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NAMA Facility – 2nd Interim Evaluation and Learning

Final Report



Ipsos MORI



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List of abbreviations

ADB	Asian Development Bank
AFD	Agence Française de Développement
AFOLU	Agriculture, Forestry and Other Land Use
ASP	Applicant Support Partner
BEIS	The Department for Business, Energy and Industrial Strategy (of the United Kingdom)
BMU	The German Federal Ministry for the Environment, Nature and Nuclear Safety
CCAP	Center for Clean Air Policy
CATIE	Centro Agronómico Tropical de Investigación y Enseñanza (the Tropical Agricultural Research and Higher Education Centre)
COP	(UNFCCC) Conference of Parties
CTS	Convergent Triangulated Sources
DEA	Danish Energy Agency
DPP	Detailed Preparation Phase
EBRD	The European Bank for Reconstruction and Development
EE	Energy Efficiency
ELE	NAMA Facility Evaluation and Learning Exercises
EV	Electric Vehicle
FAO	Food and Agricultural Organisation
FCPF	The World Bank's Forest Carbon Partnership Facility
FINDETER	Financial Corporation for the Territorial Development (Colombian Land Bank)
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	Greenhouse gas(es)
GID	General Information Document
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German Development Agency)
IADB	Inter-American Development Bank
IPA	Intergovernmental Project Agreement
IKI	International Climate Initiative
KEFM	The Danish Ministry of Climate, Energy and Utilities
KfW	Kreditanstalt für Wiederaufbau (Credit Institute for Reconstruction)
LDC	Least Developed Country
M&E	Monitoring and Evaluation
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NF	NAMA Facility
NFGA	NAMA Facility Grant Agent
NSO	NAMA Support Organisation
NSP	NAMA Support Project
PT	Process Tracing
RE	Renewable Energy
REDD+	Reducing emissions from deforestation and forest degradation
SIDS	Small Island Developing State
TC	Transformational change

ToC	Theory of Change
TSU	Technical Support Unit
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

Executive Summary

Introduction

This is the Final Report of the Second Interim Evaluation of the NAMA Facility. The evaluation was delivered by Ipsos MORI in partnership with SQ Consult on behalf of the donors of the NAMA Facility and their secretariat, the NAMA Facility Technical Support Unit (TSU). It began on 26th March 2020 and it will close in February 2021. The evaluation complements a series of NAMA Support Project (NSP)-level evaluations being conducted by the NAMA Facility Evaluation and Learning teams (ELE) from 2020 to 2025. In addition to this Report, the evaluation team will produce three Learning Reports. Possible topics to be covered in these Reports are proposed within the recommendations to this Report.

The NAMA Facility is a multi-donor initiative that offers technical and financial assistance in the form of NSPs to developing countries and emerging economies showing leadership in tackling climate change. Specifically, the Facility helps these countries to implement Nationally Appropriate Mitigation Actions (NAMAs). Increasingly, the NAMA Facility is developing its knowledge-sharing activities in order to disseminate learning around transformational change.

The NAMA Facility has no specific regional or sectoral focus: it supports the most ambitious and promising NSPs with a high potential for transformational change (TC) towards a carbon-neutral pathway. To identify the most promising NSPs, the NAMA Facility conducts competitive Calls for NSP Outlines. The NAMA Facility provides grant support of around EUR 5-20 million.¹ NSPs can apply a full range of instruments of technical and financial cooperation.

As of May 2020, the NAMA Facility has conducted six Calls for NSP Outlines resulting in the selection of 34 NSPs. Amongst these, 20 had reached implementation, nine were continuing in the 'detailed preparation phase' (DPP), and five had been discontinued after DPP. The NAMA Facility has recently closed the application window for its 7th Call, which had a funding commitment of up to EUR 60 million from Germany and the United Kingdom.² During the 1st to 6th Calls, approximately EUR 420 million was committed by the donors.

The Facility is jointly funded by the climate funds of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU), the British Department for Business, Energy and Industrial Strategy (BEIS), the Danish Ministry of Climate, Energy and Utilities (KEFM) and the European Commission (EC).

This evaluation

The purpose of this evaluation was to provide the NAMA Facility's donors, the TSU and the NAMA Facility's Grant Agent (NFGA) with validation as to whether they are on the right track in selecting NSPs to fund and in the external visibility and dissemination of learning from the Facility. The focus of the evaluation was specifically on external perspectives on the NAMA Facility, including the role of the Facility within the wider climate finance architecture; the effectiveness of its current strategy and 'branding' and the role of the Facility as a learning hub; the effectiveness and efficiency of the governance and management frameworks and processes, particularly to the extent that they help the NAMA Facility to contribute to TC at a global and NSP-level; and the relevance, effectiveness and

¹ Since the 5th Call, the eligible range of funding volume that can be requested from the NAMA Facility for NSP implementation (i.e. EUR 5-20 million) is a guiding eligibility criterion and the requested volume may deviate from the original range in exceptional and justified cases

² Source: <https://www.nama-facility.org/news/nama-facility-announces-the-7th-call-for-the-submission-of-nama-support-project-outlines/>

efficiency of the NSP selection processes, particularly in terms of facilitating the Facility's overall contribution to TC. As part of the evaluation, the team also assessed the appropriateness of the NAMA Facility's theory of change (ToC). The specific evaluation questions covered within this evaluation are outlined below.

Criteria	Evaluation questions
Relevance	1A Are NAMAs still relevant for the implementation of NDCs and is there still a clear role for NAMAs going forward?
	1B What is the distinctive role of the NAMA Facility? Does it have a visible, clear and valued identity?
	1C What additional value does the NAMA Facility provide to the climate finance landscape?
Transformational change	2A How well does the NAMA Facility at programme and NSP-level contribute to transformational change (as defined in the NAMA Facility's working definition)?
	2B How well does the NAMA Facility's structure help to achieve the ambition to catalyse transformational change
Effectiveness	3A Has the NAMA Facility contributed towards increased mitigation ambition and implementation of mitigation projects in line with the Paris agreement and the 1.5/2°C objective?
	3B How well has the NAMA Facility met and performed against its ambition statement?
	3C How can the Facility encourage the replication and scaling up of projects?
	3D How influential is the NAMA Facility in partner countries and in the broader landscape of climate finance?
	3E How well does the NAMA Facility promote learning within its NSP portfolio and from programme implementation and how can learning be further improved?
Efficiency and governance	4A How well does the Facility: (a) meet its objectives, and (b) effectively and efficiently deliver climate finance?
	4B Does the current governance structure incentivise regular and meaningful (financial and non-financial) contributions to the Facility and how can this be further incentivised?
	4C Given the growing portfolio and its continued projected growth does the Facility have the capacity to absorb this?

The evaluation utilised process tracing to develop the overall evaluation framework for the evaluation. Each evaluation question was broken down into a set of hypotheses which were further tested through evidence collected through the following research methods: literature and programme documentation review, semi-structured interviews (55 in total), and an online survey (which reached 25 applicants – successful and unsuccessful). In addition to the overall process tracing approach taken, the evaluation benchmarked the NAMA Facility to six other international programmes that also support the implementation of National Determined Contributions (NDCs)) and conducted five case studies of countries with NSPs in DPP and/or implementation. The rationale for framing the case studies at the country level was to enable the team to assess the connectedness and country-wide effects of the NSP(s), including transformational change.

Findings per evaluation criteria

Relevance

NAMAs remain highly relevant and are a respected instrument for NDC implementation. The number of NAMA entries in the UNFCCC registry has increased over time at a constant pace. In practice, NDCs are typically broader strategic documents that then serve as an umbrella framework for several NAMA-like initiatives that operationalise goals. Most of the climate finance community representatives consulted for this evaluation had a shared understanding of the concept of NAMAs and their value as a sub-NDC, operational instrument for the implementation of mitigation (rather than adaptation or cross-cutting) activities. However, NAMA as a term is gradually fading away within climate finance circles as the NDCs have become the driving organisational concept.

There is evidence of medium strength that the NAMA Facility is relatively well known by those the Facility seeks to support (i.e. potential applicants and other donors / programmers). TSU communications play a role in increasing visibility, with 11 out of 25 survey respondents hearing about the NAMA Facility for the first time via the NAMA Facility website, emails or outreach events. There was also fairly strong evidence that the NAMA Facility provides a distinctive offering. Overall, stakeholders consulted had a generally positive opinion of the NAMA Facility and converged in viewing it as transparent about its requirements, providing a high level of support and guidance to applicants, quick to make (selection) decisions, supportive of high quality and comparatively ‘ready’ projects and “less political” than other NDC-supporting funds (i.e. projects are selected on the basis of rigorous technical assessment – not voting systems and quota). Some members of the climate finance community considered that the Facility should change its name given the fact NAMA as a term is no longer frequently used within UNFCCC circles (given its replacement by NDCs as the primary vehicle for GHG reduction).

