

# Monitoring and Evaluation Framework

November 2018

On behalf of



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety



Department for  
Business, Energy  
& Industrial Strategy



Danish Ministry  
of Energy, Utilities  
and Climate



# Contents

<b>1. Introduction and purpose</b>	<b>4</b>
<b>2. The overall Theory of Change of the NAMA Facility</b>	<b>6</b>
<b>3. The NAMA Support Project logframe</b>	<b>8</b>
3.1 Indicators and mandatory core indicators	8
<b>4. The NAMA Facility monitoring and evaluation framework</b>	<b>10</b>
4.1 Monitoring	10
4.2 Evaluation	11
4.3 Monitoring and evaluation deliverables	15
4.4 Schedule of the main monitoring and evaluation deliverables	19
<b>5. Responsibilities and resources</b>	<b>21</b>
<b>6. Assumptions and risk monitoring</b>	<b>22</b>
<b>7. Knowledge management related to monitoring and evaluation</b>	<b>25</b>
<b>8. List of reference documents</b>	<b>26</b>

## List of annexes

<b>Annex 1</b>	NAMA Facility logframe 2018
<b>Annex 2</b>	NAMA Facility – Indicator guidance sheet (IGS)
<b>Annex 3</b>	NAMA Facility – Indicator guidance sheet (IGS)
<b>Annex 4</b>	NAMA Facility – Indicator guidance sheet (IGS)
<b>Annex 5</b>	NAMA Facility – Indicator guidance sheet (IGS)
<b>Annex 6</b>	NAMA Facility – Indicator guidance sheet (IGS)
<b>Annex 7</b>	Monitoring and evaluation plan
<b>Annex 8</b>	Risk assessment tools

## List of figures, text boxes and tables

<b>Figure 1</b>	The theory of change for the NAMA Facility
<b>Figure 2</b>	Monitoring and evaluation deliverables
<b>Text box 1</b>	Mandatory core indicators
<b>Text box 2</b>	Overview of the indicators
<b>Text box 3</b>	Definition of monitoring and evaluation
<b>Table 1</b>	Evaluations in the context of the NAMA Facility
<b>Table 2</b>	Schedule of the main monitoring and evaluation deliverables
<b>Table 3</b>	Risk register

# 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 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 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 understanding how successful the NAMA Facility is in practice.

Given that all NSPs aim to contribute to the objectives of the overall NAMA Facility, it is important to harmonise their monitoring and evaluation (M&E) systems to make them responsive to the information needs of the donors supporting the NAMA Facility. One important aspect of NSP implementation is the need to demonstrate progress on the core objectives of the NAMA Facility i.e. on greenhouse gas (GHG) emission reductions – as well as on sustainable development co-benefits in a systematic and verifiable manner. To do this, NSPs' data collection and monitoring and reporting systems need to be harmonised with each other and must be sound and systematic. It should be noted that this form of monitoring is specific to NSPs and the NAMA Facility and is not the same as a monitoring, reporting and verification (MRV) framework at the national level. That said, monitoring may contribute to and further enhance national MRV; indeed, a considerable number of NSPs entail specific MRV support components. Information collected for MRV frameworks can therefore feed into the NAMA Facility M&E framework and vice versa.

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.

This document provides concrete instructions and guidance to project managers on how to set up their NSP-specific M&E scheme.

**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.

### Overarching objectives of NAMA Facility monitoring and evaluation

- 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.
- To promote learning, feedback and knowledge sharing based on 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 enhance knowledge and performance.

This document describes:

- the NAMA Facility's overall Theory of Change (ToC);
- the deliverables and timetables for reports and evaluations;
- risks and risk monitoring;
- the NAMA Facility logframe;
- the key features of the NAMA Facility M&E framework at the NSP level.

The annexes provide relevant templates, presentation tools and detailed guidance on how to define and collect data for monitoring and reporting on the five mandatory core indicators.

## 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. 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 doing so, the TSU contributes to the continuous improvement and quality management of NSPs and the overall NAMA Facility.

The Theory of Change 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, and 5, 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.

