ambition Initiative Call, the TSU plans to develop cross-sectoral guidelines on Annex 6 to further enable potential applicants to properly fill-in the Annex and will, amongst others, specifically address the pitfalls listed above. It will also be considered whether Annexes should be added to the Guidelines to cover the specifics of individual sectors, e.g. Agriculture, Forestry and Other Land Use (AFOLU) sector.

Regarding the selection of an appropriate methodology, the TSU will engage with consultants and seek guidance to what extent an appropriate methodology can reasonably be expected at the Outline stage, or if there are simplified options that could be applied to allow applicants to simply follow a specific methodology during the DPP. This might lower the entrance barrier for many applicants.

Intended effects of 7th Call Amendments:

- In Annex 5 (business model and financial mechanism), the development of business model scenarios was optional until now, while the descriptions of the business model and of the financial mechanism remained mandatory. However, Annex 5 remained poorly presented by most applicants, leading to the assumption that applicants would benefit from even further guidance. The TSU will therefore completely revise the template for the next Call.
- Annex 6 (GHG mitigation potential) was revised to provide further clarity and guidance and offer a more consistent presentation of the mitigation potential (see also below under section 'Mitigation potential').
- At the end of the reporting period, it was too early to assess the impact of the further changes, as they will only materialise during DPP or NSP implementation (i.e. support of carbon-neutral development pathways instead of low-carbon development pathways, introduction of phased implementation, and replacement of the DPP expert pool by a general support offer from the TSU).

1.4 Knowledge Management and Communication

1.4.1 Knowledge Management

To finetune the approach to collecting and disseminating experiences and lessons learnt in order to establish the NAMA Facility as a knowledge and learning hub, the Donors approved the knowledge creation strategy in May 2019. The strategy shall be reviewed every three years by the NAMA Facility Board. A detailed update on the implementation of the knowledge creation strategy and on year one of the 3-year work plan was provided by the TSU in mid-2020. Overall, the implementation of the knowledge creation strategy in the first year has been successful.

By implementing knowledge creation activities, the NAMA Facility will:

- Contribute to building the capacity of potential future applicants and the quality of the pipeline;
- Contribute to improving the NAMA Facility’s internal processes and procedures;
- Inspire others to raise ambition and replicate NSPs; and
- Contribute to establishing sectoral best practices and to international debates on climate finance and transformational change through informed and evidence-based positions.

As with other areas, Covid-19 had an impact on the implementation of different work packages of the knowledge creation strategy in 2020. All activities requiring physical participation needed to be postponed or were reshaped into virtual formats. For example, three regional monitoring workshops with participants from both NSPs in implementation and the TSU had been planned for the first half of 2020 with the focus on strengthening monitoring systems as well as sharing lessons learnt. These were then adapted and ran as a two-day virtual workshop in September 2020.

Nevertheless, the following knowledge creation/knowledge management-related activities were implemented by the TSU in 2020:

- A virtual NSP Monitoring Workshop was conducted in September 2020 (for details, see section 1.5.1);
- A virtual NSP meeting was conducted in December 2020, including country presentations on lessons learnt and experiences by advanced NSPs, as well as peer exchanges on NSP monitoring activities;
- Best practice examples and lessons learnt were shared, such as a fictional NSP Outline “Towards Carbon-Neutral Totinia Now!” and a podcast on “Introduction to Annex 6 – GHG Mitigation Potential” (for details, see also section 1.4.2);
- Several knowledge management activities related to the 7th Call, as well as the launch of the Ambition Initiative Call were concluded: preparatory webinars, the publication of clarification notes, and feedback calls (for details, see section 1.3);
- Various engagements with and inputs to the Transformational Change Learning Partnership (TCLP) as organised by the CIF as well as to the “Climate Funds Collaboration Platform on Results, Indicators and Methodologies for measuring impact” organised by the GCF;
- The TSU was able to contract and launch the ELEs on the level of individual NSPs to gather lessons and share them with the wider community (for details, see section 1.6); and
- At the same time, some un-planned opportunities arose, such as the participation in the DIW Berlin (German Institute for Economic Research) study “Transformative change towards low-carbon development in emerging economies: insights from international climate finance cases”.

1.4.2 Communication

Communications work at the TSU level seeks to raise the profile of the NAMA Facility, share and disseminate knowledge and lessons learnt, and act as a tool to promote Calls and guide applicants throughout the Call process.

In 2020, the TSU further strengthened and expanded the NAMA Facility's communication efforts. As part of this, an external evaluation took stock of the communication work and proposed recommendations and suggested improvements on how to elevate the NAMA Facility communication work with a focus on improving the distribution and content structure of communication materials with the aim to more effectively and persuasively promote NAMA Facility as a successful instrument for financing and supporting the implementation of NSPs. Specific recommendations include enhancing the appeal and accessibility of the start page of the NAMA Facility website, creating a NAMA Facility visual brand identity, increasing the distribution of printed material, increasing the frequency and focus of the newsletter, and expanding the press distribution list.

As the most recent external communication support contract concluded in summer 2019, the TSU sought to increase the scope of communication support in order to not only develop the standard communication products as in past years, but to also improve existing resources, develop new communication products, support the TSU with workshops, and execute some recommendations from the external evaluation. The TSU drafted terms of reference (ToR) for the communication support package, and the Donors offered extensive feedback to improve the ToR. The intended start of the contract is in 2021 and supposed to run for an initial period of two years. In addition, BEIS offered the TSU support in the form of capacity building from its communication team to enhance the TSU's strategic communication capabilities with a particular focus on the Ambition Initiative Call and work spanning the course of 2021. The focus of the work will include increasing stakeholder engagement, strengthening media handling, building up social media presence, implementing a low-cost campaign and planning a COP26 event to launch the new projects under the Ambition Initiative Call. The NAMA Facility Communication Strategy was equally updated to reflect the feedback from Donors and the evaluation work.

The TSU sought to revamp and streamline the NSP factsheets (a recommendation from the evaluation work) using in-house resources and introduced templates for three types of publications for all NSPs to serve different target audiences (NSP snapshot, NSP brief, and NSP document). The NSP Communication Guidelines were also updated to reflect these changes and was shared with NSPs. The TSU plans to transform the existing factsheets and publish the new NSP publications in the first half of 2021.

Throughout the year, the TSU executed other parts of its annual communication work plan, including support for the 7th Call and its launch, the production of three webinars, the announcement and launch of the Ambition Initiative Call, and a virtual meeting with NSP representatives. A new blue box was introduced on the landing page of the website to guide applicants through the most important information on the open Calls, this was utilised for both the 7th Call and the Ambition Initiative. In addition to these changes on the website, the TSU published a total of 30 news pieces throughout the year, exceeding the goal of having two per month. 10 of these news pieces shared interesting updates from NSPs in implementation, 20 were written by the TSU about recent developments, announcements, or publications related to the NAMA Facility.

In the first half of the year, the overall number of clicks on the NAMA Facility website went down (Annex E provides an overview of the website statistics). The TSU reached out to the external website support to conduct a search engine optimisation (SEO) audit. As a result, small changes were already made in July 2020 such as improving the mobile display of the NAMA Facility website and technical aspects behind the website structure. The total number of clicks per month on the website increased

rapidly. Mid- to long-term changes to improve the quality and quantity of website traffic to the website will be implemented in 2021.

In 2021, the NAMA Facility plans further activities to further enhance its communications work, including hiring a communication expert and increasing social media presence.

1.5 Monitoring

1.5.1 Monitoring

In 2020, the TSU focused on streamlining monitoring across the whole NAMA Facility portfolio, establishing a streamlined risk monitoring on the level of NSPs and introducing a separate approach to monitoring the impacts of Covid-19 across the whole NAMA Facility portfolio.

Review and Revision of the New Monitoring Plan

As a first step to ensure more streamlined monitoring, the TSU developed a new monitoring plan template for the Annual Report 2019 in December 2019. The new monitoring plan template reflects changes made to the M&E framework in 2018, for example the requirement to estimate values for the 10 years following NSP end for indicators M1-M5. In the course of 2020, the TSU desk officers reviewed all monitoring plans of NSPs in implementation as filled out by the various NSPs for the Annual Report 2019. TSU desk officers gathered input and common pitfalls from the various monitoring plans and collected feedback for all NSPs in implementation. These were discussed in a TSU internal workshop in June 2020, focusing on approaches to overcome shortcomings with regard to individual monitoring plans. Such shortcomings included the set-up of indicators, the set-up of activity milestones, misleading data filing, misleading data reporting and others. The result of this exercise was that overall, a rather limited amount of areas requiring attention with regard to individual NSPs was identified. In a next step, common pitfalls and specific aspects identified were presented and discussed with NSP representatives at the virtual monitoring workshop in September 2020 and summarised in a monitoring plan guideline for the Annual Report 2020. Consequently, the TSU expects that monitoring will be further reinforced in upcoming reports.

Monitoring Workshop

In December 2019, the TSU submitted a concept paper to Donors concerning a workshop series on M&E topics for NSP representatives, with three workshops to be held in three sub-regions (Africa, Asia and Latin America) in March 2020. Due to travel restrictions caused by the outbreak of Covid-19, the workshops had to be postponed. As an alternative, the TSU re-adjusted the workshop concepts to a virtual format and held a virtual monitoring workshop for all NSPs in implementation on 24 and 25 September 2020. The workshop was set up as a platform for exchange between the TSU and NSPs, and covered updates and lessons learnt regarding the monitoring plan introduced for the Annual Report 2020, the M&E framework, reporting, transformational change, ELEs and MRV. Two NSPs presented their monitoring systems and their approaches on MRV in their respective sectors and country contexts. One NSP shared their lessons learnt regarding the ELE it had gone through in June 2020. Representatives from all NSPs in implementation were present during the two workshop days, discussing questions and lessons learnt.

Covid-19 Monitoring

Due to the outbreak of Covid-19, the TSU developed a Covid-19 monitoring template in May 2020 to be responded to by all NSPs, both those in DPP as well as those in implementation. The Covid-19 monitoring template captures the evolution of aspects relevant for NSPs such as Green Recovery, NDCs and overall impacts of Covid-19. A first report of results received was presented to the Donors in August 2020. Thereafter, the TSU adapted the Covid-19 monitoring template to a format suitable for the Annual Report. In the virtual NSP meeting in December 2020, the TSU presented the Covid-19

monitoring template to NSPs. In autumn 2020, the NAMA Facility Board took the decision to conduct the Covid-19 monitoring on a bi-annual basis, together with the Annual Report and Semi-Annual Report for the foreseeable future, depending on the global development of Covid-19.

Streamlined NSP-level Risk Monitoring

In addition to the new monitoring Covid-19 template, the TSU developed a streamlined NSP-level risk monitoring template to portray the exposure of risks across the portfolio. It was presented to the NSPs in the virtual NSP meeting in December 2020. For further information regarding this topic, please refer to section 5.3.

1.6 Evaluation

1.6.1 NAMA Facility 2nd Interim Evaluation

The Second Interim Evaluation of the NAMA Facility was conducted by Ipsos MORI in partnership with SQ Consult from March 2020 onwards and is expected to be wrapped up by February 2021. The purpose of this evaluation is to provide the NAMA Facility’s Donors, the TSU and the NAMA Facility’s Grant Agent (NFGA) with insights on the selection of NSPs to fund and on the external visibility and dissemination of learning from the NAMA Facility. The focus of the evaluation was specifically on external perspectives on the NAMA Facility, including the role of the NAMA Facility within the wider climate finance architecture; the effectiveness of its current strategy and ‘branding’; the role of the Facility as a learning hub; the effectiveness and efficiency of the governance and management frameworks and processes, particularly to the extent that they help the NAMA Facility to contribute to transformational change both at the level of NSPs and globally; and the relevance, effectiveness and efficiency of the NSP selection processes. As part of the evaluation, the appropriateness of the NAMA Facility’s theory of change (ToC) has been assessed as well. The evaluation covered the time period from the publication of the First Interim Evaluation of the NAMA Facility (November 2016) to the end of 2019 as covered by the 2019 Annual Report. The evaluation team has, however, also taken into consideration changes to the NAMA Facility’s set-up (including its approach to the 7th Call) which have been introduced after this time period, to ensure relevance and applicability of the evaluation’s recommendations. The evaluation was underpinned by a framework based on process tracing. In addition to the report on the Second Interim Evaluation, the evaluation team has produced three Learning Reports discussing some selected overarching findings and placing them in a larger context of the climate finance community. The learning reports covered the following topics: i. Optimising Theories of Change for Promoting and Enabling Transformational Change; ii. Pathways for Enhancing Knowledge and Lesson Sharing, and iii. Pathways for Enhancing Local Ownership.

