

# Monitoring and Evaluation Framework

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On behalf of



Federal Ministry for the  
Environment, Nature Conservation,  
Building and Nuclear Safety



Department  
of Energy &  
Climate Change



DANISH MINISTRY OF ENERGY,  
UTILITIES AND CLIMATE



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# 1. Introduction and purpose

According to the United Nations Framework Convention on Climate Change (UNFCCC), Nationally Appropriate Mitigation Actions (NAMAs) refer to any action that reduces emissions in developing countries in a measurable, reportable and verifiable manner, and that is prepared under the umbrella of a national governmental initiative and in line with their national development goals. They can be policies directed at transformational change within an economic sector, or actions across sectors for a broader national focus. NAMAs are supported and enabled by technology, financing and capacity building, and their role is to achieve a reduction in emissions relative to business-as-usual emissions in 2020. The NAMA Facility provides tailor-made support for the implementation of highly ambitious NAMA Support Projects (NSP) that fit into the context of a broader NAMA and that need to have the potential to catalyse transformational change in a partner country towards a low-carbon development path.

## What is the difference between a NAMA and an NSP?

NAMAs are conceived as sector-wide programmes that are national in scope. NSPs contribute to the most transformative elements of the overarching NAMA in which they are embedded. They need to fit into the context of a broader NAMA and need to have the potential to catalyse transformational change in a partner country towards a low-carbon development path. Capturing the conditions for this transformation through regular monitoring and evaluation is crucial to understand how successful NAMA Facility is in practice.

One important aspect of the implementation of national NAMAs is the need to demonstrate progress on their core objectives – i.e. on greenhouse gas (GHG) emission reductions – as well as on sustainable development co-benefits in a systematic and verifiable manner. National-level monitoring, reporting and verification (MRV) frameworks are required and under development in a number of partner countries. Sound and systematic monitoring, data collection and reporting like that required for NSPs can contribute to and further enhance national-level MRVs; however the requirements for monitoring, data collection and reporting for projects are not identical to the requirements for data collection for national systems. That said, a considerable number of NSPs incorporate specific MRV support components, and information collected for MRV frameworks can feed into the NAMA Facility’s monitoring and evaluation (M&E) framework.

In addition to presenting the NAMA Facility’s M&E framework, this document underlines the importance of monitoring and evaluation for both the individual NSP and the overall NAMA Facility, for managing the overall NAMA Facility, for reporting on progress made in implementation, and for ongoing learning and improvement processes. To ensure proper reporting on the overall NAMA Facility, harmonised M&E systems need to be put in place. Guidance on setting up M&E for individual NSPs is provided in a separate document.

**Monitoring and evaluation** is fully integrated into the project management of the NAMA Facility. The monitoring process, which is described in the NAMA Facility logframe (see Annex 1), is indicator-based and provides a transparent and systematic means of gathering knowledge and lessons learned.

### **The overarching objectives of NAMA Facility monitoring and evaluation**

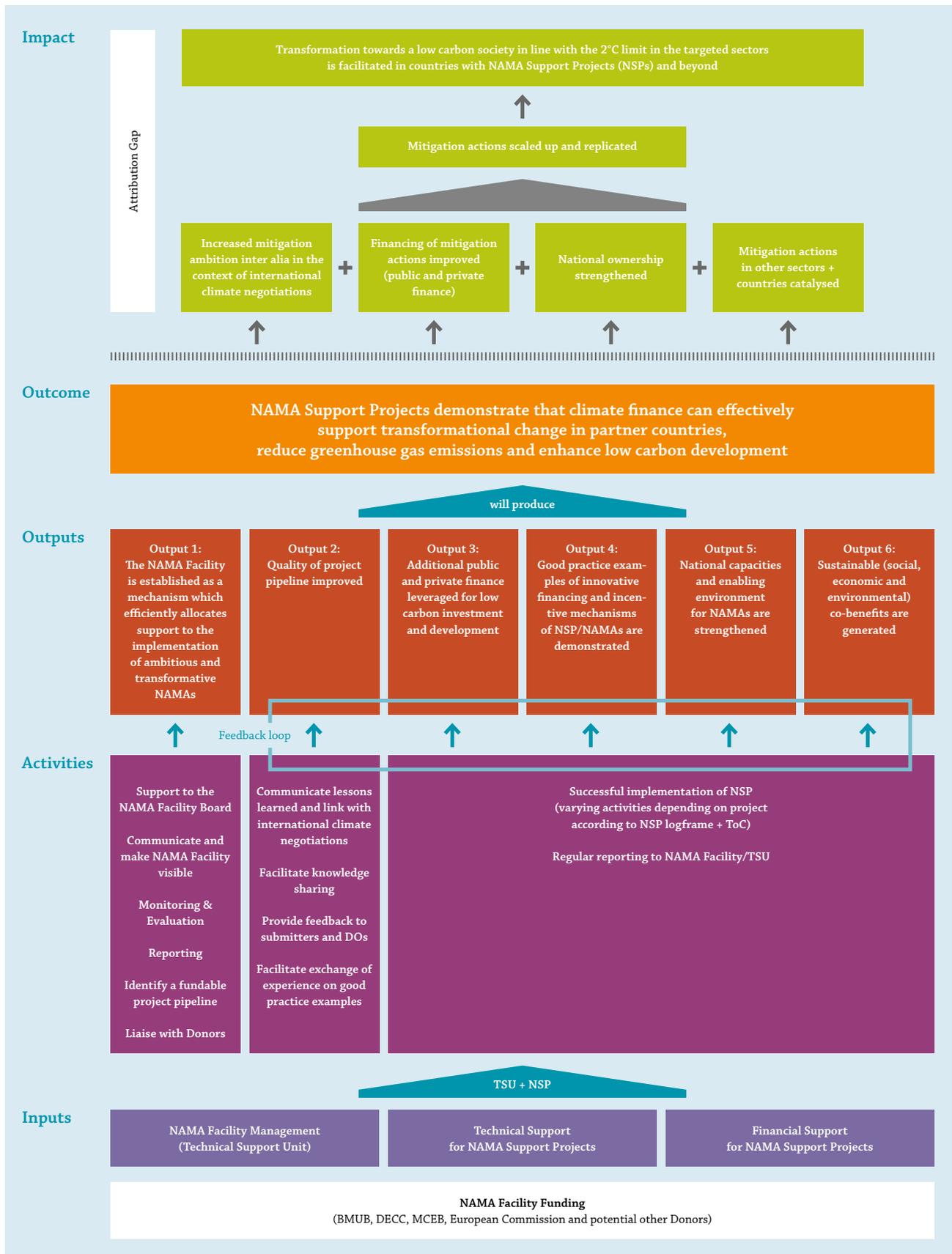
**a.** To promote accountability with regard to the achievement of NAMA Facility objectives by assessing NSP results. NSP and NAMA Facility results will be monitored and evaluated to determine how they contribute to reducing GHG emissions.

**b.** To promote learning, feedback and knowledge sharing of the results achieved and experiences gained by the NAMA Facility and NSPs. These processes then form the basis for decision-making on policies, strategies and project/programme management, and they enhance knowledge and performance.

This document contains information on:

- the NAMA Facility's overall theory of change (ToC);
- the NAMA Facility logframe;
- key features of the NAMA Facility's M&E framework;
- resources and governance arrangements for M&E;
- deliverables and timetables for reports and evaluations;
- risks and risk monitoring.

**Figure 1: The theory of change for the NAMA Facility**



## 2. The overall theory of change of the NAMA Facility

The NAMA Facility is a programme that funds NSPs to implement ambitious, transformational and country-led elements of NAMAs. It encourages innovative approaches for fostering climate-friendly investment and helps developing countries move towards low-carbon development. A variety of projects across all sectors are supported with both technical and financial assistance in order to mobilise additional public and private funding and demonstrate that low-carbon development has the potential to benefit society as a whole.<sup>1</sup> The initiative is funded by a number of European Donors and is managed by a technical support unit (TSU) that, in addition to its secretariat, management and M&E functions, promotes the exchange of lessons learned. In so doing, the TSU contributes to the continuous improvement and quality management of NSPs and of the overall NAMA Facility.

The ToC illustrates how the different kinds of support provided by Donors serve as inputs to both the TSU and individual NSPs. The TSU provides feedback to NSP applicants and even more frequently to implementers of approved NSPs. It also facilitates the exchange of lessons learned and, in this way, improves the design and implementation of NSPs. The TSU is directly responsible for the delivery of two outputs: Output 1 – the functioning and management of the NAMA Facility; and Output 2 – the improvement of the project pipeline. As the NSPs form part of a wider NAMA, their role is to support the implementation of these broader national NAMAs, which operate across various sectors and

a wide range of countries. NSPs can showcase the advantages of new financing mechanisms and demonstrate how these mechanisms make low-carbon investment more attractive. NSPs strengthen the capacities of relevant national actors by improving how these actors deal with low-carbon development, and they demonstrate how the process to develop a low-carbon society can create additional positive (social, economic and environmental) benefits. These effects are reflected in Outputs 3, 4, 5 and 6 (see Table 1 below), which are to be delivered by the individual NSPs. The TSU monitors these specific outputs on behalf of the overall NAMA Facility by collecting and assessing information from operational NSPs and then feeding this information back to the projects and out to the broader NAMA community.

A broader outcome sought from the joint efforts of NSPs and the TSU is that they will gain enough experience to prove that climate finance can effectively support transformational change, reduce GHG emissions and enhance low-carbon development.

This experience and learning can then be fed into national and international discussions in order to inspire investors and make them more willing to finance mitigation actions. Mitigation actions in additional sectors and countries will also be catalysed and national ownership of mitigation actions strengthened, which will, in turn, influence ambitions for national action on mitigation for discussion in international climate negotiations. Finally, through scaling up and replication, increasing numbers of sectors and countries will move towards the creation of low-carbon societies that operate in line with the implications of the 2°C limit.

### 1 All NSPs must:

- have direct and indirect greenhouse gas mitigation potential;
- be embedded in national policies, strategies and targets;
- contribute to transformational change in the targeted sector(s);
- contribute to sustainable development co-benefits;
- be feasible;
- contribute to mobilising public and private funding.

### 3. The NAMA Facility logframe

The logframe describes the overall design and scope of a project, and provides a framework for monitoring project implementation. Compared to the results chain, which is illustrated in the ToC (and reflected in the first column of the logframe), the logframe provides more operational details, which then form the basis of the M&E plan. The logframe includes indicators with baselines and targets for measuring progress made towards achieving the planned outputs, outcome and impact. The 'sources of verification' are the data that need to be collected for verifying the indicators, and the assumptions and risks column contains the factors that may affect the achievement of the desired results.

The NAMA Facility logframe includes six outputs, which are the same as those set out in the above ToC. Two of these fall under the direct managerial responsibility of the TSU, while the other four are mainly to be delivered by the individual NSPs. These outputs are obtained through a joint effort and through the combination of financial and technical cooperation instruments employed when implementing the NSPs. The TSU supports these efforts by providing feedback and exchanging lessons learned. In this way, the NSPs and TSU together work towards achieving the outcome set for the NAMA Facility, and the success of the NAMA Facility likewise depends on the combined performance of the NSPs and TSU.

The NAMA Facility logframe in Annex 1 shows how the NSP logframes feed into the logframe of the overall NAMA Facility.

Progress, achievements and the success of the overall NAMA Facility will be measured using five mandatory core indicators (M1 to M5, detailed in Annexes 2 to 6) that all NSPs must include in their project logframes. The responsibility for monitoring and reporting on the five indicators can be divided up between the technical cooperation (TC) and

financial cooperation (FC) components of the overall NSP.

#### Text box 1: Mandatory core indicators

- M1** Reduced GHG emissions
- M2** Number of people directly benefiting from NAMA Support Projects
- M3** Degree to which the supported activities are likely to catalyse impacts beyond the NAMA Support Projects (potential for scaling up, replication and transformation)
- M4** Volume of public finance mobilised for low-carbon investment and development
- M5** Volume of private finance mobilised for low-carbon investment and development

In their annual reports, NSPs must describe the status of the mandatory core indicators against agreed milestones and targets. The information submitted will be aggregated by the TSU, which then reports to Donors on the overall progress made by the NAMA Facility. The TSU and NSPs will provide baseline values, milestones, and targets for the years 2019, 2022 and 2024<sup>2</sup> as well as end-of-project target values for the five mandatory core indicators of the NAMA Facility.

