

# Ambition Initiative Call for NAMA Support Projects

## **Frequently Asked Questions (FAQ) and Clarification Notes I**

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## Abbreviations

ASP	Applicant Support Partner
CN	Clarification Note
DPP	Detailed Preparation Phase
FAQ	Frequently Asked Questions (a NAMA Facility document)
FC	Financial Component of an NSP
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	Greenhouse Gas
GID	General Information Document (a NAMA Facility document)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
M&E	Monitoring and Evaluation
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NDCP	Nationally Determined Contribution (NDC) Partnership
NFGA	NAMA Facility Grant Agent
NSO	NAMA Support Organisation
NSP	NAMA Support Project
OECD DAC	OECD Development Assistance Committee
TC	Technical Component of an NSP
TSU	Technical Support Unit
UNFCCC	United Nations Framework Convention on Climate Change

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## I. General Issues

### **FAQ 1 What do the terms “enhanced” and “ambitious” NDCs mean in the context of the Ambition Initiative Call?**

As described in section 4.1. only NSPs from countries with ambitious NDCs presented to UNFCCC until the closure of the Ambition Initiative Call on 31 May 2021 will be eligible for support.

In the context of this Call, ambitious NDCs are characterised by meeting several or all of the following criteria:

- Compatibility with the globally agreed temperature limit under the Paris Agreement;
- Mitigation target that:
  - implies a significant reduction of economy-wide GHG emissions below business as usual emissions trajectories; and/or
  - includes a rapid reduction of GHG in key emitting sectors with a view to achieving decarbonization; and/or
  - implies an early peaking of GHG emissions and rapid decarbonization thereafter; and/or
  - is aligned with an existing net-zero target.

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

In the context of the Call, raising ambition of NDCs by the national governments can be characterised through (1) strengthening mitigation targets and actions over time; (2) strengthening emissions reduction goals (including the addition of sector-specific targets) or by (3) broadening the scope to include a wider coverage of sectors or gases. Countries may additionally raise ambition by moving from conditional to unconditional targets, shortening timelines, adding policies and measures.

In section 2.4 of the NSP Outline titled “Embedding”, Applicants are required to indicate how the proposed NSP would be embedded into the ambitious NDC and why the NSP would meet the targets of the Ambition Initiative Call.

### **FAQ 2 Can we submit an NSP for a second time, if we were not selected in the previous Call?**

Yes, certainly. If you consider a re-submission make sure you take into account the feedback you were given during the feedback call with the Technical Support Unit (TSU) of the NAMA Facility – an opportunity afforded to all non-selected Applicants – as incorporating these details will surely help your re-submission.

Please also note that some of the eligibility criteria and characteristics of NSPs have changed from previous Calls to the Ambition Initiative Call, so you need to ensure that your previous submission meets those new requirements.

Good to know: While there is no preference for re-submitted NSPs and as a rule, re-submitted Outlines are treated the same as new submissions during the assessment, the NAMA Facility portfolio of NSPs includes 14 NSPs that were selected after they were resubmitted.

**FAQ 3 Can an NSP Outline be submitted to obtain NAMA Facility funds for a project already underway?**

A project already underway would typically not be eligible for NAMA Facility support.

To be eligible in such a scenario, the NAMA Facility-supported element would need to be one project component within a much larger project context, e.g. a transit line within a much larger metro system development, that would not be implemented without the NSP. Keep in mind that it will be crucial to clearly demonstrate additionality of the NSP.

**FAQ 4 At what stage should an Applicant indicate interest to receive > EUR 25 million for the Implementation?**

As described in the GID, section 4.1 “Characteristics of NAMA Support Projects”, the total funding volume requested for the implementation of the NSP should be in the range of EUR 5 – 25 million. In exceptional cases, the total funding volume might deviate from this range. In those cases, Applicants need to indicate this already in their Outline and provide a robust justification.

Please note: Funds > EUR 25 million will only be considered for achieving additional benefits going beyond economies of scale.

**FAQ 5 At what point should a “successful NSPs proving a substantial upscaling potential” apply for the additional budget foreseen to support scale up, and when will a decision be taken if an NSP in implementation is eligible to receive this additional budget for specific upscaling activities?**

Highly successful NSPs having substantial upscaling potential can apply for the disbursement of additional budget towards the end of Implementation Phase 2. There is no need to indicate interest already in the Outline.

The respective request will be reviewed and assessed by the NAMA Facility on the basis of the NSP’s performance during implementation, its potential for upscaling and justification for the need in additional budget which is to be used for specific upscaling activities that are relevant to the original NSP. The decision will be taken by the Donors of the NAMA Facility and will be subject to the availability of funds.

**FAQ 6 Is it possible to obtain a successful NSP Outline as a reference?**

No, the NAMA Facility is not authorized to share or publish NSP Outlines it has received in previous Calls.

On the NAMA Facility’s website you can find a fictional [Outline](#) that featured in a [7<sup>th</sup> Call webinar](#) and was developed by the TSU as a guide for 7th Call applicants. Please note, that this Outline does not respond to the new characteristics of the Ambition Initiative Call, e.g. enhanced NDCs, but can nonetheless provide valuable input on other characteristics of a successful NSP.

**FAQ 7 Can questions be submitted after the last round of Clarification Note?**

No, this will not be possible to ensure a fair and competitive Ambition Initiative Call. Please make sure to submit your questions at least two days before the publication date of the last round of Clarification Notes, i.e. by 17 May 2021, so that your enquiry can be addressed in the last round of Clarification Notes.