The evaluation team has identified overarching findings across five thematic groups:

1. **Relevance of the NAMA Facility.** NAMA Facility has a clear and valuable offering in the climate finance landscape, as the funding granted for implementation of projects of this size and level of readiness is usually difficult for applicants to find elsewhere.
2. **Transformational change.** The NAMA Facility appears to be effective in supporting viable NSPs with significant potential for replication and scaling up, whereas the overall structure of the NAMA Facility facilitates the transformational change at the programme level, according to the evaluation.
3. **Effectiveness.** Overall, the NAMA Facility is performing well at building a portfolio of high quality, transformational, ambitious and locally owned projects, and it is succeeding in maintaining a diverse portfolio.
4. **Efficiency.** The NAMA Facility has the right mechanisms in place to support NSPs during the Outline and DPP phases. However, some NSOs, particularly small organisations and those who participate in the NAMA Facility for the first time, would appreciate further guidance.

5. Governance. Moving forwards, the NAMA Facility has two challenges ahead: (a) fundraising for future Calls, and (b) continuing to manage a growing portfolio.

Subsequently, the report on the Second Interim Evaluation lists seven recommendations for improving the NAMA Facility processes, which have been addressed in the Management Response of the TSU. The progress against the actions identified in the Management Response³ will be tracked throughout 2021.

1.6.2 NSP Evaluation and Learning Exercises

NSPs in general are subject to mid-term and end of project evaluations. The TSU had tendered mid-term and final evaluations of all NSPs of Calls 1-3 in 2017. However, after a disappointing experience with the winning consortium during the final evaluation of Mexico Housing's TC component (see Annual Report 2018), it was decided to terminate the contract early and re-tender the NSP evaluations.

The terms of reference (ToRs) were revised in 2019, based on lessons learnt from the first attempt. The new ToRs place a high emphasis on learning. Individual NSP evaluations were thus termed "evaluation and learning exercises" (ELEs). A kick-off meeting with the winning consortium (Ambero and Oxford Policy Management) was held in October 2019. Consultants delivered an inception report in December 2019.

In 2020, the following main tasks were completed:

- A workshop with Donors was held in London in January 2020 to present the inception report's findings and to develop a common understanding of the ELEs.
- In the first half of 2020, a theoretical framework was developed by the consultants to then be applied to the NSP evaluations scheduled thereafter. The framework describes the methodological approach and ensures consistency across individual NSP ELEs.
- The framework was tested in two pilot cases in June and August 2020 and slightly revised in October 2020 based on the lessons learnt from the pilots.
- A workshop with Donors was held in October 2020 to discuss the lessons learned from the first two ELEs performed.

Four ELEs took place in 2020 (three final ELEs and one mid-term ELE).

Due to the failed first attempt in contracting the evaluations, and the unexpectedly slow contracting for the second attempt, it is not possible to have mid-term evaluations for NSPs that are already quite advanced in their implementation, i.e. these NSPs will undergo a final evaluation only. This was the case in 2020 for three NSPs.

It was too early at the end of the reporting period to draw overarching lessons from the first ELEs in 2020 (the final reports were not yet available for all ELEs and the drafting of a management response which concludes each exercise and implies an in-depth examination of the ELE results by TSU and Donors was still outstanding for the majority of ELEs).

It is anticipated that a further six ELEs will take place in 2021.

The contract for the ELEs also covers the establishment of several meta-level reports to extract overarching lessons once a certain number of individual NSP ELEs will have been completed.

³ The Management response can be found [here](#)

1.7 Transformational Change

In 2020, the achievement of transformational change as a key goal for the NAMA Facility as a whole and an integral element of each and every individual NSP has been assessed for the first time as part of the first four ELEs conducted. The ELEs assessed how activities and outputs under NSPs have contributed to transformational change and what other contributing factors will be required to deliver this change (see section 1.5.2).

As a follow-up to a workshop on transformational change in 2019, the TSU discussed the translation of the concept of transformational change into the reality of NSPs as part of the monitoring workshop with NSP representatives in September 2020 (see section 1.5.1).

In parallel to the further evolution and specification of the concept of transformational change, the TSU has been mandated by the NAMA Facility Board to revise the NAMA Facility Theory of Change. The Theory of Change is a tool for organisational development and programme design, which in the specific context of the NAMA Facility focuses on the way it can catalyse transformational change.

As part of the Second Interim Evaluation (see section 1.5.2), the consultants delved into the topic of the Theory of Change for the NAMA Facility and developed a learning report for optimising transformational change. The consultants have drawn the following key lessons:

- Use the Theory of Change for the unique value and strengths of the NAMA Facility;
- Transform the Theory of Change into a manifesto of change;
- Regularly review and update the Theory of Change; and
- Critically review progress towards transformational change on project and programme level.

Based on the learning report, the lessons learnt gathered in the ELEs and past developments of the Theory of Change, the TSU has been tasked by the NAMA Facility Board to revise the Theory of Change in 2021 and also develop a corresponding narrative.

1.8 TSU

1.8.1 Staffing

In 2020, the staffing of the TSU has further evolved, reflecting the increased workload due to some significant factors:

- Overlapping Calls in a calendar year for the first time ever: The 7th Call was open for NSP Outlines between April and September 2020 and was followed by the assessment of NSP Outlines to be completed by the beginning of December 2020. Concurrently, the shaping of the Ambition Initiative Call covered the period from February until the end of 2020;
- The second Interim Evaluation of the NAMA Facility conducted over the course of 2020;
- The initiation of the ELEs on NSPs, with a first set of three end-of-project ELEs and one mid-term ELE performed in 2020;
- Revision of all NSPs' monitoring plans over the course of 2020;
- Consideration of the impacts of Covid-19 across the NAMA Facility portfolio.

Considering this background, and with several factors enduring in 2021, the NAMA Facility Board has decided to continue to slightly increase the staffing of the TSU. At the end of 2020, it consisted of a Head of the TSU, one financial controller, one contracts manager, 7 Desk Officers, one junior advisor and two interns. The hiring processes for three additional positions to be filled in early 2021 have been completed and will provide for an additional controller and two new colleagues managing communications and knowledge management respectively. The latter two positions present a novelty at the TSU in the sense that these technical advisors will not accompany NSPs at various stages of

preparation or implementation. Instead, they will focus on cross-cutting topics deemed essential for the development of the TSU in the coming years: With the initiation of ELEs, both at mid-term and at the end of NSPs, aspects of knowledge management and communication will bear an intended growing importance for the NAMA Facility that requires additional capacities and resources. This is reflected by increased TSU-internal capacities as well as external support to be provided both by external consultants and enhanced collaboration with Donors.

For 2021, a further modest increase in staff is expected. The TSU will closely monitor the staffing situation and report back to Donors as appropriate.

1.8.2 Internal Sustainability Guidelines

The TSU follows guidelines for its internal sustainability that were developed in 2018 with the aim to conserve resources and protect the environment while pursuing the TSU’s activities. While a number of rules exist at GIZ (in particular in terms of sustainable travel management, where the means of transport must be chosen “in accordance with the principles of economic efficiency and environmental compatibility”), the TSU staff voluntarily commit to more: the most resource-efficient and environmentally friendly behaviour possible in the context of the TSU’s operations.

In terms of travel management, and more particularly flight options⁴ (e.g. when travelling to onsite assessments), this translates into an avoidance of business class flights in intercontinental travel and a preference of sustainable airlines and direct flights. Wherever possible, trips are also combined (e.g. when two or more onsite assessments are to be conducted in the same geographical area). Since the 4th Call, the TSU assesses its CO₂ emissions generated by flights related to onsite assessments. In the three previous Calls, they amounted to the following total emissions: around 22t CO₂ in the 4th Call, around 13t CO₂ in the 5th Call, and around 48t CO₂ in the 6th Call.⁵ Related to the 7th Call, only the desk-top based initial assessments took place during the reporting period. The in-depth assessments of the 7th Call scheduled for February and March 2021 are expected to take place remotely as part of virtual formats due to Covid-19.

In terms of travel accommodation, the TSU staff give priority to sustainable options where available.

The internal TSU Guidelines also cover aspects of efficient use of human resources and sustainable use of material resources:

- Efficient use of human resources refers to reducing e-mail, management of workload, etc.;
- Sustainable use of material resources refers to the application of general sustainable behaviour at the office, such as saving paper, sustainable event management, etc.

2 Outcome Assessment

“NAMA Support Projects demonstrate that climate finance can effectively support transformational change in partner countries – including implementation of NDCs”⁶

⁴ For travel times under 4h, the train has first priority in accordance with GIZ rules.

⁵ Data provided by GIZ travel agency (which uses DEFRA model for calculation) and completed by data from atmosfair.de.

⁶ see NAMA Facility General Information Document, Ambition Initiative: Theory of Change, p.5

The NAMA Facility’s demonstration that climate finance can effectively support transformational change in partner countries, reduce greenhouse gas emissions and enhance low carbon development depends on the successful implementation of individual NSPs.

Not all NSPs that are approved for implementation can begin implementation right away: delays are caused, for example, by the requirement some NSPs have to sign IPAs and IAs. At the end of 2020, the NSPs and components as displayed in Table 4 below were operational and have contributed to results and lessons learnt.

Just as in previous years, target values at the NAMA Facility level were updated in 2020 to reflect that several additional NSPs have been approved for implementation. Three NSPs were approved for implementation in 2020 and delivered M&E plans including target values. The target values of the further NSPs currently in DPP will be included as soon as they enter implementation and present their respective M&E plans.

In addition to targets for 2020, targets have been set for 2022 and 2024. Within the 2019 Annual Report, targets for 2022 and 2024 have been established as 1) some NSPs will be completed in 2022 and 2) the lifetime of technologies promoted by the NSPs is more than five years, which is the maximum implementation period. The targets for 2024 portray a simple forward projection, based on targets set by NSPs. The reporting logic used for the 2019 Annual Report targets is continued for the 2020 Annual Report to display changes and developments.

The NSPs made good progress in 2020, achieving revised milestones⁷ for indicators M3, M4 and M5. While the revised milestones for M1 and M2 were not achieved, outcomes still increased substantially.

In comparison to the 2019 Annual Report, roughly the same NSPs are achieving results for the NAMA Facility mandatory indicators. For M1, impactful achievements were reported by the exact same NSPs as in 2019. For M2 the same projects reported impactful results as in 2019, with the exception of Indonesia Transport, which has reported on this indicator for the first time. For M3, all NSPs have reported the same values, apart from one NSP, which, by implementing its activities has achieved a higher degree of likelihood to catalyse transformational change. For M4, all achievements were reported by the same NSPs as in 2019. The same situation is seen for M5, with the exception of one NSP, which is reporting results for the first time. Most results are achieved by NAMA Support Projects from the 1st, 2nd, 3rd and 4th Call. One NSP from the 5th Call NAMA Support Project is reporting small results for M1 and M2.

NSP	Component	Status
Mexico Housing	TC	concluded
	FC	operational
Costa Rica Coffee	FC	operational, limited implementation
	TC	concluded
Colombia Transit-Oriented Development	TC	concluded
	FC	not operational

⁷ See Annex G in Annual Report 2019.