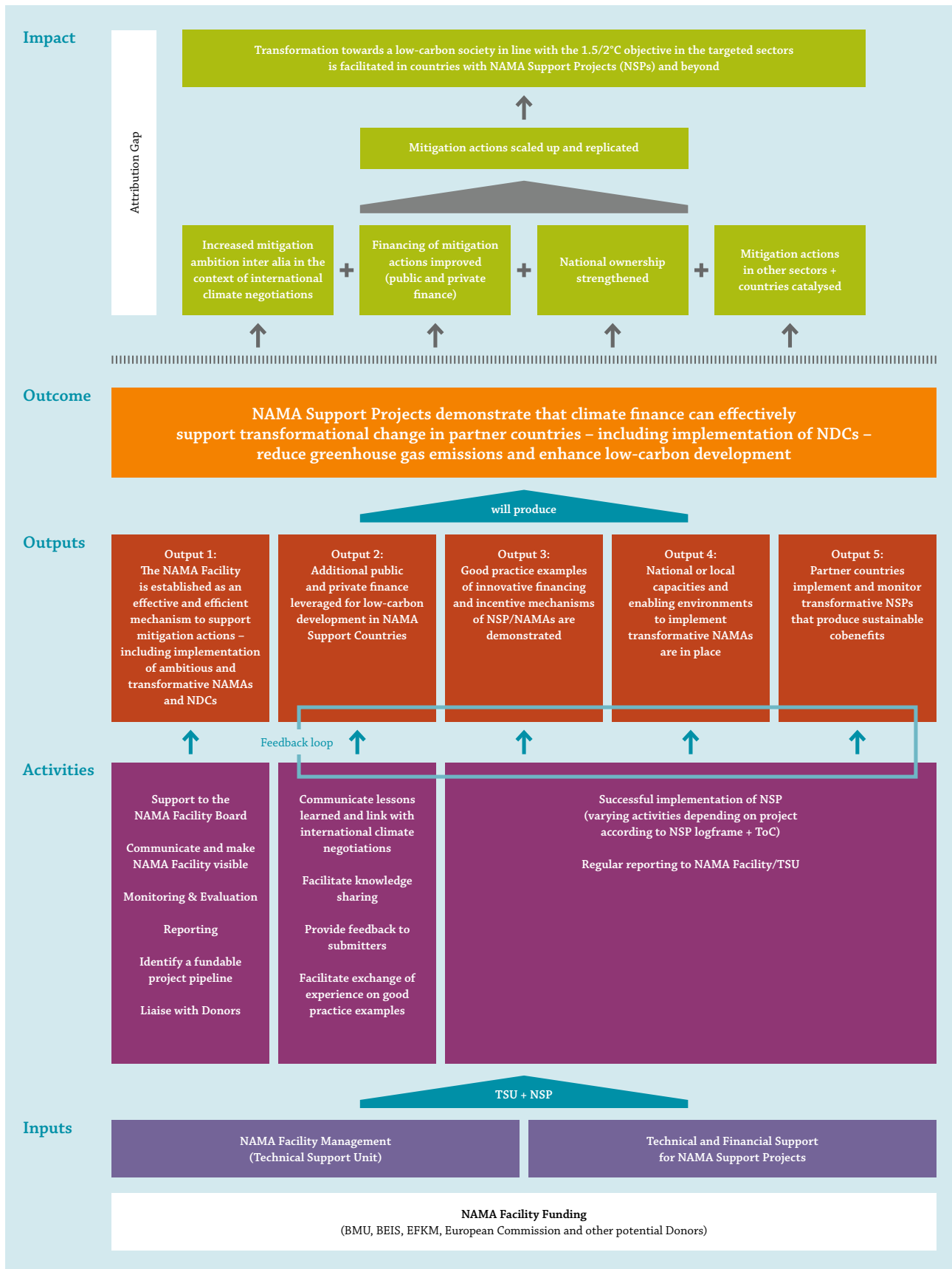
All NSPs must:

- 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.

A broader outcome sought from the joint efforts of NSPs and the TSU is for them to 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. It will also contribute to catalysing mitigation actions in additional sectors and countries and strengthening national ownership of such actions, which will in turn, influence ambitions for national action on mitigation for discussion in international climate negotiations. Finally, through scaling up and replication, an increasing number of sectors and countries will move towards the creation of low-carbon societies that operate in line with the implications of the 1.5/2 °C limit.

Figure 1: The theory of change for the NAMA Facility



## 3. The NAMA Support Project logframe

The logframe (annexed to the NSP proposal) is a matrix showing the overall design and scope of a project, and providing the framework to follow up on the implementation of the NSP. It includes more operational detail, which then forms the basis of the M&E plan. The logframe includes indicators with baselines and targets that make it possible to measure progress towards the achievement of the desired outputs, outcome and impact. The sources of verification are the kinds of data that need to be collected for verifying the indicators, and the assumptions and risks column contains the factors that may affect achievement of the desired results.

As part of the NAMA Facility portfolio, all NSPs contribute to and feed into the overall NAMA Facility framework.<sup>1</sup>

All NSPs will contribute (on the impact level) to the expected **impacts** of the overall NAMA Facility, namely:

**Transformation towards a low-carbon society in line with the 1.5 °C limit in the targeted sectors is facilitated in countries with NAMA Support Projects (NSPs) and beyond**

- Mitigation actions are scaled up and replicated.
- National ownership is strengthened.
- Mitigation ambitions (among others) in the context of international climate negotiations are increased.
- Financing of mitigation actions is improved (public and private finance).
- Mitigation actions in other sectors and countries are catalysed.