Good to know: There is a dedicated clarification policy and process in place, through which you can submit your question to the NAMA Facility. More information can be found on our website.

**CN I-01 Does NAMA Facility have guidance on how much of the resulting GHG mitigation can be claimed by the country as domestic mitigation action?**

The resulting mitigation can be accounted and claimed by the country as domestic mitigation action throughout the NSP and beyond its lifetime, i.e. donor countries may not claim these as their own mitigation actions.

**CN I-02 Where can we find information about NSPs financed by the NAMA Facility that are already in the DPP or Implementation?**

Information can be found on the [NAMA Facility website under Projects](#), where information on all NSPs in DPP or Implementation is provided.

**CN I-03 Does the GHG mitigation achieved through technical cooperation (TC) activities implemented during the NSP implementation count as direct or indirect mitigation?**

GHG mitigation achieved through TC activities counts as indirect mitigation – irrespective of whether it has been achieved during or after the NSP lifetime. Only emission reductions that are achieved by measures (partially) financed or leveraged by the financial cooperation (FC) component during the NSP period are counted as direct mitigation.

## **II. Selection Criteria**

**FAQ 8 Is it necessary for the NSP Outline to be directly linked to a specific NAMA?**

No, this is not required. The NAMA Facility does not require a NAMA to be registered with the UNFCCC nor a direct link between the NSP and a NAMA in order to be eligible for support. Despite its name, the NAMA Facility supports a wide range of mitigation actions, including sector programmes and initiatives, as long as they are in line with a country's enhanced NDC and endorsed by the national government.

**FAQ 9 Do the sectors targeted by NSPs have to be mentioned in the enhanced NDC?**

Yes, NSPs should target sectors explicitly included in the enhanced NDCs.

**FAQ 10 Will we be penalized in scoring if we take very conservative approaches in measuring project results?**

Not at all. Applicants are highly encouraged to only propose what is truly realistic to be achieved. If the NSP Proposal deviates from the initial NSP Outline in terms of proposing significantly lower ambition criteria (not only direct mitigation and financial leverage, but also transformational change), the NSP risks not being considered for the Implementation Phase. Therefore, Applicants are encouraged to base their estimates on conservative figures from the very beginning.

All assumptions underlying the mitigation potential and financial leverage should be realistic and in case of uncertainties, applicants should take a conservative approach. In particular, GHG emission reductions over the lifetime of infrastructure projects should take into account the temporal impacts of planning and timescale of investments, including allowances for permitting, planning and procurement, amongst others, in relation to the lifetime of the NSP. During the assessment of NSP Outlines, the underlying assumptions and numbers are subject to rigorous plausibility checks.

For example, in order to reach a goal of installing and operating 100 units of a mitigation technology, you would likely need to work on a lot more than 100 units, as some might not enter operation at all and some might encounter technical or financial defaults during operation. In short, not every activity that is begun will be concluded successfully. Therefore, in order to achieve 100 units, one will have to work on 100+x units and include these into the financial model and factor this in when estimating the expected GHG mitigation effect.

**FAQ 11 How does the NAMA Facility assess the scalability of NSPs in the context of transformational change?**

During the assessment process, it is evaluated, whether upscaling or replication is foreseen at the national or even regional level. It should be clear how the project intends to effect a transformation, including specific activities and / or financial mechanism(s) intended to scale up or replicate the successful impacts of the NSP beyond its boundaries.

**CN I-04 Are projects with a focus on social issues that also support low-carbon developments prioritized in the selection process?**

The NAMA Facility's focus is on supporting the implementation of mitigation actions. As we are looking for NSPs that have the potential to trigger transformational changes towards carbon-neutral development pathways, significant co-benefits (social, economic, environmental) are considered important drivers for transformational change. In short, while the focus of the NSP should be on mitigation action, social and other co-benefits are positively evaluated as part of the potential for transformational change.

### **III. Eligibility of countries**

**FAQ 12 Which countries are eligible, and which are excluded from receiving support from the NAMA Facility?**

In order to be eligible for NAMA Facility support, the country of implementation must be listed on the so-called OECD DAC list of recipient countries throughout the entire Implementation Phase. Countries and territories not listed on this list are excluded from NAMA Facility support. The most recent OECD DAC list is published [here](#).

In addition to that, under the Ambition Initiative Call, only countries that presented enhanced and ambitious NDCs to UNFCCC until the closure of the Ambition Initiative Call will be eligible for support.

**FAQ 13 If a country's enhanced NDC is under preparation, but not yet finalized and submitted by 31 May 2021, will the country be non-eligible to participate in the Ambition Initiative Call?**

Yes, the submission of an enhanced NDC to UNFCCC until the closure of the Ambition Initiative Call is an eligibility criterium that all Outlines need to comply with. More information on the eligibility criteria for Outlines can be found in the GID, section 5.1.3 "Outline Assessment Criteria".

**FAQ 14 Is a participation in the NDC Partnership a prerequisite for being eligible in the Ambition Initiative Call?**

No, it is not a prerequisite to participate in the NDC Partnership (NDCP). However, if a country is a member of the NDC Partnership, the NSP needs to demonstrate a high level of alignment with the Partnership Plans developed within the framework of the NDCP, as far as these exist. In countries where economic advisors have been deployed with support from the NDCP, it is highly recommended to link the NSP with the work of the advisors.