Indonesia Transport	TC	operational
	FC	discontinued
Chile Renewable Energy	TC	concluded
	FC	operational
Peru Transport	TC	operational
	FC	concluded
Thailand Refrigeration and Air Conditioning	FC & TC	operational
Colombia Refrigeration	FC & TC	operational
South Africa Public Buildings and Infrastructure	TC	operational, limited implementation
	FC	not operational
China Waste Management	TC	operational; no FC component
Thailand Rice	TC	operational
	FC	operational, limited implementation
Mexico SME Energy Efficiency	FC & TC	operational, limited implementation
Tunisia Clean Energy in Buildings	FC & TC	operational, limited implementation
India Waste Management	TC	operational, limited implementation
	FC	not operational
Brazil Industrial Efficient Energy	FC & TC	operational, limited implementation
Cabo Verde Electric Vehicles	TC	operational, limited implementation
	FC	not operational
Brazil Beef	FC & TC	not operational
Mexico Sugar Mills	FC & TC	not operational
Guatemala Cookstoves	FC & TC	not operational
The Gambia Grid-Connected Solar	FC & TC	not operational

Table 2: Status of NSPs at the end of 2020

The NAMA Facility's outputs (see chapter 3) depend both on the performance of NSPs as well as on the TSU. The milestones for several of the outputs were achieved:

- 1.1: Number of countries bidding in geographic regions;
- 1.2: Percentage of NSPs submitted that are assessed as eligible;
- 2.1: Volume of public finance mobilised for low-carbon investment and development;
- 2.2: Volume of private finance mobilised for low-carbon investment and development;
- 2.3: Ratio of public, private and co-funding mobilised versus NAMA Facility funding provided;
- 3.1: Develop knowledge and lessons-learned strategy and review annually;
- 4.1: Number of low-carbon policies, regulations or standards adopted or amended due to NSP support;
- 4.2: Number of national or local institutions having received technical assistance;
- 5.2: Number and type of mitigation co-benefits; and
- 5.3: Percentage of NSPs with operational M&E plans.

For some of the indicators presented in sections 2 and 3, the NAMA Facility did not achieve its milestones for 2020. This is due to a combination of factors:

- Some of the NSPs (or NSP components) started with a substantial delay. They might ultimately achieve their targets, albeit at a later date than initially envisaged.
- Some of the NSPs have been overly optimistic when setting their targets, an aspect that is inherent to and at least implicitly accepted with the NAMA Facility's competitive selection process.

- On the part of the TSU, the continuously high workload has further peaked in 2020. This is mainly due to the unprecedented overlap of two Calls for Projects with a resulting and at least temporary overload of tasks to be covered and thus ensuing delays.

2.1 Greenhouse Gas Emission Reduction

The reported outcome achieved increased substantially between 2018 2019 and 2020. With 2.5 million tCO₂e, the highest individual contribution stems from China Waste Management. This contribution needs however still to be further substantiated and assessed. Once the mid-term Evaluation and Learning Exercise Report of China Waste Management will be available in 2021, which also looked into this contribution, a potential further assessment will be discussed with the mitigation consultants from PCG.

The M1 target values are based on a combination of the revised milestones in 2019⁸, NSP target values from reports, M&E plans and NSP Proposals. Target values are based on 15 NSPs in implementation (the remaining five not being operational yet) and have therefore slightly increased compared to the Annual Report 2019.

Target values for 2020, 2022 and 2024 indicated above are based on both NSP outcomes and NSP impacts for two reasons: (1) the lifetime of technologies promoted by the NSPs is more than five years, which is the maximum NSP implementation period, and (2) some NSPs will be completed by 2022. Therefore, values for 2024 in particular present a simple forward projection, based on projected annual mitigation effects of the individual NSPs at the end of their implementation period. The underlying assumption is that technologies put in operation during the NSPs' implementation will continue to generate mitigation effects beyond the end of the NSP.

year	baseline	reported	target
2012	0		
2013		0	
2014		0	
2015		0	
2016		37.469	
2017		115.803	
2018		271.712	
2019		972.818	1.587.322
2020		3.645.507	5.342.567
2022			8.386.447
2024			16.253.380

Table 3: Outcome indicator M1 - GHG emission reductions in tCO₂e

⁸ See Annex G in Annual Report 2019.

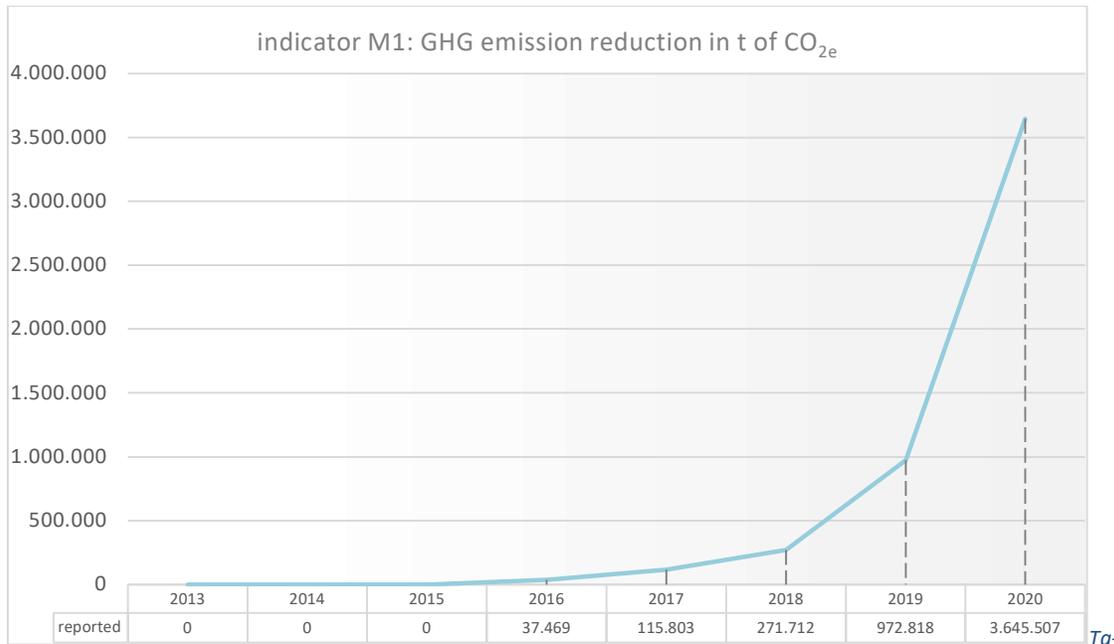


Table 4: Outcome indicator M1 – GHG emission reduction in t CO₂e

In the Annual Report 2018, outcomes were composed of results by three NSP. In 2019, these three continued to report results, while two NSPs contributed to the NAMA Facility’s M1 indicator for the first time. In 2020, these NSPs continue to report results with one additional NSP reporting for the first time. In the remaining NSPs, the reasons why no mitigation effect is reported differ:

- Five NSPs approved are not yet operational.
- For five NSPs, the implementation phase has been too short to generate results (see section 1.1). Results are expected in the future.
- NSP-specific issues:
 - In one NSP, outcomes depend on the availability of feasibility studies which are delayed and are expected to be finalised in 2021.
 - One NSP continues to suffer from severe delays.
 - In one NSP, there continues to be a significant delay between the FC and TC components. The FC is expected to be operational soon. As the M1 indicator depends entirely on the FC, no outcomes have been reported.

One NSP reports outcomes according to its programme offer and initial logframe, which refers to results in the overall sector NAMA (and not to the NSP only).

2.2 People Directly Benefitting from NSPs

The reported outcome achieved increased substantially between 2019 and 2020. The M2 target values are based on a combination of the 2019 revised milestones, NSP target values from reports, M&E plans, and NSP Proposals. Target values are based on 15 NSPs in implementation (the remaining five not being operational yet, or not having delivered an M&E plan) and have therefore slightly increased compared to the Annual Report 2019.

Year	Baseline	Reported	Targets
2012	0		
2013		0	
2014		0	

2015	0	
2016	162,339	-
2017	173,214	-
2018	229,034	-
2019	314,291	715,550
2020	449,666	2,876,744
2022		8,489,381
2024		17,295,652

Table 5: Outcome indicator M2 - People directly benefitting from NSPs

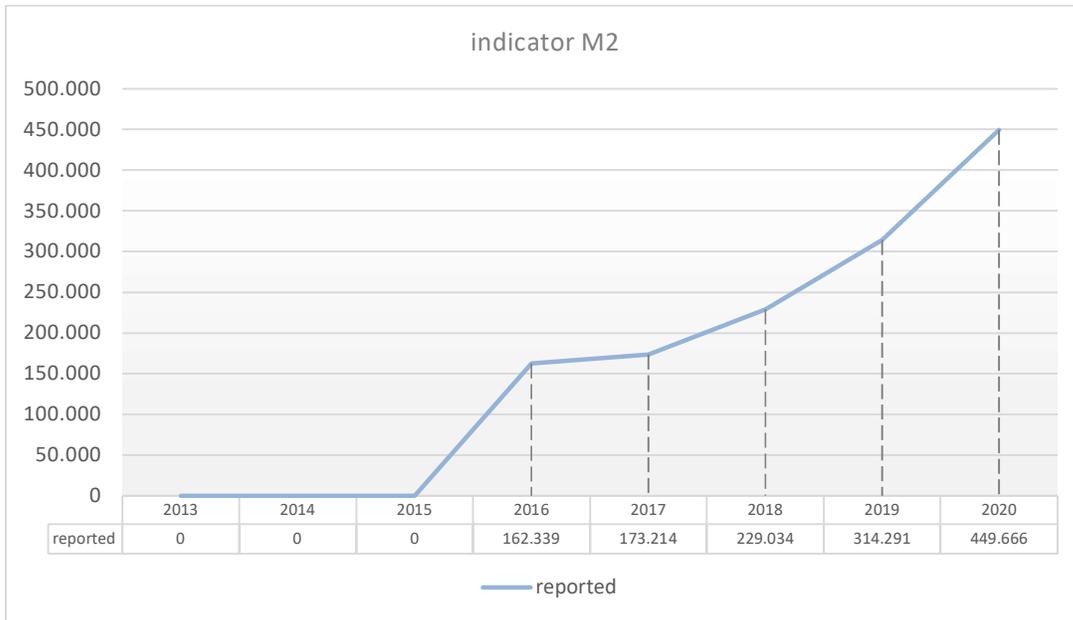


Figure 2: Outcome indicator M2 - People directly benefitting from NSPs

In the Annual Report 2018, five NSPs contributed to the M2 indicator. In 2019, these continued to report increased numbers of beneficiaries while two NSPs reported for the first time. In 2020, these NSPs continued to report, with one NSP reporting for the first time. For the remaining NSPs:

- One NSP has been reporting outcomes according to its programme offer and initial logframe, which refers to results in the overall sector NAMA (and not to the NSP only). The TSU decided to not include this number in the overall sum because a direct causal effect by the NSP cannot be established at this time.
- One NSP reported the entire population of the cities in which the NSP is active. The TSU once again decided to not include this number in the overall sum, as a direct causal effect by the NSP cannot be established at this time either.
- Four NSPs have not been operational long enough to generate results.
- One NSP continues to suffer from severe delays and has not yet generated outcomes.

2.3 Financial Catalytic impacts from NSPs after their lifetime

The targets for 2019-2021 (for each year: 1 NSP level 1; 5 NSPs level 2; 4 NSPs level 3) were met.

This qualitative indicator continues to be among the indicators posing most challenges for operationalisation. The NAMA Facility’s M&E framework states that NSPs should monitor signs that

indicate transformation; however, whether a transformation actually occurred may only become apparent after the end of the NSP.

A specific challenge for target-setting are the long-time horizons: e.g. NSPs in the transport sector expect that a significant share of the mitigation effects will only be realised after the end of these NSPs since transport infrastructure has a comparably long planning horizon. The expected transformational effect will therefore most likely only take place after the end of the NSP.