### 3.1 Indicators and mandatory core indicators

Even though the logframes of individual NSPs need not include the outcome and outputs set for the overall NAMA Facility, they do all need to include five mandatory core indicators for use in measuring the progress, achievements and success of the Facility. Therefore, in addition to NSP-specific indicators, NSPs must convey the baseline, milestones and annual targets for each year of implementation and for the period for a ten-year period after the end of project implementation for the five mandatory core indicators of the NAMA Facility. The responsibility for monitoring and reporting on the five indicators can be shared between the TC and 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

1 See NAMA Facility logframe in Annex 1.



Detailed instructions on how to define baselines collect data and measure progress on the mandatory core indicators are given in indicator guidance sheets M1 to M5, provided in Annexes 2 to 6.

In their annual reports, NSPs must report on the status of the mandatory core indicators against agreed targets (the baseline at the beginning of the project is always zero, and the target values and basis for calculating these target values need to be defined and presented along with the M&E plan no later than three months after the start of implementation). The information submitted is aggregated by the TSU, which then reports to the donors on the overall progress of the NAMA Facility.

In addition to the mandatory core indicators, NSPs monitor the project's performance and progress as well as project-specific and one or two sector specific indicators. While NSPs are free to set these indicators themselves, the NAMA Facility logframe does offer optional example-indicators that NSPs can use. NSPs must report on all indicators included in their logframes in order to provide the TSU with sufficient information for overall NAMA Facility progress reporting.

#### Text box 2: Overview of the indicators

##### **Sector indicators**

To assess a change in the characteristics of a sector (e.g. a reduction in the average commuting time) at the outcome level.

##### **Project-specific indicators**

To assess the quality, quantity and delivery time frame of project-specific deliverables/outputs (e.g. the number of government officials trained in MRV data collection).

##### **Mandatory core indicators**

See above.

## 4. The NAMA Facility monitoring and evaluation framework

The monitoring and evaluation framework of the overall NAMA Facility covers **two levels**:

- the NAMA Facility level, where responsibility for managing M&E falls to the TSU;
- the NSP level, where responsibility for managing M&E falls to the NAMA Support Organisation(s) 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 as part of the overall NAMA Facility outcome. The following description includes the requirements for the **M&E systems of NSPs**.

### Text box 3: 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 partners involved. 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 need to have an M&E plan (see Annex 7).
- M&E plans must be based on the logframe and 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 each year of implementation as well as for a ten-year period after the end of project implementation (annual targets).
- Tentative dates for evaluation(s) must be set.
- Quality assurance mechanisms must be put in place.
- The M&E plans must include risk monitoring.

It is also recognised that monitoring systems are project specific – i.e. they need to be designed to fit the specific circumstances of each project. NSP M&E plans therefore need to respond both to the NSP's specific project management requirements and to the information needs for monitoring the overall NAMA Facility.

A precondition for a good M&E plan is precise indicators. Except for mandatory core indicator M3, which is qualitative, all indicators should be SMART: specific, measurable (i.e. include a methodology for baseline calculation, appropriate milestones and a target value), achievable, relevant and time-bound. For all mandatory core indicators, the baseline will be zero, because it is only possible to aggregate absolute figures at the overall NAMA

Facility level. However, NSPs must describe which baseline scenario is being used to calculate the target value. The final validation of the indicators (i.e. the definition of the target value based on the collection of baseline data and estimation of realistically achievable targets) can be performed once the project has started. This must be presented no later than three months after the start of project implementation (the table in Annex 7 describes how to present an M&E plan).

For 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), a qualitative statement based on the observation of pre-defined result areas is required (for more detailed guidance, see Indicator guidance sheet M3 in Annex 4).

To harmonise NSPs' understandings of the five mandatory core indicators, Annexes 2, 3, 4 and 6 provide in-depth guidance on how to calculate baselines, collect data, calculate target values and report on the five mandatory core indicators.

In addition to monitoring the mandatory core indicators, the M&E plan should include the project-and sector-specific indicators that need to be monitored, and should define the methodology used for measuring the indicators. Baseline data must be collected for each indicator and a methodology for measurement provided. In some cases, establishing the baseline requires an in-depth analysis, study, survey or assessment. It is therefore important to develop the draft M&E plan during proposal preparation and the final M&E plan within three months of the start of implementation.

In addition to following up on the progress made by the project, the monitoring system should look at critical assumptions and the development of risks.

Executive summaries of the annual NSP reports will be published on the NAMA Facility website.

### 4.2 Evaluation

Evaluations (at the NAMA Facility and NSP levels) complement monitoring, enabling a more in-depth analysis of strategic issues and 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.<sup>2</sup> Evaluations of the NAMA Facility are based on five major evaluation criteria, 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 the outputs – qualitative and quantitative – in relation to the 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 requires comparing alternative approaches to achieving the same outputs to

<sup>2</sup> Evaluation criteria defined by the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC).

see whether the most efficient process has been adopted.

- **Impact:** The positive and negative changes – intended and unintended – produced directly by a development intervention. It 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 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 need to be socially and environmentally sustainable as well as economically sustainable.

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

For the sake of 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 them in a way that ensures accountability and makes the best use of the lessons learned from the NSPs and the overall NAMA Facility.

