

NAMA Facility

On behalf of



NSP Outline Development: Case Studies and Examples

NAMA Facility Webinar

16 February 2022

Welcome to this webinar

- Thank you for your interest in the Ambition Initiative – Round Two Call of the NAMA Facility!
- Goals for today:



Highlight useful resources available from the NAMA Facility



Point out key lessons learnt from previous Calls



Deep dive on lessons learnt on the AFOLU sector

Structure of the webinar

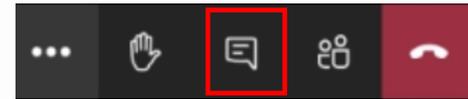
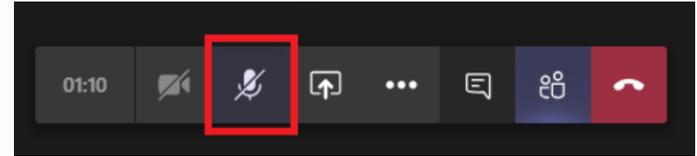
1. Technical overview
2. Highlighted resources from the NAMA Facility website
3. Overall recommendations and lessons learnt for the development of an NSP Outline for all sectors
4. Deep dive: the AFOLU sector
5. Commonly Asked Questions and Audience Questions

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1. **Technical overview**
2. Highlighted resources from the NAMA Facility website
3. Overall recommendations and lessons learned for the development an NSP Outline for all sectors
4. Deep dive: AFOLU sector
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Technical overview

- Welcome to Microsoft Teams
- Fill out brief, anonymous survey (see chat)
- Control panel in the top right corner of your screen:
 1. You are muted automatically. Please don't unmute.
 2. If you're an attendee, please keep your camera off.
 3. Session is being recorded.
 4. Submit your Call-related questions to contact@nama-facility.org or in the chat to be collected and answered after the webinar.



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Highlighted Resources from the NAMA Facility Website

Central Documents

-  [Application Documents & Ambition Initiative – Round Two General Information Document](#)
-  [M&E Framework](#)

Webinars

-  [7th Call NSP Outline Development](#)
-  [NAMA Facility Podcast: Introduction to Annex 6 – GHG Mitigation Potential](#)
-  [Financial Mechanisms and the NAMA Support Project](#)
-  [NAMA Facility Podcast: Introduction to Annex 5a – Financial Mechanism](#)

Further Information

-  [Ambition Initiative – Round Two Clarifications and FAQ](#)
-  [Transformational Change Working Definition](#)
-  [Sustainable Development Co-benefits in the NAMA Facility](#)
-  [10 Things about the NAMA Facility You Always Wanted to Know – but Never Dared to Ask!](#)
-  [Do's and Don'ts Before You Submit Your NSP Outline](#)
-  [Fictional NSP Outline “Towards Carbon-Neutral Totinia Now!”](#)

Clarifications and FAQ series

- TSU collects written questions and publishes clarification notes every month on the NAMA Facility's website: www.nama-facility.org
- Submit your questions to: contact@nama-facility.org
- **Clarification notes** will be published on:

- 23 February, 16 March, 30 March and 20 April

Join our **next webinar**:

- Webinar III: Ambition Initiative Call Clarifications and FAQs, 23 March
- Keep yourself updated on the latest news from the NAMA Facility by following our **new Twitter account**: [@NAMAFacility](https://twitter.com/NAMAFacility) and **LinkedIn group** (NAMA Facility).



Structure of the webinar

1. Technical overview
2. Highlighted resources from the NAMA Facility website
3. **Overall recommendations for an NSP Outline for all sectors**
4. Deep dive: AFOLU sector
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Overall recommendations for an NSP Outline - 1

Conduct market studies and stakeholder interviews as part of developing your NSP Outline. This will allow you to better understand conditions on-site and tailor your support to the **real needs** of the target group(s) of your NSP.

Overall recommendations for an NSP Outline - 1

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- NSP Outline template
Section 2.1 Barrier Analysis
- Annex 5a and 5b

Overall recommendations for an NSP Outline - 2

When describing barriers, make sure to not only **consider financial and/or political barriers, but also social and behavioral ones**, e.g., social structure, level of awareness, status quo of technologies.

Do **“dig deeper”** and try to reach out to the very root of the problem.