In 2020, three additional NSPs were included in this indicator. Their status was rated as “level 1 – no evidence yet available” in all three NSPs. Level 2 refers to “some progress achieved so far (20-40%)” and reporting level 3 refers to “substantial progress achieved so far (40-70%)”, while reporting 0 refers to “achievement of target judged unlikely”.

Two NSPs reported higher values for 2020 than for 2019. For both 2019 and 2020, only one NSP is reporting level 4 (“Clear evidence of change – transformation judged very likely”); this judgement is based both on recent national policy developments and of developments supported in the past.

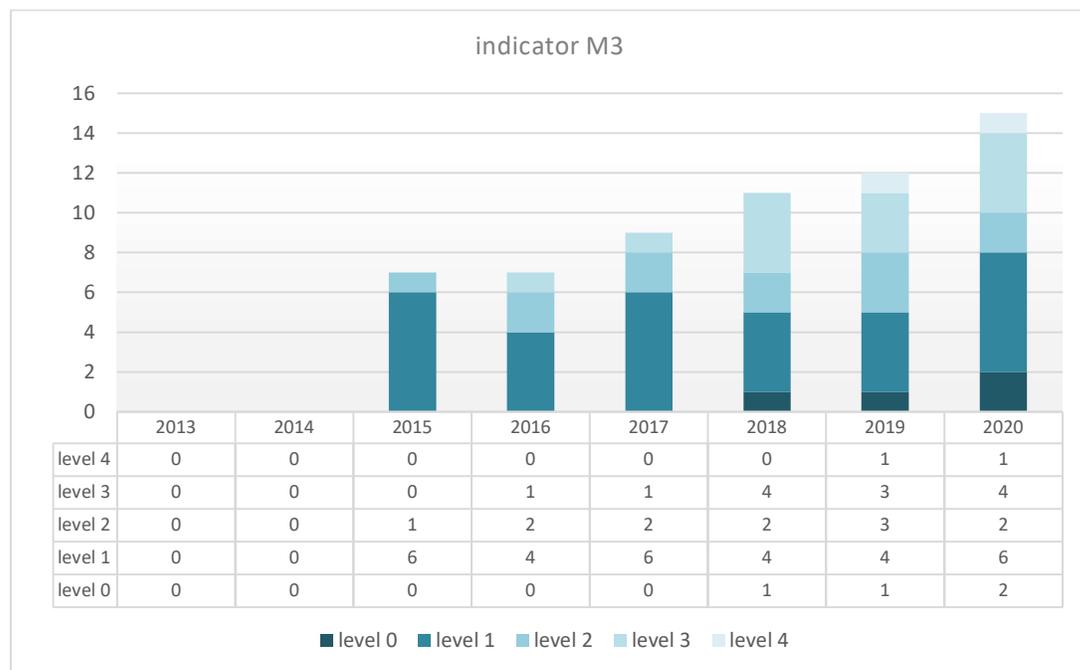


Figure 3: Outcome indicator 3 - Degree to which the supported activities are likely to catalyse impact beyond the NSP

3 Output Assessment

3.1 Output 1

“The NAMA Facility is established as an effective and efficient mechanism to support mitigation actions – including implementation of ambitious and transformative NAMAs and NDCs”⁹

3.1.1 Output indicator 1.1: Number of Country Calls

The 7th Call for NAMA Support Projects was closed on 30 September 2020, and attracted 58 NSP Outline submissions.

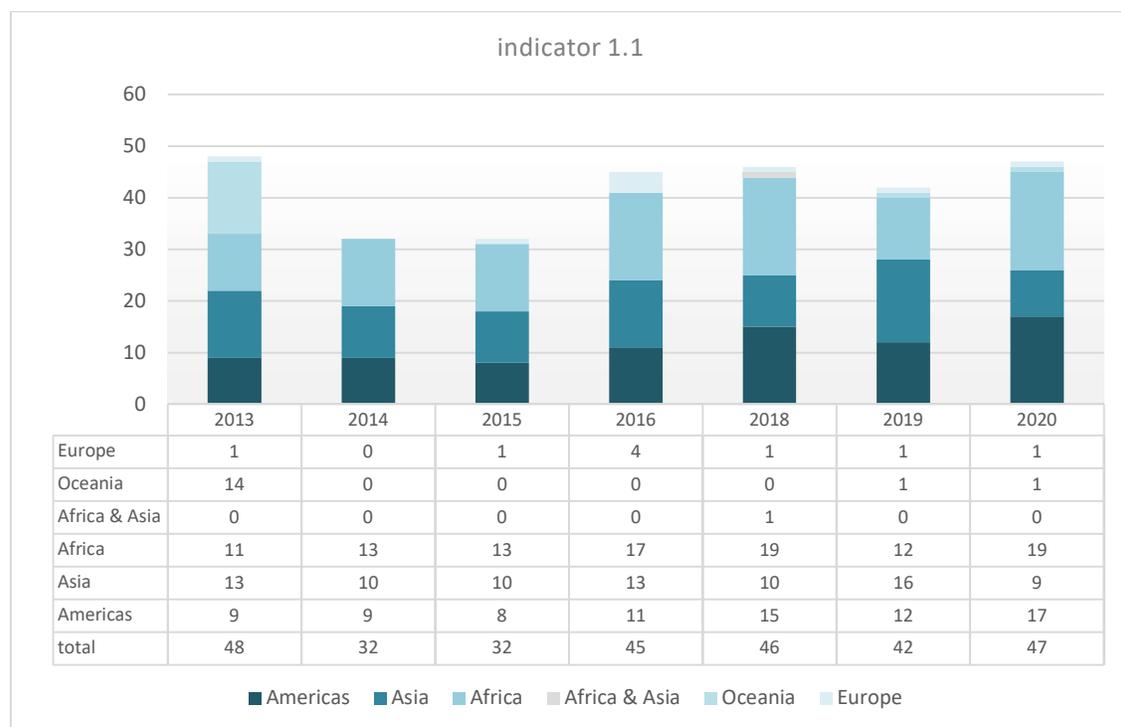


Figure 4: Output Indicator 1.1 - Number of Country Calls. Note that there is no value for 2017 because the 5th Call was open until March 2018.

The target for indicator 1.1 is 30 countries. This target was overachieved in each Call since the NAMA Facility was launched. In the 7th Call, 47 countries submitted NSP Outlines.

⁹ see NAMA Facility General Information Document, Ambition Initiative: Theory of Change, p.5

3.1.2 Output Indicator 1.2 - percentage of eligible NSPs in Calls

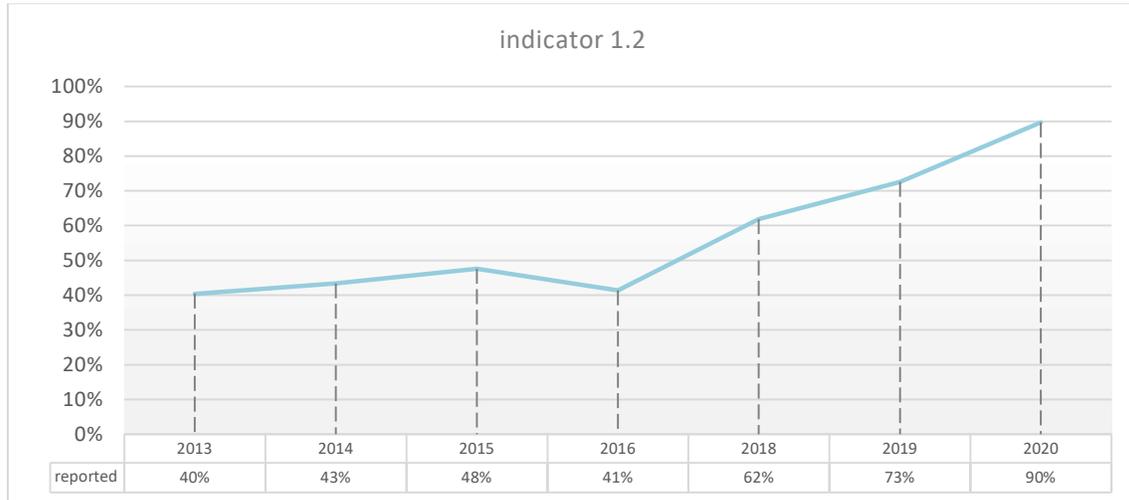


Figure 5: Output Indicator 1.2 - percentage of eligible NSPs in Calls. Note that there is no value for 2017 because the 5th Call was open until March 15, 2018.

Indicator 1.2’s target of 50% of eligible NSPs per year for 2019-2021 was overachieved in the 7th Call, as 52 out of 58 met the formal eligibility criteria. The target was achieved for the third consecutive Call.

3.1.3 Output indicator 1.3 - percentage of NSPs approved within 18 months

In 2020, three NSPs were approved for implementation. The time between NSP Outline selection and approval for implementation ranged between 19 and 20 months, in all three cases above the target of 18 months. This is an improvement compared to 2019 with a duration between 22-37 months.

The overall percentage across all NSPs approved for implementation within 18 months decreased to 29% in 2020, while in 2019 the achieved percentage was 33%

The target for indicator 1.3 of 63% per year for 2019-2021 was thus not achieved.

One factor contributing to approval times of more than 18 months is that the DPP itself could take up to 18 months in Calls 4 and 5, thereby automatically exceeding the 18-months-period from selection to approval. In the 6th and 7th Call, the maximum duration of the DPP was reduced to 15 months – however, a one-month period between DPP phases 1 and 2 for Donor’s decision about continuation of the DPP must be added. It therefore follows that, if the indicator is to be met, all steps prior to the beginning of the DPP (for example, DPP grant contracting) and all steps after conclusion of the DPP (NSP Proposal evaluation and Board Meeting for decision-taking) must be concluded in a total time of two months, which is currently below the average processing time of both processes.

3.1.4 Output indicator 1.4 - percentage of approved funding disbursed to NSPs

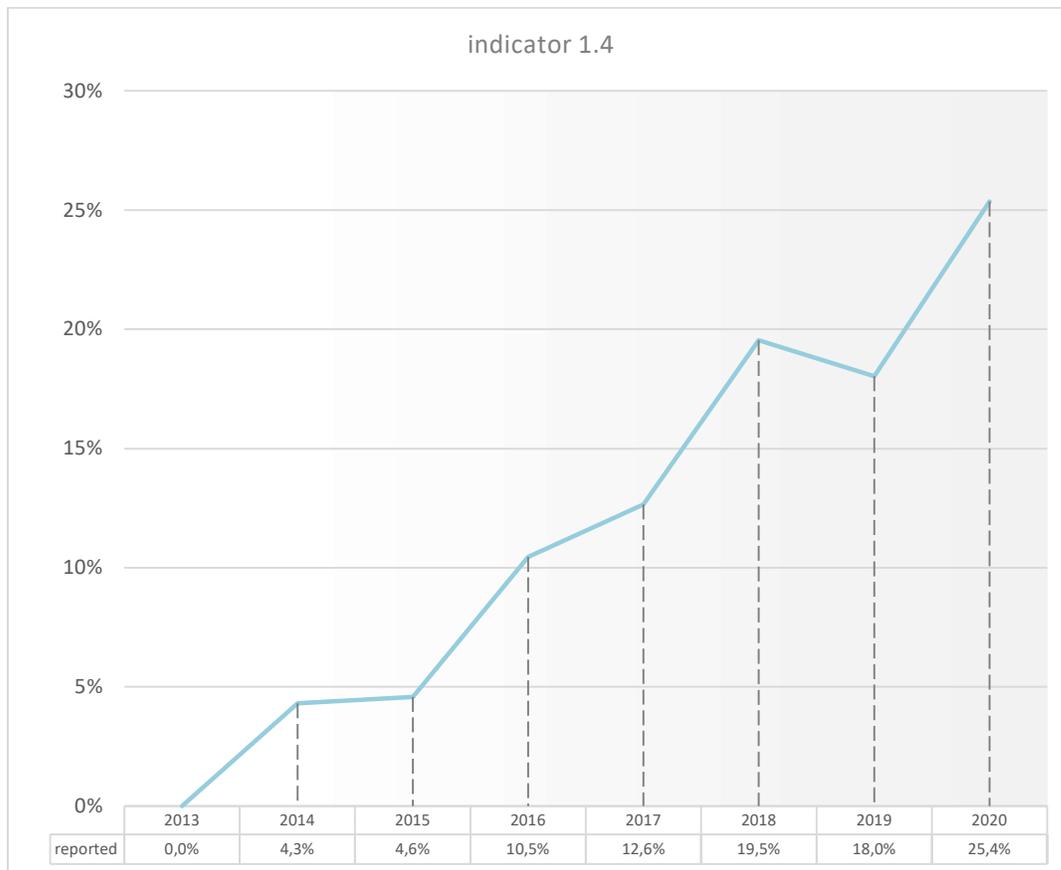


Figure 6: Output indicator 1.4 - percentage of approved funding disbursed to NSPs

Indicator 1.4 measures the amount of funding disbursed to NSPs compared to the amount of funding approved for their implementation. The indicator reflects how swiftly the NAMA Facility can deliver funding for the NSPs that have been approved for implementation. The indicator depends on the specific instruments used in NSPs (e.g. financial instruments tend to absorb larger funding amounts at once than technical assistance measures, which tend to have more even spending), on implementation capacities of applicants and implementing partners, on timing of approval in a given year as well as on the processes within the NAMA Facility (e.g. signing of IPAs). The NAMA Facility target is to achieve 70% of approved funding disbursed to NSPs for each year between 2019 and 2021. This target has not been achieved in 2020, nor in the years before.