Table 1: Evaluations in the context of the NAMA Facility

Type of evaluation	Main focus	Timing	Management and budget
<b>Mid-term evaluation of NSPs</b>	<p>Formative evaluation management tool for drawing out lessons learned and determining the orientation (and, possibly, reorientation) of implementation going forward.</p> <p>Quality improvement.</p> <p>Ensuring a strong focus on efficiency.</p>	<p>At the midpoint 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 (the TSU intends to bring in independent evaluation experts) and managed by the TSU under a GIZ contract.</p> <p>NSPs need to reserve 1% of their overall budget for evaluations.</p>
<b>Mid-term evaluations of the NAMA Facility</b>	<p>Formative evaluation to draw out lessons learned, provide orientation and enable evaluation.</p> <p>Reorientation looking at NSPs and the TSU.</p> <p>Realignment of strategies.</p> <p>Quality improvement.</p> <p>Strong focus on relevance, and on efficiency and effectiveness.</p>	<p>Every four years.</p> <p>2019: preparation of the terms of reference (ToR) for the next evaluation; invitation to tender.</p> <p>Mid-2020: evaluation of the NAMA Facility.</p>	<p>ToR prepared by the TSU with donor input. Independent evaluation experts are recruited and managed by the TSU under a GIZ 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>

<p><b>End-of-project NSP evaluation</b></p>	<p>Summative evaluation to draw out lessons learned, review accountability and make recommendations for phasing out and scaling up.</p> <p>Strong focus on overall relevance, effectiveness, expected sustainability and expected impact.</p>	<p>Close to the end of the project lifetime (six months before the project concludes).</p>	<p>Joint evaluation of the FC and TC components and/or overall project.</p> <p>This will be put out to tender (the TSU intends to bring in independent evaluation experts) and managed by the TSU under a GIZ contract.</p> <p>NSPs need to reserve 1% of their overall budget for evaluations.</p>
<p><b>Ex-post evaluation of the NAMA Facility</b></p>	<p>Summative evaluation to draw out lessons learned and look at the outcome and impacts achieved across the whole project portfolio.</p> <p>Strong focus on effectiveness and the broader impact.</p>	<p>Following the closure of the NAMA Facility.</p>	<p>Management by the donors or NAMA Support Organisations (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>
<p><b>Evaluations specifically requested by donors</b></p>	<p>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.</p>	<p>At any point in the lifetime of the NAMA Facility.</p>	<p>This will be put out to tender (the TSU intends to bring in independent evaluation experts) and managed by the TSU under a GIZ 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 the BMU's commissioning of GIZ.</p>

All evaluations of the NSPs, TSU and overall NAMA Facility should be carried out by external independent evaluators. Accordingly, the 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 their contribution to the expected impact of the NAMA Facility).

All **NSPs (FC and TC components)** will be jointly evaluated when project implementation is completed. For NSPs with an overall lifetime of more than three years, a mid-term evaluation will also be carried out. This evaluation is intended 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 that look 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>5</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 was carried out by an independent consultant in the first and second quarter of 2016

and considered the portfolio of projects approved up to that point. The overall strategy of the NAMA Facility, its governance and the work of the TSU and the supported NSPs were analysed, focusing on efficiency and effectiveness and also on the likelihood that the agreed outcome and impact would be achieved. The evaluation highlighted 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. It should provide comprehensive evidence on the effects of the supported actions and lead to a final judgement on the overall performance of the NAMA Facility. 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 and the evaluation reports. The main purpose of reporting is to keep stakeholders and decision-makers informed about the activities implemented, resources spent, progress made towards meeting 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 overall NAMA Facility level, 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.

Each NSP must develop its M&E plan during its first three months of operations and submit the plan along with its first report. The preliminary M&E plan should:

- be based on the logframe;
- outline the results of baseline data collection;
- set milestones and targets for each year of implementation as well as a ten-year period after the end of project implementation
- contain the indicators to be monitored;
- set out the data collection methods to be used;
- indicate planned evaluations.

The validated M&E plan (i.e. one that contains defined target values) can be submitted three months after the commissioning<sup>3</sup> of the NSP. The plan should indicate the availability and quality of relevant data, and also explain how the assumptions and identified risks will be monitored.

<sup>3</sup> The commissioning date or date of commencement of a NAMA Support Project is the date on which the NAMA Facility Board signs the Board Decision Document.

Annex 7 contains a generic M&E plan template for guidance.

### Annual NSP report

In the annual report (to be submitted on 3 March, covering the previous year 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, and 5). The annual reports provide information on the current 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. NAMA Support Organisations (NSOs) for the NSP's FC and TC components will therefore submit an annual end-of-year report on the component they are delivering by the end of January, covering the previous 12 months and the status of the component as of 31 December. The report should assess the NSP's results and appraise its performance and annual work plan using the indicators set out in the NSP logframe and the annual targets/milestones in the M&E plan (target performance comparison). 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.