Overall, the NAMA Facility complements other programmes operating within the climate finance landscape and adds value by applying a Call-based (competitive) approach to funding rather than a country-programming approach, by being open to a range of countries and sectors, by showing willingness to support NSPs that take risks and test concepts, by providing grants (rather than loans), and by targeting projects within the 5-20m EUR range. The survey results and 3 out of 5 of the country case studies strongly indicate that the NAMA Facility fills a funding gap. For example, the evaluation has found the NAMA Facility can be particularly additional in highly indebted countries where the loans offered through the larger programmes are not an option; making the NAMA Facility’s grant offering “the only option”.

The potential for transformational change at the NSP level

Amongst the NSPs assessed as part of the case studies, there was fairly strong evidence of the potential for scaling up and replication of the NSPs across sectors within the country, across different geographies and contexts within the country, and across countries.

In three out of five of the countries assessed through the case studies there was political support at the national level to progress the NSPs. In one other, political will was there, but capacity was limited and there was a concern from one national stakeholder that the NAMA Support Organisation (NSO) for this NSP was not involving national stakeholders sufficiently. In the remaining case study country, political will was initially high, but it decreased following a change in government.

It was not possible, within the scope of this evaluation to assess the effectiveness of private sector leveraging by NSPs in detail. However, the evaluation has found that the TSU and NSOs play an important role in encouraging and helping implementing partners to engage the private sector.

There is strong evidence that the NAMA Facility funds at least some financial mechanisms that were 'innovative' (in the sense of being new within their context), but which have been tried and tested already in other contexts. Overall, evidence of transformation change (and the potential for it) at NSP level is a topic that will be more effectively assessed through the ELE evaluations.

The potential for transformational change at the programme level

The evaluation assessed a number of ways through which the NAMA Facility might support transformational change through programme level structure and activity. First, it found that the small, highly collaborative nature of the Board (the decision-making body of the NAMA Facility, formed by the donors) helps it to quickly reject any proposals that are insufficiently transformative. Second, the openness of the Facility to a wide range of sectors means that the programme can support TC in the most carbon emitting sectors, even where it is not possible to make such activities 'carbon neutral'. Third, the NAMA Facility funding conditions (e.g. requiring national ministry leadership or endorsement of Outline NSPs) and the on-site visits, as well as the hands-on support provided during DPP helps increase the national ownership of the NSPs.

However, members of the climate finance community interviewed for this evaluation considered that the NAMA Facility (in taking a Call-based approach over a country programmatic one) risked supporting projects that, while consistent with the NDC, were suboptimal strategically for that country in such a way that could decrease the overall transformational change potential for the country. The findings of this evaluation have not been able to validate this view.

In relation to learning, there are clear examples of applicants learning from existing and past NSPs to design their own (new) projects. Further, the evaluation findings strongly suggest that the feedback provided by the TSU to applicants helps the latter improve their project design / concepts (whether resubmitted to the NAMA Facility or put forward for funding elsewhere). With this support, resubmissions have increased through the Calls and represented 16% (4th Call), 26% (5th Call), and 31% (6th Call) of all bids. Further, there are clear examples of: applicants learning from existing and past NSPs to design their own projects. A total of 13 out of 16 survey respondents had reviewed and/or made use of knowledge / learning from existing NSPs when designing their NAMA concept.

However, consultation with all stakeholders across the evaluation suggested that they would like to see the NAMA Facility do more to enhance learning beyond the NSPs already funded and those applying to new Calls. Perceptions are that external events (webinars, side events at COPs etc.) seem to be focussed largely on attracting new applicants to the Facility, rather than supporting NAMA / NDC / climate mitigation project development more broadly, and members of the climate finance community consulted considered that the NAMA Facility could do more to coordinate learning across programmes. The NAMA Facility indicated they have plans to increase knowledge sharing activities as NSPs move further in implementation and ELEs are complete.

Effectiveness

The NAMA Facility portfolio is, in general, diverse. It is balanced in terms of its regional spread and it is in line with, or even more innovative, in terms of the sectors it supports than broader NAMA development

trends. However, LDCs represent only 10% of the portfolio in spite of 22% of all Outlines submitted (during the 4th to 6th Calls) being LDC-submitted applications.

In terms of partner diversity, the evaluation found that GIZ still has a dominant presence within NAMA Facility Calls and amongst the NSPs selected for DPP during the 4th and 5th Calls. However, the dominance of GIZ as *delivery organisations* may be declining. On the other hand, diversity in delivery partners has been identified by the evaluation as one of the drivers of delivery inefficiencies (specifically contracting delays) experienced by the Facility.

Overall, the eligibility and assessment criteria are aligned with the NAMA Facility's objectives. The application process is easy to follow for applicants, and the assessors can conduct a robust assessment with the information included in the Outlines and guidelines provided by the TSU. The on-site assessment provided added value to the assessment in two main ways: (i) it allows the NAMA Facility to select those Outlines that align the most to the NAMA Facility's objectives, and (ii) it helps project implementers and Applicant Support Partners (ASPs) to build relationships and seek feedback on their concept. There is room for improvement, however, in the calculation of GHG emission reductions: applicants found it difficult, and assessors thought the information was not detailed enough/assumptions underpinning the calculations were unclear to robustly assess the level of mitigation ambition at the desk assessment.

Efficiency

Overall, ASPs considered that the checks and balances put in place by the NAMA Facility during the DPP were logical and fair. They considered that the guidelines and templates provided by the NAMA Facility (e.g. the NSP Proposal) were clear and easy to follow. However, the administrative processes involved in the project cycle from DPP to implementation were considered difficult to follow by most NSOs interviewed. Further, it generally takes over one year from the approval of the NSP Proposal for the contract to be concluded. The main reason for this is the time needed for each organisation to review the processes and legal requirements and agree upon them with the NFGA, (especially where this involves NSOs who have not previously implemented an NSP). Therefore, it seems that the diversification of the portfolio (in terms of ASPs/NSOs) comes at the 'cost' of adding complexity on the administrative processes.

There has been some discussion at the NAMA Facility Board as to whether the eligibility requirements to become NSO could be extended to the private sector. In the opinion of the evaluators, this would require deep changes to the contracting procedures to make them suitable for private entities. Private companies would not be likely to invest resources on the NSP Outline, and later on the NSP Proposal, without more certainty that funding will be approved. In addition, some firms might be concerned about the transparency requirements and information sharing with the NAMA Facility to (a) qualify as ASPs/NSOs, and (b) pass the due diligence and audit processes.

Governance

Overall, both the TSU and donors are satisfied with the communications and collaboration ongoing between members of the Board and the TSU. Donors have different levels of engagement; however this has not affected the speed on decision making so far. Compared to other initiatives, the NAMA Facility is faster at making decisions on funding, and it has developed closer relationships with donors.

An issue raised by donors in relation to the structure is the fact that donors' funds are earmarked for specific NSPs. With frequently competing funding priorities, the opportunity cost of not spending funds on a given year (e.g. if NSPs are delayed or discontinued) may discourage future commitments.

Similarly, the portfolio of the NAMA Facility will continue growing as more NSPs enter DPP and implementation. In parallel to managing an increasing number of NSPs, the TSU has also been asked to increase their communication activities. Some donors showed concern that the TSU might lack the capacity to manage more NSPs. Others, on the other hand, were confident that the structure can be easily scaled up to absorb more workload. The TSU is also confident they can manage this increasing workload, whilst recognising that recruiting additional staff with the right skills is challenging. One donor suggested moving communication activities with donors to an online portal as a potential solution to reducing the TSU's workload.

Conclusions

Relevance

The NAMA Facility has a clear and valuable offering in the climate finance landscape. It is meeting a funding gap (particularly in highly indebted countries) and the amount of funding granted for implementation of projects of this size and level of readiness is usually difficult for applicants to find elsewhere. This suggests that the NAMA Facility is a unique instrument in the climate finance landscape.