In addition to the mandatory core indicators, NSPs monitor the performance of the project and its progress against sector-specific indicators. While NSPs are free to set these indicators themselves,

<sup>2</sup> 2019 is the year in which the implementation of the first NSP completes, 2024 is 10 years after the start of the first NSP, and 2022 is an intermediate year between the other two.

the NAMA Facility logframe does provide optional example-indicators that NSPs can use. One or two **sector indicators** describe the change in the characteristics of the sector that, in general, occurs at the outcome level of the overall project and/or project component. **Project-specific indicators** state the quality, quantity and delivery time frame of project-specific deliverables/outputs. Different to the mandatory core indicators, sector and project-specific indicators cannot be aggregated at the NAMA Facility level. However, the TSU will use the information provided on these indicators to formulate a narrative description of the status of and progress made on Outputs 3, 4, 5 and 6. NSPs must therefore report on all indicators included in their logframes in order to provide the TSU with sufficient information for the overall NAMA Facility progress reporting.

## 4. The NAMA Facility monitoring and evaluation framework

The monitoring and evaluation framework covers two levels:

1. the NAMA Facility level, where responsibility for managing the M&E falls to the TSU;
2. the NSP level, where responsibility for managing the M&E falls to the Delivery Organisations (DOs) for the FC and TC components.

The results achieved at the NSP level form part of the results of the NAMA Facility's overall project portfolio and are therefore included in the aggregated outcome for the overall NAMA Facility.

### Text box 2: Definition of monitoring and evaluation

**Monitoring** is a continuous or periodic function that involves the systematic collection of data (qualitative and quantitative) for the purposes of keeping activities on track. It is first and foremost a management instrument.

**Monitoring asks:** ›Are we on track?‹

**Evaluation** is a systematic and impartial assessment of an activity, project, programme, strategy, policy, sector or focal area. It aims to determine the relevance, impact, effectiveness, efficiency and sustainability of the interventions and contributions of the involved partners. An evaluation should provide evidence-based information that is credible, reliable and useful, enabling the timely incorporation of findings, recommendations and lessons in decision-making processes.

**Evaluation asks:** ›Are we on the right track?‹

### 4.1 Monitoring

Common minimum requirements for monitoring are as follows:

- Projects must have an M&E plan (see Annex 7).
- M&E plans must be based on the logframe and must contain the relevant indicators and baseline and target values. Targets should be expressed in absolute figures. To measure and report on how the overall NAMA Facility project portfolio is progressing, NSPs are asked to provide target values for the mandatory core indicators for the years 2019 (when implementation of the first NSP completes), 2022 (intermediate year) and 2024 (10 years since the implementation of the NAMA Facility first began).
- Tentative dates for evaluation(s) must be set.
- Quality assurance mechanisms must be put in place.
- The M&E plans must include risk monitoring.

In addition to following up on the implementation of the individual NSPs based on their reporting, the TSU monitors the overall performance of the NAMA Facility. The TSU is directly responsible for collecting data on and monitoring Outputs 1 and 2 using the NAMA Facility logframe; the monitoring of Outputs 3 to 6 is based on the NSP reports. Monitoring data should include results indicators (monitoring whether outputs are being delivered, and project outcomes and impacts are set to be achieved) as well as process indicators and milestones (monitoring the execution of activities). Using these process indicators and milestones, the TSU and Donors can ascertain whether the project is on track.

The M&E plan has to be submitted one year after NSP implementation has begun, with the first annual report, and then updated annually.

## 4.2 Evaluation

Evaluations (at the NAMA Facility level) complement the monitoring process, enabling a more in-depth analysis of strategic issues and the assessment of the effects and possible impacts of supported actions.

The results of the NSPs as well as the performance of the TSU and the overall NAMA Facility are regularly evaluated using the standard evaluation criteria. Evaluations of the NAMA Facility are based around five major evaluation criteria,<sup>3</sup> which do not all need to be systematically reviewed in all cases. The criteria are as follows:

- **Relevance:** The extent to which the intervention is suited to the priorities and policies of the target group, recipients and Donors.
- **Effectiveness:** A measure of the extent to which an intervention attains its objectives.
- **Efficiency:** Efficiency measures outputs – qualitative and quantitative – in relation to inputs. It is an economic term which signifies that the intervention uses the least costly resources possible in order to achieve the desired results. This generally involves comparing alternative approaches to achieving the same outputs to see whether the most efficient process has been adopted.

- **Impact:** This is the positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended. This involves the main impacts and effects resulting from the activity on the local social, economic, environmental and other development indicators. The examination should be concerned with both intended and unintended results and must also include the positive and negative impact of external factors such as changes in the terms of trade and financial conditions.

- **Sustainability:** Sustainability is concerned with measuring whether the benefits of an intervention are likely to continue after Donor funding has been withdrawn. Projects should therefore be not only socially and environmentally sustainable, but also economically sustainable.

The requirements of the NAMA Facility evaluation are in line with national and international standards and are based on the principles of impartiality, independence, credibility, partner involvement, usefulness and transparency.

To ensure transparency, and in particular to enhance learning and make the best use of evaluations, executive summaries of the NSP and NAMA Facility evaluations will be published on the NAMA Facility website.

The following table provides an overview of the different types of evaluations and how to manage these evaluations in a way that ensures accountability and makes best use of the lessons learned from the NSPs and the overall NAMA Facility.

<sup>3</sup> Evaluation criteria defined by the Organization for Economic Co-operation and Development's Development Assistance Committee (OECD DAC).

**Table 1: Evaluations in the context of the NAMA Facility**

Type of evaluation	Main foci	Timing	Management and budget
<b>Mid-term evaluation of NSPs</b>	<ul style="list-style-type: none"> <li>Formative evaluation management tool for drawing out lessons learned and the orientation (and, possibly, re-orientation) of implementation going forward.</li> <li>Quality improvement.</li> <li>Ensuring a strong focus on efficiency.</li> </ul>	<p>At the mid point of the project time frame and a minimum of two years following commencement.</p> <p>Not applicable for NSPs with an overall project time frame of less than three years.</p>	<p>Joint evaluation of the FC and TC components and/or overall project. This will be put out to tender (TSU intends to bring in independent evaluation experts) and managed by TSU under a GIZ/KfW contract.</p> <p>This forms part of the TSU budget. The TSU will propose an overall budget for the evaluations that will need to be included in BMUB’s commissioning of KfW/GIZ.<sup>4</sup></p>
<b>First mid-term evaluation of the NAMA Facility</b>	<ul style="list-style-type: none"> <li>Formative evaluation to draw out lessons learned, provide orientation and enable evaluation.</li> <li>Reorientation looking at NSPs and the TSU.</li> <li>Realignment of strategies.</li> <li>Quality improvement.</li> <li>Strong focus on relevance, and on efficiency and effectiveness.</li> </ul>	<p>Last quarter of 2015: preparation of the terms of reference (ToR); invitation to tender.</p> <p>First quarter of 2016: award of contract; evaluation process commences.</p> <p>Second quarter of 2016: finalisation of the evaluation report.</p>	<p>ToR prepared by TSU with Donor input. Independent evaluation experts are recruited and managed by TSU under a GIZ/KfW contract.</p> <p>Donors are included in the evaluation steering committee.</p> <p>The costs of the evaluation are included in the TSU budget (i.e. it is already budgeted for).</p>

<sup>4</sup> Pending Donors’ budgetary decisions.

<b>End-of-project evaluation of NSPs</b>	<ul style="list-style-type: none"> <li>Summative evaluation to draw out lessons learned, review accountability and make recommendations for phasing out and scaling up.</li> <li>Strong focus on overall relevance, effectiveness, expected sustainability and expected impact.</li> </ul>	Close to the end of the project lifetime (six months before the project concludes).	<p>Joint evaluation of the FC and TC components and/or overall project.</p> <p>This will be put out to tender (TSU intends to bring in independent evaluation experts) and managed by TSU under a GIZ/KfW contract.</p> <p>This forms part of the TSU budget. The TSU will propose an overall budget for the evaluations that will need to be included in BMUB's commissioning of KfW/GIZ.<sup>5</sup></p>
<b>Ex-post evaluation of the NAMA Facility</b>	<ul style="list-style-type: none"> <li>Summative evaluation to draw out lessons learned and look at the outcome and impacts achieved across the whole project portfolio.</li> <li>Strong focus on effectiveness and the broader impact.</li> </ul>	Following the closure of the NAMA Facility.	<p>Management by the Donors or Delivery Organisations (KfW/GIZ).</p> <p>A separate order (and budget) is needed for an ex-post evaluation.</p> <p>The costs of this particular evaluation need to be covered by the Donors.</p>
<b>Evaluations specifically requested by Donors</b>	These can be on any strategic or thematic question of special interest. They can focus on individual NSPs, on a set of NSPs, or on the TSU.	At any point in the lifetime of the NAMA Facility.	<p>This will be put out to tender (TSU intends to bring in independent evaluation experts) and managed by TSU under a GIZ/KfW contract.</p> <p>This forms part of the TSU budget. The TSU will propose an overall budget for the evaluations that will need to be included in BMUB's commissioning of KfW/GIZ.<sup>6</sup></p>

<sup>5</sup> Pending Donors' budgetary decisions.

<sup>6</sup> Pending Donors' budgetary decisions.

All evaluations of the NSPs, TSU and overall NAMA Facility should be carried out by external independent evaluators. Accordingly, TSU intends to contract with independent evaluation experts.

The type and time of the evaluation will determine whether it is more process oriented (providing feedback on past implementation phases and recommendations for the next implementation period) or more summative (focusing on the achievement of outcomes and its contribution to the expected impact of the NAMA Facility).

All NSPs (FC and TC components) will be jointly evaluated when the project's implementation completes. For NSPs with an overall lifetime of more than three years, a mid-term evaluation will also be carried out. This evaluation is understood as a management tool for drawing out lessons learned and providing recommendations for revising implementation going forward.

Where requested by Donors or the TSU, NSPs can be subject to evaluations looking at broader strategic issues at any time (meta-evaluation). All Donors can contribute to the design of the evaluation study (terms of reference) and be part of the steering committee managing the evaluation contract. The Donors will cover the costs of these evaluation activities.<sup>7</sup>

Furthermore, as NSPs are part of the overall NAMA Facility project portfolio, they might be included in evaluation exercises carried out at the NAMA Facility level (i.e. the NAMA Facility mid-term and ex-post evaluations).

For the **overall NAMA Facility**, two evaluations are required. A first **mid-term evaluation** of the overall NAMA Facility will be carried out by an independent

consultant in the first and second quarter of 2016 and will consider the portfolio of projects approved at that point. The overall strategy of the NAMA Facility, its governance, and the work of the TSU and of the supported NSPs will also be analysed, focusing on efficiency and effectiveness, and also on the likelihood that the agreed outcome and impact will be achieved. The evaluation should highlight lessons learned that can be used to improve the NAMA Facility's implementation, scale or focus and to inform similar initiatives.

Depending on the lifetime of the NAMA Facility, additional mid-term evaluations might be carried out.

An **ex-post evaluation** of the overall NAMA Facility will be carried out after its closure. This evaluation will focus heavily on outcomes and impacts, should provide comprehensive evidence on the effects of the supported actions, and should lead to a final judgement on the overall performance of the NAMA Facility.<sup>8</sup>

Additional evaluations will be conducted during the NAMA Facility's lifetime should the Donors deem the findings of such evaluations to be useful for improving the NAMA Facility's implementation, scale or focus.

## 4.3 Monitoring and evaluation deliverables

Information gathered through monitoring and evaluation feeds into different documents, which then have to be submitted to different stakeholders. The most important deliverables in this context are the regular progress reports, the final reports

<sup>7</sup> Pending Donors' budgetary decisions.

<sup>8</sup> A separate order and budget is needed for the ex-post evaluation.

and the evaluation reports. The main purpose of reporting is to keep stakeholders and decision-makers informed about activities implemented, resources spent, progress made towards agreed objectives, changes in the project environment, and lessons learned. Reports respond to accountability issues, they contribute to the continuous improvement of project implementation by analysing what works and what does not, and they allow for forecasting and the orientation or reorientation of a project. In the NAMA Facility context this is of particular importance. In order to contribute to transformational change, NSPs are tasked with drawing out lessons and demonstrating good practice for knowledge sharing, scaling-up and replication.

At the level of the overall NAMA Facility, the TSU submits regular reports to the Donors. These Donor reports are based on the reports (and reflect the evaluation results) received from the NSP M&E systems and are described below.

