

5th Call of the NAMA Facility

Frequently Asked Questions (FAQs)

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Question	A) Eligible countries
FAQ 1	<p>Q: Which countries can apply?</p> <p>A: The country must be ODA-eligible throughout the NSP implementation; the country must be included in the OECD DAC list. Please note that the OECD DAC list is under review in 2017, applicants should check for updates on the OECD website.</p>
FAQ 2	<p>Q: Can a country apply in the 5th Call if the NAMA Facility already supports it in implementing NAMAs that were selected in previous Calls?</p> <p>A: Yes, it can. Previous decisions do not influence the funding decision of subsequent NAMA Facility Calls. The NAMA Facility seeks to select the most ambitious NSPs submitted in a Call; it does not have a regional or country-specific focus.</p>
FAQ 3	<p>Q: Can a country submit more than one NSP Outline in the 5th Call?</p> <p>A: Yes, it can. Please note that for each NSP Outline, a complete separate Outline should be submitted. Each Outline is assessed on its own merits based on the same selection criteria, regardless of whether it comes from the same or different countries.</p>
FAQ 4	<p>Q: Do least-developed countries (LDCs) have a chance to be selected?</p> <p>A: Yes, absolutely. Submissions to the NAMA Facility are assessed on their ambition and feasibility. The ambition level is assessed taking into account the country-specific context, including the overall mitigation potential and development level. NAMA Support Projects from LDCs have been selected in previous Calls of the NAMA Facility. The Donors of the NAMA Facility continue to encourage LDCs to develop nationally appropriate mitigation actions/programmes in relevant sectors and submit respective NAMA Support Projects for those mitigation actions/programmes that are already in an advanced development stage.</p>
FAQ 5	<p>Q: Are cross-border and /or regional projects eligible for funding in the 5th Call?</p> <p>A: NSPs in the cross-border but also regional context are eligible; however, the NSP would be evaluated as if the NSP were submitted by each country. So, for all countries involved, the political commitment, readiness, implementation structure, etc. would be assessed. Endorsement letters from national ministries of all involved countries are required.</p> <p>In addition, such cross-border or regional approaches would need to demonstrate a common “raison d’être”; for instance, several small island states of a region could join forces within one NSP in order to achieve a reasonable project size. However, it would be difficult to make a case for the common raison d’être simply because an organisation is active in three or four countries across a continent.</p>

Question	B) Eligible sectors and technologies
FAQ 6	<p>Q: Are there any eligibility criteria or restrictions of the NAMA Facility regarding certain sectors and technologies?</p> <p>A: The NAMA Facility has no sectoral focus; therefore, in principle, NSPs from all sectors with a relevant mitigation potential are eligible. It is, however, required to demonstrate that the NSP supports transformational change towards a low-carbon pathway. The NAMA Facility’s interpretation of transformational change encompasses a significant technological paradigm shift that is quicker than business-as-usual, irreversible/permanent (i.e. not slipping back to the situation before the project) and that there is a strong political will and commitment to implement these changes. Therefore, certain technologies targeting a fossil fuel switch, a reduction of gas flaring,</p>

upgrading and modernising fossil fuel-based energy generation (e.g. coal) are likely to find it challenging to demonstrate the potential for transformational change. Based on the assessment of proposed NSPs from previous Calls, the NAMA Facility has compiled lessons learned for certain (sub-)sectors and technologies, including waste, energy efficiency in buildings, cook stoves, forestry and agriculture and supply chain approaches [see [webinar](#) and [presentation](#)]. Applicants are strongly advised to consult these and other NAMA Facility dissemination sources.

- FAQ 7 Q: Are technological pilots and research projects eligible for funding?**
 A: Research projects and piloting of new technologies, which are not yet commercially available on the global market, are ineligible, whereas demonstrating an available technology that is new in a certain country context would be considered eligible.
- FAQ 8 Q: Are individual investment projects eligible?**
 A: No, the NAMA Facility supports governments and their implementing partners in implementing (sub-) sector-wide mitigation actions rather than single investment projects such as one PV plant or the refurbishment of a single building.