In 2020, some NSPs maintained and increased their high spending levels mainly due to operational financial mechanisms. In a higher number of NSPs, financial mechanisms and therefore disbursements, are delayed. In addition, three NSPs were approved for implementation in 2020 but not all are operational yet, and as such do not have meaningful disbursements to show.

3.2 Output 2

“Additional public and private finance leveraged for low carbon development in NAMA Support Countries”¹⁰

Output 2 measures the volume of public and private finance which is leveraged, due to NAMA Support Projects. Additionally, it measures the ratio between leveraged funding and funding provided by NAMA Facility to display catalytic change in financial terms.

3.2.1 Volume of Public Finance Mobilised for Low-carbon Investment and Development

As in previous years, the NAMA Facility follows guidance by OECD on reporting finance leveraged. It should be kept in mind that such reporting is rarely possible in a standardised and uniform manner, partly because information is incomplete, and partly because financing modalities and financial flows are complex. The 2020 NAMA Facility target value for M4 has been overachieved. The target is based on targets reported by NAMA Support Projects.

To avoid double counting, ODA funding is considered separate from the NAMA Facility leverage and is generally not included in leveraged figures. However, there are no mechanisms to avoid that other sources of finance, including national public finance, are not equally reported by other contributors of ODA.

Year	Baseline	Reported	Target
2012	0		
2013		0	
2014		0	
2015		23,000,000	
2016		113,745,500	
2017		123,195,281	
2018		128,054,295	
2019		181,414,876	18,418,244
2020		309,659,147	146,795,000
2022			587,327,628
2024			761,431,309

Table 6: Output indicator 2.1 (M4) - Volume of public finance mobilised for low-carbon investment and development

¹⁰ see NAMA Facility General Information Document, Ambition Initiative: Theory of Change, p.5

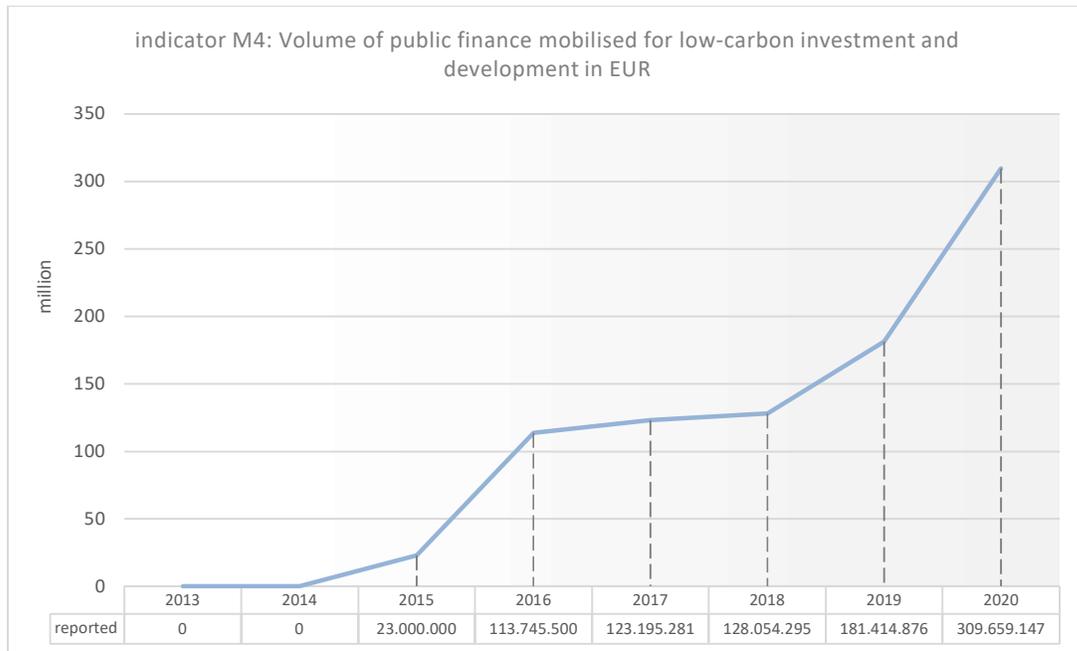


Figure 7: Output indicator 2.1 (M4) - Volume of public finance mobilised for low-carbon investment and development

The figures are subject to the uncertainties outlined above. Five NSPs contributed to this indicator in 2020 and 2019, compared to two in 2018, and one the years before. Contributions are depending on the progress of the NSPs, it is to be expected that more NSPs will contribute to achieve milestones for this indicator in the next years.

3.2.2 Volume of Private Finance Mobilised for Low-carbon Investment and Development

This indicator is based on reporting from five NSPs .The M5 target value for 2020 has been overachieved.

Year	Baseline	Reported	Target
2012	0		
2013		0	
2014		0	
2015		0	
2016		16,544,800	
2017		57,671,459	
2018		96,363,494	
2019		215,958,296	161,015,528
2020		926,996,450	468,252,100
2022			757,787,202
2024			1,095,287,947

Table 7: Output indicator 2.2 (M5) - Volume of private finance mobilised for low-carbon investment and development

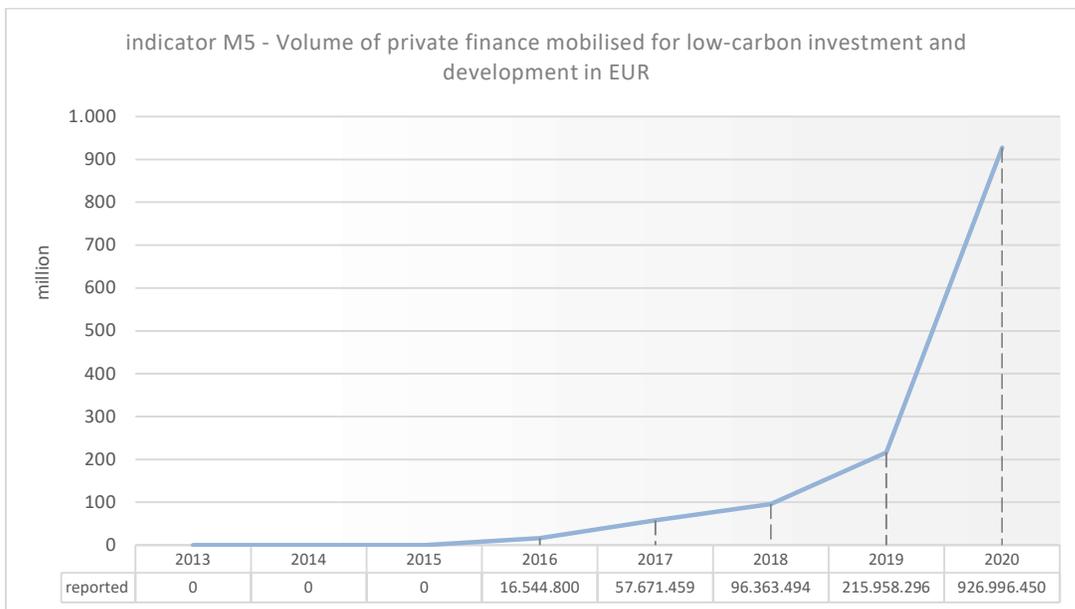


Figure 8: Output indicator 2.2 (M5) - Volume of private finance mobilised for low-carbon investment and development

3.2.3 Ratio of Public, Private and Co-funding Mobilised Versus NAMA Facility Funding Provided

Year	Baseline	Reported	Target
2012	0		
2013		0.0	
2014		0.0	
2015		10.4	

2016	15.8	
2017	12.9	
2018	7.9	
2019	9.5	4.1
2020	17.8	4.1
2022		14.1
2024		14.1

Table 8: Output indicator 2.3 - ratio of public, private and co-funding mobilised versus NAMA Facility funding provided

The requirement that Donor funding triggers and redirects public and private funding into low carbon investments is a key principle of the NAMA Facility. Indicator 2.3 measures the ratio of total leveraged financing volumes that includes financing referred to in indicators M4 and M5 as well as other co-funding (e.g. SECO co-financing for one NSP) compared to the overall NAMA Facility funding provided by Donors. More details on cost-efficiency can be found as reported for indicator 5.3. The target ratio for the years 2019-2021, which is 4.1 per year, was overachieved.

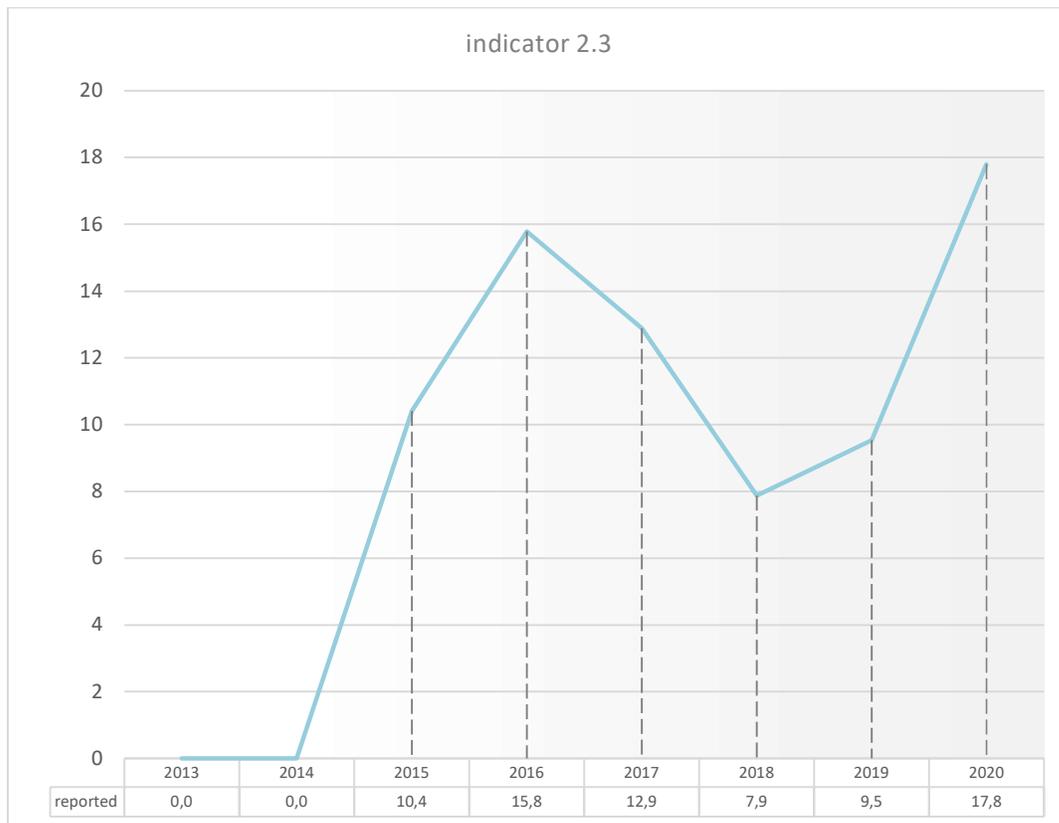


Figure 9: Output indicator 2.3 - ratio of public, private and co-funding mobilised versus NAMA Facility funding provided

3.3 Output 3

NAMA Facility shares good practices and lessons learnt from NSPs to the global community¹¹

3.3.1 Develop Knowledge and Lessons Learnt Strategy and Review Annually

Year	Baseline	Reported	Reported Annual Review	Target
2012	0			
2013		0		
2014		0		
2015		0		
2016		0		
2017		1		
2018		1		
2019		1		1
2020		1	1	1
2022				1
2024				1

Table 9: Output indicator 3.1: Develop knowledge and lessons-learnt strategy and review annually. Please note that values for 2017 and 2018 refer to draft versions. Targets refer to the annual review.