### **Annual report on the NAMA Facility**

In this annual report (to be submitted on 3 March, covering the last 12-month period and describing the status of the Facility as of 31 December), the TSU communicates the overall performance of the NAMA Facility, which includes reporting on the TSU's specific outputs (Outputs 1 and 2) and on the progress made and results achieved at the NSP level (Outputs 3, 4, 5 and 6). The annual reports provide information on the actual status of the aggregated mandatory core indicators and on the indicators listed in the NAMA Facility logframe. The narrative report is based on TSU internal monitoring findings and on reports submitted by the NSPs (which must be submitted by the end of January). The annual report provides an overall assessment and analysis of the performance of the NAMA Facility, analyses and comments on the challenges and risks, and

draws out lessons learned. A detailed report on financial expenditure is also included in this report.

The template for this annual report is similar to that used for NSP reporting.

Once they are approved by Donors, the executive summaries of the annual NAMA Facility report and annual NSP reports will be published on the NAMA Facility website.

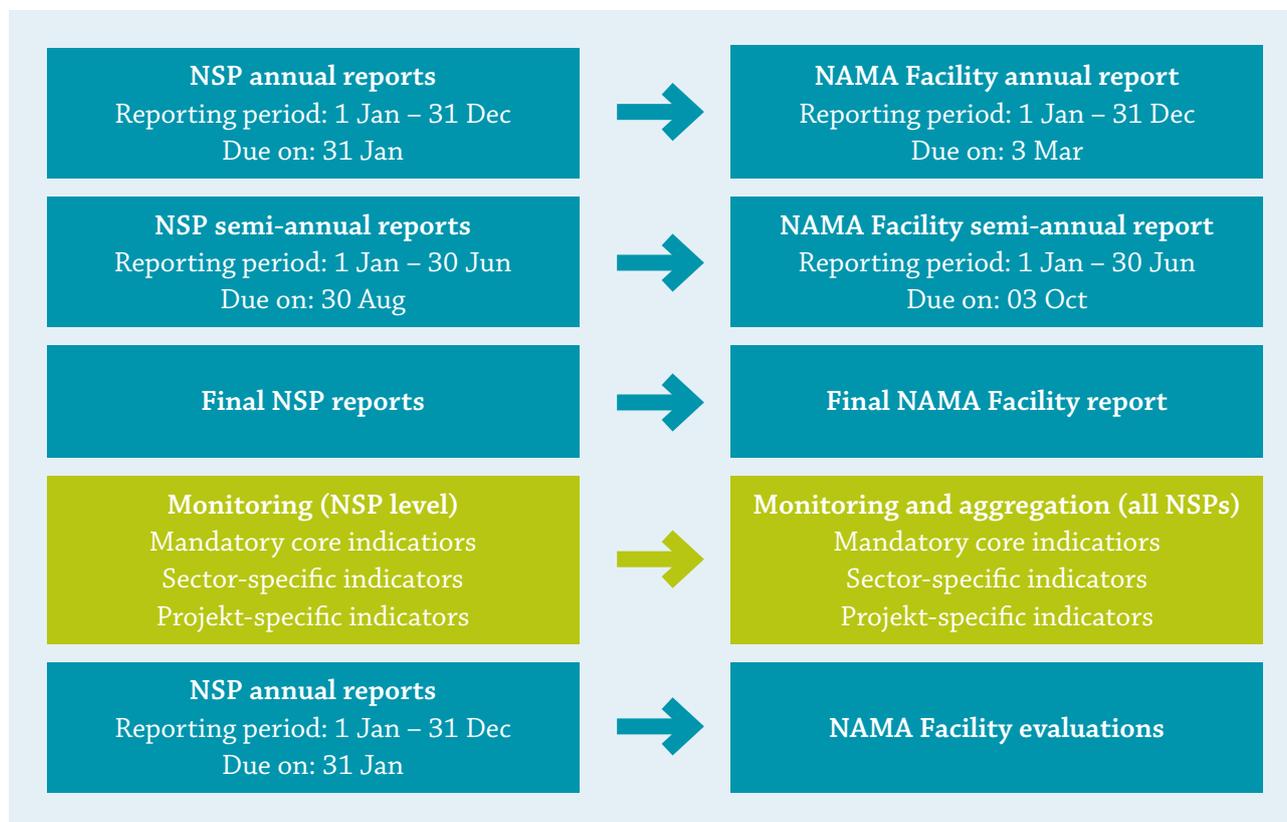
### **Semi-annual NAMA Facility report**

The TSU reports regularly to the NAMA Facility Donors. The semi-annual NAMA Facility report (submitted to Donors on 3 October and presenting the interim results of the first six months of a given year) summarises the progress made and results achieved at the TSU level. The report is based on the information gathered from the NSP semi-annual reports, which must be submitted to the TSU by the end of August and which cover progress made and results achieved at the NSP level. The semi-annual report draws conclusions and defines actions to take during the following implementation phase. In addition, the report provides a financial statement on scheduled disbursements and actual expenditures (at both the NAMA Facility and NSP levels).

### **Final report on the NAMA Facility**

A final report on the NAMA Facility will be prepared after the NAMA Facility has concluded its operations. The report will summarise the results achieved by the Facility and its contributions to broader impacts, will assess the performance of NSPs and the NAMA Facility, and will draw out lessons for shaping future activities.

**Figure 2: Monitoring and evaluation deliverables**



#### 4.4 Schedule of the main monitoring and evaluation deliverables

The table below presents the schedule of main monitoring and evaluation (M&E) deliverables and the distribution of responsibilities among stakeholders.

Table 2: Schedule of the main monitoring and evaluation deliverables

M&E activities at the NAMA Facility level	Responsibility	Reporting period	Delivery date
NAMA Facility M&E framework  M&E guidance for NSPs  Indicator guidance sheets on the five mandatory core indicators	TSU		September 2015
Initial NAMA Facility M&E plan	TSU		March 2016 (with annual report)
NAMA Facility annual report	TSU	1 January to 31 December each year	3 March each year
NAMA Facility semi-annual report	TSU	1 January to 30 June each year	3 October each year
Final NAMA Facility report	TSU		Six months after the official closure of the NAMA Facility
Mid-term NAMA Facility evaluation (a second mid-term evaluation may be conducted in case the NAMA Facility has a prolonged lifetime)	To be procured by the TSU		Second quarter of 2016
Ex-post NAMA Facility evaluation	Managed by the Donors		After the closure of the NAMA Facility
Lessons learned workshop	TSU		Each year (March)

Table 2 (continues)

M&E activities at the NSP level	Responsibility	Reporting period	Delivery date
Initial NSP M&E plan	Delivery Organisations		A preliminary plan is submitted along with the NSP proposal, then the final version is submitted no later than one year after the commissioning of the NSP
Annual NSP report (with M&E plan/update of the M&E plan)	Delivery Organisations	1 January to 31 December each year	31 January each year
Semi-annual NSP report	Delivery Organisations	1 January to 30 June each year	30 August each year
Final NSP report	Delivery Organisations		Six months after the closure of the NSP
Mid-term NSP evaluation	TSU/Delivery Organisations	Halfway through project implementation	
End-of-project NSP evaluation	TSU/Delivery Organisations		Six months prior to the completion of the project

## 5. Responsibilities and resources

### 5.1 Responsibilities

#### Technical Support Unit (TSU)

- **Guidance:** The TSU provides guidance on monitoring and evaluation activities to the Delivery Organisations (DOs) – e.g. by delivering M&E workshops for NSPs. The M&E guidance, theory of change (ToC) and list of mandatory core indicators comprise the core material from which NSPs can develop their respective M&E plan.
- **Quality management:** The TSU requires the project reports it receives to be high quality and to include the measurement and assessment of the mandatory core indicators. The TSU reviews the NSP reports to check whether they are adequately designed and to make sure that the ToC and the logframe are consistent, the required indicators and methodologies have been employed, and the reports are plausible, deliverable, verifiable and of a high standard.
- **Strategy support:** Armed with the information contained in the regular reports, the TSU provides updates on NAMA Facility progress and challenges, and suggests adjustments and refinements to the design, scale and focus of the overall NAMA Facility that will improve its implementation.
- **Learning:** The TSU identifies and communicates good practices. It regularly evaluates the selection criteria for projects while considering the changing landscape of climate finance investments in cooperation with the DOs and Donors. The TSU also considers the transferability of the NAMA concept and the replication of specific programmes in different settings. Finally, the TSU is tasked with fostering policy and strategy development for NAMAs internationally.

- **Stakeholder consultation process:** By the end of 2015 the TSU must initiate a stakeholder consultation process for sharing lessons learned and drawing conclusions that will shape the future strategic direction of the NAMA Facility.
- **Contractual arrangements for and management of evaluations:** The TSU is responsible for procuring the NAMA Facility and NSP mid-term and end-of-project evaluations, and it participates in the steering committees overseeing these evaluation processes.

#### Donors

The Donors' role involves:

- commenting on the M&E guidance document;
- contributing to the terms of reference and the dissemination of findings from the NAMA Facility evaluations;
- participating in the steering committee and reference group for the evaluation of the NAMA Facility they are supporting;
- ascertaining whether additional NSP and/or overall NAMA Facility evaluations are required and, if so, requesting them;
- organising an ex-post evaluation after the NAMA Facility's operations have concluded.

#### Delivery Organisations (DOs)

DOs are responsible for:

- the appropriate, high-quality and timely monitoring of and reporting on project activities and results, and for measuring, assessing and reporting on indicators (in particular the mandatory core indicators);
- implementing and managing a project-level monitoring system;
- setting up and regularly updating an adequate M&E plan and for ensuring the timely submission of M&E deliverables as set out in this M&E guidance.

## 6. Assumptions and risk monitoring

The design and planning of projects or programmes, particularly those focusing on innovation and transformational change, is based around number of critical assumptions. As indicated in the logframe, assumptions are external conditions affecting the project. If the project is to meet its objectives, these assumptions need to occur, yet they are beyond the control or responsibility of the project. Consequently, the lower the probability that these assumptions hold true, the higher the risk of failure.

Assumptions and risks should not only be listed, but also further assessed and classified according to their risk level (i.e. high, medium or low). To support this activity, Annex 8 contains a generic table for risk assessment and risk classification.

NSPs are requested to carry out an assessment of the assumptions and risks that are presented in the NSP's logframe and proposal. Special attention should be paid to medium- and high-level risks. The monitoring of risks should be integrated into the M&E plan. Reporting on how risks are evolving is part of the annual and semi-annual reports.

The TSU directly monitors the risks related to the achievement of Outputs 1 and 2, and indirectly monitors (using the aggregated data from the NSP reports) the risks relating to the NAMA Facility's achievement of the outcome and impact.

### Risk register (overall NAMA Facility level)

#### 1. Assumptions and risks influencing the achievement of the expected impacts

→ Probability that the Green Climate Fund builds on lessons learned from the NAMA Facility: medium

**Risk level:**

low medium high

**Mitigated by:** communication of NAMA Facility experiences and lessons learned; integration of communication strategies into NAMA Facility and NSP activities.

→ Probability that financing mechanisms with the potential for scaling-up are developed and in place: low

**Risk level:**

low medium high

**Mitigated by:** tight close monitoring of finance mechanisms for the early identification of good practices; exchange on and communication of good practices; advisory activities provided at the outset; assessment of outlines and proposals.

→ Probability that additional domestic and/or international finance is made available for NAMA implementation: high

**Risk level:**

low medium high

**Mitigated by:** careful selection of projects based on domestic and/or international contributions and on the potential for scaling up.

## 2. Assumptions/risks influencing the achievement of the NAMA Facility outcome

→ Probability that perceived/actual investment barriers and risks for low-carbon investment are reduced: medium

Risk level:  low  medium  high

**Mitigated by:** in-depth ex-ante evaluation of NSP project design and strategy; close monitoring, in particular during the project appraisal process.

→ Probability that projects are implemented as intended and planned: medium

Risk level:  low  medium  high

**Mitigated by:** in-depth ex-ante evaluation of NSP project design and strategy, in particular with regard to readiness and feasibility (organisational set-up and implementing partners); mid-term evaluations and monitoring.

### 3.1 Assumptions/risks related to Output 1

→ Probability that Donors provide sufficient finance to fund at least one competitive call for project outlines annually: high

Risk level:  low  medium  high

**Mitigated by:** strengthening the international visibility of the NAMA Facility and its Donors; strengthening the image of the NAMA Facility as an instrument to trigger transformational change and to pilot innovative approaches, especially innovative climate finance mechanisms.

→ Probability that partner countries looking for NAMA finance find the NAMA Facility and its procedures and mechanisms sufficiently attractive to prepare projects: high

Risk level:  low  medium  high

**Mitigated by:** applying 'lean' procedures; providing finance for the appraisal and preparation of detailed project documents; encouraging innovation.