Question	C) Eligible applicants
FAQ 9	<p>Q: What is the difference between an Applicant and an Applicant Support Partner?</p> <p>A: As the NAMA Facility cannot directly contract national ministries for the Detailed Preparation Phase due to administrative reasons, if the Applicant is a national ministry, then the NAMA Facility requires an Applicant Support Partner (i.e. a legal entity) as the contracting partner. This legal entity could also submit the Outline itself if it has sufficient endorsement from the relevant national ministries. In this case, the legal entity would be called the Applicant. In either case, sections 1.2., 1.3. and 1.4. of the Outline template must be completed and endorsement letters from the national ministries must be submitted.</p>
FAQ 10	<p>Q: What kind of legal status should the Applicant/Applicant Support Partner have?</p> <p>A: When the NSP Outline is not submitted by a national ministry, the Applicant/Applicant Support Partner should be a public benefit legal entity. All Applicants/Applicant Support Partners need to demonstrate that funds provided by the NAMA Facility serve and will be spent in line with the public benefit purpose in the context of international cooperation for sustainable development. Support granted by the NAMA Facility may not provide an economic advantage to the Applicant/Applicant Support Partner or any of the implementing partners.</p>
FAQ 11	<p>Q: Can a sub-national government unit submit a NAMA for funding from the NAMA Facility?</p> <p>A: The NSP needs to be endorsed by the national government. National ministries and/or qualified entities as defined in the General Information Document can submit a NAMA Support Project to the NAMA Facility. A sub-national government body can be a key implementing partner as defined in the General Information Document in section 3.5.</p>
FAQ 12	<p>Q: Can a legal entity act as Applicant/Applicant Support Partner and NAMA Support Organisation (NSO)?</p> <p>A: Yes, a legal entity can act as Applicant/Applicant Support Partner and NSO if it complies with the capacity requirements for NSOs. The distinction between the two roles was introduced to extend the possibility to participate in the 5th Call to entities that have the experience and capacity to design projects without necessarily having the mandate, experience or capacity to implement them. Note that the capacity</p>

requirements for NSOs are higher than those for Applicants/Applicant Support Partners.

FAQ 13 Q: What is the requirement for a consortium to apply?

A: A consortium needs to fulfil the eligibility and capacity criteria as stated in the General Information Document, section 5.1. A leading partner should be identified and the roles of all consortium partners must be well-defined and justified. The NAMA Facility does not set an upper limit to the number of organisations in a consortium but recommends keeping the number as small as possible. A formalised consortium is not a prerogative for two eligible entities to co-operate under one NSP.

Questions D) Eligible support instruments in NSPs

FAQ 14 Q: What financial mechanisms and products can be supported by the NSP?

A: At the level of NAMA Support Projects, funding provided by the NAMA Facility is expected to leverage public and private funds in order to make best use of this grant. This leverage can be achieved by a variety of financial mechanisms and products. The chosen mechanism or product should be the most appropriate and feasible one to overcome identified key barriers. Potential mechanisms include (but are not limited to) guarantee schemes for commercial loans, soft loan programmes, and even direct grant payments. All supported financial mechanism need to demonstrate that the subsidy element does not crowd out commercial finance (it should “crowd in” commercial finance), that it is the most efficient and effective solution for overcoming a certain barrier and that there is a clear phase out concept for the subsidy or other ways to ensure a sustainable impact of the financing mechanism beyond the NSP’s lifetime. The NAMA Facility does not set a rule for the percentage blend of subsidies/credits/equity, etc., but the choice and mix of instruments should be adequately justified.

Applicants are strongly advised to consult the NAMA Facility’s [factsheet](#), the [presentation](#) and [webinar](#) on financial mechanisms and their links to transformational change.

FAQ 15 Q: Will the project units installed with the support from the NAMA Facility be eligible to earn carbon credits, e.g. to ensure a sustainable funding mechanism for the operation of the units?