In terms of visibility and branding, the NAMA Facility could do more to ensure it is (accurately) seen as a multi-donor (rather than German) programme and to make sure that its communication tools (such as the ToC) more comprehensively reflect (and promote) the programme's unique value. On the name of the NAMA Facility, the evaluation has not been able to draw definitive conclusions. NAMA as a term is fading away, however the concept remains relevant and host countries still use it to implement their NDCs. Therefore, although the term 'NAMA' is outdated, alternative names might not adequately reflect the unique offer of the Facility (when compared to other programmes supporting NDCs / seeking transformational change).

Transformational change

The NAMA Facility appears to be effective in supporting viable NSPs with significant potential for replication and scaling up. There was fairly strong early evidence of the potential for replication. There was also some evidence of the TSU and donors sharing information on NSPs to promote replication. Evidence of local ownership was mixed. The involvement of national partners from the concept design process through the preparation phase to implementation seems to be sufficient for generating local ownership and ensuring political will in some countries, but not all. Other elements conducive to TC, such as sustainable co-benefits and leveraging of private finance were less evident in the case studies analysed. However, this is (at least partly) due to a limitation of this evaluation (given that NSPs had just started being implemented and an in-depth evaluation of NSP emerging results was not within the scope of the evaluation).

At the programme level, the evaluation has found that the structure of the NAMA Facility, overall, facilitates TC. The competitive selection process, the openness of the NAMA Facility, the highly collaborative nature of the Board, and the feedback provided to applicants are examples of design features that foster TC. There are also clear examples of applicants learning from existing and past NSPs to design their own projects, facilitated in some cases by the NAMA Facility.

The NAMA Facility coordinates periodically with other donors and programmes (GCF, IKI, CIFs), yet more coordination could help maximise synergies and facilitate mutual learning. Representatives from six other NDC-supporting programmes interviewed expressed interest in learning more about what is and is not working to better inform their own decision making as well as to guide potential applicants. This indicates that the NAMA Facility could invest more in these activities as the NSPs progress further in implementation and more implementation experiences emerge from other sources.

Effectiveness

Most of the NSPs are embedded in wider NAMAs that are being used by host countries to meet their NDC targets, therefore contributing to the Paris agreement. The evaluation also found that, in some instances, the NAMA Facility is contributing to the raising of national mitigation ambition by influencing policies and/or revised NDCs.

Overall, the NAMA Facility is performing well at building a portfolio of high quality, transformational, ambitious and locally owned projects, and it is succeeding in maintaining a diverse portfolio. The two areas in which diversity falls somewhat short is in the coverage of LDCs within the portfolio and in terms of the diversity of delivery partners (though this did improve in the 6th Call). (Though LDCs are under-represented across most funds given the countries' comparatively poor access to co-funding sources and overall limited readiness). The NAMA Facility Call process, the selection process, guidance and support provided by the TSU and the assessment process followed all play an important – and largely positive – role in helping the NAMA Facility to meet its objective of creating a diverse and effective portfolio.

Efficiency

The NAMA Facility has the right mechanisms in place to support NSPs during the Outline and DPP phases. However, some NSOs, particularly small organisations and those who participate in the NAMA Facility for the first time, would appreciate further guidance on the administrative processes, for instance via webinars. The process to move from DPP to implementation is very lengthy and resource-intensive for all parties involved. The NAMA Facility will need to find ways of making this process smoother if it wants to continue diversifying its portfolio (in terms of NSOs).

Governance

Moving forwards, the NAMA Facility has two challenges ahead: (a) fundraising for future Calls, and (b) continuing to manage a growing portfolio. The evaluation team has observed that there are few firm commitments from existing donors to continue contributing to future Calls (although this is partly due to current uncertainty with COVID-19). One issue identified is the openness of the Facility to all sectors and geographic regions, which may not be aligned with some donors' priorities. The evaluation has not identified major issues that may affect the TSU's capacity to continue operating the NAMA Facility, although it is recognised that workload will increase moderately.

Recommendations

The evaluation makes the following eight recommendations:

- 1. The NAMA Facility should not immediately rebrand itself but should seek to increase stakeholder awareness of its unique and added value through an updated communication strategy and materials.**

2. The NAMA Facility ToC should be updated to better reflect the NAMA Facility's added value and relevance.

3. Ensure that the NAMA Facility's ambition to become a 'knowledge hub' is effectively resourced.

4. Consider focussing on the following topics for the Learning Reports (to be produced as final outputs of this Second Interim Evaluation)

- Possible pathways for enhancing knowledge and lesson sharing (beyond NSP applicants).
- Optimising a theory of change for promoting and enabling TC.
- Increasing local ownership in NSPs.

5. Continue to increase 'customer orientation'

- Publishing Call schedules and any themes well in advance of the Call launch;
- Continuing to seek ways of shortening decision making processes / reducing the applicant risk of significant effort for no return;
- Increasing regional/sectoral interactive workshops on what works; and
- Considering more targeted webinars/support for groups that are struggling to apply but seem to have viable concepts / are highly additional. Based upon this evaluation's findings, such groups might include heavily indebted countries, small island developing states (SIDS) and least developed countries (LDCs).

6. Continue to support a smooth transition from DPP to implementation.

7. Ensure that the ELE evaluations complement and build upon the findings of this evaluation by focussing on generating understanding and lessons on (at least) the following research themes:

- The extent to which NSPs are effectively engaging the private sector and leveraging funding.
- The extent to which NSPs are supporting innovative technologies.
- The factors which most facilitate / encourage replication, policy change and/or political buy-in.
- Barriers to replication, policy change and/or political buy-in.
- The role that learning (within the NSP, via NAMA Facility programme-level learning and knowledge sharing and through other sources) plays in facilitating TC at the NSP level.
- The extent to which NSPs are supporting co-benefits, including economic co-benefits (given the need for a green recovery).

1 Introduction

This is the final report of the Second Interim Evaluation of the NAMA Facility. The evaluation was delivered by Ipsos MORI in partnership with SQ Consult³ on behalf of the NAMA Facility donors (the German Federal Ministry for the Environment, Nature and Nuclear Safety (BMU), the Department for Business, Energy and Industrial Strategy (BEIS) of the United Kingdom (UK), the Danish Ministry of Climate, Energy and Utilities (KEFM) and the European Commission and their secretariat, the NAMA Facility Technical Support Unit (TSU). It began on 26th March 2020 and it will close in February 2021.

The purpose of this second evaluation of the NAMA Facility was to provide the Facility's donors and the TSU/ NAMA Facility's Grant Agent (NFGA) with validation as to whether they are on the right track in: selecting NAMA Support Projects (NSPs), disseminating learning from the Facility and in supporting a transformation to a low carbon society. The first evaluation of the NAMA Facility was conducted in 2016 and it assessed the relevance, governance and management of the NAMA Facility and its NSP portfolio over the period covered by the first three Calls for NSP Outlines. The focus of this second evaluation was the 4th to 6th Calls.

The Facility has been evaluated against the following criteria:

- **Relevance:** The role, additionality and added value of the NAMA Facility within the present funding context and the relevance of NAMAs as an instrument for meeting the mitigation ambition of countries' NDCs.
- **Transformational change (TC):** The contribution of the NAMA Facility at programme and NSP level to TC, and the adequacy of the processes and governance model for catalysing it.
- **Effectiveness:** Progress made towards the NAMA Facility's mission, objectives and strategy.
- **Efficiency and governance:** The factors that facilitate / hinder efficient delivery, the impact of the changes made after the first evaluation, adequacy of the governance – and delivery - structure, capacity and expertise of the TSU to manage its growing portfolio.

In addition, the evaluation has also assessed the appropriateness of the NAMA Facility's theory of change (ToC) and the extent to which this sufficiently represents and facilitates the Facility's contribution to TC.

The remainder of this report is structured as follows:

- Chapter 2 outlines the evaluation approach, methodology, and data collection tools;
- Chapter 3 summarises the main features of the NAMA Facility and its portfolio;
- Chapter 4 presents the main evaluation findings per evaluation criterion;
- Chapter 5 presents the conclusions of the evaluation; and
- Chapter 6 outlines the strategic and operational recommendations.

The Annexes to this report comprise: the process tracing framework which guided the overall evaluation approach and methodology (Annex 1); the data sources and collection methods used (Annex 2); a benchmarking of the NAMA Facility with other similar programmes (Annex 3); top line results from the

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survey of applicants (Annex 4); five country case studies (Annexes 5-9); the evaluation's overall approach to ethics (Annex 10); and the evaluation team's review of the ToC (Annex 11).