### 3.2 Assumptions/risks related to Output 2

→ Probability that NAMA Support Projects report honestly and critically to TSU: high

Risk level:  low  medium  high

**Mitigated by:** the provision of reporting guidance to NSPs; project evaluations.

→ Probability that proposal submitters recognise the guidance, feedback and learning provided by the NAMA Facility as useful for preparing high-quality proposals: high

Risk level:  low  medium  high

**Mitigated by:** the NAMA Facility communication strategy; good-quality TSU support and feedback provided to those submitting proposals.

## 7. Knowledge management related to monitoring and evaluation

To improve learning within the NAMA Facility, the TSU will organise a workshop with Donors after each bidding round to share lessons learned. The preparation of the workshop and the discussions arising during its delivery will help, among other things, to improve and further develop the NAMA Facility's M&E framework, M&E plan, reports and processes. Issues such as overall governance, feedback from NSPs and DOs, bidding processes and others will also be considered over the course of the workshop. The findings of these lessons-learned workshops will be factored into the NAMA Facility's strategic and operational processes and will be shared publicly.

Knowledge sharing, public relations and the communication of lessons learned, best practice, case studies, and so on (including the executive summaries of annual reports and evaluations) will be realised by publishing the relevant material on the NAMA Facility website and by presenting it at various events (specifically COPs and related UNFCCC events) to international audiences interested in NAMA development and involved in international climate negotiations. The British, Danish and German embassies as well as the EU delegations in various countries will be involved in communicating the NAMA Facility's findings. The TSU reports regularly on lessons learned and on adaptations made to enhance implementation going forward.

## 8. List of reference documents

**Asian Development Bank (2010)**, Revised Guidelines for the Preparation of Country Assistance Program Evaluations, December 2010.

**BMZ (2012)**, Guidelines and Annotated Structure for Programme Proposals for Joint Development Cooperation Programmes. Standards for objectives, indicators, logic of results and results matrix, 2 December 2012.

**Climate Investment Funds (2012)**, Revised CTF results-based management framework, 6 December 2012.

**Department of Energy and Climate Change (DECC)**, Monitoring and evaluation planning guidance for business case developers, International Climate Fund.

**Department of Energy and Climate Change (DECC) United Kingdom**, Monitoring and Evaluation and relevant Key Performance Indicators, International Climate Fund – several preliminary versions.

**GIZ (2015)**, Monitoring and evaluation guidance.

**Global Environment Facility (2006)**, Monitoring and Evaluation Policy, February 2006.

**Green Climate Fund (2014)**, Further Development of the Initial Results Management Framework, GCF/B.08/07, 6 October 2014.

**KfW (2009)**, Strengthening Monitoring and Evaluation Systems (SMES) Project.

**OECD (2010)**, DAC Quality Standards for Development Evaluation.

**OECD (2004)**, Glossary of Key Terms in Evaluation and Results-Based Management.

**Programme Office International Climate Initiative on behalf of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (2014)**, Guidelines on results-based project planning and monitoring of projects in the International Climate Initiative (IKI). Version as of December 2014 and preliminary versions.

**World Bank Group's Global Environment Facility**, Guidelines for Monitoring and Evaluation for Biodiversity Projects.

**World Bank Independent Evaluation Group**, Guidelines for Global and Regional Program Reviews (GRPRs), 16 January 2007.

**Wuppertal Institute (2014)**, Shifting Paradigms. A Guidebook for Climate Finance & Development Practitioners.

**Wuppertal Institute (2014)**, Toolbox on Transformational Change Potential (under development, commissioned by GIZ).

# Annex 1: NAMA Facility Logframe

Summary NAMA Support Project Logframes	Indicators NAMA Support Project Logframes, M = mandatory core indicators	Results chain	Indicators M = mandatory core indicators	Sources of Verification	Assumptions /risks
<p><b>Impact</b> Transformation towards a low carbon society in line with the 2 °C limit in the targeted sectors is facilitated</p> <p>National ownership strengthened</p> <p>Increased mitigation ambition inter alia in the context of international climate negotiations</p> <p>Mitigation actions in other sectors and countries catalysed</p> <p>Financing of mitigation actions improved (public and private finance)</p>	<p>Mentioning of climate change and mitigation measures of NAMAs in policy documents</p> <p>GHG emission reduction targets in sector- and country strategies</p> <p>Number of sectors with NAMAs Number of countries with NAMAs</p> <p>Public domestic budget commitments to NAMAs; Private investments to NAMAs</p>	<p><b>Impacts</b> Transformation towards a low carbon society in line with the 2 °C limit in the targeted sectors is facilitated in countries with NAMA Support Projects</p> <p>National ownership strengthened</p> <p>Increased mitigation ambition inter alia in the context of international climate negotiations</p> <p>Mitigation actions in other sectors and countries catalysed</p> <p>Financing of mitigation actions improved (public and private finance)</p>	<p>Mentioning of climate change and mitigation measures of NAMAs in policy documents and national budget plans</p> <p>GHG emission reduction targets in sector- and country strategies, national legislation</p> <p>Number of sectors with NAMAs Number of countries with NAMAs</p> <p>Public domestic budget commitments to NAMAs; Private investments to NAMAs</p>	<p>NAMA Support Project reports</p> <p>NAMA Support Project reports NAMA Facility reports</p>	<p>Outcome</p> <p>Probability that financing mechanisms with scaling-up potential are developed and in place: low Risk level: high</p>
<p><b>Outcome</b> NAMA Support Projects demonstrate that climate finance can effectively support transformational change in the respective sectors, reduce greenhouse gas emissions and enhance low carbon development</p>	<p>M1: GHG emissions reduced Baseline: 0; Target: absolute figure, (based on comparison to BAU) 2019: 2022: 2024:</p> <p>M2: Number of people directly benefiting from NAMA Support Projects Baseline: 0; Target: gender disaggregated 2019: 2022: 2024:</p>	<p><b>Outcome</b> NAMA Support Projects demonstrate that climate finance can effectively support transformational change in partner countries, reduce greenhouse gas emissions and enhance low carbon development</p>	<p>M1: Reduced GHG emissions in NSP project areas Baseline: 0; Target absolute figure (based on comparison to BAU) 2019: 2022: 2024:</p> <p>M2: Number of people directly benefiting from NAMA Support Projects Baseline: 0; Target: gender disaggregated 2019: 2022: 2024:</p>	<p>NAMA Support Project reports</p> <p>NAMA Support Project reports</p>	<p>Assumptions/Risks for achieving impacts: Probability that GCF builds on lessons learned from NAMA Facility: medium Risk level: medium</p> <p>Probability that financing mechanisms with scaling-up potential are developed and in place: low Risk level: high</p>



<p><b>M5:</b> Volume of private finance mobilised for low carbon investments and development Baseline: 0; Target: xx 2019: 2022: 2024:</p> <p>Ratio between public and private investment, amount of co-financing/leverage factor Baseline: xx; Target: xx</p>	<p><b>M5:</b> Volume of private finance (domestic and/or international) mobilised for low carbon investments and development Baseline: 0; Target: 2019: 2022: 2024:</p> <p>Ratio between public and private investment, amount of co-financing/leverage factor Baseline: 0; Target:</p>	<p>NAMA Support Project reports</p>
<p><b>Output 4</b> Appropriate and innovative financing instruments / incentive mechanisms are identified and operational</p> <p><b>Output 5</b> National capacities and enabling environment for NAMAs are strengthened</p> <ul style="list-style-type: none"> <li>• Policy framework/regulation strengthened</li> <li>• Local capacities/capabilities strengthened</li> <li>• Public awareness created</li> </ul>	<p><b>Output 4</b> Good practice examples of innovative financing instruments and incentive mechanisms of NSP/NAMAs are demonstrated</p>	<p>NAMA Facility reports</p>
<p><b>Output 6</b> Sustainable (social, economic and environmental) co-benefits are generated</p> <ul style="list-style-type: none"> <li>• environmental co-benefits</li> <li>• social co-benefits</li> <li>• economic co-benefits</li> </ul> <p>Baseline: xx; Target: xx</p>	<p><b>Output 5</b> National capacities and enabling environment for NAMAs are strengthened</p> <ul style="list-style-type: none"> <li>• Policy framework / regulation strengthened</li> <li>• Local capacities / capabilities strengthened</li> <li>• Public awareness created</li> </ul>	<p>NAMA Support Project reports Surveys; NAMA Facility reports</p>
<p><b>Output 6</b> Sustainable (social, economic and environmental) co-benefits are generated</p> <ul style="list-style-type: none"> <li>• environmental co-benefits</li> <li>• social co-benefits</li> <li>• economic co-benefits</li> </ul> <p>Baseline: xx; Target: xx</p>	<p><b>Output 6</b> Sustainable (social, economic and environmental) co-benefits are demonstrated</p> <ul style="list-style-type: none"> <li>• social co-benefits</li> <li>• economic co-benefits</li> <li>• environmental co-benefits</li> </ul> <p>Baseline: 0; Target:</p>	<p>NAMA Support Project reports Surveys; NAMA Facility reports</p>



<p><b>1.1</b> Activities:</p> <p><b>1.2</b> Provide support to the NAMA Facility Board (i.e. preparation of calls, assessment of proposals, development of templates and guidance documents, financial and other management tasks)</p> <p><b>1.3</b> Communicate and make NAMA Facility visible (website, publications, etc.)</p> <p><b>1.4</b> M&amp;E of NAMA Facility, produce consolidated reports based on project reports</p> <p><b>1.5</b> Analyse NSP to identify a fundable project pipeline</p> <p><b>1.6</b> Liaise with potential donors</p>		<p><b>Assumptions/Risks related to output 1:</b></p> <p>Probability that sufficient finance is made available by donors to allow for at least one competitive call for project outlines annually: high Risk level: low</p> <p>Probability that partner countries looking for NAMA finance find the NF and its procedures and mechanisms sufficiently attractive to prepare projects: high Risk level: low</p>	
<p><b>2.1</b> Communicate lessons learned and link NF outcomes with climate negotiations</p> <p><b>2.2</b> Facilitate knowledge sharing through participation in national and international events</p> <p><b>2.3</b> Provide feedback to submitters, DOs and implementing partner organisations</p> <p><b>2.4</b> Facilitate exchange of experience on good practice examples and progress made</p>		<p><b>Assumptions/Risks related to output 2:</b></p> <p>Probability that NAMA Support Projects report honestly and critically to TSU: high Risk level: low</p> <p>Probability that submitters from partner countries recognize the guidance, feedback and learning provided by the NF as useful to prepare high quality proposals: high Risk level: low</p>	
<p><b>3.1</b> Specific project activities</p> <p><b>3.2</b> Regular reporting to TSU</p>		<p><b>Assumptions/Risks related to output 3:</b></p> <p>Probability that domestic finance is made available by partner countries to complement international finance for NAMA implementation Risk level high/medium/low (tbd)</p> <p>Probability that private finance available for NAMA implementation Risk level high/medium/low (tbd)</p>	
<p><b>4.1</b> Specific project activities</p> <p><b>4.2</b> Regular reporting to TSU</p>			
<p><b>5.1</b> Specific project activities</p> <p><b>5.2</b> Regular reporting to TSU</p>			
<p><b>6.1</b> Specific project activities</p> <p><b>6.2</b> Regular reporting to TSU</p>			

## Annex 2: NAMA Facility – Indicator guidance sheet (IGS)

### Mandatory Core Indicator: M1 – Reduced GHG emissions

#### Rationale:

NAMA Support Projects (NSPs) promote low-carbon sustainable development pathways by supporting developing countries and emerging economies to reduce their greenhouse gas emissions. Monitoring the net change in greenhouse gas emissions engendered by the NAMA Support Projects' activities is a key indicator of progress. The net change in GHG emissions, measured in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), will be estimated relative to the assumed business-as-usual (BAU) emissions trajectory and will reflect any abatement results directly attributable to NSP mitigation over the lifetime of the project (the baseline at the start of project implementation is zero). Note that some of the NSP's activities may not result in measurable GHG reductions or may do so well after the project has been concluded. Where possible, try to include an estimation of these GHG reduction impacts in the accompanying text, but do not include it in your calculations for this indicator. This is because

the indicator focuses on GHG reductions achieved during the project's lifetime and for the years 2019 (end of the implementation of the first NSP), 2022 (intermediate year) and 2024 (10 years after the implementation of the NAMA Facility began).