The NAMA Facility’s knowledge creation strategy was approved in 2019 and was reviewed in 2020, after 12 months of implementation.

3.3.2 Number of Lessons Learnt Events Organised/Funded Each Year

Year	Baseline	Reported	Target
2012	0		
2013		1	
2014		2	
2015		2	
2016		4	
2017		5	
2018		5	
2019		3	3

¹¹ see NAMA Facility General Information Document, Ambition Initiative: Theory of Change, p.5

2020	2	3
2022		3
2024		3

Table 10: Output indicator 3.2: Number of lessons learnt events organised/funded each year

The target for this indicator for 2019-2021 has not been met in 2020. Due to the impact of Covid-19, the three in-person monitoring workshops scheduled for March 2020 had to be postponed and re-conceptualised into a virtual 2-day workshop format for all NSPs in September 2020. Additionally, an officer responsible for knowledge management has been hired in 2020 but will only be able to start working in January 2021 to support the knowledge management component of the TSU.

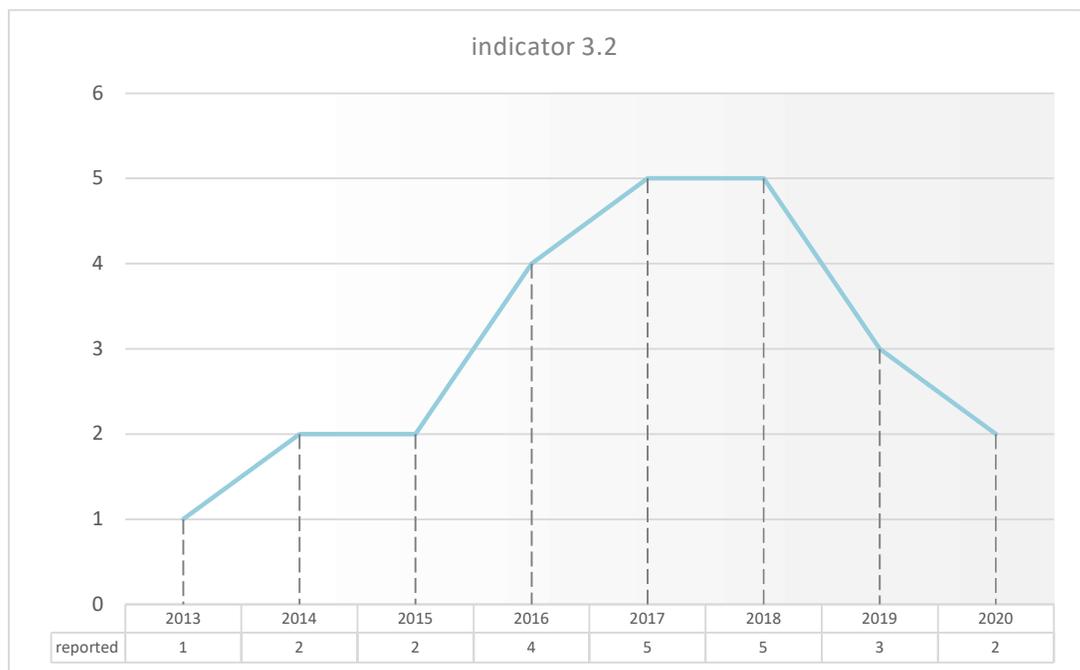


Figure 10: Output indicator 3.2 - Number of lessons learnt events organised/funded each year

The two events in 2020 were: Virtual 2-day Monitoring Workshop for NSPs in September 2020 (See section 1.4.1); and Virtual NSP Meeting in December 2020 (See section 1.5.1). Due to the impact of the Covid-19 Pandemic and limited capacities at the TSU, no further events could be hosted in 2020.

3.3.3 Number of Good Practice Examples Published Each Year

Year	Baseline	Reported	Target
2012	0		
2013		0	
2014		4	
2015		3	

2016	6	
2017	9	
2018	4	
2019	8	5
2020	4	5
2022		5
2024		5

Table 11: Output indicator 3.3: Number of good practice examples published each year

The target for this indicator for 2019-2021, which is five per year, has not been achieved in 2020.

The NAMA Facility offers formats such as webinars, in which the audience is given the opportunity to get actively involved to ensure two-way communication. In 2020, three webinars were organised to give guidance for applicants on the 7th Call, showcasing case studies and examples of successful NSP outlines, presenting a fictional proto-type NSP Outline, and offering a platform to address common clarifications and answer questions for webinar participants.

In addition to these three webinars, the TSU published a podcast to offer an introduction to Annex 6 – GHG Mitigation Potential.

Factors that may have impeded the target being achieved could be the fluctuation of staff in both knowledge management and communications in 2020. The TSU has hired a knowledge management officer to start work in January 2021 and is currently hiring a communications officer to hopefully be in place from mid-2021 onwards.

3.4 Output 4

“National or local capacities and enabling environments to implement transformative NAMAs are in place”¹²

3.4.1 Number of low-carbon / zero-carbon Policies, Regulations or Standards Adopted or Amended Due to NSP Support

Many TC components of NSPs support policies, regulations and standards aimed at low-carbon or even zero-carbon development pathways to support transformational change. Participation in MRV systems of partner countries continues to be an important topic for many NSPs. The target for this indicator for 2020 has been achieved.

Year	Baseline	Reported	Target
2012	0		
2013		0	

¹² see NAMA Facility General Information Document, Ambition Initiative: Theory of Change, p.5

2014	0	
2015	1	
2016	2	
2017	7	
2018	8	
2019	16	1
2020	33	1
2022	0	28
2024		28

Table 12: Output Indicator 4.1 - Number of low-carbon policies, regulations or standards adopted or amended due to NSP support

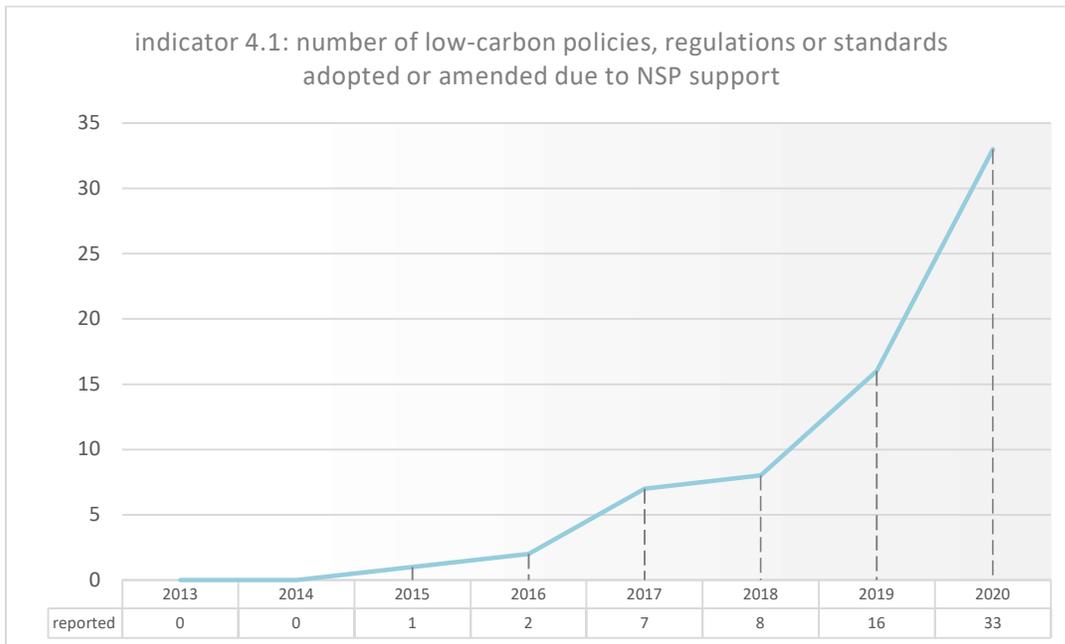


Figure 11: Output Indicator 4.1 - Number of low-carbon policies, regulations or standards adopted or amended due to NSP support

3.4.2 Number of National or Local Institutions Having Received Technical Assistance

Almost all operational NSPs report on this indicator. The target for this indicator for 2020 has been achieved. In 2020, 9 NSPs reported to have supported institutions

Year	Baseline	Reported	Target
2012	0		
2013		0	
2014		0	
2015		0	
2016		18	

2017	25	
2018	27	
2019	185	43
2020	255	43
2022		56
2024		56

Table 13: Output indicator 4.2 - Number of national or local institutions having received technical assistance

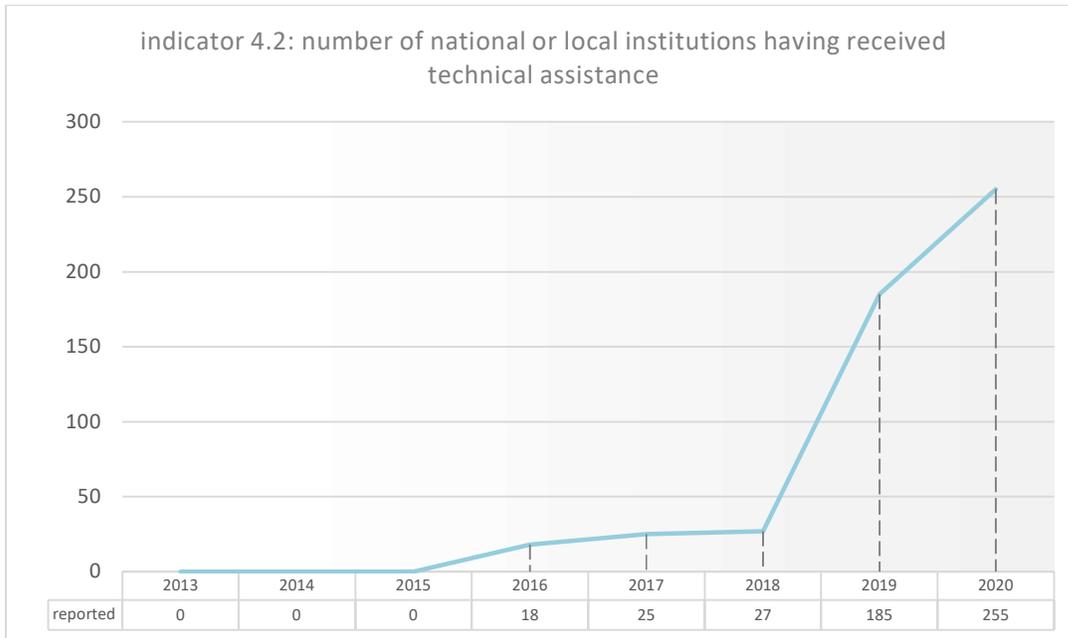


Figure 12: Output indicator 4.2 - Number of national or local institutions having received technical assistance

3.5 Output 5

“Partner countries implement and monitor transformative NSPs that produce sustainable co-benefits”¹³

3.5.1 Number of NSPs Completed According to the Approved Project Outcome

Year	Baseline	Reported	Target
2012	0		
2013		0	
2014		0	
2015		0	

¹³ see NAMA Facility General Information Document, Ambition Initiative: Theory of Change, p.5

2016	0	
2017	0	
2018	0	
2019	0	0
2020	0	0
2022		10
2024		11

Table 14: Output indicator 5.1 - Number of NSPs completed according to the approved project outcome

At the end of 2020, 20 NSPs were approved for implementation, 9 of which are currently scheduled to be concluded by 2022. Four NSP/NSP components are currently scheduled to end in 2023 or 2024. For several NSPs approved for implementation in 2020, the exact implementation period is not clear yet, and will depend on the date at which the grant agreement between the NSO and NFGA is concluded.