2 Evaluation scope and approach

2.1 Evaluation scope

The evaluation covers the time period from the publication of the First Interim Evaluation of the NAMA Facility (November 2016) to the publication of the 2019 Annual Report in December 2019. The evaluation team has, however, also taken into consideration changes to the NAMA Facility's set-up (including its approach to the 7th Call) which have been introduced *after* this time period, so as to ensure that the evaluation's recommendations are relevant and useful.

The evaluation covers the following aspects of the NAMA Facility's delivery:

- Its **processes** (Call set-up, the selection processes, support, learning, management and governance) and the extent to which they contribute to TC at a global and NSP-level;
- Its **strategy** and **branding**, and the role of the Facility as a learning hub;
- Its **theory of change**;
- The NAMA Facility **portfolio** of 34 NSPs which were either in detailed preparation or implementation phase, or that had been discontinued at the close of 2019;
- **All applications** (descriptive information of all Outlines and technical details of successful applications) to the 4th, 5th and 6th Calls; and
- **External perceptions** of the NAMA Facility.

2.2 Evaluation questions

Table 1 overleaf summarises the themes that the evaluation has assessed, as well as the approach and data collection tools used. A detailed list of evaluation questions, hypotheses tested, and data collection methods can be found in Annex 1.

Table 1: Evaluation themes, approach and sources of evidence

TOPIC	EQs	Approach and sources of evidence
RELEVANCE	Relevance of NAMAs for implementation of NDCs, and identity and added value of the NAMA Facility in the climate finance landscape	Literature review, interviews with the climate finance community and analysis of NSP Outlines to assess the role of NAMAs. Benchmarking with other similar programmes, and interviews with applicants to understand the identity and added value.
TRANSFORMATIONAL CHANGE	Contribution of the NAMA Facility to transformational change at both programme and NSP-level, and adequacy of the NAMA Facility's structure to catalyse transformational change.	Review of NSP Outlines and portfolio analysis to assess the potential for TC at both programme and NSP-level. Benchmarking with other similar programmes and interviews with NAMA Support Organisations (NSOs), implementers, climate finance community and TSU to assess stakeholders' views. Applicant survey
EFFECTIVENESS	Effectiveness of the contribution of the NAMA Facility towards increased mitigation ambition and performance against ambition statement. Influence of the NAMA Facility in partner countries, effectiveness of promotion of replication, scaling of projects and learning	Interviews with donors, TSU, NSOs, implementing partners and climate finance community to understand views on NAMA Facility effectiveness. Documentation review, analysis of applicant survey results and benchmarking analysis to identify evidence to demonstrate outputs and outcomes being achieved.
EFFICIENCY AND GOVERNANCE EFFECTIVENESS	Efficiency of the NAMA Facility in meeting its objectives and delivering climate finance, effectiveness of its governance structure and capacity to absorb projected growth.	Interviews with NSOs, implementing partners and TSU/donors, programme documentation review and analysis of applicant survey results to identify the extent to which the processes, systems and structures of the Facility enable and enhance efficiency.

2.3 Approach

The evaluation was underpinned by a framework based upon **process tracing**. Process tracing is a method which prescribes the systematic identification and examination of evidence, analysed against a set of research questions and hypotheses (a process tracing framework). Within this evaluation it was operationalised as follows:

- Following preliminary scoping interviews with the TSU and donors (and a review of programme documentation, including the NAMA Facility ToC), for every evaluation question and sub-question, the evaluation team formulated a set of expected findings ('hypotheses') that would be expected to if the programme were working according to its ToC.
- For each hypothesis, a set of "causal inferences" were defined. These were the conditions or evidence that the team expected to observe if the hypothesis were true or false. Each causal inference was then categorised as to whether it confirmed, strengthened, weakened, or refuted the hypothesis.
- Using this framework, the evaluation team designed its data collection methodology and tools around the sources of evidence needed to test the causal inference.

Annex 1 presents the process tracing approach for this evaluation, as well as the complete process tracing framework, including hypotheses, evidence, data sources and the type of process tracing test⁴ to confirm or discard the hypotheses.

2.3.1 Mapping the current status of the NAMA Facility: programme and portfolio analysis

To obtain an understanding of the NAMA Facility as a whole, during the time period covered by the evaluation, an analysis was conducted of:

- The NAMA Facility strategy, structure and processes during the 4th to 6th Calls [“programme analysis”]; and
- Key project information (on partners involved, country, sector, outcome, activities, objectives) for (a) all applications (‘Outlines’) received per Call; and (b) for the portfolio of 34 projects in implementation or preparation [“portfolio analysis”].

For the programme analysis, 15 interviews (in total) were conducted with the donors, TSU staff, the NFGA, and with the three independent organisations responsible for NSP assessments during the 4th, 5th and 6th Calls. The TSU staff interviewed were responsible for overall management and strategy, communications, knowledge sharing and learning. Analysis was also conducted of strategy documents, Call-associated guidelines (to applicants), communications outputs and publications, and relevant reporting documents.

For the portfolio analysis, information was aggregated from (i) the assessment grids developed by the TSU for each Call (shared with the evaluation team),⁵ (ii) Outlines (for the 34 portfolio NSPs only), and (iii) information published in the NAMA Facility Annual Reports. The analysis of the 34 selected projects was slightly more detailed, covering also information on the project activities envisaged and expected and (where available) actual results. The purpose of the portfolio analysis was to provide a clear overview of the reach of the NAMA Facility (i.e. the types of projects it attracts) and the diversity within the ensuing portfolio. This enables the evaluation team to independently assess the effectiveness and appropriateness of the selection process (as compared to the Facility’s objectives). The findings from the portfolio analysis feed directly into Chapter 3 (overview of the NAMA Facility) and into the analysis of effectiveness in section 4.4.

2.3.2 Gathering the views of the NAMA Facility’s direct beneficiaries: consultation with applicants

To understand how effectively and efficiently the Facility is being implemented, and to build a picture of the added value and additionality of the Facility, the evaluation team consulted a range of Facility beneficiaries: NSOs implementing NSPs, other applicants (including national ministries), implementing partners and unsuccessful applicants. Consultation was undertaken through semi-structured video and telephone interviews and through an online survey. In total 20 interviews were conducted (with 29 stakeholders) and the survey achieved 25 responses.

2.3.3 Case studies

To complement the wider - and shallower - programme/portfolio-level analysis conducted (described above), the evaluation took ‘deep dives’ into particular contexts (‘cases’) in which the NAMA Facility is being implemented. The purpose of this approach was to provide a narrower context in which key

⁴ Within process tracing, evidence can be categorised in four different ways depending on the extent to which (and the manner by which) it ‘proves’ the theory. These categories are: ‘straw-in-the-wind’, ‘hoop’, ‘smoking gun’ and doubly decisive. More information is provided in Annex 1.

⁵ The assessment grids included descriptive information on the Outlines (e.g. country, sector, lead applicant...), and the scores of each NSP per assessment criterion.

evaluation themes could be explored in more detail (and the findings compared across the cases). For this evaluation, case studies were conducted for five countries in which NSPs have been successfully approved to receive funds from the NAMA Facility: **Cabo Verde, Mexico, Thailand, The Gambia, and Tunisia**. The rationale for framing the case studies at the country level was as follows: (i) it enabled the team to investigate the effects of context on TC; (ii) it provided a frame for gathering information on multiple NSPs being implemented in a country; (iii) it enabled the team to assess the connectedness and country-wide effects of the NSP(s). Finally, it allowed the evaluation to assess countries' progress towards low carbon societies and contributed to assessing key research areas such as additionality, connectedness and impact of the NAMA Facility. The case studies were developed using evidence from: a desk-based research of publicly available information; desk-based analysis of relevant NSPs; country specific documentation; and in-depth interviews. Interviewees included: project implementers, applicant support partners, members of national support organisations, UNFCCC focal points, embassies of donors, national ministries, and staff in country offices of multilateral organisations working on climate finance. Annexes 5 to 9 present all five case studies.

2.3.4 Understanding the external perspective

To ensure that the evaluation assessed the NAMA Facility's standing within the wider climate finance architecture, the evaluation conducted a **benchmarking** exercise and **consulted with the wider climate finance community**.