NAMA Support Projects are to achieve real emission reductions. This means that their achievement should not be undone by emissions elsewhere. It is therefore not allowed for NAMA Support Projects to generate tradable emission allowances (carbon credits) of any kind. In case, tradable emission allowances are generated by the NSP, these have to be permanently cancelled<sup>1</sup>. Furthermore, when estimating the achieved emission reductions, please reflect and report on any rebound effects or carbon leakage (and take action to reduce both). For the same reason, please also make sure to carefully analyse whether the reduction of a particular tonne of CO<sub>2</sub> has really been caused by the action undertaken by the NSP and take steps to avoid double counting.

<sup>1</sup> Further guidance will be provided upon request.

<b>1. Indicator</b>	Reduced GHG emissions
<b>2. Results level</b>	Outcome
<b>3. Definition and scope</b>	<p><u>Definition of ›greenhouse gas (GHG) emissions‹</u> The cumulative amount of all the ›Kyoto basket‹ greenhouse gases, which includes all emissions of the following gases:</p> <ul style="list-style-type: none"> <li>• carbon dioxide (CO<sub>2</sub>)</li> <li>• methane (CH<sub>4</sub>)</li> <li>• nitrous oxide (N<sub>2</sub>O)</li> <li>• hydrofluorocarbons (HFCs)</li> <li>• perfluorocarbons (PFCs)</li> <li>• sulphur hexafluoride (SF<sub>6</sub>)</li> </ul>

Definition of ›carbon dioxide equivalents‹ (CO<sub>2</sub>e)

This is a measure used to compare the impact of various greenhouse gas emissions on global warming based on their **global warming potential** (GWP). In other words, it is the relative measure of how much global warming a given type and amount of greenhouse gas may cause over a specific time interval (for our purposes this interval is set at 100 years) compared to the functionally equivalent amount of CO<sub>2</sub> (whose GWP is set to 1). To calculate carbon dioxide equivalents, the GWPs included in the Intergovernmental Panel on Climate Change's Fifth Assessment Report should be used. The value for a particular gas is derived by multiplying the amount (metric tonnes) of the gas by its associated GWP. Once the values of all involved gases have been converted into CO<sub>2</sub> equivalents, they can be added up to give the overall reductions of greenhouse gas emissions in CO<sub>2</sub> equivalents.

Definition of ›emission intensity factors‹

Emission intensity factors are values that attempt to relate the quantity of GHGs released into the atmosphere with an activity associated with the release of those gases. These factors are usually expressed as the weight of GHG per unit weight or volume of fossil fuel, or as the weight of GHG per unit of activity (e.g. per square metre of rice cultivation).

Scope:

Only include direct GHG emission reductions achieved by project investments and discrete investments financed or leveraged during the project's supervised implementation period (throughout the entire lifetime of the project).

**4. Disaggregation of the indicator**

- Tonnes of CO<sub>2</sub> equivalents reduced in the previous calendar year compared to the business-as-usual (BAU) scenario (results presented as tCO<sub>2</sub>e in relation to the baseline, which is set at zero at the start of project implementation).
- Tonnes of CO<sub>2</sub> equivalents reduced since the start of the project compared to the BAU scenario (results presented as tCO<sub>2</sub>e in relation to the baseline, which is set at zero at the start of project implementation).
- Forecast of the remaining emission savings expected to be made over the duration (funding period) of the project, including forecasts of annual targets.
- Forecast of the remaining emission savings expected to be made over the lifetime of the investment/intervention.
- Number and type of emission allowances (carbon credits) generated due to the emission reductions resulting from the project.
- Number and type of carbon credits sold.
- Number and type of carbon credits cancelled.

**5. Unit of measurement**

- Absolute figure
- Unit: metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e)
- Cumulative: report annual totals for the previous calendar year and a cumulative total for the entire duration of the project.

6.  
Methodology

Baseline

Baselines are also referred to as business-as-usual (BAU) scenarios. They determine what would be expected to occur (the most likely scenario) in the absence of the project. Baseline trajectories are typically dynamic (not static) as emissions in a specific sector, sub-sector, geographical area, etc. are expected to shift over time in the absence of the intervention. For baseline calculation methods, please refer to the GHG Protocol Policy and Action Standard. The reporting baseline for M1 is zero (0) at the start of project implementation. The BAU figures are used to calculate emission reductions, which are then added to the reporting baseline.

Target setting

The target will be expressed as expected greenhouse gas emission reductions or increases made during the lifetime of the project that fall within the scope of the project and are attributable to the project.

Calculation

The calculation of the amount of emissions reduced by the project may vary according to the project type in question. In general, the calculation will be performed as follows:

Assess each of the potential GHG effects identified in your NSP's causal chain to determine which are significant and should therefore be included in the assessment (you may exclude effects that are minor or unlikely to occur).

For each effect or activity that you decide to include in the assessment, determine:

- the assumed baseline of the activity and the resulting GHG emissions by applying an appropriate emissions intensity factor to the data:  
 $\text{baseline activity data} \times \text{emissions intensity}$
- the **net change in activity or fuel consumption** (relative to the baseline) as a result of the NSP's activities and the resulting reductions in GHG emissions by applying an appropriate emission intensity factor to the data:  
 $\text{net changed activity data} \times \text{emissions intensity} = [X]$   
(where [X] is the emissions reduced by that activity)

Next, add up all the [X] amounts to produce the cumulative total of emission reductions for the entire NSP.

To capture the effects of mitigation activities, several agreed and tested methodologies and data are now available. While it is left up to you to choose a suitable methodology, **calculations** to determine the emission reductions (especially with regard to baseline assumptions, starting situations, BAU and/or emission factors) should be based on internationally recognised standards and **be expressed in a transparent way in the accompanying text**. Ensure to include the project boundary, the assumed lifetime of the technology or investment, the type of GHGs involved, and the emissions conversion factors used.

We recommend using the GHG Protocol Policy and Action Standard; although, in particular circumstances, other methodologies could be employed such as those of the Clean Development Mechanism (CDM). If there is any doubt about the emission intensity factors, opt for the more conservative one (i.e. the lower one) in order to avoid over-estimating the emission reductions achieved by the NSP. It is also important to consider whether actions targeting the same emission reductions are overlapping, reinforcing each other, or both. Justify your assumptions to this regard, and also name any GHG effects in the causal chain that have been left out of the equation and explain why.

When defining the baseline, consider what other factors (e.g. weather, GDP, prices, other policies, etc.) might influence the baseline scenario and how, and then include these assumptions in the report. Use these same assumptions for your ex-ante estimation of the GHG reductions to be achieved by the NSP.

## 7. Data sources, data collection

### Data sources

In general, project-specific data are used. However, additional external data sources (e.g. publically available data from government sources) are sometimes used depending on the specific methodologies employed for each sector.

To ensure a high degree of accuracy, the following hierarchy of data sources should be used. The Delivery Organisation (DO) should, in the first place, seek to employ the data sources highest up the hierarchy (i.e. project-specific measurements). If the DO then opts for data sources lower down the hierarchy, it should state its reasons for doing so, highlighting why other sources were not appropriate.

### Hierarchy of data sources

1. Project-specific measurements (activity data such as the number of kWh produced, the number and capacities of energy-efficient cooling systems installed, the amount of methane captured in waste disposal, etc.).
2. Project-specific calculations (e.g. the energy saved by using the newly installed energy-efficient appliances, etc.).
3. Local, regional and national statistics (e.g. city statistics on the amount and type of fuel sold in that city and on the city's modal split, population statistics, etc.).
4. National inventories (e.g. for country-specific emission factors).
5. International data sources (e.g. International Energy Agency data sets).
6. The standard values provided by methodologies.

Be conservative when choosing and calculating the emission factor. For example, if improved energy efficiency or new renewable energy plants are preventing new power stations from being built, it is best to assume a low emission factor of, say, 0.365 tCO<sub>2</sub> per MWh (which is the emission factor of new gas-fired power stations) so as not to over-estimate the emission reductions achieved. In fact, when there is a surplus of capacity, gas-fired power stations are the first to be squeezed out of the market because, compared to other power stations, they are more flexible and have higher

operating costs. If marginal emission intensity factors are not available for the power sector, you may use the combined margin emission factor.<sup>10</sup>

To facilitate data collection, make sure to incorporate any necessary reporting requirements in contracts and other agreements with third parties during project implementation.

Data sources and methodologies that may be used

- 2006 IPCC Guidelines for National Greenhouse Gas Inventories: <http://www.ipcc-nggip.iges.or.jp/public/2006gl/index.html>
- Greenhouse Gas Protocol – Policies and Actions Standard: <http://www.ghgprotocol.org>
- CDM methodologies: <http://cdm.unfccc.int/methodologies/index.html>
- Manual for Calculating GHG Benefits of GEF Projects: Energy Efficiency and Renewable Energy Projects: [www.thegef.org/gef/node/313](http://www.thegef.org/gef/node/313)
- Manual for Calculating Greenhouse Gas (GHG) Benefits for GEF Transportation Projects: [http://www.thegef.org/gef/GEF\\_C39\\_Inf.16\\_Manual\\_Greenhouse\\_Gas\\_Benefits](http://www.thegef.org/gef/GEF_C39_Inf.16_Manual_Greenhouse_Gas_Benefits)

**8. Quality assurance**

Work with the recipient country's climate experts to quality-check your data and assumptions. Check which emission factors are used in the country's inventory or in other mitigation or CDM projects implemented in the country.

**9. Time period and frequency**

- To be reported annually for the previous calendar year and for the entire duration of the project to date.
- Reductions need to be estimated ex-ante in the project proposal for the lifetime of the NAMA Support Project, including forecasts for the annual targets.
- Monitoring should be undertaken throughout the project's funding period. For example, the monitoring of investments in mitigation activities, such as the installation of wind-energy capacity, should not consider the whole lifetime of the investment, but only the emission reductions realised during the funding period.

**10. Reporting and documentation**

What to report

- The methodologies, data and data sources used (especially emission factors).
- A breakdown of the steps involved in the calculations.
- A description of the baseline or baselines/BAUs against which the project will measure its emission reductions as well as any assumptions made to this regard. Ensure to carefully analyse and describe the starting situation and to account for similar efforts already undertaken.
- The assessment boundary of the calculation: which activities have been included, which have been left out of the equation, and why.
- The **annual achieved value** of the reduction in GHG emissions (in tCO<sub>2</sub>e) and the cumulative value attained since the beginning of the NSP must be reported annually in the **Annual Project Progress Report** for the previous calendar year.

Also to be reported are the accumulated target values for the end point of the project as well as for the years 2019, 2022 and 2024

- Information on any direct and indirect rebound effects that have or may have occurred, or that might occur in future. If you can, estimate the scale of any such effects.
- An assessment of whether any leakage of GHG emissions is likely. If possible, estimate the scale of these leakages.
- The steps taken to avoid double counting.
- A reflection on whether the baseline assumptions remain valid.
- Additional information on the estimated long-term effects of the project should be provided, based on project-specific calculations and estimates.
- Details of the entity or person responsible for data collection, reporting and verification of data for this indicator.
- The means of verification used and the outcome of the verification process.

## 11. Examples

### Example for renewable electricity generation

This project involves installing 1,000 MW of photovoltaic panels to generate electricity and partly displace fossil-fuel-based electricity generation. One megawatt peak (MWp) of installed solar power produces 1,500 megawatt hours (MWh) per year (assuming a capacity factor of 17.1%). The photovoltaic panels therefore produce 1,500,000 MWh per year.

It is assumed that 40% of the electricity produced (600,000 MWh) will displace fossil-fuel-based electricity and that 60% (900,000 MWh) will be additional capacity for satisfying increased demand. It is further assumed that the 600,000 MWh will displace electricity generated by the most costly power stations in the region, which in this specific case is an oil-fired power station emitting 0.6 tCO<sub>2</sub> per MWh produced. Using this data, we can calculate the annual reduction achieved by this quota of photovoltaic electricity: **600,000 MWh x 0.6 tCO<sub>2</sub>/MWh = 360,000 tCO<sub>2</sub> reduction per year**

It is also assumed that in the absence of the NAMA Support Project 200,000 MWh of the 900,000 MWh of additional electricity would have been provided by photovoltaic panels, and thus would not engender any emission reductions. The remaining 700,000 MWh would have been provided by a new coal-fired power station emitting 0.75 tCO<sub>2</sub> per MWh. Using this data we can calculate the annual reduction achieved by this quota of photovoltaic electricity: **700,000 MWh x 0.75 tCO<sub>2</sub>/MWh = 525,000 tCO<sub>2</sub> reduction per year**

Adding up these totals (360,000 + 525,000), we can see that the 1,000 MW provided by the photovoltaic panels installed would reduce emissions by 885,000 tCO<sub>2</sub> per year or 0.885 megatonnes of CO<sub>2</sub> per year.