The TSU will review all individual NSP reports and provide comments and feedback to the NSPs where required. Once the Donors approve it, the executive summary of the annual NSP report is published on the NAMA Facility website.



### Semi-annual NSP 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. NSOs for the NSP's FC and TC components will therefore submit a semi-annual progress report on the component they are delivering by the end of August, presenting the interim results of the first six months of that year. This report contains a brief overview of project progress and describes the progress of the activities implemented, the resources mobilised during the reporting period, and any potential adjustments required (in terms of approach, timing, etc.). The semi-annual report draws conclusions and defines actions to be taken 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).

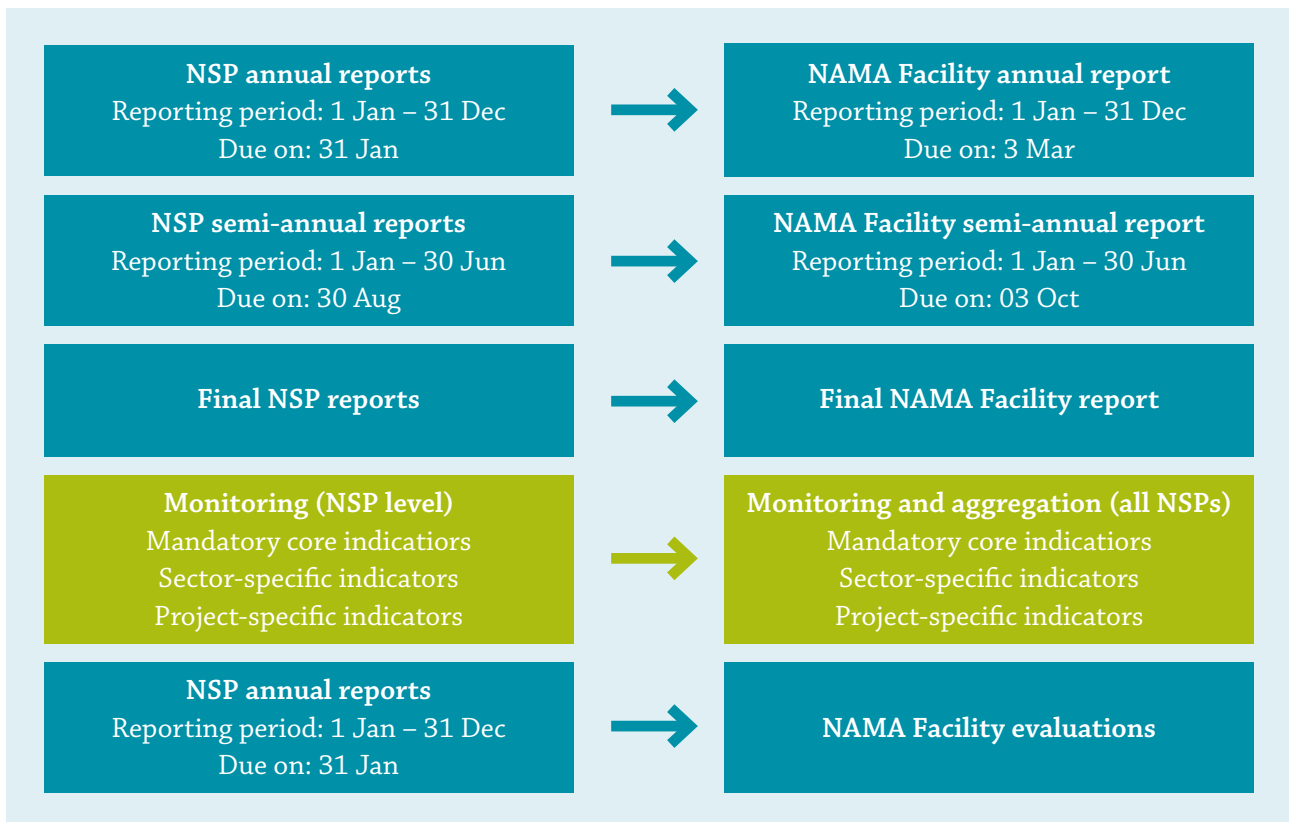
All semi-annual NSP reports will feed into the overall semi-annual NAMA Facility report. The first semi-annual NSP report must contain the proposed M&E plan for the NSP (Annex 7). It should be noted that target values can be further calculated and defined, but they must be presented no later than three months after the start of the NSP. If more rigorous monitoring is deemed necessary, the TSU reserves the right to require an NSP to report against its logframe as part of its semi-annual report.

### Final NSP report

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

NSOs will submit a final project report no later than six months after the closure of the NSP that assesses the NSP's overall results. This report can look in detail at important findings from the end-of-project evaluation and provide a comprehensive picture of the effectiveness of the component under review and of the status of the indicators at the point when project implementation ceased. The report should describe how the component contributed to the achievement of the outcome/overarching project goal and the impacts, and outline how the achievements of the overall NSP can be further developed or exploited. The final project report should be more analytical, drawing out lessons on how transformational change has been initiated and supported.