Specific aspects of the NAMA Facility (its scope and focus, its support mechanisms, its efficiency (i.e. duration between application-assessment-selection-implementation), its results and its connectedness to the wider climate financing landscape) were compared to six international funds (Green Climate Fund, Climate Investment Funds – Clean Technology Fund, Global Environment Facility, Nordic Climate Facility, Asian Development Bank (ADB) Climate Change Fund, Global Climate Partnership Fund, and NDC Pipeline Accelerator). These funds share similarities with the NAMA Facility, especially in terms of their objective of achieving TC, but take slightly different approaches / have different objectives. The purpose of the exercise was to draw lessons about where the NAMA Facility is doing well / less well compared to other programmes and where it might learn from (or teach) these programmes. Six interviews were conducted with representatives of the benchmarked funds and five additional interviews were conducted with other members of the climate finance community. A summary of the benchmarking is included in Annex 3.

2.4 Limitations of the evaluation

This evaluation has been subject to the following limitations:

The process tracing framework – whilst highly transparent and robust – **lacked some flexibility**: In analysing and reporting against the framework, it became clear that for a limited number of hypotheses it was not possible within the scope of the evaluation to gather the evidence (due to the methods being applied – e.g. this was the case for H3B2 - 'GHG ambition'). For future evaluations, it would be beneficial to design a 'framework review' stage into delivery, which could take place immediately after data collection or after analysis in order to update the framework with any changes to (or limitations of) data collection or to reflect unexpected, but interesting, findings that emerged and which were explored further during data collection.

It is somewhat early within the programme to observe impacts: Most of the NSPs analysed in the case studies had just started implementation or were about to start implementation and insufficient time had elapsed to be able to observe impacts. Therefore, as anticipated in the inception report, the

evaluation has looked for evidence whether NSPs and the NAMA Facility were on the right path to achieving TC.

Similarly, **the effects of some programmatic adaptations have not yet had time to materialise**: As part of the evaluation, the team considered the effect that the NAMA Facility's raising of the mitigation ambition (to carbon neutrality) had on NSPs and applicants. This evaluation found that it had had little effect, but this was partly (also) because the change was introduced after the 6th Call (and therefore fell somewhat outside of the scope of this evaluation).

Somewhat conversely, because the NAMA Facility places great importance on learning and implementation improvements, several of the **issues identified through the evaluation (through stakeholder consultation) were already being addressed** because of changes to the Facility's delivery and strategy during the lifetime of the evaluation. Where this is the case, this Report has highlighted where the evaluation team expect challenges to already have been mitigated.

The remaining limitations or challenges faced by the evaluation were linked to data:

Public information to inform the benchmarking was not always available: The number of programmes aimed at achieving TC within the breadth of scope of the NAMA Facility is limited and information in the public domain for these programmes was uneven and often not directly comparable due to fund structures. The evidence type for the benchmarking directly relevant to the NAMA Facility was therefore somewhat limited. To mitigate this issue, the review of publicly available information was supplemented with data collected through interviews with programme representatives and only metrics for which there was information across all programmes was included in the comparison. One fund from the original list, the UK Global Climate Partnership Fund, was replaced with ADB's Climate Change Fund due to insufficient similarity - not insufficient information.

The survey of applicants achieved a fairly low response rate (of 25, for the ~200 Outlines within scope): It was conducted online and administered by Ipsos. The TSU sent out invitations via email to all applicants of 4th, 5th and 6th Calls using the contact details in the Outline, followed up by a reminder. Factors that may have contributed to this relatively low response rate are: (i) email addresses included in the Outlines might not be updated, especially for the 4th Call (which is the one with lowest response rate), (ii) the survey was conducted over the summer, when fewer people are normally available to participate in research. However, it should be noted that several NSOs and even some national partners have been involved in more than one NSP. Indeed, 12 / 25 respondents to the survey had been involved in 2-6 Outlines, meaning that the survey reached organisations covering *more* than 25 NSPs. As respondents were asked to complete the survey focusing on the experience of only one NSP, and did not complete more than one entry, in reality only 25 NSPs were covered by the survey.

The evaluation did not finally conduct case studies of unsuccessful applicants, though this was part of the initial design. The evaluation plan included short case studies of unsuccessful applicants in order to assess the additionality of the support received by the NAMA Facility. However, while conducting the case studies, it became clear that the context in which the NAMA Facility operates in each country is very diverse and that unsuccessful applicants were not a suitable counterfactual to explore the additionality of the support provided. Instead, views from unsuccessful applicants have been gathered via the online survey and in-depth interviews.

The evaluation has not been able to capture the views of those involved in discontinued NSPs. The evaluation team invited representing discontinued NSPs to the online survey (implementing partners

and NSOs) and to the interviews (NSOs), but none of them agreed to participate in the research. We have therefore not been able to gather their views on the effectiveness of the NAMA Facility support during the detailed preparation phase (DPP), and what type of support they would have needed to successfully conclude their NSP Proposal.

2.5 How to read this report

All of the findings and analysis are presented in a narrative form which is accessible to all readers. However, for transparency and methodological robustness, also included in Annex 1 (and in summary form throughout this report) are tables which present the results of our process tracing hypothesis tests.

The process tracing framework includes three elements: results of the process tracing test, type of evidence used and strength of evidence.

The 'process tracing tests' assess whether the evidence confirms or affirms each hypothesis and the results are categorised as follows:

- Doubly Decisive confirms the hypothesis (if passed) and eliminate it (if failed).
- Smoking Gun confirms the hypothesis (if passed) but do not entirely eliminate it (if failed).
- Hoop affirms the relevance of the hypothesis (if passed) and eliminate it (if failed).
- Straw-in-the-Wind affirms the relevance of the hypothesis (if passed) and weaken (but do not eliminate) the hypothesis (if failed).

The 'evidence type' framework categorises the nature of the data being used to evidence each hypothesis: 'signatures' – i.e. there is a trace (signature) between evidence and hypothesis which is 'unequivocally indicative'. This is the strongest evidence type; 'convergent triangulated sources' being the second strongest and 'consistent chronology' weaker (for greater explanation of this classification system, see the description in Annex 1).

Finally, the evaluation also categorises all evidence as to its 'strength' in terms of quality, with evidence typed upon a small number of stakeholders, or evidence that may be inherently biased, being classified as weaker than evidence which is supported by multiple strands of research.

The tables summarise the three elements. For ease of reading, we have used the following colour codes:

- Process Tracing (PT) test: bright green for 'doubly decisive', dull green for 'smoking gun', orange/amber for 'hoop' and pink for 'straw-in-the-wind'.
- Evidence type: bright green for 'signature', dull green for 'convergent triangulated sources (CTS)', and orange/amber for 'consistent chronology'.
- Finding: bright green for 'true', dull green for 'overall true', yellow for 'neither true nor false', and pink for 'not true'
- Evidence strength: bright green for 'strong', dull green for 'fairly strong', orange/amber for 'medium', brown for 'medium to weak' and pink for 'weak'.

3 The NAMA Facility

This section provides an overview of the NAMA Facility, including its objectives, scope and governance structure. It also presents the main processes used to build the project portfolio, provides an analysis of the current portfolio, and an overview of the NAMA Facility approach to knowledge sharing and communication activities.

The NAMA Facility is a multi-donor initiative that offers technical and financial assistance in the form of NSPs to developing countries and emerging economies showing leadership in tackling climate change. It has no specific regional or sectoral focus: it supports the most ambitious and promising NSPs with a high potential for TC towards a carbon-neutral pathway. Specifically, the Facility helps these countries to implement Nationally Appropriate Mitigation Actions (NAMAs), with support being issued through competitive Calls. The NAMA Facility was established jointly by BMU and BEIS in 2012. It was announced for the first time at the climate negotiations 2012 in Doha, Qatar.

As per the UNFCCC definition, NAMAs refer to “*any action that reduces emissions in developing countries and is prepared under the umbrella of a national governmental initiative*”. They can be policies directed at TC 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 are aimed at achieving a reduction in emissions relative to 'business as usual' emissions in 2020.⁶

To identify the most promising NSPs, the NAMA Facility conducts competitive Calls for NSP Outlines. More information on the selection process and criteria can be found in Section 3.2.1 and 4.4.2 of the Report. The NAMA Facility provides grant support of EUR 5-20 million for financial and technical support.⁷ In September 2020, it completed the 7th Call for NSP Outlines (the 7th Call is not within the scope of this evaluation), with a funding commitment of up to EUR 60 million from Germany and the United Kingdom.⁸ During the 4th to 6th Calls, approximately EUR 420 million was committed by the donors. More information on the governance structure of the NAMA Facility is provided in Section 3.1.1 of the Report.

3.1 Governance and delivery activities

The following section provides an overview of the nature and governance structure of the NAMA Facility as well as the different knowledge sharing and communication activities it offers.