**FAQ 15 Does the NAMA Facility have any preference or priorities for country groups or regions?**

No, the NAMA Facility does not prefer any country group or region over others.

**FAQ 16 Can a country apply in the Ambition Initiative Call if it has already received support from the NAMA Facility?**

Yes, it can. The NAMA Facility seeks to select the most ambitious NSPs submitted in a Call; it does not have a regional or country-specific focus. Therefore, previous funding decisions do not exclude a positive funding decision in the current Ambition Initiative Call of the NAMA Facility.

**FAQ 17 Can a country submit more than one NSP Outline in the Ambition Initiative Call?**

Yes, this is possible. Each NSP Outline is assessed on its own merits based on the same selection criteria, regardless of whether it comes from the same or different countries. Please note that for each NSP Outline, a complete separate NSP Outline including Annexes should be submitted.

**FAQ 18 Are cross-border and /or regional projects eligible for funding in the Ambition Initiative Call?**

NSPs in the cross-border but also regional contexts are eligible.

Please note that for all countries involved, the political commitment, readiness, implementation structure, etc. would be assessed. Endorsement letters from national ministries of all involved countries are required.

In addition, such cross-border or regional approaches would need to demonstrate a common “raison d’être”; for instance, several small island states of a region could join forces within one NSP in order to achieve a reasonable project size and scaling effects. However, it would be difficult to make a case for the common raison d’être simply because an organisation is active in three or four countries across a continent.

**CN I-05 Are countries prioritised that have not received funding in the previous Calls?**

No, the NAMA Facility has no regional or country-group specific focus. It continues to select the most ambitious yet feasible NSPs, where each NSP is assessed on its own merits according to the selection criteria outlined in GID section 5.1.3.

**IV. Eligibility of Applicants and Applicant Support Partners (ASP)**

**FAQ 19 Can a ministry or an entity submit more than one application, or be involved in more than one NSP Outline submission?**

Yes, this is possible. There is no limit – ministries or legal entities can be involved in more than one NSP Outline submission.

**FAQ 20 Does the NAMA Facility apply some sort of accreditation system for potential Applicants?**

No, the NAMA Facility does not apply an accreditation system for potential Applicants. The qualification and eligibility will be assessed during the assessment phase.

For more information see GID, section 5.1.1 “Applicants in the Outline Phase” and Annex 2 “Indicative list of specific eligibility criteria for Applicants, Applicant Support Partners and NAMA Support Organizations”.

**FAQ 21 Can governments be directly contracted for the Detailed Preparation Phase (DPP) or Implementation?**

The NAMA Facility cannot directly contract national ministries for the DPP or implementation due to administrative reasons. If the Applicant is a national ministry, then the NAMA Facility requires the nomination of an ASP (that is a legal entity) as the contracting partner for providing the funding support during the DPP. For a potential implementation, a NAMA Support Organisation (NSO) needs to be nominated (with a legal entity) that will become contracting partner for the implementation (see also GID section 5.1.1 “Applicants in the Outline Phase” and 5.2.2 “Applicants in the Proposal Phase/NSOs”).

**FAQ 22 What is the difference between an Applicant and an ASP?**

The Applicant submits the NSP Outline to the NAMA Facility.

The NAMA Facility cannot directly contract national ministries for the DPP due to administrative reasons. If the Applicant is a national ministry, then the NAMA Facility requires the nomination of an ASP (that is a legal entity) as the contracting partner for receiving the funding support during the DPP.

If the legal entity submits the NSP Outline itself, the legal entity would be called the Applicant. The legal entity would be required to have the endorsement from the relevant national ministries to submit the NSP Outline. An additional ASP would not be required.

In both cases, sections 1.4 “National Ministry 1”, 1.5 “National Ministry 2” and 1.6 “Applicant / Applicant Support Partner” of the NSP Outline template must be completed and endorsement letters from the national ministries must be submitted.

Good to know: The NAMA Facility introduced these options to ensure broad accessibility for potential Applicants. In the event that a national ministry submits an NSP Outline but is unclear about the eligibility of the designated ASP, this can be discussed during the assessment. If found ineligible, the legal entity might be replaced with another as part of the assessment and contracting process for the DPP.

**FAQ 23 Can the ASP be a consortium?**

Yes, in justified cases, the ASP can be a consortium. The NAMA Facility does not set an upper limit to the number of organisations in a consortium but recommends keeping the number as small as possible. When a consortium is formed, the roles of all partners must be well defined, and a lead consortium member should be identified to become the contractual partner for the NAMA Facility Grant Agent. This partner is then the funding recipient and can forward funds to the other consortium partners. In the NSP Outline, the consortium partners for the ASP should be described in NSP Outline section 1.6 “Applicant / Applicant Support Partner” and Annex 3 “Applicant or Applicant Support Partner”.

Good to know: All consortium partners will be subject to an eligibility check before the grant contract is concluded. A formalised consortium is not a prerequisite for eligible entities to co-operate under one NSP.

**FAQ 24 Can a local non-governmental organisation apply?**

Yes, a local non-governmental organisation can apply if it receives sufficient endorsement from the government institutions relevant for the implementation of the NSP and if it complies with the capacity requirements listed in the GID, section 5.1.1 “Applicants in the Outline Phase”.



**FAQ 25 What is the difference between the Applicant and NSO and who is doing what during which phase?**

The Applicant is the institution submitting the NSP Outline to the NAMA Facility, in some cases together with the ASP. The Applicant or ASP become the contracting partner for the DPP and develop the NSP Proposal during the DPP.