A: In order to ensure the additionality of greenhouse gas reductions and of the Donors’ contribution to international climate finance, no emissions certificates or other emissions credits (such as CERs or VERs) generated by NAMA Support Projects may be traded on the market either during or after the NSP term. Certificates generated with the support from the NAMA Facility must be permanently cancelled. The NAMA Facility funding may be used for the generation of emission reduction certificates for the voluntary market (VER) insofar as they are of good quality, verifiable and demonstrably used to ensure the sustainable funding of climate protection projects in the fields of agriculture, forestry or land use.

FAQ 16 Q: Are there any restrictions or limitations for the use of NAMA Facility funding for technical cooperation?

A: No, there are no restrictions with regard to the types of technical support measures. However, the technical assistance should be linked to and enable investments in low-carbon technologies.

The NAMA Facility does not apply a minimum ratio between the requested funds for financial and technical support to cater for the different needs of support in different countries and sectors. Nonetheless, it is expected that the NSP can demonstrate that the funding provided by the NAMA Facility directly leverages funding from other sources for investments into climate friendly technologies.

While NSPs approved for implementation from previous Calls have had an average TC to FC support ratio of 40/60, the NAMA Facility is aiming to increase the ratio of FC support in future projects.

Questions E) Submission of NAMA Support Project Outlines

FAQ 17 Q: How many endorsement letters from national ministries have to be submitted with the Outline?

A: Each NSP Outline submitted to the NAMA Facility should include an endorsement letter of the relevant national ministry in charge of climate change AND the national sector ministry/ies concerned; therefore, typically two endorsement letters are expected.

Only if the ministry in charge of climate change is also the responsible sector ministry, then one endorsement letter from this ministry would be sufficient.

FAQ 18 Q: What is the expected content of the endorsement letter and the level of signatory in the endorsement letters?

A: The endorsement letter should be signed by a duly authorised representative of the ministry. Annex 1 of the Outline template (on the endorsement letters) lists aspects which could be considered in the governmental endorsement letters. The national ministries providing the letters are free to formulate the letter as they deem appropriate. Endorsement letters are carefully studied during the assessment process as an indicator of national political commitment and embeddedness.

FAQ 19 Q: Can further annexes be submitted with additional information, i.e. will they be taken into account during the assessment process?

A: The NAMA Facility does not expect any additional annexes and cannot guarantee that these will be taken into account during the assessment of the NSP Outline.

Questions F) Selection criteria

FAQ 20 Q: Is there any minimum ratio for the financial leverage, i.e. between the requested grant from the NAMA Facility and the mobilised public and private finance?

A: No, the NAMA Facility does not require a minimum financial leverage; however, during the assessment of Outlines the leverage ratio is taken into consideration in the country- and sector-specific context. NAMA Support Projects that have been selected in previous Calls propose an average financial leverage factor of 1:7, i.e. each Euro of NAMA Facility funding provided to NAMA Support Projects mobilises a further seven Euros in additional investment.

FAQ 21 Q: Will a NSP score decrease in the assessment if it provides more conservative estimates with regard to its mitigation potential and financial leverage potential?

A: All assumptions underlying the mitigation potential and financial leverage should be realistic and in case of uncertainties, applicants should rather take a conservative approach. In particular, emission reductions over the lifetime of infrastructure projects should take into account the temporal impacts of planning and timescale of

investments, including allowances for permitting, planning and procurement, amongst others, in relation to the lifetime of the NSP. During the assessment of Outlines, the underlying assumptions and numbers are subject to rigorous plausibility checks.

Please note that if the fully fledged Proposal that is eventually developed deviates from the initial Outline in terms of significantly lower ambition criteria (not only direct mitigation and financial leverage, but also transformational change), the NSP risks not passing the threshold for funding consideration. Therefore, applicants are encouraged to base their estimates on conservative figures.