3.1.1 The NAMA Facility structure

The NAMA Facility is governed by the Board, which is formed of donor representatives from the BMU, BEIS, KEFM and the European Commission. **The Board** is the decision-making body responsible for selecting the NSP Outlines that will be supported, and for taking strategic decisions for the NAMA Facility implementation. The Board sets the priorities, oversees the strategy (including risk management) of the NAMA Facility. It also leverages the information, reports and advice it receives from the TSU to engage in risk-based decision-making.

⁶ Source : <https://unfccc.int/topics/mitigation/workstreams/nationally-appropriate-mitigation-actions#eq-3>

⁷ Since the 5th Call, the eligible range of funding volume that can be requested from the NAMA Facility for NSP implementation (i.e. EUR 5-20 million) is a guiding eligibility criterion and the requested volume may deviate from the original range in exceptional and justified cases

⁸ Source: <https://www.nama-facility.org/news/nama-facility-announces-the-7th-call-for-the-submission-of-nama-support-project-Outlines/>

The TSU provides secretariat and management services to the NAMA Facility. It administers the NAMA Facility on behalf of the Board.

The NAMA Facility Grant Agency (NFGA) is in charge of managing funds and all procurement and contractual procedures on behalf of the NAMA Facility. It receives contributions, commits and transfers the NAMA Facility's resources to the NSOs. The TSU, as the link between the NF Board and the NFGA, is best placed to identify, assess, monitor/report and mitigate/control risk exposures to the NAMA Facility's funds.

NSPs are supported by **NSOs**, who also form part of the governance structure of the NAMA Facility to the extent that they facilitate the management of successful projects. They receive the programme's funds from the NAMA Facility to originate and implement the projects which are resonant to the objectives of the programme. These are legal entities endorsed by national governments to ensure the implementation of NSPs.

The **total budget** committed by the donors from the Facility's inception to the middle of 2020 was approximately EUR 528M. Over this period, BEIS has committed a total of EUR 276M, BMU a total of EUR 210M, the EU EUR 25M, and KEFM a sum of EUR 9.8M. The NAMA Facility has recently launched a new '**Ambition Initiative**' with 168 million EUR to contribute to global green recovery efforts, targeted to countries who are going to increase and accelerate their climate ambition targets ahead of COP26.

3.1.2 Lesson-sharing, knowledge sharing and communications

The NAMA Facility is committed to promoting lesson learning and knowledge sharing among the different stakeholders, including implementing organisations and NSOs. The key goal of collecting and sharing lessons learnt is to improve processes and provide better guidance and support to potential applicants. The NAMA Facility is working to become a learning hub for the wider climate finance community and the countries that are seeking to be at the forefront of climate change mitigation.

In 2019, the TSU and NAMA Facility donors agreed on a **Knowledge Creation Strategy** that aims to inspire other organisations to replicate NSPs and raise ambition levels, and further contribute to:

- Build the capacity of potential applicants and improve the quality of the pipeline;
- Improve the NAMA Facility's internal processes and procedures;
- Inspire others to raise ambition and replicate NSPs; and
- Establish sectoral best practices and to contribute to international debates on climate finance and TC through informed and evidence-based positions.

In May 2019, a three-year workplan was approved by donors with the aim of implementing the knowledge management strategy and delivering its 17 work packages. The strategy raised the NAMA Facility's knowledge sharing ambition.

The NAMA Facility strengthened its communication efforts in 2019, and the **Communication Strategy** was elaborated. As part of this, an external evaluation was commissioned to take stock of current and to propose additional communication work.

The TSU also produces **annual communication workplans** and – for each Call - conducts webinars to provide guidance, clarify questions from potential applicants and share lessons learned after each Call. The questions raised by attendees are also collected and answered in a clarification note available

online. For instance, in the 7th Call, a total of 55 FAQs and 107 formal clarification notes have been published by the TSU.

The NAMA Facility also organises **virtual meetings** with NSP representatives and the TSU conducts outreach conversations with international institutions to inform them about upcoming Calls before their formal announcement. The NAMA Facility is committed to improving and strengthening the outreach strategy to ensure the successful engagement of diverse organisations in NSP Outlines submission. Other communication activities conducted by the NAMA Facility include, for instance, a new video interview series (four interviews were conducted and published in 2019), the publication of short stories showcasing individual NSPs, and improvements to the website to facilitate access to relevant materials such as recorded presentations and NSP sub-pages.

3.2 The main processes building the NAMA Facility portfolio

3.2.1 Application and selection processes

NSP Outlines can be submitted by national ministries or by eligible legal entities. If submitted by national ministries, they need to incorporate also a separate legal entity (Applicant Support Partner (ASP)) to act as the contracting partner. If submitted by eligible legal entities, then they need endorsement by the national government institutions relevant for the implementation of the NSP. Therefore, in practice, NSPs need at least two organisations to be eligible: the government/relevant ministry submitting or endorsing the submission, and an eligible legal entity as contracting partner. Eligible legal entities need to comply with specific capacity requirements, such as having experience in the country of implementation and having an annual turnover of EUR 1 million over the last 3 years.

National ministries can be supported by ASPs, responsible and accountable for the correct use of funds and services, the management and monitoring of the NSP and reporting to the TSU during the DPP. These are often the same entity as the NSO, which takes this function for the implementation of the NSP.

With the aim of increasing the viability and quality of projects, the NAMA Facility has a two-step selection process:

1. **Outline Phase:** Applicants submit a concept note ('Outline') which is then assessed by the TSU and by an external organisation subcontracted by the TSU. All applications undergo desk-based review, and a shortlist of around 15 also receives an on-site/in-depth assessment. Successful NSPs are recommended to the Board for approval for DPP funding.

On-site assessments are undertaken by a representative of the TSU accompanied by one of the independent assessors. The visit provides an opportunity for the assessors to speak to local stakeholders, seek clarifications on the NSP being proposed, and verify assumptions in the desk-based assessment, including readiness and additionality of the project. The on-site assessment was introduced for the first time for the 4th Call. The in-depth assessment of shortlisted NSPs was introduced in the 6th Call. It extends the scope of the assessment process for shortlisted NSPs by allowing for written and online clarifications with the NSP Applicants through video conferences, in addition to the on-site assessments.

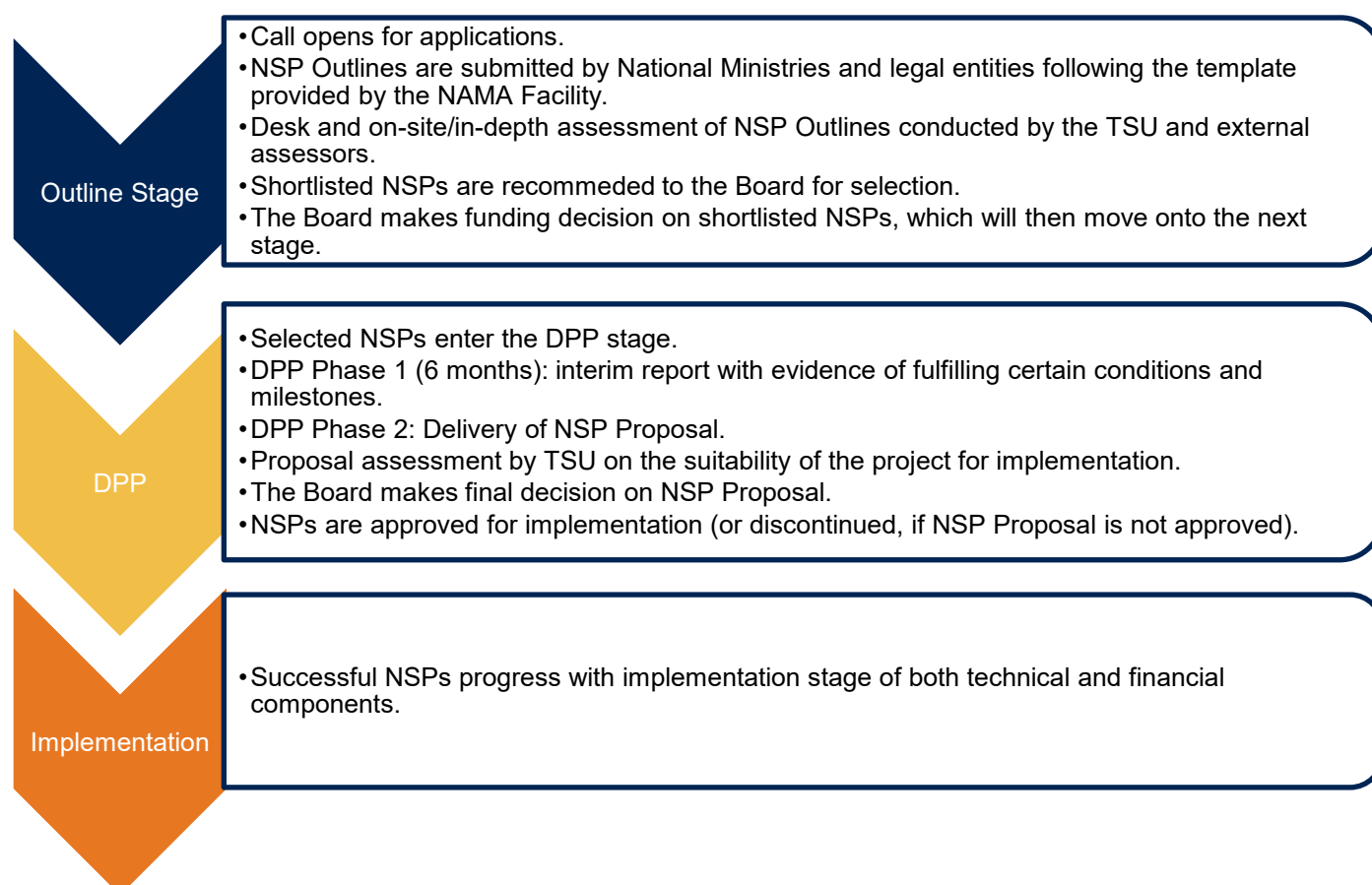
2. **Detailed Preparation Phase (DPP)/Proposal Phase:** Outlines selected by the Board then go through a DPP – that has a duration of 15 to 18 months (depending on the Call as timings have been amended over time) in order to produce an NSP Proposal which then undergoes a detailed