In 2017, the first component of an NSP was concluded. In 2018 or 2019, no NSPs or components were concluded. In 2020, four components were concluded.

3.5.2 Number and Type of Mitigation Co-benefits

year	baseline			reported			target		
	eco	env	soc	eco	env	soc	eco	env	soc
2012	0	0	0						
2013				0	0	0			
2014				0	0	0			
2015				0	0	0			
2016				0	0	0			
2017				0	0	0			
2018				1	0	1			
2019				24	20	18	0	0	0
2020				14	10	14	0	0	0
2022							9	0	4
2024							9	0	4

Table 15: Output indicator 5.2 - Number and type of mitigation co-benefits

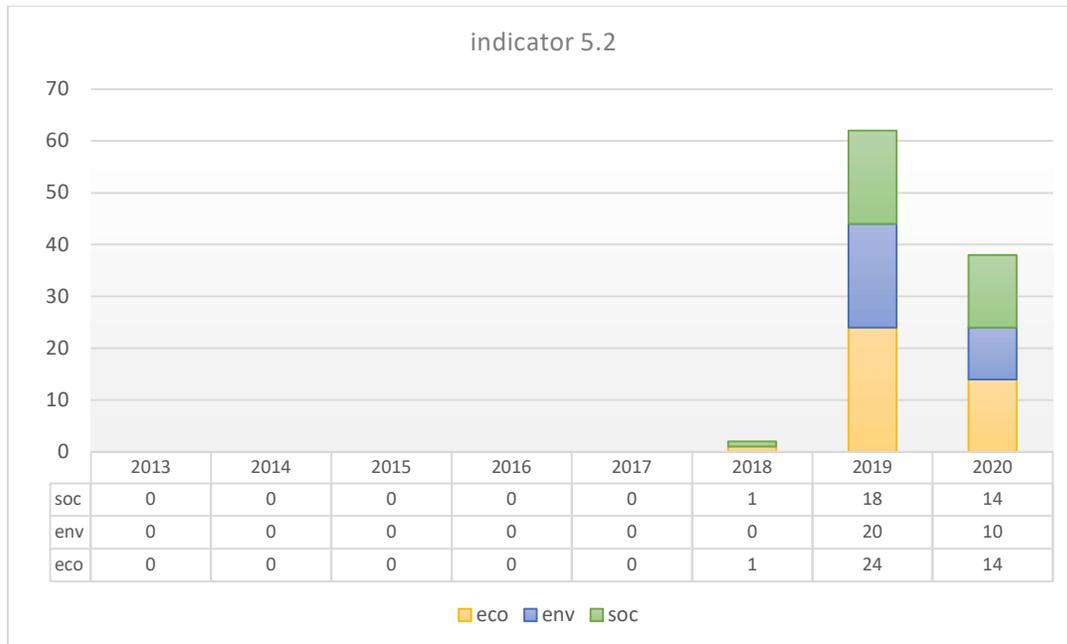


Figure 13: Output indicator 5.2 - Number and type of mitigation co-benefits

In 2020, already more co-benefits than targeted for the years 2022 and 2024 were fulfilled. However, less co-benefits were reported than in 2019, especially for economic co-benefits. One explanation could be the socioeconomic impacts of Covid-19 that, for example, lead to a reduced flow of capital to investment in new technologies, as was the case in Colombia Refrigeration. The NAMA Facility defines co-benefits as follows: Co-benefits are contributions to sustainable socio-economic, ecological and institutional development associated with a 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.

3.5.3 Percentage of NSPs with Operational M&E Plans

This indicator reflects the intention to have a sound M&E application from an early stage of implementation. According to the NAMA Facility M&E Framework, NSPs are required to submit their M&E plans within three months after the start of implementation. The indicator measures if NSPs, which have been in implementation for a year and more have submitted an operational M&E plan for the Annual Report. NSPs selected in the 2nd Call and later Calls have to submit an indicative M&E plan with their NSP Proposal. NSPs from the 1st Call have been requested to retrospectively adjust their individual M&E plans to comply with the M&E framework guidance.

The target of 100% for 2020 – all NSPs, that have been in implementation for at least a year should have an operational M&E plan – has been achieved. Three NSPs, which have been in implementation for less than a year have submitted an operational M&E plan as part of their Annual Reports 2020. In addition, one NSP that has started implementation in 2019 has submitted its operational M&E plan earlier in 2020.

Year	Baseline	Reported	Target
2012	0		
2013		0	
2014		0	
2015		0	
2016		25%	
2017		33%	
2018		75%	
2019		100%	100%
2020		100%	100%
2022			100%
2024			100%

Table 16: Output indicator 5.3 - Percentage of NSPs with operational M&E plans

4 Lessons Learnt

The NAMA Facility encourages learning at all levels. NSP-specific lessons learnt are summarised in NSP reports, lessons learnt from the assessment of NSP Outlines from the 7th Call are mentioned in section 1.3.2.

In 2020, portfolio considerations continued to gain in significance to Donors as reflected, among others, on the establishment of the Risk Monitoring that was finally passed in November 2020 (see Chapter 5.3 below). This development was initially not triggered by the advent of Covid-19 but followed an earlier request by the Donors. Finally, it was introduced at a convenient moment in time to also capture the impacts of Covid-19. The risks related to Covid-19 as they are currently identified are a reflection of its substantial and not fully foreseeable impacts.

The 7th Call, launched in April 2020, showed a high degree of continuity to previous Calls in terms of the requirements for NSP Outlines. However, the Ambition Initiative, launched in December 2020, is extraordinary in many ways, and has resulted in substantial changes in this area. It remains to be seen how well potential applicants will respond, both in terms of the number and quality of NSP Outlines, to the Ambition Initiative Call. The decisive factor will be how many ODA-eligible countries will present enhanced NDCs up until the closure of the Call at the end of May 2021 that fulfil the eligibility criteria of the Ambition Initiative.

Overall, at the end of 2020, 20 NSPs have been approved for implementation and a further eight NSPs from the 5th and the 6th Call are at DPP stage. Based on this further growing portfolio of NSPs, some overarching lessons learnt have confirmed previous findings, and others represent additional learnings:

- The disconnect of activities from the TC and the FC of some NSPs remains the single most important challenge in the portfolio that in some cases leads to missed opportunities rather than adding value and synergies between the two. The risk of delays in FC components is that synergies cannot be properly utilised, the momentum created by the TC (awareness, policy changes, project pipeline development) is lost, and that additional TA resources are needed to

implement the FC component. The TSU continues to advise individual NSPs, as far as possible, at all stages to ensure that NSPs can achieve their full impact in both areas combined.

- As identified in the 2019 Annual Report concerns about the viability and timeliness of financial mechanisms as the hearts of NSPs remain relevant.
- 2020 has also seen the first case in the NAMA Facility portfolio where the Donors have taken the decision to terminate the FC component of one NSP already in implementation. This decision has not been taken lightly and was made after a series of attempts to keep this component on track. It is hoped that such cases will remain exceptional, but the decision is yet another demonstration of the NAMA Facility Board ensuring the efficient use of funding availed.
- The approach of the two-phased entry into implementation of NSPs, which was recently introduced, has proved to be cumbersome but useful in the first three cases that have occurred so far: Additional efforts and a separate report paired with less planning security are required from the NSOs. However, from a mid-term perspective it is still expected that this approach will contribute to ensure a more timely and higher-quality implementation of NSPs.
- Efforts to provide upstream support by external consultants for NSP Outline development to partner governments on specific existing project ideas as approved to by the NAMA Facility Board, undertaken again as part of the 7th Call, have not led to convincing results. A lesson learnt with a comparable exercise as part of the 5th Call has been reconfirmed: While governments, both ministries in charge of climate change and relevant line ministries appreciate such support, they typically do not have sufficient capacities to follow up on the advice given and to use it to generate NSP Outlines of convincing quality. This finding is yet another confirmation of the related concern that the pipeline development of new NSP Outlines is too limited. Previously existing funding mechanisms to provide support for such NSP Outline development are no longer available, and potential applicants struggle both to provide internal capacities, and a minimum of funding required for external advice on developing NSP Outlines. As the role of the TSU pre-empts more support and activities in this area, only other means of support to potential applicants will ensure that a sufficiently high number of NSP Outlines of good quality are submitted in future Calls. In terms of the Ambition Initiative Call, the NAMA Facility Board has requested the TSU to closely follow up with the secretariat of the NDCP to support the development of NSP Outlines based on the NDCP's activities and presence in partner countries.
- Both NSP Outlines and NSP Proposals from the AFOLU sector continue to face difficulties in terms of progressing to the respective next selection stage. They typically fall behind NSP Outlines/ NSP Proposals from other sectors when it comes to key selection criteria, such as the potential for upscaling, financial leverage, and triggering of private investment. This topic will be revisited in 2021 to identify a suitable way forward.
- Timely contract conclusion between the NFGA and NSOs remains challenging, but in 2020 a first NSP has been successfully contracted with UNDP as the NSO. Further contracts with IDB as the NSO of two NSPs are far advanced and expected to be contracted in early 2021.
- The mitigation plausibility checks introduced in 2020 have added a lot of value to both the assessment of NSP Outlines and NSP Proposals. As further lessons are drawn and systematically shared with potential applicants, NSOs, and the broader climate finance community these checks represent an important benefit added to the impacts of the NAMA Facility as a whole.
- Lastly, the impacts of Covid-19 are starting to be felt across the NAMA Facility portfolio. First delays have been reported, and extension requests from NSPs at all stages of the project cycle are under preparation. It is too early to estimate the full force that economic slowdowns will have in partner countries, and their impact on the viability of financial mechanisms provided by NSPs. However, it is likely that further delays will occur, and the achievement of impacts planned by individual NSPs and the NAMA Facility will suffer over time. Pragmatic tools to monitor the situation have been installed, and the TSU will follow this topic.

During the 4th Call, a competitive element at end of the DPP was introduced, and Donors have thenceforth taken decisions on the approval/rejection of NSP Proposals in so-called batches. The competitive element was communicated to all applicants from the beginning. More NSPs were selected for DPP support than could be funded in the 4th Call, and this over-programming necessitated competition at the Proposal stage. In 2020, Donors decided to approve three NSP Proposals for implementation, and to reject one NSP Proposal from the 5th Call. The approach on over-programming continuously supports the communication of the rejection of NSP Proposals, and generally maintains a high level of expectation of potential applicants. The Donors' decision-making on the approval of NSPs for implementation remains challenging because NSP Proposals – despite further efforts to align the duration of DPPs – continue to be ready for decision-making at different times. Batch discussions of NSP Proposals are meant to facilitate this process, and the introduction of two alternative terms for DPPs of either 12 or 15 months from the 7th Call onwards is intended to further streamline the receipt of NSP Proposals. However, factors beyond the control of either the TSU or the Donors will likely continue to result in NSP Proposals requiring decision-making at different times.