**Figure 2: Monitoring and evaluation deliverables**



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

The table below presents the schedule of the main monitoring and evaluation 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  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 evaluations	To be procured by the TSU		Ongoing, every four years
Ex-post NAMA Facility evaluation	Managed by the Donors		After the closure of the NAMA Facility
Lessons learned workshop	TSU		Each year (March)

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

## 5. Responsibilities and resources

### Technical Support Unit (TSU)

- **Guidance:** The TSU provides guidance on monitoring and evaluation activities to the NAMA Support Organisations (NSOs) – e.g. by delivering M&E workshops for NSPs. The M&E guidance, Theory of Change 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 Theory of Change and 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 NSOs and donors. The TSU considers the transferability of the NAMA concept and the replication of specific programmes in different settings and is also tasked with fostering policy and strategy development for NAMAs internationally.

- **Stakeholder consultation process:** At the end of 2015, the TSU initiated 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:

- approving 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.

### NAMA Support Organisations (NSOs)

NAMA Support Organisations 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 on a 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, which are beyond the control or responsibility of the project, must be satisfied. Consequently, the lower the probability of these assumptions holding 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. In order to regularly monitor the most critical risks and assumptions, a risk register must be submitted along with the M&E plan. This will list important assumptions and risks, and outline risk mitigation and risk management actions.

NSPs are requested to carry out an assessment of the assumptions and risks that are presented in the NSP 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.

Table 3: Risk register

Risk register (overall NAMA Facility level)		
<h3>1. Assumptions and risks influencing the achievement of the expected <u>impacts</u></h3>		
<p>→ Probability that the Green Climate Fund builds on lessons learned from the NAMA Facility: <u>medium</u></p> <p><b>Risk level:</b></p> <p>low <b>medium</b> high</p> <p><b>Mitigated by:</b> communication of NAMA Facility experiences and lessons learned; integration of communication strategies into NAMA Facility and NSP activities.</p>	<p>→ Probability that financing mechanisms with the potential for scaling-up are developed and in place: <u>low</u></p> <p><b>Risk level:</b></p> <p>low medium <b>high</b></p> <p><b>Mitigated by:</b> 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.</p>	<p>→ Probability that additional domestic and/or international finance is made available for NAMA implementation: <u>high</u></p> <p><b>Risk level:</b></p> <p>low medium high</p> <p><b>Mitigated by:</b> careful selection of projects based on domestic and/or international contributions and on the potential for scaling up.</p>
<h3>2. Assumptions/risks influencing the achievement of the NAMA Facility <u>outcome</u></h3>		
<p>→ Probability that perceived/actual investment barriers and risks for low-carbon investment are reduced: <u>medium</u></p> <p><b>Risk level:</b></p> <p>low <b>medium</b> high</p> <p><b>Mitigated by:</b> in-depth ex-ante evaluation of NSP project design and strategy; close monitoring, in particular during the project appraisal process.</p>	<p>→ Probability that projects are implemented as intended and planned: <u>medium</u></p> <p><b>Risk level:</b></p> <p>low <b>medium</b> high</p> <p><b>Mitigated by:</b> 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.</p>	

### 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 NAMA Support Organisations, bidding processes and other questions 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), United Kingdom**, 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 – Unpacking Transformation for Climate Action: 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 2018

IMPACT		Transformation toward low-carbon development in line with a 1.5–2°C limit in countries with NAMA Support Projects										
<b>Impact Indicator 1</b>		Baseline										
Increased country-level actions to implement successful low carbon projects that reduces emissions in line with a 1.5–2°C target	<b>Planned</b>	0										
	<b>Achieved</b>											
	Source:											
<b>Impact Indicator 2</b>		Baseline										
Number of countries with NSPs that specify their NDCs with regard to mitigation in the supported sector or increase respective mitigation targets in the sector	<b>Planned</b>	0										
	<b>Achieved</b>											
	Source:											

OUTCOME		NAMA Support Projects demonstrate that climate finance can effectively support transformational change in partner countries – including implementation of NDCs										
<b>Outcome Indicator 1</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions	
Tonnes of CO <sub>2</sub> e reduced or avoided in NSP project areas (Mandatory Core Indicator M1)	<b>Planned</b>	0										
	<b>Achieved</b>											
	Source:											
<b>Outcome Indicator 2</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions	
Number of people directly benefitting from NAMA Support Projects (disaggregated by gender) (Mandatory Core Indicator M2)	<b>Planned</b>	0										
	<b>Achieved</b>											
	Source:											
<b>Outcome Indicator 3</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions	
Degree to which supported projects are likely to catalyse impacts beyond NAMA Supported Projects (e.g., potential for scaling up, replication and transformation) (Mandatory Core Indicator M3)	<b>Planned</b>	0										
	<b>Achieved</b>											
	Source:											