assessment before funding for implementation is granted. To help project teams develop their Proposal, a small grant (no limitations are specified) is provided by the NAMA Facility. Full proposals are assessed against the following criteria:

- **Eligibility**, including timely submission, completeness of documents, use of English language, envisaged implementation duration of 3 to 5.5 years, additionality of NSP, and volume of funding (which indicatively should be EUR 5-20 million).
- **Ambition**, which assesses different criteria on the basis of a point-based grading system. The specific criteria include (i) potential for TC, (ii) financial ambition and (iii) mitigation potential.
- **Feasibility**, which is also assessed through a point-based grading system and includes (i) overall project concept, (ii) the Financial Component (FC) and the (iii) Technical Component (TC), which look into the institutional set-up, outcomes, outputs and activities, technical assistance measures, timeline, milestones and readiness.

Before having their Proposal accepted for funding, NSPs are expected to meet a certain level of preparedness which influences the rating obtained in the assessment. Depending on the results of the assessment, the TSU votes whether the project is suitable for implementation and can therefore be recommended to the NAMA Facility Board, which takes the final decision.

Figure 3.1: Project cycle of NSPs



3.2.2 The selection process during the 4th to 6th Calls

As part of the NAMA Facility's commitment to promote knowledge sharing among relevant stakeholders, after each Call, the TSU seeks feedback from applicants to inform and improve the process for future Calls and facilitate the application process for potential applicants. The feedback has been used to modify

different aspects of 4th to 6th Calls, including changes in the templates provided and documents required from applicants to provide more clarity, as well as eligibility and assessment criteria to ensure a higher quality portfolio. A summary of the 4th to 6th Calls is provided in Table 2 below, with new requirements and criteria introduced being highlighted in the third and fourth columns.

Table 2: Summary of changes made during the 4th to 6th Calls

CALL	Period Open for Outline Submission	Requirements in Outline Template	Outline Assessment Criteria
4th	4 th July 2016 to 31 st October 2016	Outline template includes: <ul style="list-style-type: none"> - General information on the NSP (project data, applicant, implementation partner and NSO information). - Project concept and rationale including barrier analysis and embedding. - Project ambition, including potential for TC, financial ambition, mitigation ambition. - Expected budget and financing structure in EUR. Introduction of DPP of 18 months maximum (previously called appraisal phase).	External lead assessor and on-site assessments newly introduced. As per the 1 st to 3 rd Calls, selection criteria included eligibility, ambition and feasibility criteria. Both ambition and feasibility criteria assessed through a point-grade system, with in total up to 25 points to be assigned for ambition and 25 points for feasibility. ⁹
	Outline submission deadline: 4 months after Call launched.		As per the 1 st to 3 rd Calls, the eligibility criteria included timely submission, completeness of documents, envisaged implementation duration of 3-5 years, funding volume requested from NAMA is EUR 5-20 million.
5th	13 th November 2017 to 15 th March 2018	Role of Co-Applicant is substituted by the role of Applicant Support Partner.	
	Outline submission deadline: 4 months after Call launched.	The eligible range of funding volume that can be requested from the NAMA Facility for NSP implementation (i.e. EUR 5-20 million) is now a guiding eligibility criterion.	Weighted grading shifted away from the DPP concept proposal and instead focused more heavily on the ambition and feasibility criteria.
6th	10 th December 2018 – 15 th March 2019	Request to submit a basic calculation of the proposed business model(s) and financing mechanism(s), introduced as mandatory annexes to the Outline.	Contributions of other development financiers no longer a separate assessment criterion for the financial ambition.
	Outline submission deadline: 3 months after Call launch.	Duration of DPP limited to 15 months.	Additionality of the NSP considered an eligibility criterion instead of a feasibility criterion. In-depth assessment of shortlisted NSPs introduced. Submission of NSP Proposals expected in one of two timeframes: at the end of month 10 or 15 of the DPP.

⁹ The Ambition criteria is aggregated from the potential for TC (11 points out of 25), financial ambition (6/25 points), mitigation potential (8/25 points). The Feasibility criteria is aggregated from project rationale (8/25 points), project design (12/25 points) and DPP concept (5/25 points).

Other changes conducted through the Calls include changes to the governance framework and approach to learning within the NAMA Facility. Additionally, in 2020, the NAMA Facility made minor adjustments to its Monitoring and Evaluation (M&E) Framework.

In 2020, the NAMA Facility also raised its ambition. Until 2020, at portfolio level, as per ToC, the NAMA Facility sought to achieve a transformation to “low-carbon development” and the advancement of “low-carbon pathways” as the way forward. However, given increases in global ambition to address climate change (and given the NAMA Facility’s donors’ raised ambition),¹⁰ the NAMA Facility has shifted its transformational target from low-carbon to *carbon-neutral* development and pathways. The NAMA Facility’s working definition of TC has been updated accordingly and now reads as follows:

Transformational change is a catalytic change in systems and behaviours resulting from disruptive climate actions that enable actors to shift to carbon-neutral pathways.

The General Information Document (GID) and Outline Template of the 7th Call were amended to reflect this and some of the Facility’s donors have noted their intention that the raising of ambition at portfolio level will influence NSP-level ambition.¹¹ This evaluation further explores emerging findings on the impact of the rising NAMA Facility ambition on NSPs.

3.3 The portfolio of the NAMA Facility

Since the 1st Call in 2013 through to the 6th Call in 2019, the NAMA Facility received a total of 344 NSP Outlines, of which 34 entered the DPP stage. As of September 2020, out of these 34 NSPs, 20 have reached implementation, nine are continuing in DPP, and 5 have been discontinued after DPP. Amongst these NSPs, the range of funding received for DPP and implementation was quite broad. The amount received for DPP ranged from 160,000 to 390,000 EUR,¹² and for implementation from 7 to 20 million EUR.

The portfolio also comprised a diversity of countries and sectors. The portfolio, excluding discontinued NSPs, is formed by 29 NSPs in Asia-Pacific (8), Latin America and Caribbean (14), and Africa (7), and target emission reductions in the following sectors: agriculture (6 NSPs), energy efficiency (9), forestry/land use (1), transport (5), renewable energy (5), and waste/water management (3). Some of the most common financial instruments used by NSPs include: revolving funds,¹³ guarantee funds, equity and blending funding, concessional funding, result-based payments, and rebate mechanisms and other tax advantages, though the portfolio shows diversity in the financial instruments involved.