- Instead of stating “lacking access to commercial financing”, find out the reasons for **why this access is lacking** e.g., lack of collateral, low trust in financial institutions, community-based lending programmes in place, lack of suitable financial products in the market, etc.

Overall recommendations for an NSP Outline - 2

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▪ NSP Outline template
Section 2.1 Barrier Analysis

Overall recommendations for an NSP Outline - 3

Every solution – every mitigation technology and practice – will have **supply and demand sides**. Consider barriers, needs, vested interests, behaviours, economic conditions and choices of both sides when conceptualising the NSP.

- Even if your NSP will focus only on supply or on demand, remember that **on the ground** you will inevitably need to **deal with both**.
- E.g., Financial barriers can simultaneously affect producers and consumers, e.g., if there is a need to ramp up production of a technology due to positive uptake.

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- NSP Outline template
Section 2.1 Barrier Analysis
Section 2.3 Project Concept

Overall recommendations for an NSP Outline - 4

Consider the entire lifecycle of a mitigation technology or practice that the NSP is promoting.

- Try to answer whether the mitigation technology may create **adverse environmental and/or social impacts** in **post-use phase**, or whether the mitigation technology or practice will create additional environmental and/or social burden when **substituting a BAU technology or practice**.

What can the NSP do to mitigate the negative impact?

Overall recommendations for an NSP Outline - 4

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- NSP Outline template
Section 2.3 Project
Concept

Overall recommendations for an NSP Outline - 5

Consider the NSP's contribution to achieving **gender equality**.

- Ensure that the **perceptions, interests and needs** of **women and men** will be given **equal weight** in the planning of activities.
- E.g., conduct a gender mainstreaming analysis, develop capacity building and training activities tailored for women, collect gender disaggregated data, develop financial mechanisms that are adequate for both men and women, etc.

* Source for definitions: World Health Organization, 2022

Overall recommendations for an NSP Outline - 5

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- NSP Outline template
Section 2.3 Project
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Overall recommendations for an NSP Outline - 6

A cost-effective and significant mitigation of GHG emissions is a key starting point in developing the NSP concept.

- The NSP should be designed with the aim of maximising GHG emission reductions. To demonstrate that, thoroughly **consider and describe alternative mitigation technologies that could have been applied** and explain why the chosen approach is the most appropriate.
- **Apply the same approach to financial instruments** – thoroughly consider and describe alternatives as well as explain why they proved to be less efficient and were rejected by the NSP, making an explicit link to the target segment

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- NSP Outline template
Section 2.3 Project Concept
- Annex 5a (question on alternative financial mechanisms)

Overall recommendations for an NSP Outline - 7

Describe **specific lessons learnt** from other projects or activities in the sector/sub-sector that your NSP intervenes in.

- Considering the lessons learnt will help you with the design of your NSP by taking into account the **pitfalls** that other projects or activities **have come across**.
- **Leverage any data** available. Utilise know-how of project partners during the preparatory phase of the NSP concept.

Overall recommendations for an NSP Outline - 7

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- NSP Outline template
Section 2.4 Embedding

Overall recommendations for an NSP Outline - 8

Apply realistic assumptions to changing policy frameworks

- Be realistic in terms of the NSP timeline and be mindful of **legislative and administrative timelines**, e.g. what would a change in administration imply? Changes to policy frameworks may require a lot of time and procedures.

Take into account the culture of non-payment

- e.g. Consider realistically how that would affect the business model. Fees and taxes may not be collected in a manner that the NSP expects to.

Plan ahead for bureaucratic hurdles during the Detailed Preparation Phase (DPP)

- When proposing a DPP concept and timeline, take into account that the NSP **may experience delays** due to bureaucratic procedures in place

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- NSP Outline template
Section 2.2 Project Rationale
Section 2.3 Project Concept

- NSP Outline template
Section 2.3 Project Concept
- Annex 5a and 5b

- Annex 4a

Overall recommendations for an NSP Outline - 9

Feasible mitigation scenario

- Remember that NSP will firstly need to set up procedures and agreement with partners (Implementation Phase 1 of up to 18), so **emission reductions starting straight** from the first year of implementation are **unlikely**

Realistic and justifiable technology lifetimes

Consideration of rebound and leakage effects

- Even if leakage effects are not quantifiable, **list them** to showcase that the problem is not overlooked.