The NSO(s) needs to be identified during the DPP. The NSO will become the contractual partner for the potential implementation phase of the NSP and it will be responsible for executing the NSP.

**FAQ 26 Can a legal entity act as Applicant/ASP and as NSO?**

Yes, a legal entity can act as Applicant/ASP and NSO if it complies with the capacity requirements for NSOs. The distinction between the two roles was introduced to extend the possibility of participation in NAMA Facility Calls to entities that have the experience and capacity to *design* projects without necessarily having the mandate, experience or capacity to *implement* them.

Note that the capacity requirements for NSOs are higher than those for Applicants/ASP. For more information see GID section 5.1.1 “Applicants in the Outline Phase”, 5.2.2 “Applicants in the Proposal Phase/NSOs” and Annex 2 “Indicative list of specific eligibility criteria for Applicants, Applicant Support Partners and NAMA Support Organizations”.

**FAQ 27 Is it possible to have one organization as the NSO for the technical part of the NSP and another organization as the NSO for the financial part of the NSP?**

Yes, this is possible. The NAMA Facility has several NSPs in its portfolio where one NSO is responsible for the financial cooperation and another for the technical cooperation.

**FAQ 28 Must an NSO already be identified at the NSP Outline submission stage?**

If an NSO is not identified at NSP Outline submission, it can be identified later, up to three months into the DPP.

**FAQ 29 How far is the consideration of commercial entities as ASP / NSO further enabled?**

In the Ambition Initiative Call commercial entities will be eligible to act as Applicants, ASP or NSOs (see GID, section 3.4 “Applicant, Applicant Support Partner and NAMA Support Organisation”). Similar to any other organization applying as part of a Call, commercial entities will undergo a legal review, in particular concerning the public-benefit purpose of each project and the non-violation of EU state-aid law, before possible funding will be granted through the NAMA Facility.

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

Please note: As specified in the GID, section 4.1 “Characteristics of NAMA Support Projects”, no individual economic advantage, commercial benefit, profit for the Applicant, ASP, NSO or any implementing partner must be generated with the use of NAMA Facility funding.

**CN I-06 Can development banks act as Applicant or Applicant Support Partner or later, as NSO, even though they have no official for public-benefit status?**

Yes, national, regional and international development banks are eligible for such roles, if they receive endorsement of the relevant national ministries. Development banks are public organizations set up for a public-benefit purpose.

**CN I-07 Are commercial entities based in the EU eligible to act as Applicant or Applicant Support Partner?**

Yes, in the Ambition Initiative Call EU based commercial entities will be eligible to act as Applicants, ASPs or NSOs, after they passed a legal review, in particular concerning the public-benefit purpose of their proposed project and the non-violation of EU state-aid law.

For more information see also FAQ 29 and GID, section 3.4 “Applicant, Applicant Support Partner and NAMA Support Organisation”).

## **V. Eligibility of Sectors and Technologies**

**FAQ 30 Are there any eligibility criteria or restrictions of the NAMA Facility regarding certain sectors and technologies?**

The NAMA Facility has no sectoral focus. Therefore, in principle, NSPs from all sectors with a relevant mitigation potential are eligible. It is, however, required to demonstrate that the NSP supports transformational change towards a carbon-neutral pathway.

The NAMA Facility’s interpretation of transformational change encompasses a significant technological paradigm shift that is quicker than business-as-usual, irreversible/permanent (i.e. not slipping back to the situation before the project) and backed by a strong political will and commitment to implement these changes.

Therefore, certain technologies targeting a fossil fuel switch, a reduction of gas flaring, upgrading and modernising fossil fuel-based energy generation (e.g. coal) or a replacement of rolling stock in transport with more efficient fossil fuel-based vehicles are likely to find it challenging to demonstrate the potential for transformational change towards a carbon-neutral development pathway.

Based on the assessment of proposed NSPs from previous Calls, the NAMA Facility has compiled lessons learnt for certain (sub-)sectors and technologies, including waste; transport; renewable energy; energy efficiency in buildings, appliances and cook stoves; forestry and agriculture and supply chain approaches (4<sup>th</sup> Call [webinar](#); 6<sup>th</sup> Call [webinar](#) and [presentation](#); 5<sup>th</sup> Call [webinar](#) and [presentation](#)). Applicants are strongly advised to consult these and other NAMA Facility dissemination sources.

**FAQ 31 In contrast to the previous Calls, the Ambition Initiative Call now also considers NSPs that aim at piloting innovative technologies. A) Will it be mandatory for the NSP to achieve the shift from the smaller pilot phase to the large-scale project within the NSP duration of maximum 66 months? B) Could you provide some examples of such novel technologies?**

A: It will be desirable to accomplish the shift to the large-scale project within the NSP’s lifetime. In the Outline documents Applicants are requested to formulate key milestones associated with the smaller scale pilot phase, that need to be achieved before moving into the large-scale project phase. The specific milestones and criteria for the two stages will be determined as part of the in-depth assessments. B: There is a substantial number of novel technologies that could be piloted as part of an NSP. Some illustrative examples are grid-scale battery storage, low emission steel and cement in

the built environment, organic and low-input farming (e.g. through a combination of optimised on-farm nutrient recycling, optimised crop rotations, optimised tillage system and/or agroforestry) or industry decarbonization (e.g. cement, steel or chemicals / plastics industry).

