Governing Instrument for the NAMA Facility
I. Vision, Mission and Approach

The vision of the NAMA Facility

Accelerate low carbon development to keep temperature rises to well below 2 degrees by financing measures that shift challenging sectors in a country towards a sustainable, irreversible, low carbon pathway.

The mission of the NAMA Facility

Finance innovative projects that tackle specific local challenges for cutting emissions in sectors and countries with strong potential for being scaled up, replicated and able to influence wider sectoral changes.

Unlock investment opportunities by providing tailor-made climate finance to fund projects with potential to:

• Strengthen country ownership to deliver low carbon activities and aligning them closely with country’s Nationally Determined Contributions and other relevant climate and development plans;
• Pilot financing models to overcome market barriers to low-carbon development;
• Use innovative technologies and approaches that need donor financing to deliver on country plans; and
• Boost participation of the private sector to deliver low carbon activities.

II. Governance and Institutional Arrangements

The approach of the NAMA Facility

Select through open competition the most transformational NAMAs from across all sectors and all developing countries – those with the potential to improve, for example, the way that people live, work and move around while also catalyzing bigger changes across a sector.

1. Legal status and designation

The NAMA Facility does not possess a separate juridical personality and a legal capacity. It exercises its functions by means of Kreditanstalt für Wiederaufbau (KfW) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH as Delivery Organizations for NAMA Support Projects (hereinafter “NSP”) under the 1st, 2nd and 3rd Call for Projects of the NAMA Facility and by GIZ as the NAMA Facility Grant Agent (hereinafter “NFGA”) for NSPs from the 4th Call for Projects of the NAMA Facility onwards.

The NAMA Facility is designated as an operating entity and is governed and supervised by the NAMA Facility Board (hereinafter the “Board”) that has full responsibility for funding decisions.
2. The Board

a) Composition
The Board consists of one representative for each of the Funders to the NAMA Facility, namely:

- The German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (hereinafter “BMU”);
- The British Department for Business, Energy and Industrial Strategy (hereinafter “BEIS”);
- The Danish Ministry of Energy, Utilities and Climate and Danish Ministry of Foreign Affairs (hereinafter “EFKM”);
- The European Commission of the European Union (hereinafter “EU”).

b) Decision-Making
In general, decisions of the Board are taken by consensus of the Board members.

Decisions on specific NSPs will be taken by the Funders to the Call for Proposals to which that NSP relates in accordance with Detailed Arrangement regarding Support to the NAMA Facility.

c) Role and functions of the Board
The Board:

- Oversees the operation of the NAMA Facility;
- Approves all operational modalities of the NAMA Facility such as the Monitoring & Evaluation Framework;
- Approves specific operational policies and guidelines, notably Calls for Proposals and underlying General Information Documents which are established for each Call for Proposal;
- Selects NSPs at all relevant stages of the NAMA Facility project life cycle, notably for the Detailed Preparation Phase (hereinafter “DPP”) and for NSP Implementation;
- Approves funding for NSPs;
- Approves changes to NSPs in implementation on the basis of a respective policy to be established;
- Reviews performance of the Facility, including implementation progress, financial status and key risks;
- Considers NAMA Facility and NSP reports and evaluations reports;
- Exercises such other functions as may be appropriate to fulfil the objectives of the NAMA Facility.

d) Meetings
The Board meets in person twice a year. The location of the meeting moves between the seats of the Funders. The Board might meet for additional virtual meetings or in person whenever the need arises.

In addition, the Board has exchanges on all affairs by telephone conference at least once a month.

3. The Technical Support Unit (hereinafter the “TSU”)

a) Establishment
The TSU is the secretariat to the NAMA Facility, services and is accountable to the Board. It has effective management capabilities to execute the day-to-day operations of the NAMA Facility.

b) Staffing
The TSU is staffed with a sufficient numbers of professionals with relevant experience. The staff is provided by GIZ. The Funders have the right to second additional staff to the TSU.

c) Functions
The TSU is responsible for the day-to-day operations of the NAMA Facility, providing administrative, technical, financial and all other expertise necessary. In particular, the TSU:

- Organizes and executes all administrative duties;
- Develops the documents required to process the NAMA Facility Call for Projects and submits them for approval by the Board;
- Organizes and conducts the Calls for Proposals;
- Organizes the meetings of the Board and the monthly NAMA Facility Calls;
- Reports information on the NAMA Facility’s activities;
• Establishes annual and semi-annual reports;
• Undertakes financial management and the tracking of funds;
• Monitor the risks of the NAMA Facility portfolio and regularly reports on it to the Board;
• Carries out monitoring and evaluation functions;
• Establishes and runs effective knowledge management practices;
• Supports and instructs the NSPs;
• Liaises with the Delivery Organizations and the NFGA;
• Liaises with relevant bilateral and multilateral institutions and agencies to ensure the dissemination of lessons learnt;
• Performs any other functions assigned by the Board.

d) Firewalls to Delivery Organizations and the NFGA
The TSU operates fully independently and treats all potential applicants and entities interested in Call for Proposals on an equal basis. The TSU respects clear information firewalls with regard to the Delivery Organizations and the NFGA pursuant to the NAMA Facility Information Policy. As the TSU staff is provided by GIZ, this independence is of particular significance in the relationship to GIZ.

e) Domicile
The TSU is based in Berlin.

III. Costs

1. Administrative costs
BMUB finances the costs of the TSU. If Funders second additional staff to the TSU, they will cover the respective costs.

2. Funding of individual NSPs
The Funders of the NAMA Facility will finance individual NSPs according to the ratios stipulated in specific agreements concluded with regard to individual Calls for Proposals.

IV. Selection of NSPs
NSPs are selected via reoccurring Calls for Projects. This is a competitive bidding process run by the TSU that is open to all delivery partners and remains open for 3–4 months. Projects shortlisted via the call process then undergo an on-site assessment by an independent external evaluator and the TSU. Projects that successfully pass the assessment are recommended to the Board for funding of the DPP. At the end of the DPP, selection is based on the fully-fledged proposal, which undergoes a final in-depth assessment. The Board then makes the final decision on providing funding for the implementation.

NSPs are selected based on open competition.

The approach to selecting the best mitigation projects via open competition means that projects are all tested for their potential to be transformational. Successful projects will be required to show how they are:

• Country-led and embedded in national development strategies and plans;
• Integrated into sector-wide programmes or policies with specific reference to a Nationally Determined Contribution (hereinafter “NDC”);
• Tackling wider policy, regulatory or other barriers that inhibit investment and constrain low carbon development;
• Developing innovative financing mechanisms with the potential to attract public and private investment and ultimately become self-sustaining in the long term.
V. Reporting

Based on information by the NSPs, the TSU establishes semi-annual and annual reports of the NAMA Facility portfolio for the information of the Board. The Board may approve the publication of such reports or abstracts thereof. Funders may request additional information and data relating to key performance indicators set out in the NAMA Facility Logframe.

VI. Monitoring

The NAMA Facility on a programme level as well as individual NSPs in implementation will be regularly monitored by the TSU and/or independent external consultants for impact, efficiency and effectiveness in line with rules and procedures established by the Board.

A Monitoring & Evaluation Framework has been approved by the Board and will be regularly updated. Performance against established indicators will be reviewed periodically in order to support the continuous improvement of the NAMA Facility’s impact, effectiveness and operational performance.

VII. Evaluation

There will be periodic independent evaluations of the performance of the NAMA Facility on a programme level and individual NSPs in order to provide an objective assessment of the results of the NAMA Facility and individual NSPs, including its funded activities and its effectiveness and efficiency. The purpose of these independent evaluations is to inform decision-making by the Board and to identify and disseminate lessons learned. The Board may approve the publication of such evaluations or abstracts thereof.

VIII. Environmental and Social Safeguards

Aspects of environmental and social safeguards, which shall be applied to all NSPs as well as the work of the TSU are applied on the basis of the requirements of the implementing Delivery Organizations and the NFGA. The TSU and the Funders will equally take swift legal action to stop, investigate and prosecute any person suspected of misuse of resources or corruption.

IX. Termination of the NAMA Facility

The termination of the NAMA Facility will be approved by the Funders. It is expected to occur once the implementation of all NSPs has been accomplished, including time period needed for residual monitoring and reporting of existing NSPs; or earlier if all donors agree that new Calls for Proposals through the NAMA Facility are no longer needed. Termination of the NAMA Facility will also adhere to the terms and conditions of the Detailed Arrangements agreed between Funders.

This Governing Instrument for the NAMA Facility was approved on 12 April 2018.