Overall recommendations for an NSP Outline - 9

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- NSP Outline template
Section 3.3 Mitigation
Ambition
- Annex 6 and Mitigation
Guideline Revision

Annex 6 and Mitigation Guideline Revision

🔗 Annex 6 revisions include:

- ☞ Checklist

- ☞ References to specific sections of the Mitigation Guideline

🔗 The revised **Mitigation Guideline** will include Appendix on the waste sector and better alignment with Annex 6.

🔗 Both will be available on the website on **18th of February** under the Application documents.

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1. Technical overview
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4. **Deep dive: AFOLU sector**
5. Commonly Asked Questions and Q&A

AFOLU – Ambition (Transformational Change)



- NSPs should be coordinated/scaled up, interlinking the local, regional, and national policy framework
 - Consider the **legal framework** and the status quo of law **enforcement** (e.g., land tenure)
 - Consider specific **safeguards**, including environmental (e.g., biodiversity) & social (e.g., land rights)
- The design of AFOLU interventions should be **user-centric** and based on a **participatory engagement during the design phase** as this can improve effectiveness*
- AFOLU interventions heavily rely on the target group's long-term adoption of climate-friendly activities.
 - **Behavioural change** must be appropriately emphasized in the NSP design
- Consider **several factors that could affect timelines** (e.g., alignment of production cycles, pilots, behavioural change, securing buy-in of stakeholders, etc)

* Source: Farmer Income Lab, 2018



AFOLU – Financial Mechanism

- **Stakeholder-specific challenges:** Smallholder farmers often lack access to financial services and collateral, have low levels of financial literacy and trust in FIs
- **Cashflow unpredictability:** Revenue stream is highly dependent on crop cycles which are prone to delays due to extreme weather events, climate change and pests, etc.



AFOLU – Financial Mechanism

- Identify the FIs offering **suitable financial mechanisms** considering production cycles, risks and cashflow challenges, potential lack "traditional" collateral such as for example, MFIs, "cajas rurales", credit cooperatives, etc.)
- Due to the financial barriers often exhibited in the AFOLU sector it is recommended to consider:
 - Set ups which can facilitate financial leverage via **innovative forms of private sector engagement**, e.g., use of remittances, savings book approach, micro-financing, amongst others.
 - Building on existing structures to facilitate the **uptake of financial mechanisms**



AFOLU – Mitigation Potential

- Ensure the Outline has a **mitigation focus**
- **Quantifying the mitigation potential** of AFOLU NSPs is a challenge, so **allocate enough time** for data collection and leverage access to information from project partners
- NSPs must **avoid deforestation** to not hinder the mitigation potential
 - Assess potential rebound effects/leakage risks and propose appropriate risk mitigation measures
- The design/implementation of an **MRV system** is a time-consuming and complex endeavor
 - Identify potential **synergies with the available policy framework** early on before proposing the creation of one, e.g. national REDD+ strategy
 - The capacities build in the design of MRV systems can be replicable in other sectors -> synergies



AFOLU – Project Rationale

- Oftentimes AFOLU NSPs propose a multiple intervention approach and/or cross-sectoral technologies
 - **Align the different time horizons** of such a setup across the Outline, DPP concept and business plan
- **Labeling and certification:** provide rationale, consider timing and ensure realistic assumptions. If possible, make sure to build over existing structures
- Clearly **define the target group** and any potential different **sub-groups** (e.g., informal vs formal market that may be relevant) and adjust the barrier analysis accordingly
- It is recommended to **work with relevant associations.**
- Be realistic about **timelines!**
- As it was mentioned before ... **synergies!**



AFOLU – Project Design

- In smallholder sector NSPs, oftentimes, **the collection of baseline emissions data** can be **cumbersome and unreliable**
 - **Risk:** may lead to setting false and impossible target values
 - **Recommendation:** try to validate existing data or collect necessary data for the baseline and targets from project partners and other similar projects
- **Framing the narrative:** for farmers, climate change adaptation tends to be more relevant and important than mitigation
 - Consider this when approaching the target group, i.e., the work should align to the objectives and needs of the farmers to guarantee its sustainability and scalability



AFOLU – DPP Concept

- Previous engagements and extensive preparatory work with key stakeholders (e.g., financial institutions, farmers associations, service providers, etc) should be completed/consolidated during the DPP
- Be realistic on the timeline and activities

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Commonly Asked Questions #1

- Is it eligible for an NSP in the forestry sector to generate carbon credits or emissions credits?