<b>OUTPUT 1</b>		<b>The NAMA Facility is established as an effective and efficient mechanism to support mitigation actions – including implementation of ambitious and transformative NAMAs and NDCs</b>									
<b>Output Indicator 1.1</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Number of countries bidding in geographic regions	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										
<b>Output Indicator 1.2</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
% of NSPs submitted that are assessed as eligible	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										
<b>Output Indicator 1.3</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
% of NSPs approved within 18 months of initial concept approval	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										
<b>Output Indicator 1.4</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
% of approved funding disbursed to NSPs	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										

<b>OUTPUT 2</b>		<b>Additional public and private finance leveraged for low carbon development in NAMA Support Countries</b>									
<b>Output Indicator 2.1</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Volume of public finance mobilised through NSPs (Mandatory Core Indicator M4)	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										
<b>Output Indicator 2.2</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Volume of private finance mobilised through NSPs (Mandatory Core Indicator M5)	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										
<b>Output Indicator 2.3</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Ratio of public, private and co-funding mobilised versus NAMA Facility funding provided	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										

<b>OUTPUT 3</b>		<b>The NAMA Facility shares good practices and lessons learned from NSPs to the global community</b>									
<b>Output Indicator 3.1</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Develop knowledge and lessons-learned strategy and review annually	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										
<b>Output Indicator 3.2</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Number of events organised / funded to share lessons learned about developing, funding, and implementing transformative NAMAs	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										
<b>Output Indicator 3.3</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Number of good-practice examples or reports on innovative and transformative NAMAs published	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										

<b>OUTPUT 4</b>		<b>National or local capacities and enabling environments to implement transformative NAMAs are in place</b>									
<b>Output Indicator 4.1</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Number of policies, regulations, standards adopted or amended due to NSP support that promote low carbon development	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										
<b>Output Indicator 4.2</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Number of national and local institutions received technical assistance to implement transformative NAMAs	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										

<b>OUTPUT 5</b>		<b>Partner countries implement and monitor transformative NSPs that produce sustainable cobenefits</b>									
<b>Output Indicator 5.1</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Number of NSPs completed according to the approved project outcome	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										RISK RATING
<b>Output Indicator 5.2</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
Number and type of co-benefits reported (types: economic, environmental, social)	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										RISK RATING
<b>Output Indicator 5.3</b>		Baseline	2013	2014	2015	2016	2017	2018	2019	... 2024	Assumptions
% of NSPs with operational M&E plans within 1 year of projects' official starting dates	<b>Planned</b>	0									
	<b>Achieved</b>										
	Source:										RISK RATING

## 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 10 years after the end of project implementation.

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>4</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>4</sup> Further guidance will be provided upon request.

<b>1. Indicator</b>	Reduced GHG emissions (direct and indirect 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:

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). Include separately an indicator for the indirect GHG emission reductions achieved by the NSP. The indirect GHG emissions capture emission reductions beyond those related to direct investments, e.g. resulting from technical assistance.

#### **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:  
baseline activity data x 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:  
net changed activity data x 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 NAMA Support Organisation should, in the first place, seek to employ the data sources highest up the hierarchy (i.e. project-specific measurements). If the NAMA Support Organisation 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>5</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: [www.ipcc-nggip.iges.or.jp/public/2006gl/index.html](http://www.ipcc-nggip.iges.or.jp/public/2006gl/index.html)
- Greenhouse Gas Protocol – Policies and Actions Standard: [www.ghgprotocol.org](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: [www.thegef.org/council-meeting-documents/manual-calculating-greenhouse-gas-ghg-benefits-gef-transportation-projects](http://www.thegef.org/council-meeting-documents/manual-calculating-greenhouse-gas-ghg-benefits-gef-transportation-projects)

**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 each year during a period of 10 years after the end of project implementation. In addition, a calculation for the lifetime of technology has to be provided.
- 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:  
 $600,000 \text{ MWh} \times 0.6 \text{ tCO}_2/\text{MWh} = 360,000 \text{ tCO}_2 \text{ reduction per year}$

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:  $700,000 \text{ MWh} \times 0.75 \text{ tCO}_2/\text{MWh} = 525,000 \text{ tCO}_2 \text{ reduction per year}$

Adding up these totals (360,000 + 525,000), we can see that the 1,000 MW 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.**

5 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 for 10 years after the end of project implementation.

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).

<b>1. Indicator</b>	Number of people directly benefiting from the NAMA Support Projects.
<b>2. Results level</b>	Outcome
<b>3. Definition and scope</b>	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.

Definition of ‘people’

By people, we mean any individual **in the recipient country**.

Definition of ‘directly supported’

The indicator covers the people **directly** supported in the sense that they are targeted directly by the project. Their attribution to the project should be obvious.

Definition of ‘benefiting’

Where people gain:

- economic benefits (e.g. new jobs created, lower costs, higher incomes, access to funding, etc.);
- improvements in quality of life (better health, better air quality, less noise, greater comfort, time savings, access to clean energy, etc.);
- improved capacities (capacity development and training, etc.).