If the solar panels are installed at different times over the first operating year, the amount of electricity produced can be adapted according to the number of days they have actually been operational.

### Example from the transport sector

This project involves a transport sector initiative to promote higher motor vehicle occupancy rates among commuters (e.g. a ride-share programme introduced in a number of large companies). The concept is based on estimating the reduction in vehicle-kilometres travelled (VKT) that will occur as a result of the programme and on combining this reduction with estimates for the average emissions produced per VKT.

The average emissions in this case have been calculated as 0.2 kilogrammes of CO<sub>2</sub> per VKT (emission intensity factor). This number depends on the type of car, the type of traffic (stop-and-go city traffic versus highway traffic), the occupancy of the car and the type of fuel used. The number can be further disaggregated if the relevant data are available. Calculations can be based on the figures for the country's average car fleet or, for greater precision, can be gathered by holding a survey of the employees of participating companies. Remember that this value (as well as all the other values we have discussed) can evolve over time. You may therefore need to produce a dynamic baseline and use adjusted emission factors in subsequent years (see the attached example for a multi-year calculation).

To estimate the amount of VKT that have been reduced by the programme, extrapolate this figure from a representative sample (say 10%) of the employees in the programme. If all the companies participating in the programme have a combined total of 5,000 employees, you may therefore want to collect data from a representative sample of 500 individuals. If 5% of the surveyed employees participate in the programme and only use their own car for 9.5 days each month with an average commute of 32 km (one way), you can assume that the same is true for the entire group of employees. Possible rebound effects from decreased congestion should also be considered.

Before the NSP (baseline for Year 1)

- 5,000 employees travel on average 1,280 km/month with their own car:  
 $5,000 \text{ employees} \times 1,280 \text{ VKT/month} \times 0.2 \text{ kg CO}_2/\text{km} \times 12 \text{ months} = 15,360 \text{ tCO}_2/\text{year}$

As a result of Year 1 of the NSP ride-share programme

- 5% of 5,000 employees, or 250 employees, now travel on average 608 km/month with their own car:  
 $250 \text{ employees} \times 608 \text{ VKT/month} \times 0.200 \text{ kg CO}_2/\text{km} \times 12 \text{ months} = 364.8 \text{ tCO}_2/\text{year}$
- 95% of 5,000, or 4,750 employees, still travel on average 1,280 km/month with their own car:  
 $4,750 \text{ employees} \times 1,280 \text{ VKT/month} \times 0.2 \text{ kg CO}_2/\text{km} \times 12 \text{ months} = 14,592.12 \text{ tCO}_2/\text{year}$

- Emissions in Year 1 are therefore:  
 $364.8 + 14,592.12 = 14,956.92 \text{ tCO}_2$

To calculate the emission reduction achieved in Year 1, subtract the new emission value from the baseline value: **403.2 tCO<sub>2</sub> in Year 1.**

10 This is more conservative than the current average electricity mix, as it is weighted according to average build costs and operating margins. Data on most countries' CDM projects are available on the Institute for Global Environmental Strategies database: <http://pub.iges.or.jp/modules/envirolib/view.php?docid=968>

## Annex 3: NAMA Facility – Indicator guidance sheet (IGS)

### Mandatory Core Indicator: M2 – Number of people directly benefitting from NAMA Support Projects

#### Rationale:

Given that NSPs should primarily be implemented for the benefit of people, this indicator is used to assess how many people **directly** benefit from the implementation of the NAMA Support Project (NSP). Each NSP will have a number of direct and indirect benefits for people living in the project area. Indirect benefits will be realised in different areas (economic, social, environmental), yet they often cannot be quantified. For individual NSPs, it may be interesting to see how many and which types of co-benefits occur in the medium and long terms. For the overall NAMA Facility, on the other hand, measurable success criteria are employed, for example: how many people will have directly benefited during the lifetime of the project as well as by the years 2019 (end of implementation of the first NSP), 2022 (intermediate year) and 2024 (10 years since the implementation of the NAMA Facility began).

Note that the NAMA Facility need not and thus will not make comparisons regarding project quality based on this indicator. For example, 100 people benefiting from significantly increased income will not be judged a better or worthier outcome than

100 people benefiting from a significantly lowered risk of losing their home due to a landslide or than 300 local residents benefiting from less exposure to traffic noise on their street, etc. The number of people benefiting from different types of benefits will therefore not be added up and compared to other projects, as the numbers are expected to vary greatly from project to project. This indicator should instead be used to help you focus on increasing the number of people benefiting from each individual type of benefit as a result of your project (because 200 people benefiting from significantly increased income is better than 100).

When reporting on this indicator, it is also important to reflect on any negative development effects the project may have. For example, if 100 individuals have gained a job as a direct result of the NSP but 75 have lost theirs elsewhere also as a result of the NSP, this should be included and made transparent in the reports. The same is true for unintended side effects that do not have a positive counterpart (e.g. if noise levels increase for a number of people as a result of building a geothermal power plant).

1. Indicator	Number of people directly benefiting from the NAMA Support Projects.
2. Results level	Outcome
3. Definition and scope	<p>This indicator aims to capture the number of people who were directly supported by NSP measures/interventions and/or directly benefited from its sustainable development co-benefits.</p> <p><u>Definition of ›people‹</u> By people, we mean any individual <b>in the recipient country</b>.</p> <p><u>Definition of ›directly supported‹</u> The indicator covers the people <b>directly</b> supported in the sense that they are targeted directly by the project. Their attribution to the project should be obvious.</p> <p><u>Definition of ›benefiting‹</u> Where people gain:</p> <ul style="list-style-type: none"> <li>• economic benefits (e.g. new jobs created, lower costs, higher incomes, access to funding, etc.);</li> <li>• improvements in quality of life (better health, better air quality, less noise, greater comfort, time savings, access to clean energy, etc.);</li> <li>• improved capacities (capacity development and training, etc.).</li> </ul>
4. Disaggregation of the indicator	<p>Disaggregation by the relevant type of benefits/co-benefits/negative side effects.</p> <p>Disaggregation by gender (if gender disaggregation is not possible, please explain why).</p> <p>Values for the previous calendar year and cumulative totals for the project to date.</p>
5. Unit of measurement	Number of individuals in the recipient country.
6. Methodology	<p><u>Target setting</u> Estimate the number of people who will potentially benefit from each type of benefit directly caused by the NAMA Support Project. Every person should only be counted once per benefit, even if continuing to benefit during the entire project duration or benefiting from several NSP measures or activities.</p>

### Calculation

Estimate the number of people who have directly benefitted from each benefit of the NAMA Support Project. If several project activities lead to the same benefit, add up all the numbers for that benefit, carefully considering any overlaps, as explained above. Please include any negative impacts resulting from the NSP measures and subtract those who have suffered these negative impacts from your number of beneficiaries. Negative impacts could, for example, be increased risks or production losses during the installation of technology. Do not count people who have already been counted in previous years.

### **7. Data sources, data collection**

The Delivery Organisation is responsible for selecting the data sources, means of verification and data collection methodologies to be used in the M&E.

Usually the project's monitoring system will be able to provide the number of direct beneficiaries. In some cases, surveys may be needed, which may require additional resources.

### **8. Quality assurance**

Discuss your assumptions and calculations with a broad range of project team members, including the partner government, and report on any differences of opinion.

### **9. Time period and frequency**

Beneficiary numbers should be reported annually and should cover the previous calendar year. Data should be collected throughout the entire duration of the project.

### **10. Reporting and documentation**

#### What to report

In the annual project progress report, please provide:

- the data and data sources used;
- any calculations used to produce the data (e.g. extrapolation from a representative sample, etc.);
- assessment boundaries, including a justification of why the individuals counted are considered to be **direct** beneficiaries;
- the benefits/co-benefits assessed;
- the values achieved for each benefit for the previous calendar year;
- the number of people affected by negative impacts resulting from the NSP (including a reflection on why these negative impacts are deemed to be acceptable);
- the cumulative value for each benefit since the project began;
- the target value for the total number of people directly supported for the entire duration of the project (per benefit), including target values for the years 2019, 2022 and 2024;
- the entity or person(s) responsible for data collection, reporting and verification of data for this indicator;
- the means of data verification used and any differences of opinion.

Measure/ benefit/ co-benefit/ negative side effect	Number of indi- viduals who have benefitted from this measure dur- ing the previous calendar year (male/female/ total)	Number of individuals who have suffered from negative side effects during the previous calendar year (male/ female/total)	Cumulative net number of people affected since the start of the project (male/female/ total)	Target value for the end point of the project (total)
...	...	...	...	...
...	...	...	...	...
...	...	...	...	...

Measure/benefit/ co-benefit/ negative side effect	Target value for the end of 2019 (total)	Target value for the end of 2022 (total)	Target value for the end of 2024 (total)
...	...	...	...
...	...	...	...
...	...	...	...

## 11. Examples

People benefiting from NSP activities could, for example, be:

- individuals benefiting economically from taking up the new business models introduced and/or being supported by activities of the NSP (e.g. making use of renewable energy or energy efficiency, which engenders the benefit of income or higher income);
- all members of households benefiting from lower energy costs after NSP measures make their housing more energy efficient;
- additional number of people using an improved or newly installed public transport system as opposed to motorised individual transport options as a result of NSP activities (benefits = time savings, cost savings, improved comfort and reliability, less noise, improved security, etc.);
- people securing access to electricity as a result of the NSP's activities (benefits = improved quality of life, business opportunities, improved health care options, etc.);
- people participating in capacity-building measures provided by the NSP (benefit = improved mitigatory or other capacities);
- all employees of a company in cases where the company achieves significant financial savings as a result of the NSP's activities (e.g. the installation of energy-efficient technologies) and thus improves its competitive advantage.

Reporting example for Year 1 of a project

Positive/ negative development impact of the NSP (measure/ negative side effect)	Number of people who have benefited from this measure during the previous calendar year (male/ female/total)	Number of people who have suffered from the negative side effect during the previous calendar year (male/female/ total)	Cumulative net number of people affected since the start of the project (male/female/ total)	Target value for the end point of the project (total)
Higher income/ lower income	70/60/130	11/9/20	59/51/110	500
Significantly improved air quality/ reduced air quality	700/800/1,500	52/48/100	648/752/1,400	6,000
Significantly reduced travel times between A and B/ increased travel times between A and B	0	0	0	1,500
Less noise/ more noise	0	38/2/40	-38/-2/-40	Reduce negative effects to a max. no of 80 people

Positive/ negative development impact of the NSP (measure/ negative side effect)	Target value for the end of 2019 (total)	Target value for the end of 2022 (total)	Target value for the end of 2024 (total)
Higher income/ lower income	500	600	600
Significantly improved air quality/ reduced air quality	6,000	7,000	7,000
Significantly reduced travel times between A and B/increased travel times between A and B	1,500	2,000	2,000
Less noise/ more noise	Reduce negative effects to a max. no of 80 people	Reduce negative effects to a max. no of 80 people	Reduce negative effects to a max. no of 80 people

NB: If one person benefits from two or more benefits/co-benefits of the NSP, this person's benefits should be counted separately. However, if several NSP activities lead to the same improvement (e.g. improved air quality) for an individual, this person's benefit should only be counted once.

## Annex 4: NAMA Facility – Indicator guidance sheet (IGS)

**Mandatory Core Indicator:** M3 – Degree to which the supported activities are likely to catalyse impacts beyond the NAMA Support Projects (potential for scaling-up, replication and transformation)

### **Rationale:**

NAMA Support Projects (NSPs) should trigger transformational change towards low-carbon sustainable development. Since the concept of transformational change is relatively new, it requires explanation, especially with respect to its operationalisation in the NAMA Facility's monitoring framework. Transformational change can be broken down into the following three dimensions:

**1. Direction:** The NAMA Facility will only finance NSPs that aim to deliver the behavioural, infrastructural or other changes needed to move a country towards low-carbon and climate-resilient sustainable development in all its forms (environmental, social and economic). It is important that **all** components of the NSP are geared towards delivering these changes.

**2. Process:** The process dimension focuses on the way in which the targeted results are achieved – i.e. the working methods and approaches applied in and promoted by the NSP. These processes should be sustainable, which means they should, among other things, involve:

- the application of high ethical standards (that are democratic, non-discriminatory, non-corrupt, transparent, etc.);
- the negotiation of any trade-offs between different aspects of low-carbon sustainable development with relevant stakeholders;
- transparent, fact-based decision-making processes;
- the entire system (i.e. be a holistic approach);
- not harming the environment and not compromising social standards and human rights.