Commonly Asked Questions #1

- #1 Commonly Asked Questions [Answer](#)
- Generally, the NAMA Facility funding may be used for the generation of **emission reduction certificates for the voluntary market (VER)** insofar as they are of good quality, verifiable and demonstrably used to ensure the sustainable funding of climate protection projects in the fields of agriculture, forestry or land use.
- However, in order to ensure the additionality of greenhouse gas reductions and of the Donors' contribution to international climate finance, **no emissions certificates or other emissions credits (such as CERs or VERs) generated by NSPs may be traded on the market either during or after the NSP term.** Certificates generated with the support from the NAMA Facility must be permanently cancelled.

Commonly Asked Questions #2

- One of the NAMA Facility's selection criteria is the financial ambition. In the GID, section 5.1.3 Outline Assessment Criteria the criterion is further specified and amongst others, it is mentioned that "significant private sector participation" is expected. Can you please further elaborate if private sector participation is a mandatory feature of NSPs?

Commonly Asked Questions #2

- No, a private sector participation is not mandatory for the NSPs. However, the financial ambition, both in terms of public and private funding leverage, is seen as key for triggering the transformational change towards a carbon-neutral development pathway. In both cases, the financial leverage is assessed relative to the sector and the country. Therefore, the NAMA Facility does not set a minimum threshold for the **private and public leverage**. It is important to demonstrate how the mitigation technology or practice proposed in the NSP will be financed and showcase that the NSP will create favorable market conditions for further uptake and upscaling of the mitigation technology or practice. Usually, a certain level of private sector engagement is needed to create this effect and ensure that all relevant stakeholders are involved in the transformation.

Commonly Asked Questions #3

- For NSPs focusing on novel technologies: A) What is the time limit to move from the pilot phase to the large-scale project? B) Will there be an additional decision point before moving to the large scale project, i.e., will the results from the pilot phase determine if the NSP can proceed to the next phase?

Commonly Asked Questions #3

- A.): The NSPs have to shift to the large-scale project within the NSP's lifetime. In the Outline documents Applicants are requested to **formulate key milestones associated with the smaller scale pilot phase, that need to be achieved before moving into the large-scale project phase**. The specific milestones and criteria for the two stages will be determined as part of the in-depth assessments.
- B.) There is a **substantial number of novel technologies that could be piloted as part of an NSP**. Some illustrative examples are grid-scale battery storage, low emission steel and cement in the built environment, organic and low-input farming (e.g. through a combination of optimised on-farm nutrient recycling, optimised crop rotations, optimised tillage system and/or agroforestry) or industry decarbonization (e.g. cement, steel or chemicals / plastics industry).

Clarification for Applicants

- Audience questions of clarification can be added to the chat.
- Email us your question (contact@nama-facility.org) or add them to the chat.
- Questions from the audience will be collected and shared with applicants in the next clarification round.

What's Next?

Upcoming webinars:

23 March 2022: "Clarification and FAQs"

Upcoming clarifications:

20 December 2021

2 & 23 February 2022

16 & 30 March 2022

20 April 2022

- NAMA Facility website: [dedicated page for the Ambition Initiative – Round Two](#)
- Contact the Technical Support Unit at contact@nama-facility.org
- Follow us on [Twitter](#) (@NAMAFacility) or join our [LinkedIn group](#).

Please remember that the deadline for submitting NSP Outlines under the Ambition Initiative – Round Two is [30 April 2022, 3pm \(CEST\)](#)

Thank you! See you next time.



Webinar Series: Ambition Initiative- Round Two

Hosted by the Technical Support Unit of the NAMA Facility

- Webinar I:**
Introduction to the
Ambition Initiative-
Round Two
15 DECEMBER 2021
2-3 PM CET
MS TEAMS LIVE
- Webinar II:**
NSP Outline
Development:
Practical Examples
16 FEBRUARY 2022
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