The number of grant agreements (DPP and implementation) concluded between the NFGA and applicants/NSOs has continued to increase significantly in 2020 compared to previous years. Several grant agreements ended and underwent auditing, and one lesson has already been learnt: While a very detailed budget can inhibit flexibility during implementation, clear guidance by the NFGA early on, during budget formulation, facilitates later invoicing of eligible costs. With this in mind, the TSU and the NFGA developed a more detailed budget structure for further NSPs selected and have reinforced the information and training to recipients of funding, both during the kick-off conversations, and over the course of the respective contracts' implementation.

The mandatory procedures of the NFGA foresee a yearly audit of payments invoiced by the contracting partner. The increase in withheld payments after audit results, as observed in 2019, has led to the refinement of contractual specifications on the side of the NAMA Facility Grant Agent to ensure that fewer audit findings are expected for the future. The TSU, together with the NFGA, will continue to provide advice and guidance to applicants/NSOs on their financial reporting and preparation of audits. Depending on the acceptance from applicants/NSOs, pre-audit checks and pre-invoicing checks will be offered by the TSU. The mandatory procedures from the NFGA foresee a yearly audit of payments invoiced by the contracting partner.

Frictions related to the contracting and auditing of contracts with applicants/NSOs by the NFGA during both the DPP and implementation of NSPs have led the NAMA Facility Board to request strengthened scope for private entities to participate as delivery organisations in the NAMA Facility. The NFGA has taken stock of the situation and signalled in autumn 2020 that it is better prepared to allow for such contracting. This step will hopefully further enlarge the circle of applicants for new NSPs from the Ambition Initiative Call onwards. Initial clarification requests have already been submitted by private entities as part of the Ambition Initiative Call, signalling an increased interest in the NAMA Facility. The documentation of the Ambition Initiative Call, launched in December 2020, has highlighted the increased scope of the NAMA Facility Calls, and the webinars and clarifications expected until the closure of the Call at the end of May 2021 will continue to raise awareness of this.

5 Assumptions and Risks

The NAMA Facility operates in a highly dynamic and complex environment. Its success rests on many assumptions. This section discusses general and specific assumptions and risks.

5.1 Assumptions

General assumptions for achieving the outcome include that:

- Countries consider NAMAs as building blocks for the implementation of NDCs;

- Additional domestic and/or international finance is available for NAMA implementation;
- The NAMA Facility support fills a niche in global climate finance architecture, so that support from NAMA Facility and GCF are seen as complementary by countries;
- The perceived and actual barriers and risks for low-carbon investments are reduced due to the NSP interventions; and
- The approved NSPs are implemented as intended and planned.

Output-specific assumptions are mentioned in the following subsections.

5.1.1 Output 1

For achieving Output 1 (“The NAMA Facility is established as a mechanism which efficiently allocates support to the implementation of ambitious and transformative NAMAs”), it is assumed that:

- Countries continue to develop NAMAs and to apply to the NAMA Facility for support;
- Donors continue to provide sufficient funding for the implementation of Calls of the NAMA Facility;
- Eligibility criteria for NSPs do not become more restrictive; and
- NSPs are implemented as intended and in a timely manner.

5.1.2 Output 2

For achieving Output 2 (“Additional public and private finance leveraged for low carbon investments and development in NAMA Support Countries”), it is assumed that:

- Sufficient domestic and international finance from public and private sources is made available for NAMA implementation; and
- NSPs are implemented as planned and in a timely manner.

5.1.3 Output 3

For achieving Output 3 (The NAMA Facility shares good practices and lessons learnt from NSPs to the global community), it is assumed that:

- The TSU is operational and sufficiently staffed until 2027; and
- There is a continued interest of the global community and Donors in the implementation of NAMAs.

5.1.4 Output 4

For achieving Output 4 (“National and local capacities and enabling environments to implement transformative NAMAs are in place”), it is assumed that:

- Institutions in partner countries have sufficient capacities to absorb and use technical assistance from the NAMA Facility; and
- The enabling environment triggered by the NSP in partner countries is implemented and enforced beyond the NSPs direct intervention and lifetime.

5.1.5 Output 5

For achieving Output 5 (“Partner countries implement and monitor transformative NSPs that produce sustainable co-benefits”), it is assumed that:

- There are sufficient M&E capacities available.

5.2 Risk Description

The risks mentioned below (and highlighted in previous Annual Reports) were again observed in 2020.

5.2.1 Delays in NSP Implementation and Disbursement of Funds.

This risk is considered high. Processes are slowed due to pending IPAs, delayed implementation and financing agreements, delayed appraisals, delayed approval procedures by Donors, and low capacities at Delivery Organisations/NAMA Support Organisations and implementing partners. Mitigation measures addressing the risk of delays include:

- A streamlined NAMA Facility Board approval procedure for NSPs;
- Capacities within the German government dedicated to IPAs and keeping IPAs a priority in the TSU;
- An intensified progress of agreement and monitoring of obligatory timelines with NSPs for the appraisals. Clear deadlines are applied for the Detailed Preparation Phases of NSPs selected in the 4th Call onwards; and
- TSU and external support for any implementing partners having insufficient capacities for NSP implementation.

5.2.2 Contracting Third Party Delivery Organisations/NAMA Support Organisations

Since the responsibility of the implementation is with the Third-party DOs/NSOs, the NFGA cannot assume liability for the delivery of results in NSPs with Third-party DOs/NSOs. Even though general rules for contracting are in place within GIZ and KfW to minimise risk and to ensure correct use of funds, higher effort is required for assessing eligibility, for evaluating NSOs, and for auditing. The TSU has meanwhile gained experience for better managing the process involving Third-Party DOs. This risk is considered medium.

5.2.3 Inconsistent Implementation of the NAMA Facility's M&E Framework

The first version of the M&E Framework was finalised and communicated to the NSPs at the end of 2015, but NSPs experience challenges in consistently operationalising and applying the M&E Framework in their specific sector and country contexts. Mitigation measures include increased guidance from the TSU, early communication of expectations to NSPs, internal M&E capacities in the NSPs, and facilitation of exchange between NSPs on M&E implementation (such as the virtual meetings with the NSPs, which take place twice a year). In addition, a revised version of the M&E Framework is in use since 2018. This risk is considered medium.

5.2.4 Deteriorating Country Context

The country risk (political, security, economic) is beyond the scope of influence by the NAMA Facility intervention. Risk mitigation includes a close monitoring via Donors' embassies/ delegations and the GIZ country offices, and could potentially also include the early termination of NSPs. This risk is considered medium.

5.2.5 Lower Mitigation Impact and Lower Transformational Potential than Initially Expected

The scope of influence is considered high, particularly before the approval of implementation of an NSP when Donors could reject the funding of an NSP. The TSU can mitigate this risk by providing enhanced intelligence during the NSP selection process (e.g. through onsite assessments), by explicitly communicating expectations prior to a Call and at the beginning of the appraisal phase/DPP, as well as close monitoring. This risk is considered medium.

5.2.6 Volatile Development of the GBP/EUR Exchange Rate

As a significant share of Donor funding is provided in a currency other than EUR, and the NAMA Facility commits funding for NSP implementation in EUR, the volatile development of the GBP/EUR exchange rate increases the risk of a funding gap.

The risk materialised in 2018 (with the depreciation of the GBP) and was addressed through an allocation of additional funds from BEIS.

The future volatility of the GBP/EUR exchange rate may require further quantitative adjustments. This risk is considered medium.

5.3 Risk Monitoring

The NAMA Facility risk monitoring is based on inputs and processes from various entities, such as the TSU, the NFGA, Donors, and the NSPs. In addition to existing processes, the NAMA Facility has introduced a streamlined NSP risk monitoring in November 2020, based on the NAMA Facility Risk Appetite Statement, as passed in December 2019. It serves as a tool to provide data and to present the aggregation of generic NSP risks on the portfolio level. The NAMA Facility Risk Monitoring will be conducted with every Annual and Semi-Annual Report, thus every six months. The 5 Key Risk Indicators show to which extent the NSPs estimate an impact on their project within the upcoming 6 months. The NAMA Facility Risk Monitoring is conducted for the first time as part of this NAMA Facility Annual Report 2020.

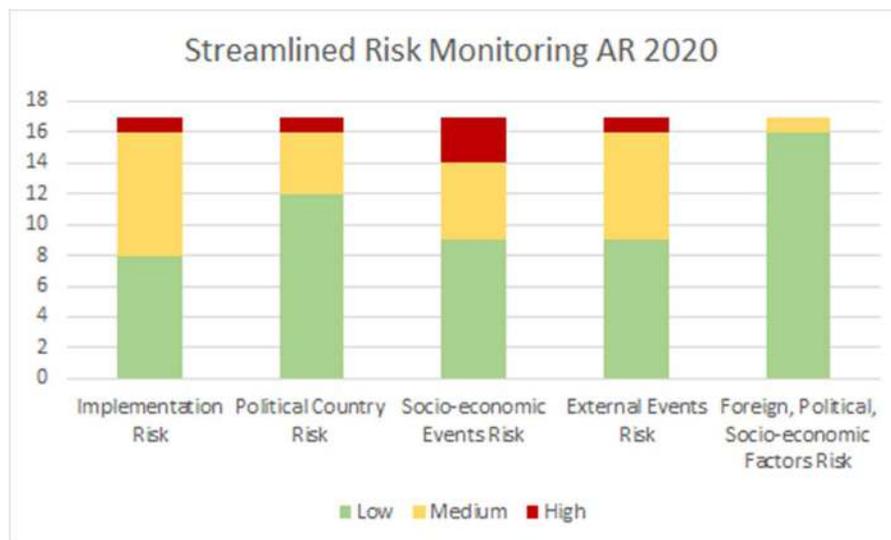


Figure 14: Streamlined Risk Monitoring for key risk indicators, based on number of NSPs with operational TC and/or FC (including Mexico SME and The Gambia Grid-connected Solar)

Key Risk Indicator 1: Implementation Risk

Implementation risk represents the risk that an NSP is not implemented in a timely manner. With 8 NSPs reporting low risks, 8 medium, and 1 NSP reporting high risks, this key risk indicator should be monitored closely.

Key Risk Indicator 2: Political Country Risk

The NF targets beneficiaries that are (or are domiciled in) developing countries, some of which possess characteristics (e.g. political and economic instability, lack of local level capacity and expertise, or above average exposure to events such as military conflict) which heighten the level of implementation risk associated with the NSPs. The NAMA Facility differentiates between political country risks and socio-economic country risks.

With 12 NSPs reporting low risks, 4 medium, and 1 NSP reporting high risks, this key risk indicator on political country risks is of a medium importance for 2020.

Key Risk Indicator 3: Socio-Economic Risk

With 9 NSPs reporting low risks, 5 medium, and 3 NSPs reporting high risks, this key risk indicator on socio-economic country risks is of rather high importance and should be monitored closely.

Key Risk Indicator 4: External Events Risk

External events risks represent the risk that external events (e.g. natural disasters, disease) will adversely affect the implementation and/or success of the NSPs. With 9 NSPs reporting low risks, 7 medium and 1 NSP reporting high risks, this key risk indicator is of medium importance.

Key Risk Indicator 5: Foreign, Political, Socio-Economic Factors Risk

Foreign, political, socio-economic factors risks represent the risk imposed by external factors such as global market developments or opposing global trends within the realm political and socio-economic developments. With 16 NSPs reporting low risks and 1 NSP reporting a medium risk, this key risk indicator is of lower importance for 2020.

6 Budget allocation and expenditures

6.1 Total budget committed by Donors

The total budget committed by the Donors in 2020 is approximately EUR 663m.

6.2 Total Budget Committed for TSU, Project Preparation, and Appraisal

The total budget committed by the Donors for the TSU, appraisal/DPP and M&E is EUR 48,317,501.