**FAQ 32 Is it mandatory for NSPs to focus on innovation? Will only pilot technologies be eligible for receiving funding in the Ambition Initiative Call?**

No, it is not mandatory for NSPs to focus on innovation and novel technologies. Under the Ambition Initiative Call, applications for NSPs that require a small sized pilot for novel technologies will be considered, but similarly to the previous Calls and in line with the mission and ambition of the NAMA Facility, proven technologies will remain in focus of the NAMA Facility support and will therefore remain eligible for receiving funding. The focus on novel technologies is optional for NSPs.

**FAQ 33 Given the strengthened focus on innovation as part of the Ambition Initiative Call, would the NAMA Facility consider NSPs as innovative if they pilot established technologies in a new setting / context? Would these NSPs, similarly to those featuring novel technologies, be allowed to have a “piloting stage” as part of their intervention?**

An NSP could not be considered as innovative if it pilots an established technology in a new setting / context. As the technology is considered to be mature, this NSP would not be eligible to have a small sized pilot before moving into a larger scale project.

**FAQ 34 Are individual investment projects considered for funding if they fit into the country’s mitigation action?**

The NAMA Facility supports governments and their implementing partners in implementing (sub-) sector-wide mitigation actions, rather than single investment projects such as one solar PV plant or the refurbishment of a single building. The NSP must be transformational in nature, including elements of replicability and scalability.

**CN I-08 Can transformational change of a sector be focused on a sub-national level rather than at the sector at national level?**

NSPs might propose to focus their work on a certain (relevant) sub-national level to enhance impact from their TC and FC. However, it will be important to demonstrate how these impacts are fed into the national level and how the NSP – along with its national implementing partners – enables upscaling and replication at national level.

## **VI. Eligible Support Instruments in NSPs**

**FAQ 35 Does the NAMA Facility provide technical assistance for the preparation of national mitigation actions like NAMAs or for the preparation of NSP Outlines?**

No, the focus of the NAMA Facility’s support is on the IMPLEMENTATION of NSPs. The NAMA Facility does not provide funding for the development of national mitigation actions like NAMAs or for the preparation of NSP Outlines. Support for the development of these should be sought from other sources.

The NAMA Facility will provide funding for the DPP of selected NSP Outlines to elaborate a comprehensive funding Proposal.

**FAQ 36 What financial mechanisms and products can be supported by the NSP?**

NSPs are expected to propose financial mechanisms that enable the leveraging of public and private funds in order to make best use of the grant provided by the NAMA Facility to the NSP.

This leverage can be achieved through a variety of financial mechanisms and products. The chosen mechanism(s) or product(s) should be the most appropriate and feasible one(s) to overcome identified key barriers. Potential mechanisms include (but are not limited to) guarantee schemes for commercial loans, soft loan programmes, and even direct grant payments. All supported financial mechanisms need to demonstrate that the subsidy element does not crowd out commercial finance (it should “crowd in” commercial finance), that it is the most efficient and effective solution for overcoming a certain barrier and that there is a clear phase-out concept for the mechanism – or other ways are shown to ensure a sustainable impact of the financing mechanism beyond the NSP’s lifetime.

The NAMA Facility does not set a rule for the percentage blend of subsidies/credits/equity, etc., but the choice and mix of instruments should be adequately justified.

Applicants are strongly advised to consult the NAMA Facility’s [publication](#) and [webinar](#) on financial mechanisms and their links to transformational change as well as the [presentation](#) and [webinar](#) on financial mechanisms of NSPs.

**FAQ 37 Is it permissible for the financial support mechanisms to evolve during the NSP implementation, e.g., starting at pilot scale and being refined for scale-up and post-NSP continuity?**

Yes, this is accepted by the NAMA Facility. However, the Applicant should bear in mind the lead times for the implementation of financial instruments and the maximum NSP implementation period of 5 ½ years, and the risks of a shortened window of opportunity inherent in such a nascent mechanism to achieve the direct mitigation effects within the NSP Implementation Phase.

**FAQ 38 Is it possible to use NAMA Facility support for seed funding for a local climate fund?**

Yes, this is possible. The NSP should demonstrate clearly how it will mobilise additional funding and that it is ready for starting operations within the first year of the NSP Implementation Phase.

**FAQ 39 Is it permissible if the NAMA Facility funds are gradually replaced by a government tax or other levies?**

Yes, definitely. The NAMA Facility is open to the innovative use of domestic funds. The revenues from an appropriately levied government income could provide a sustainable source of funding. It is crucial to ensure and demonstrate a substantial level of commitment from the government to raise and already avail these domestic resources as early as during the DPP.

**FAQ 40 Is there any minimum ratio for the financial leverage, i.e. between the requested grant from the NAMA Facility and the mobilised public and private finance?**

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

**FAQ 41 Is the definition of financial leverage of an NSP limited to those funds that would not be spent on the same purpose in the absence of an NSP?**

Yes, this is correct.

**FAQ 42 Where in the NSP Outline should an Applicant indicate funds that will be required for the NSP implementation but are not leveraged by the NSP itself (for example, an existing government program, or a complementary project approved by another international or private sector funder)?**

Those budget items, if they will be essential for the implementation of the NSP, could be added in the Outline in section 4 “Expected Budget and Financing Structure of NSP Implementation Phase”. It will be important that the applicant explicitly states that those funds are available irrespective of the NSP being implemented. The amounts must not be included in the M4 and M5 indicator on public and private funds leveraged.