**4. Disaggregation of the indicator**

Disaggregation by the relevant type of benefits/co-benefits/negative side effects.

Disaggregation by gender (if gender disaggregation is not possible, please explain why).

Values for the previous calendar year and cumulative totals for the project to date.

**5. Unit of measurement**

Number of individuals in the recipient country.

**6. Methodology**

Target setting

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.

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.



<b>7. Data sources, data collection</b>	<p>The NSO is responsible for selecting the data sources, means of verification and data collection methodologies to be used in the M&amp;E.</p> <p>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.</p>
<b>8. Quality assurance</b>	<p>Discuss your assumptions and calculations with a broad range of project team members, including the partner government, and report on any differences of opinion.</p>
<b>9. Time period and frequency</b>	<p>Beneficiary numbers should be reported annually and should cover the previous calendar year. Data should be collected throughout the entire duration of the project.</p>
<b>10. Reporting and documentation</b>	<p><u>What to report</u> In the annual project progress report, please provide:</p> <ul style="list-style-type: none"> <li>• the data and data sources used;</li> <li>• any calculations used to produce the data (e.g. extrapolation from a representative sample, etc.);</li> <li>• assessment boundaries, including a justification of why the individuals counted are considered to be <b>direct</b> beneficiaries;</li> <li>• the benefits/co-benefits assessed;</li> <li>• the values achieved for each benefit for the previous calendar year;</li> <li>• 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);</li> <li>• the cumulative value for each benefit since the project began;</li> <li>• the target value for the total number of people directly supported for the entire duration of the project (per benefit), including target values for each year during a period of 10 years after the end of project implementation;</li> <li>• the entity or person(s) responsible for data collection, reporting and verification of data for this indicator;</li> <li>• the means of data verification used and any differences of opinion.</li> </ul>
<b>11. Examples</b>	<p><u>People benefiting from NSP activities could, for example, be:</u></p> <ul style="list-style-type: none"> <li>• 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);</li> <li>• all members of households benefiting from lower energy costs after NSP measures make their housing more energy efficient;</li> </ul>

- 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

## 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="429 573 903 604"><u>Definition of Transformational Change</u></p> <p data-bbox="429 611 1422 826">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 1814" style="list-style-type: none"> <li data-bbox="429 869 1422 1014">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 1218">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 1240 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 1368 1422 1473">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 1496 1422 1641">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 1664 1422 1814">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 1854 1422 2000">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:

**Assessment during project implementation (annual project progress reports)**

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

**Assessment at the end of the project (final report)**

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 each year during a period of 10 years after the end of project implementation.

- 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.



<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.

1. Indicator	Volume of public finance mobilised for low carbon investment and development
2. Results level	Output
3. Definition and Scope	<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 each year during a period of 10 years after the end of project implementation.

#### 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> <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 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

**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. Surveys may be used for samples.

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).

**8. Quality assurance**

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.

**9. Time period and Frequency**

Private finance mobilised should be reported annually and should cover the previous calendar year. Data should be collected during the entire project duration. Private finance should only be counted as 'mobilised' once it has been invested (not at the time it is announced or contracts are signed).

**10. Reporting and Documentation**

What to report

- amount of private finance invested into low carbon solutions in the previous calendar year
- cumulative amount of private finance invested into low carbon solutions 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 each year during a period of 10 years after the end of project implementation.

**11. Example**

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.



## **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 each year during a period of 10 years after the end of project implementation.

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	Baseline/ Business as-usual scenario	Reporting dates (accumulated data at the end of year) and indication and follow up of milestones					Targets only for Mandatory Core Indicators						
		Year 1 (20XX)	Year 2 (20XX)	Year 3 (20XX)	Year 4 (20XX if applicable) if applicable	Year 5 (20XX if applicable) if applicable	End of NSP +1 20XX +1	20XX +2	20XX +3	...	20XX +10	20XX +X for lifetime of technology	Data collection methods and sources
M1: Reduction of greenhouse gas emissions	Reduction of direct greenhouse gas emissions												
	Reduction of indirect emissions												
	Reduction during lifetime of technology										..		
M2: Number of people directly benefiting from NSPs													
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?												
M4: Volume of public finance mobilized for low-carbon													
M5: Volume of private finance mobilized for low-carbon													
Outcome indicator XX:													
...													
Output indicators													
Output indicator XX:	Milestone(s)												
Output indicator XX:	Milestone(s)												
Output indicator XX:	Milestone(s)												
...													

**Risk Monitoring:** Please provide a comprehensive risk monitoring approach (TC or FC risks). Please list 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: low				

### 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:

---

## Imprint

**Published by:** NAMA Facility, Technical Support Unit,  
Koethener Straße 2–3, 10963 Berlin, Germany

**Design:** SCHUMACHER — Brand + Interaction Design, [www.schumacher-visuell.de](http://www.schumacher-visuell.de)

**2<sup>nd</sup> edition · Date:** November 2018

**For further information:** [www.nama-facility.org](http://www.nama-facility.org)