**3. Depth:** Transformational change is change that is **far-reaching, structural** or **fundamental** in nature. The project design will determine whether such changes are required and can be achieved. To evaluate the project's potential for delivering far-reaching, structural changes that go beyond the scope of the NSP, the NAMA Facility has identified a number of possible project outcomes (results categories) that are considered to deliver these changes. During the project selection process, the NAMA Facility will evaluate whether and how many project-specific objectives of this kind have been chosen. During project implementation, progress made towards achieving this set of objectives will determine whether the interventions are likely to catalyse impacts beyond the NSP.

1. Indicator	Degree to which the supported activities are likely to catalyse impacts beyond the NAMA support projects (potential for scaling-up, replication and transformation)
2. Results level	Outcome
3. Definition and scope	<p data-bbox="429 568 903 600"><u>Definition of Transformational Change</u></p> <p data-bbox="429 607 1422 824">The transformational change sought by the NAMA Facility is a far-reaching, structural change for delivering low-carbon sustainable development. The NSP will therefore be considered to be delivering transformational change if it targets (Direction) <b>and</b> sustainably achieves (Process) outcomes that move the country further towards low-carbon sustainable development (Depth). In this case, the outcomes will fall into one or more of the following <b>results categories</b>:</p> <ol data-bbox="429 869 1422 1809" style="list-style-type: none"> <li data-bbox="429 869 1422 1010">1. Decision-makers or decision-making entities in the implementing country (e.g. parliament, business associations) take landmark decisions aimed at moving the country towards low-carbon sustainable development (which alter the behaviour of or incentives for a greater number of individuals or institutions).</li> <li data-bbox="429 1037 1422 1216">2. Lock-in effects or path dependencies that incentivise or firmly establish carbon-intensive, non-sustainable patterns of behaviour over a long period of time are broken up or avoided as a result of the NSP's activities, and/or new path dependencies that incentivise or firmly establish low-carbon sustainable patterns of behaviour are established as a result of the NSP's activities.</li> <li data-bbox="429 1243 1422 1346">3. Replicable, scalable and/or long-lasting financial instruments for financing low-carbon sustainable development (e.g. technologies, business models, etc.) have been established as a result of the NSP's activities.</li> <li data-bbox="429 1373 1422 1476">4. As a result of the NSP's activities, climate change aspects are integrated and mainstreamed into one or more of the following: major policies, plans, strategies, or the curricula of different educational institutions.</li> <li data-bbox="429 1503 1422 1644">5. Low-carbon sustainable approaches or instruments (e.g. business models, market mechanisms, financing solutions, etc.) that have been tested or piloted within or independent of the NSP are scaled up or replicated (e.g. geographically) as a result of the NSP.</li> <li data-bbox="429 1671 1422 1809">6. As a result of the NSP, an organisation, institution or committee (e.g. a climate change authority, etc.) that is committed to low-carbon sustainable development is being established or significantly strengthened and is lobbying for the changes needed to deliver this kind of development.</li> </ol> <p data-bbox="429 1836 1422 1977">Ideally, every NSP would pursue at least two results categories with this transformational character, but no minimum number is formally required. For each relevant results category at least one target should be selected that can be monitored.</p>

NB: Without prejudice to the above-mentioned 'transformational change objectives', the project can and most likely will also have other project-specific objectives that are not transformational in nature, such as the implementation of pilots or demonstration projects, the support of networking and capacity-building activities, etc.

There needs to be a direct causal relationship between the result and the interventions of the NSP. Furthermore, these and all other targets need to be achieved sustainably, applying the standards mentioned above (Process).

A justification of why a specific project objective falls into one of the above categories and why its achievement will have a transformational impact must be provided in the project proposal.

**4. Disaggregation of the indicator**

Progress made towards achieving the target must be reported for each individual target that is transformational in nature. A combined assessment of the likelihood of achieving these objectives must also be provided.

**5. Units of measurement**

Categorise the target achievements using the following ranking system:

<b>Assessment during project implementation (annual project progress reports)</b>	0. Achievement of target judged unlikely
	1. Very little or no progress achieved so far
	2. Some progress achieved so far (20–40%)
	3. Substantial progress achieved so far (40–70%)
	4. Target has been (almost or fully) achieved

<b>Assessment at the end of the project (final report)</b>	0. Target not achieved
	1. Very little progress achieved
	2. Some progress achieved (20–40%)
	3. Substantial progress achieved (40–70%)
	4. Target has been achieved

Next, using the scale below, indicate how likely it is that the targeted transformational change will be achieved before the project concludes (tick one option only).

<b>Potential for transformational change</b>	0 Transformation judged unlikely	<input type="checkbox"/>
	1 No evidence yet available	<input type="checkbox"/>
	2 Some early evidence suggest transformation likely	<input type="checkbox"/>
	3 Tentative evidence of change – transformation judged likely	<input type="checkbox"/>
	4 Clear evidence of change – transformation judged very likely	<input type="checkbox"/>

- 6. Methodology**
- Should one of the NSP's 'transformational' targets fall into two or more of the results categories (see 3. Definition and scope), select the one category that is most appropriate for this particular target.
  - Ranking project progress in percentage points can be undertaken by assessing the milestones attained while working towards achieving the target, taking into account their different levels of importance and complexity as well as the time needed to attain these milestones. Always explain why you have selected a particular ranking.
- 7. Data sources, data collection**
- Justify your assessment using the data you have collected for each individual target. If possible and necessary, cross-check (i.e. triangulate) the evidence.
  - **Justify your assessment of the likelihood of achieving the target by the end of the project using evidence relating to the planned course of action (e.g. timetables, deadlines).**
- 8. Quality assurance**
- Cross-check or elaborate on your assessment of how the project is progressing, seeking inputs from others involved in project implementation and from the partner government. Report on any inconsistencies arising in the assessment.
- 9. Time period and frequency**
- Progress is to be reported annually in the Annual Project Progress Report, which covers the previous calendar year.

**10. Reporting and documentation**

What to report

**The perceived likelihood of achieving the ›transformational‹ targets by the end of the current calendar year.** Perceptions should be expressed using the following table and the above-mentioned rankings (see 5. Units of measurement).

Target	Category	Achievement so far				
		0	1	2	3	4

The perceived likelihood of achieving transformational change according to the scale set out in the following table.

<b>Potential for transformational change</b>	0 Transformation judged unlikely	<input type="checkbox"/>
	1 No evidence yet available	<input type="checkbox"/>
	2 Some early evidence suggest transformation likely	<input type="checkbox"/>
	3 Tentative evidence of change – transformation judged likely	<input type="checkbox"/>
	4 Clear evidence of change – transformation judged very likely	<input type="checkbox"/>

- The people that took part in the assessment process and also whether differing opinions arose in the assessment process and what these were.
- A justification of the ranking selected to indicate the level of progress made towards achieving the target (i.e. how did you come to the conclusion that the target has been achieved by the chosen percentage?).
- Justification of your perceptions regarding the likelihood of achieving the transformational impact by the end of the project (planned timetables, etc.) as well as by the years 2019 (end of implementation of the first NSP), 2022 (intermediate year) and 2024 (10 years since implementation of the NAMA Facility started).
- Elaborate on whether the project and all its components are still moving in the right direction – i.e. towards low-carbon sustainable development (Direction).
- Explain whether and how the project is being implemented sustainably – i.e. whether the approaches and working methods employed respect the above-mentioned standards (Process).
- The person or entity responsible for monitoring and reporting on this indicator.

## 11. Examples

### Example 1

The NSP identifies two possible ›transformational‹ project outcomes. The first falls into results category (a) because it aims to achieve a fundamental political decision that will strengthen low-carbon sustainable development in the country. Specifically, this is the decision to replace the old vehicle taxation system that was based on engine size with one based on CO<sub>2</sub> emissions and, at the same time, introduce a labelling scheme for vehicular emissions. The NSP's second such project outcome is the permanent allocation of a greater share of overall transport expenditure to non-motorised and/or public transport, thus gradually shifting the focus of public expenditure and improving the necessary infrastructure. This objective falls into results category (b). The NSP sets these targets as project-specific targets and monitors them accordingly. In addition, it reports on their progress under mandatory core indicator 3: potential for transformational change.

As this is the first year of reporting, the progress made on these first two objectives is less than 20%. So far, a study on setting appropriate tax levels and on the possible labelling system to be introduced has been agreed upon. Other steps are still outstanding, such as the drafting of relevant legislation, stakeholder involvement and the political approval process. Being less than 20%, the progress towards achieving the two targets is given a ranking of 1. In terms of the third objective, progress is given a ranking of 2 in the first year of reporting because the acting government has already announced the shift and plans are being drawn up detailing how increased budget will be allocated over the next five years. In short, the NSP considers it likely that it is moving towards transformational change. In the accompanying text, the NSP must describe how it has reached this conclusion.

Target	Category	Achievement so far				
		0	1	2	3	4
Introduction of a labelling scheme	(a)		X			
Vehicle taxation based on CO <sub>2</sub> emissions	(a)		X			
Significant public expenditure shift towards low-carbon transport solutions	(b)			X		

<b>Potential for transformational change</b>	0 Transformation judged unlikely	<input type="checkbox"/>
	1 No evidence yet available	<input type="checkbox"/>
	2 Some early evidence suggest transformation likely	<input checked="" type="checkbox"/>
	3 Tentative evidence of change – transformation judged likely	<input type="checkbox"/>
	4 Clear evidence of change – transformation judged very likely	<input type="checkbox"/>

#### Example 2

The project involves piloting corporate GHG reporting schemes. A number of methodologies are tested in companies of different sizes and the most appropriate methodologies are then compiled in a guidebook on the subject. The NSP’s objective is to secure from the implementing country a decision on moving towards compulsory corporate GHG reporting. This objective comes under results category (f), as it constitutes an approach that was tested within the NSP and then scaled up to the entire country. Furthermore, the project aims to establish a fund that provides concessional loans to private companies for investments that seek to reduce these companies’ GHG emissions below an industry-specific benchmark. The project helps to set up a revolving fund to this end, with the NSP and partner government providing the required monetary resources. This objective falls under results category (c).

In the third year of reporting, the NSP reports that the first target – the decision to make corporate GHG reporting compulsory – has been achieved and reporting will now become compulsory for a pre-defined set of industries and businesses after two years. The progress towards the second target – the fund for low-carbon investments by private companies – is considered to be 40–70% as some final bureaucratic issues still need to be resolved. The NSP project team is optimistic that it will achieve both of its ›transformational‹ targets by the end of the project.

Target	Category	Achievement so far				
		0	1	2	3	4
Decision to make corporate GHG reporting compulsory	(f)					X
Establishment of a fund to support private companies seeking to reduce their GHG emissions	(c)				X	

<b>Potential for transformational change</b>	0 Transformation judged unlikely	<input type="checkbox"/>
	1 No evidence yet available	<input type="checkbox"/>
	2 Some early evidence suggest transformation likely	<input type="checkbox"/>
	3 Tentative evidence of change – transformation judged likely	<input type="checkbox"/>
	4 Clear evidence of change – transformation judged very likely	<input checked="" type="checkbox"/>

## Annex 5: NAMA Facility – Indicator guidance sheet (IGS)

### Mandatory Core Indicator: M4 – public finance mobilised

#### Rationale:

The NAMA Facility needs to ensure that it uses its money effectively and efficiently. Therefore, for each EUR it spends it wants to ensure it mobilises the maximum amount of additional money for the NSP's objectives. This indicator therefore monitors the amount of money invested into climate friendly solutions by **public entities** in the recipient country as a direct result of **the NSP's interventions in the financial component** (e.g. local communities making investments into renewable energies using a financing mechanisms which was developed and implemented as part of the NSP).

Please note: This indicator does not concern the pledge industrialised countries have made in Copenhagen and Cancún to mobilise USD 100 billion annually by 2020. Therefore, it does not count climate finance mobilised by industrialised countries and flowing to developing countries. Instead, its objective is to generate a statement on the effectiveness of the chosen approach, i.e. its ability to mobilise public investment in the implementing country. The resulting leverage ratio (project finance compared to total investment, public and private) will be calculated by the NAMA Facility TSU and can be used to guide future project developers and policy makers in their choice of policy approaches.