**FAQ 43 Is it acceptable if the national government is fully involved and committed but cannot directly financially contribute to the NSP funding, to instead contribute in-kind contributions, etc.?**

In-kind contributions may be counted. However, greater weight is given to directly mobilised funds by governments through public sector budgets, funds raised through taxes (and exemptions), grants, loans, guarantees etc. In the assessment process, the country context – in terms of public funds but also development of financial markets – is taken into account.

**FAQ 44 If there is no public funding contribution to the NSP, but public commitment through policy interventions, reforms, tax incentives, how is this considered?**

Policy commitment is encouraged, and quantifiable tax incentives would be taken into account in the assessment as enablers of transformational change. ‘Hard’ funding commitments might, depending on the specific country context in question, indicate a higher degree of ownership and sustainability of an NSP.

**FAQ 45 Do Applicants / ASP need to provide information on the sources from specific partners when indicating the potential leverage of public and private funds?**

Yes, the information on specific figures from both public and private sources should be provided together with an information on the status of negotiation/commitment. During the in-depth assessment, the state of commitment will be verified.

**FAQ 46 What kind of information does the NAMA Facility expect on the degree to which the funding is secured?**

For each distinct direct funding source used for the NSP implementation (including contributions from public institutions, private sector and from other donors), the degree to which the funding has been secured should be clarified, whether it is an existing funding stream, firmly committed or simply earmarked (e.g. included in the national budget plan approved for a certain year; or, has been in principle agreed without a formal commitment). Funding commitments from the government should be mentioned in the endorsement letter(s).

**FAQ 47 Does the readiness criterion for financial mechanisms mean that all financing mechanisms should be new and created within the NSP or could existing financial mechanisms be used?**

Existing mechanisms or variations thereof can be built upon provided that they specifically meet the objectives of the NSP. Examples from our current portfolio include existing loan guarantee schemes provided by national development finance institutions that have been adapted for NSPs. These scored well during the assessment as the institutions already have the relevant frameworks, contracts and processes in place to ensure a rapid implementation and the mechanism is associated with a high level of readiness.

**FAQ 48 Is the financing mechanism expected to have disbursed all funds and ceased operation by the end of the Implementation Phase of up to 5 ½ years, or can it continue to disburse even after the Implementation Phase has lapsed?**

In order to mobilise additional funding, financial mechanisms like guarantee funds or credit programmes could revolve and operate beyond the Implementation Phase. Hence, it is not expected that all funds are disbursed within the Implementation Phase. However, the success of an NSP is, among others, assessed based on investments WITHIN the Implementation Phase. The financial mechanism should start disbursing in the first year of the Implementation Phase 2.

Good to know: All NSPs must provide a phase-out/exit strategy for the NAMA Facility funding.

**FAQ 49 Can the NAMA Facility provide funding support to NSPs that require only a technical cooperation component (TC), whereas the financial cooperation component (FC) is instead completely financed by own resources (e.g. in case of a development bank or government budget)?**

This might be considered if the NSP can demonstrate additionality and a clear and direct link between the technical cooperation provided and the financial mobilisation and investments.

**FAQ 50 Are there any restrictions or limitations for the use of NAMA Facility funding for technical cooperation?**

No, there are no restrictions with regard to the types of technical support measures. The NAMA Facility expects that the technical assistance is linked to and enables investments in technologies and behavioural changes driving carbon-neutral development pathways.

**FAQ 51 Does the NAMA Facility apply any minimum ratio for funding requested for the financial cooperation and technical cooperation?**

No, the NAMA Facility does not apply a minimum ratio between the requested funds for financial and technical support to cater for the different needs of support in different countries and sectors. Nevertheless, it is expected that the NSP can demonstrate that the TC funding provided by the NAMA Facility leverages funding from other sources for investments into climate friendly technologies.

While in the current portfolio of NSPs, the average TC to FC support ratio is 40:60, the NAMA Facility aims to increase this ratio in favour of FC support in future NSPs.

**FAQ 52 Can the NAMA Facility funding be combined with funding from other funds, e.g. bilateral or international sources, such as GEF, GCF?**

Yes, NAMA Facility funding can be combined with funding from other sources. However, the additionality of the NAMA Facility funding must be demonstrated.

**CN I-09 Are proposals on policy research for low-carbon development eligible, given that this might be relevant for many countries?**

No, policy research projects and other research projects are not eligible for funding, as this is beyond the scope of the NAMA Facility. The NAMA Facility's objective is to support countries in implementing ambitious mitigation action.

Please note: The NAMA Facility Ambition Initiative Call has a strengthened emphasis on innovation in the context of raised NDC ambition and consideration of applications for NSPs that require a small sized pilot for novel technologies before moving into a larger scale project. This focus on novel technologies is optional for NSPs (for details please refer to GID, section 6).

**CN I-10 Is it required for NSPs to generate a revenue stream (to explain: projects on sustainable forest practices often do not generate a revenue)?**

In general, it is not required for NSPs to generate a revenue stream. However, in the NAMA Facility's assessment a special focus lies on the sustainability and the upscaling of the project activities, which are often more likely in a set-up with an underlying and attractive business case that generates revenue streams. If sustainability and upscaling are achieved in other ways without revenues (e.g. through regulation and its enforcement), this will also be acceptable to the NAMA Facility.

**VII. Submission of the NSP Outline and Annexes**

**FAQ 53 How many endorsement letters from national ministries must be submitted with the NSP Outline and to whom should they be addressed?**

Typically, two endorsement letters are expected, as each NSP Outline should include an endorsement letter of the relevant national ministry in charge of climate change AND the national line ministry/ies concerned.