FAQ 22	<p>Q: What is the difference between direct and indirect mitigation potential?</p> <p>A: The direct mitigation potential refers to GHG emission reductions as a result of investments that were directly benefitting from the support of the NSP, in particular its financial support mechanism(s). In contrast, the indirect potential refers to GHG emission reduction that cannot be directly linked to the NSP intervention because of an attribution gap, e.g. if the NSP supports the amendment of a regulatory framework that might result in more climate-friendly investment decisions.</p> <p>The NAMA Facility considers both, the direct and indirect mitigation potential, as very relevant selection criteria. Therefore, both effects should be indicated and substantiated in the NSP Outline. The GHG calculation tool is recommended for determining the mitigation potential. Applicants are encouraged to submit the calculation as an annex to the Outline (non-mandatory). Further guidance on determining the direct mitigation potential is provided in the NAMA Facility's Guidance Sheet.</p>
FAQ 23	<p>Q: How does the NAMA Facility assess the scalability of a NSP in the context of transformational change?</p> <p>A: During the assessment process, it is checked whether a scaling-up or replicability is foreseen at the national or even regional level. Specific activities planned and / or financial mechanism(s) aiming at scaling-up or replication are elements to support the assumption that a NSP can achieve impacts beyond the NSP boundaries.</p>
FAQ 24	<p>Q: What kind of information do you expect on whether the funding is secured?</p> <p>A: For each distinct direct funding source used for the NSP implementation (including contributions from the public sector, private sector and from other donors), the degree to which the funding has been secured should be clarified, whether it is an existing funding stream, firmly committed or simply earmarked (e.g. included in the national budget plan approved for a certain year; or, has been in principle agreed without a formal commitment).</p>
FAQ 25	<p>Q: Can NAMA Facility funding be combined with funding from other funds, e.g. bilateral or international, such as GEF, GCF?</p> <p>A: Yes, NAMA Facility funding can be combined with funding from other sources. However, the additionality of the NAMA Facility funding must be demonstrated.</p>

Questions	G) Detailed Preparation Phase (DPP)
FAQ 26	<p>Q: Is there a budget limit for the Detailed Preparation Phase?</p> <p>A: No, there is no explicit upper limit for the DPP. Nevertheless, it should be kept in mind that large budgets requested for the detailed preparation could be an indicator that the NAMA Support Project is actually not ready for implementation. The appropriateness of the requested funding will be assessed on a case-by-case basis.</p>

As part of the finalisation of the DPP concept before a funding agreement is concluded, amendments to the budget might be necessary and will be negotiated with the applicant. The budget as part of the DPP concept is subject to approval by the NAMA Facility Board. During the DPP itself, increases to budgets are not foreseen.

FAQ 27 Q: Is the NAMA Facility's pre-selected expert pool for the Detailed Preparation Phase (DPP) mandatory or can we select our own experts for the DPP?

A: The DPP expert pool is an offer to NSPs that helps to identify scarce services and save time in otherwise potentially lengthy tender procedures. It is to support applicants to stay within the maximum DPP limit of 18 months and to develop the NSP, especially the financing mechanism, in line with the requirements of the NAMA Facility.

Please note that in certain cases, the approval of the DPP concept might be conditioned on the use of external expertise e.g. from the DPP expert pool to ensure that the DPP proceeds on time and in line with the NAMA Facility objectives.

FAQ 28 Q: If a NSP needs a feasibility study, can this be a part of the DPP or project implementation?

A: The need to conduct comprehensive feasibility studies at either the DPP or the implementation stage of the NSP would raise concerns as to the readiness of the NAMA. However, feasibility studies for specific aspects, e.g. of the financing mechanism, might be necessary and can be part of the DPP.

FAQ 29 Q: Is the NSP proposal template publicly available?

A: The NSP proposal template for NSPs from the 5th Call will be available in spring 2018. The [proposal template for NSPs from the 4th Call](#) is published at the NAMA Facility's website and may serve applicants as an indication for the expected level of detail.

Last but not least...

Could you not find an answer to your question?

In line with our [clarification policy for the 5th Call](#), please submit your question in writing to contact@nama-facility.org. We will publish the clarification on the NAMA Facility's website and also respond to your query directly. You can also submit your question during webinars dedicated to the 5th Call on 29 November 2017 and 31 January 2018.