<b>1. Indicator</b>	Volume of public finance mobilised for low carbon investment and development
<b>2. Results level</b>	Output
<b>3. Definition and Scope</b>	<p><u>Definition of public finance</u> The OECD DAC standard definition to determine if an entity is public or private is used: Official [i.e. public] transactions are those undertaken by central, state or local government agencies at their own risk and responsibility, regardless of whether these agencies have raised the funds through taxation or through borrowing from the private sector.</p> <p>The entire finance is considered public or private depending on the definition of the legal entity providing the finance, i.e. 100% of the finance will be assumed as public or private depending on the definition of the legal entity as determined from the above definition.</p> <p><u>Definition of mobilised</u> Only finance associated with activities where there is a clear causal link between the public intervention and the (public or private) finance mobilized and where the activity would not have moved forward, or moved forward at scale, in the absence of the NSP's intervention would be counted.</p>

Note: Public or private investment made in **replication projects or initiatives** which were not developed and implemented within the NSP (even if the NSP has promoted their replication and the NSP served as a model for the project or initiative) is not to be counted as it is too remote to claim to have been mobilised.

Definition of low-carbon investment and development:

Any investment that actually contributes to achieve a reduction of greenhouse gas emissions, avoid future greenhouse gas emissions, or improve the mitigative capacity of the target group (their capability to induce GHG reductions).

**4. Disaggregation of the indicator**

- Public investment mobilised in the previous calendar year
- Public investment mobilised since the start of the project
- Public investment firmly committed and/or disbursed since the start of the project
- Further disaggregation (e.g. sources of public finance) optional

**5. Measuring unit**

- Absolute figure
- Unit: EUR
- Currency conversion can be done using annual exchange rates, where possible, using the list of exchange rates from the OECD DAC.

**6. Methodology**

Target setting

The target should be expressed as cumulative total for the entire project duration.

Calculation

1. Identify any public investments mobilised in the year under review. Only consider those investments that have been made, not those that have been announced or pledged.
2. Subtract any amounts of the investments which
  - a) Do not aim at climate change mitigation
  - b) Have been used for the same purpose before the start of the NSP and/or would have been used for the same purpose in the absence of the NSP (are not additional).
3. Convert all amounts into EUR.
4. Totalise all the amounts.

**7. Data sources, data collection**

Assessment of additionality (i.e. the extent to which money would or would not have been spent on the same purpose in the absence of the NSP) will need to be done on a case-by-case basis and will require the judgement and reasoning of the project team.

Partner country expenditure can be sourced from government systems (e.g. ministry of finance, ministry of environment) or, in case of a financial programme, in application documents and reports of recipients. Make sure to include reporting requirements in contracts where necessary (e.g. if loans are on-lent).

#### **8. Quality assurance**

If you have any concerns regarding the quality of data or any points that you think the NAMA Facility TSU should be made aware of, please note this in the report.

#### **9. Time period and Frequency**

Public finance mobilised should be reported annually and should cover the previous calendar year. Data should be collected during the entire project duration.

Public finance should only be counted as ›mobilised‹ once it has been firmly committed (budget approved or contractual arrangement signed) or disbursed / invested.

#### **10. Reporting and Documentation**

##### What to report

- amount of public finance mobilised in the previous calendar year
- cumulative amount of public finance mobilised since project beginning
- data sources
- person or entity responsibly for data collection, reporting and quality assurance of data for this indicator
- accumulated target values for the end of the project lifetime as well as for the years 2019, 2022, and 2024

#### **11. Examples**

1. As part of its activities, an NSP implements a national support programme for local governments to apply for grants to co-finance climate change mitigation activities in their community (e.g. hiring climate change officers, elaborating climate change strategies or action plans, or the like). Local governments who receive money from the programme have to cover part of the expenditure themselves. In year one, local governments receive EUR 1.5 million from the programme and put in an additional EUR 1 million for the implementation of their activities. In this case, the total investment to be reported equals EUR 2.5 million.
2. As part of its activities, an NSP implements a revolving fund that is used to give loans to energy efficient cooling in public buildings. Government bodies, especially local governments, can apply for a concessional loan and have to come up with 1/3 of the investment themselves. In year one, these loans mobilise local government investment into energy efficient cooling systems equalling EUR 3 million, 2 million of which came from the fund, 1 million from the local governments. Accordingly, you would need to report EUR 1 million in the first year and report any repayment on the EUR 2 million including interest and fees in the subsequent years as they are paid by the local governments.

## Annex 6: NAMA Facility – Indicator guidance sheet (IGS)

### Mandatory Core Indicator: M5 – private finance mobilised

#### Rationale:

The NAMA Facility needs to ensure that it uses its money effectively and efficiently. Therefore, for each EUR it spends it wants to ensure it mobilises the maximum amount of additional money for the NSP's objectives. This indicator therefore monitors the amount of money invested into climate friendly solutions by **private companies and individuals** in the recipient country as a direct result of **the NSP's interventions** (e.g. households making investments into energy efficient lighting using a financing mechanisms which was developed and implemented as part of the NSP).

Please note: This indicator does not concern the pledge industrialised countries have made in Copenhagen and Cancún to mobilise USD 100 billion annually by 2020. Therefore, it does not count climate finance mobilised by industrialised countries and flowing to developing countries. Instead, its objective is to generate a statement on the effectiveness of the chosen approach, i.e. its ability to mobilise private investment in the implementing country. The resulting leverage ratio (project finance compared to total investment, public and private) will be calculated by the NAMA Facility TSU and can be used to guide future project developers and policy makers in their choice of policy approaches.

<b>1. Indicator</b>	Volume of private finance mobilised for low carbon investment and development
<b>2. Results level</b>	Output
<b>3. Definition and Scope</b>	<p><u>Definition of private finance</u> The OECD DAC standard definition to determine if an entity is public or private is used: Official [i.e. public] transactions are those undertaken by central, state or local government agencies at their own risk and responsibility, regardless of whether these agencies have raised the funds through taxation or through borrowing from the private sector.</p> <p>The entire finance is considered public or private depending on the definition of the legal entity providing the finance, i.e. 100% of the finance will be assumed as public or private depending on the definition of the legal entity as determined from the above definition</p>

#### Definition of ›mobilised‹

Only finance associated with activities where there is a clear causal link between the public intervention and the (public or private) finance mobilised and where the activity would not have moved forward, or moved forward at scale, in the absence of the NSP's intervention would be counted.

Note: Public or private investment made in **replication projects or initiatives** which were not developed and implemented within the NSP (even if the NSP has promoted their replication and the NSP served as a model for the project or initiative) is not to be counted as it is too remote to claim to have been mobilised.

#### Definition of ›low-carbon investment and development‹

Any investment that actually contributes to a reduction of greenhouse gas emissions, avoid future greenhouse gas emissions, or improve the mitigative capacity of the target group (their capability to induce GHG reductions).

#### 4. Disaggregation of the Indicator

##### Data to be disaggregated and reported

- private investment mobilised in the previous calendar year
- private investment mobilised since the start of the project
- private investment actually disbursed since the start of the project
- further disaggregation (e.g. sources of private finance) optional

#### 5. Measuring unit

- Absolute figure
  - Unit: EUR
- Currency conversion can be done using annual exchange rates, where possible, using the list of exchange rates from the OECD DAC

#### 6. Methodology

##### Target setting

The target should be expressed as cumulative total for the entire project duration.

##### Calculation

1. Identify any private investments mobilised in the year under review. Only consider those investments that have been made, not those that have been announced or pledged.
2. Subtract any amounts of the investments which
  - a) Do not aim at climate change mitigation
  - b) Have been used for the same purpose before the start of the NSP and/or would have been used for the same purpose in the absence of the NSP (are not additional)
3. Convert all amounts into EUR
4. Add all amounts

<b>7. Data sources, data collection</b>	<p>Assessment of <b>additionality</b> (i.e. the extent to which money would or would not have been spent on the same purpose in the absence of the NSP) will need to be done on a case-by-case basis and will require the judgement and reasoning of the project team. Surveys may be used for samples.</p> <p>In case of a financial programme, private investments can be monitored via application documents and reports of recipients. Make sure to include reporting requirements in contracts where necessary (e.g. if loans are on-lent).</p>
<b>8. Quality assurance</b>	<p>If you have any concerns regarding the quality of data or any points that they think the NAMA Facility TSU should be made aware of, please note this in the report.</p>
<b>9. Time period and Frequency</b>	<p>Private finance mobilised should be reported annually and should cover the previous calendar year. Data should be collected during the entire project duration.</p> <p>Private finance should only be counted as ›mobilised‹ once it has been invested (not at the time it is announced or contracts are signed).</p>
<b>10. Reporting and Documentation</b>	<p><u>What to report</u></p> <ul style="list-style-type: none"> <li>• amount of private finance invested into low carbon solutions in the previous calendar year</li> <li>• cumulative amount of private finance invested into low carbon solutions since project beginning</li> <li>• data sources</li> <li>• person or entity responsibly for data collection, reporting and quality assurance of data for this indicator</li> <li>• accumulated target values for the end of the project lifetime as well as for the years 2019 (end of implementation of the first NSP), 2022, and 2024 (ten years since start of NAMA Facility implementation)</li> </ul>
<b>11. Example</b>	<p>The NSP develops and implements a national challenge fund for small businesses to bid for grant funding (e.g. for energy efficiency investments in their business operations). The businesses must provide matched funding for the grant. If the companies' own contribution would not have been invested into energy efficient appliances in the absence of the NSP, you can report the entire amount of the investment (including the grant element). If, on the other hand, you estimate that part of the money (say 5 %) would have been invested for the same purpose in the absence of the NSP, you may only report 95 % of the investment.</p>

## Annex 7: Monitoring and evaluation plan for

**[insert project title here and specify the technical cooperation/financial cooperation component]**

To ensure that both the NAMA Facility and the NAMA Support Project (NSP) are accountable and can be properly evaluated, monitoring arrangements must cover all five mandatory core indicators as well as the sector- and project-specific indicators listed in the logframe.

Baselines established at the outset of the project are the initial values against which indicators will subsequently be measured.

The baselines for reporting on the mandatory core indicators are always set to zero at the beginning of the project. Accumulated targets (only for the mandatory core indicators) should be defined for the years 2019, 2022 and 2024 as well as for the end point of the project (if it falls outside these three years) in absolute numbers.

Milestones should be provided for each output.

The monitoring and evaluation (M&E) plan sets out the indicators to be measured, the methods for measuring them, and the monitoring timeline for each indicator.

The last line shows the major risks that have been identified and outlines the indicator(s) that will be used to monitor these risks.

It is also important to indicate the type and date of any expected evaluations, provide the name of the person responsible for M&E, and outline the quality assurance mechanisms used for the M&E in a short paragraph.

Insert indicator	Data collection methods and sources	Reporting dates (accumulated data at the year end) and indication and follow up of milestones					Targets (only for mandatory core indicators M1 – M5)			
		Year 1 (20XX)	Year 2 (20XX)	Year 3 (20XX)	Year 4 (20XX) if applicable	Year 5 (20XX) if applicable	End of project (20XX)	2019 (if different to the year in which the project ends)	2022 (if different to the year in which the project ends)	2024 (if different to the year in which the project ends)
<b>Impact indicator:</b>										
Outcome (technical cooperation or financial cooperation): XXX										
Outcome indicators										
M1: Reduction of greenhouse gas emissions	Baseline/ business-as-usual scenario.									
M2: Number of people directly benefiting from NAMA Support Projects										
M3: Degree to which the supported activities are likely to catalyse impacts beyond the NAMA Support Project (potential for scaling-up, replication and transformation)	Based on which results categories?									
Outcome indicator XX:										
...										
Output indicators										
M4: Volume of public finance mobilised for low-carbon	Milestone(s)									
M5: Volume of private finance mobilised for low-carbon investment and development	Milestone(s)									
Output indicator XX:	Milestone(s)									
Output indicator XX:	Milestone(s)									
Output indicator XX:	Milestone(s)									
...										
Risk monitoring TC or FC risks:	Please list the indicators to be used to monitor the risk(s).									

## Annex 8: Risk assessment tools

### 1. Risk Assessment Matrix – a tool for assessing and classifying risks

Impact/ Probability	Impact 4: major	Impact 3: medium	Impact 2: low	Impact 1: almost insignificant
Probability A: almost certain				
Probability B: likely				
Probability C: moderate				
Probability D: almost zero				

### 2. Template for displaying the results of a risk assessment and planned approaches to mitigate and manage identified risks

Risk level high	Reduction/Mitigation:	Additional activities/ resources needed:
Risk level moderate	Reduction/Mitigation:	Additional activities/ resources needed:
Risk level low	Reduction/Mitigation:	Additional activities/ resources needed:



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