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

The letters should be addressed to the NAMA Facility Board.

Good to know: During the assessment, the NAMA Facility does not prioritize NSPs Outlines that have been submitted by a ministry vs. those submitted by a legal entity. It is up to the submitting parties (ministries, legal entities) to decide who submits the NSP Outline.

**FAQ 54 If the ministry itself is the Applicant that will submit the NSP Outline, is the endorsement letter still needed?**

Yes, endorsement letters from the relevant line ministry, as well as the ministry in charge of climate change (if different) are still required in this case.

**FAQ 55 Must NSOs, main implementing partners and the ASP also provide support letters with the NSP Outline submission?**

No. For the submission of the NSP Outline, there is no such requirement. Only endorsement letters from the relevant ministries of the applying government are required. Additional support letters can be submitted, if available. This is in particular recommended for partners that are expected to provide financial contributions. Such support letter would help to demonstrate the level of certainty of the co-funding.

**FAQ 56 What is the expected content of the endorsement letter and the level of signatory in the endorsement letters?**

Annex 1 of the NSP Outline template (on the endorsement letters) lists aspects that should be considered in the governmental endorsement letters. The national ministries providing the letters are certainly free to formulate the letter as they deem appropriate. Each endorsement letter should be signed by a duly authorised representative of the ministry; the NAMA Facility does not prescribe the level of signatory.

Good to know: The NAMA Facility does not expect Applicants to submit originals of letters – a scanned version is completely sufficient. During the assessment process, endorsement letters are carefully studied as an indicator of national political commitment and embeddedness. If the endorsement letter includes a financial commitment of public funding, this can (in terms of the assessment) substantiate the NSP's aspiration of public funds leveraged.

**FAQ 57 For a resubmission of an NSP Outline from the previous Call, should the ministry's endorsement letter(s) be updated, or can the endorsement letter(s) from the last Call be resubmitted?**

In order to ensure the full endorsement of the national government and also demonstrate continued support, the NSP Outline should be accompanied by updated letter(s).

**FAQ 58 Should the endorsement letter state the endorsement of the Ministry to the DPP or also of the Implementation Phase?**

The endorsement by Ministries should cover the full NSP, that is in particular the Implementation Phase.

**FAQ 59 Do the Letters of Endorsement have to be written in English or is the official country language sufficient?**

All documents provided with the Outline need to be in English. Endorsement letters can be in the official country language too, but in that case an English translation will be required in addition to the version in country language.

**FAQ 60 If a country has not formulated green recovery plans as a response to the Covid-19 pandemic, is it still mandatory to cover the topic of green recovery in the Outline?**

Yes, even if no official green recovery plans have been formulated so far, the topic should be covered in the Outline in section 2.4 titled "Embedding". This could be done by explaining which individual measures (monetary, political, economic, etc.) have been developed in the country of NSP's intervention to mitigate negative consequences of the Covid-19 pandemic, whether these measures or some of them can be considered "green" and how the NSP can contribute to a wider uptake of green solutions to build back economies and sustain growth during and after the Covid-19 pandemic, despite no holistic green recovery plans/strategies are so far available.

To monitor an NSP's impact to meet the challenge of the Covid-19 pandemic, in the Ambition Initiative Call NSPs are asked to monitor and report on an additional mandatory core indicator: *M6 Contribution of the NSP to the country's measures to promote green recovery from the impacts of the Covid-19 pandemic*. Applicants are required to cover the new M6 indicator in Annex 2 titled "Logframe". For information on other mandatory core indicators, please take a look at the GID, section 6.1 "Monitoring and Evaluation".

**FAQ 61 Is it obligatory to submit the new Annex 5 "Business Case and Financial Mechanism"?**

Yes, it is obligatory to submit Annex 5a "Business Case and Financial Mechanism", which must be supplemented by a mandatory additional document to showcase calculations behind the business model. For that, a template provided by the NAMA Facility (Annex 5b) or the Applicant's own spreadsheet can be used.

To summarize: With each application, Annex 5a "Business Case and Financial Mechanism" as a MS Word document as well as a separate MS Excel spreadsheet (or similar) including underlying calculations must be submitted.

Please note: Applicants are required to use formulas in the spreadsheet, instead of only providing hard-coded figures.

**FAQ 62 As the financial support mechanism is a very important part of the NSP, how detailed do you expect the section to be in the NSP Outline exactly?**

The financial scheme should be sufficiently elaborated to allow the NAMA Facility to assess its feasibility and appropriateness in the country and sector context. Aspects such as indicative costs,



institutional set-up, legal and governance structures should be covered to the greatest extent possible. In the Ambition Initiative Call, Applicants are requested to submit Annex 5a and Annex 5b on the Business Case and Financial Mechanism as two mandatory annexes. Additional details are to be further elaborated as part of the DPP.

**FAQ 63 What are the exact differences between 'outputs', 'outcomes' and 'impacts'?**

Impacts are the mid- and long-term direct and indirect effects of the NSP. Outcomes are the overarching direct project goal. It includes direct effects that can be causally attributed to the NSP interventions and that reflect the utilisation of the outputs by the target group. Outputs cover products, goods, services and regulations/standards that have arisen as a result of the NSP activities.

**FAQ 64 Can we submit further annexes with additional information, i.e. will they be taken into account during the assessment process?**

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

**FAQ 65 Where can we find additional guidance on how to fill in Annex 6 GHG mitigation potential?**

On the NAMA Facility's website you can find one filled-in [fictional Annex 6](#) that was prepared in the course of the 7<sup>th</sup> Call as guidance for Applicants as well as a [podcast](#) that walks you through the Annex 6 and provides guidance on how to fill in the Annex.

**CN I-11 Is there a need to provide a Theory of Change diagramme or Objective Tree in the NSP Outline?**

No, there is no such requirement. Applicants are free to decide whether they want to present such diagramme/chart in the concept for further clarity. Please note: It is mandatory to submit a completed logframe as Annex 2.

## **VIII. Detailed Preparation Phase (DPP)**

**FAQ 66 Does the NAMA Facility set an upper budget limit for the DPP?**

No, there is no explicit upper limit for the DPP budgets that can be requested from the NAMA Facility. Please keep in mind that large budgets requested for the DPP could be an indicator that the NSP risks not reaching a sufficient level of readiness for implementation due to the significant amount of preparatory work still required.

The appropriateness of the requested funding will be assessed on a case-by-case basis. As part of the finalisation of the DPP concept before a funding agreement is concluded, amendments to the budget might be necessary and will be negotiated with the Applicant or ASP. The budget as part of the DPP concept is subject to approval by the NAMA Facility Board. During the DPP itself, increases to budgets are not foreseen.

**FAQ 67 What were the average funding levels for DPPs in previous Calls?**

The average funding support requested by NSPs from the previous Calls for their DPP was approximately EUR 250,000. Please note that the requested funding volume and timeframe for the DPP is an indication of the NPS's level of readiness.

**FAQ 68 Where can co-financing for the DPP be included (Annex 4b does not include budget lines for co-financing)?**

In the Outline template, there is no specific section where co-financing from Applicants / ASP for the DPP shall be included. If you foresee to provide co-financing during the DPP, please address this in Annex 4a "DPP Concept". Annex 4b "DPP budget" shall only include the funds requested from the NAMA Facility for the DPP; that is why there is no specific budget line for co-financing.

#### **FAQ 69 What activities are eligible for support in the DPP?**

Supported activities should be focused on clarifying open issues necessary for the elaboration of a high-quality, detailed NSP Proposal that allows the NSP to quickly start the full implementation after approval of the NSP Proposal. Examples of supported activities include detailed baseline studies, sensitivity analyses of business models, detailing and modelling the financial mechanism, negotiations with implementing partners, defining steering structures for implementation, etc. Feasibility studies can be supported in limited cases only if specific details still need to be clarified; however, the overall technological and economic feasibility should already have been analysed before the NSP Outline is submitted to the NAMA Facility.

#### **FAQ 70 How long should we take to prepare the full NSP Proposal and can we only submit our NSP proposal in either month 10 or month 15, or also in month 11, 12, etc.?**

NSPs are expected to decide for a DPP of either 10 months or 15 months. Within these timeframes, they are expected to prepare and submit a comprehensive NSP Proposal that is ready for implementation. The length of the DPP is determined by the state of preparation (readiness) of the NSP and by the individual project setting. For example, it might take a certain period of time to conduct an in-depth financial analysis, to receive approvals from key implementing partners and/or to set up and conduct meetings with target groups. The expected duration of these activities should be estimated and budgeted accordingly.

It is possible to submit the NSP Proposal before the chosen DPP deadline of either 10 or 15 months (not after), but in your DPP Concept you still need to indicate either 10 or 15 months for the DPP duration.

Good to know: Taking the time to ensure a good quality of the NSP Proposal should be prioritized over a shortened DPP timeframe.

### **IX. Contracting**

#### **FAQ 71 What procurement rules do Applicants, ASPs and NSOs need to follow if they want to contract a consultancy as an external service provider?**

In principle the regulations of the partner country are to be observed. However, the standard grant agreement that is to be signed between the grant recipient and GIZ (as the NFGA), contains procurement rules at a minimum standard. In summary, the grant agreement stipulates basic procurement regulations, which may be further expanded upon based on the partner country's own procurement regulations. More information can be found [here](#).

#### **FAQ 72 Item 8 in the DPP budget form in Annex 4b is called "Forwarding of Funds – a separate budget needs to be provided". Please explain what is meant by forwarding of funds and why and in which form shall the separate budget be provided?**

'Forwarding of funds' refers to those funds that are channelled by the main grant recipient (Applicant or ASP) to a consortium partner or implementing partner as a grant (in contrast to service contracts with consultancies).

If you intend to forward funds, you would be requested to indicate the total amount of the forwarded grant funding on the sheet of the main grant recipient of the NAMA Facility funding and include a second sheet in the excel file where this forwarded grant sum is displayed in the same budget categories as for the main sheet but limited to the amount forwarded to the consortium partner or implementing partner.

For the sake of simplicity, we strongly recommend to simply copy the main sheet and use to copied sheet to display the budget for the forwarded funds.

In case you intend to forward funds as grants to several consortium partners or implementing partners, please include a separate budget sheet for each partner.

### **Last but not least...**

Couldn't find an answer to your question?

In line with our clarification policy for the Ambition Initiative Call, please submit your question in writing to [contact@nama-facility.org](mailto:contact@nama-facility.org).

We will publish the clarification on the NAMA Facility's website as part of the Clarification Note publication and respond to your query directly. The next Clarification Note will be published on 10 February 2021 – be sure to submit your question to the NAMA Facility by 07 February 2021 to ensure that your clarification is included.