The more active organisations supporting national partners to apply, either in the role of co-applicant, ASP or NSO, are GIZ and UNDP, who participated in 38 and 35 NSPs Outlines respectively during the 4th to 6th Calls. Other well-represented organisations include IADB, UNEP, and FAO (10 NSPs) and AFD (6 NSPs). Among the 29 projects that are currently part of the portfolio, there are a total of different 15 NSOs: GIZ (17 NSPs), KfW (4), AFD (3), UNDP (2), IADB (2), CCAP (1), CATIE (1), DEA (1) Banobras (1), EBRD (1), FAO (1), FINDETER (1), GGGI (1), UNCDF (1) and the World Bank (1). Some NSPs are supported by more than one organisation.

¹⁰ <https://www.nama-facility.org/news/nama-facility-donors-raise-ambition-to-target-carbon-neutrality/>

¹¹ Scoping interviews

¹² The DPP was introduced in the 4th Call.

¹³ A revolving fund is an account used to finance a continuous cycle of operations without any fiscal year limitations, and is usually established by governments or non-profit organisations to provide discounted loans.

Both desk-based information on this portfolio of 29 NSPs, and interviews with NSOs and implementing organisations have formed a key focus of this evaluation. Additionally, we also reviewed the characteristics of all Outlines received during the 4th to 6th Calls.

Key facts on the 4th to 6th Calls and the Outlines received

1. A total of 202 Outlines were received – 75 and 76 for the 4th and 5th Calls and 51 for the 6th Call.¹⁴
2. For each Call, 13-15 Outlines were selected for on-site assessment.
3. Between 5 and 8 per Call (i.e. 10% of the Outlines received) were selected for DPP.
4. On average, applicants request between 0.3 and 0.6 million EUR funding for DPP (no minimum or maximum amounts are defined), with the lowest and highest amounts requested being 18,000 EUR and 5 million EUR.
5. The average amounts requested per Call for implementation were 13 and 16 million EUR. The NAMA Facility received however requests for as little as 0.8 million EUR and as high as 30 million EUR throughout the 4th to 6th Calls.

¹⁴ The number declined in the 6th Call because insufficient notice was given to potential applicants that the Call was to be launched, and because only 3 (rather than 4) months was given for Outline preparation.

4 Evaluation findings

The evaluation findings presented below carefully follow - and operationalise - the process tracing framework developed to guide this evaluation. For every evaluation question, the hypotheses tested and the evidence considered (and its quality / 'strength') are set out. Further detail on how the process tracing framework has been applied per question and hypothesis is provided in Annex 1.

4.1 Relevance

4.1.1 The relevance of NAMAs for the implementation of NDCs

The evaluation has found on the basis of **strong** evidence (see below) that NAMAs are relevant mechanisms for implementing NDCs.

H1A1 NAMAs are relevant mechanisms to help achieve the objectives of Nationally Determined Contributions (NDCs) that were adopted through the Paris Agreement at COP21 in December 2015.					
Overall finding: H1A1 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Final strength assessment ¹⁵
NAMAs are used to implement NDCs	50%	Smoking Gun	Signature	True	Strong
Clifi community recognises NAMA value	20%	Smoking Gun	CTS	Overall true	Strong
NSPs-NAMAs-NDCs align	20%	Hoop	Signature	True	Strong
NAMAs are relevant compared to other instruments that support mitigation ambition	10%	Hoop	CTS	Neither true nor false	Fairly strong

H: Hypothesis

PT: Process Tracing

CTS: Convergent triangulated sources

First, NAMAs are being used to implement NDCs (see 'insights from the field' below). In the countries analysed as part of case studies, **NAMAs remain highly relevant and are a respected instrument for NDC achievement and development**. The number of entries in the UNFCCC NAMA registry has increased over time at a constant pace. As at 30 September 2019, the registry contained 183 NAMA entries (an average of 26 per year), of which 13 had been registered in the last year.¹⁶

Second, most of the climate finance community representatives consulted for this evaluation had a shared understanding of the concept and the value of NAMAs as a sub-NDC, operational instrument for the implementation of mitigation (rather than adaptation or cross-cutting) activities. In practice, NDCs are typically broader strategic documents that then serve as an umbrella framework for several NAMA-like initiatives that operationalise goals. The core concept of NAMAs – i.e. one of a programmatic and sectoral level approach to achieving TC – remains highly relevant, and indeed these approaches are universally seen as critical components of successful NDC implementation. However, NAMA as a term is

¹⁵ For more detail on this assessment, see Annex 1.

¹⁶ Source: UNFCCC (2019) Operation of the registry of nationally appropriate mitigation actions, available at:

https://unfccc.int/sites/default/files/resource/cp2019_inf.2.pdf

gradually fading away within climate finance circles as the NDCs have become the driving organisational concept. **The implication for the NAMA Facility is that its overall approach continues to be very relevant and is valued, but its name is becoming increasingly outdated.**

Finally, our portfolio analysis and the five country case studies demonstrate that NSPs are often aligned with specific NAMA and (as part of the eligibility requirements) also align with NDCs (see also ‘insights from the field’ below). However, none of our stakeholder consultations, nor the benchmarking work, provided evidence that suggested that NAMAs were any more relevant as mitigation supporting instruments than any others (e.g. activities of the NDC or LEDS Global Partnerships).¹⁷

Insights from the field – alignment of NSPs and NDCs

Our case studies found that **NAMAs are being used to implement countries’ NDCs**. For example:

Mexico: NAMAs play a key role in the country meeting the Paris Agreement targets. According to the UNFCCC registry, Mexico is currently seeking support to prepare 10 NAMAs, and seeking support to implement seven NAMAs. Given the high amount of NAMAs in the country, the Ministry of Environment (SEMARNAT in Spanish) created the National NAMA Registry, which helped to centralise the information and further assist in the requests for funding. The popularity of NAMAs in Mexico seems to be linked to the success of the Housing NAMA, which was supported by the NAMA Facility through the 1st Call. According to an interviewee, *“the fact the Housing NAMA was the first one gave Mexico the sense that NAMAs work. We can make this work; we have set the example. This plays a part on how Mexico perceives the (NAMAs) mechanism”*.

Cabo Verde: Cabo Verde’s NDC mentions the intention to develop a NAMA that increases energy efficiency in the transport sector, including domestic shipping and domestic air travel, and evaluates options for policies and actions available to reduce the impact of greenhouse gas (GHG) emissions originating from this sector. It was intended that the NAMA would initially be focused on the collection of relevant data for the sector and would later consider options for boosting hybrid and electric fleet in the country, in particular, the feasibility of making government vehicles electrically powered by 2030.

In **Thailand**, the NSP is targeting a sector – agriculture – which is not included in the country’s NDC. However, the purpose of the NSP is to pilot mechanisms for promoting sustainable rice farming and to help the Government set an NDC target for the rice cultivation / agriculture sector (which is not included in the current NDC).

4.1.2 Identity of the NAMA Facility

The visibility, distinctiveness and branding of the NAMA Facility are discussed in this section.

The visibility of the Facility

There is evidence is of **medium strength** that the NAMA Facility is visible to those outside of its inner circle. The evidence of medium strength only because, within the scope of the evaluation, it was only possible to consult a relatively small group of people from outside of the NF inner circle – (i) up to nine country stakeholders (embassy representatives, national stakeholders) (consulted as part of the country case study development); and (ii) 11 members of the climate finance community. Further, the national

¹⁷ The fact that the evaluation did not draw a conclusion here was likely driven by a weakness in the wording of the targeted evidence. It would have been better to measure whether NAMAs were “as relevant” as other instruments or “no less relevant”.

stakeholders consulted were usually directly or indirectly involved in NSPs, so are not entirely ‘outside’ of the NAMA Facility’s inner circle.

H1B3 The NAMA Facility is visible - i.e. known out of its inner circle					
Overall finding: H1B3 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Relevant stakeholders are aware of the NAMA Facility	100%	Smoking Gun	CTS	True	Medium ¹⁸

Within the climate finance community, all were familiar with the NAMA Facility and its high-level objectives, though interviewees varied in their understanding of the Facility’s mechanisms and the projects it funds. This supports the perception amongst the Facility’s donors (including its country embassies) and the TSU that **there is suboptimal clarity within the climate finance community about what the Facility offers and aims to achieve.**

At the country level, the evaluation found that **awareness of the NAMA Facility was mixed**. Donors and climate finance community representatives considered that awareness remained low in some countries. As the evaluation did not survey national stakeholders beyond those who had already applied to the NAMA Facility, it was not possible to objectively assess / verify this view. However, what is clear from the survey is that applicants learned about the NAMA Facility through a variety of ways (see Table 3). Since its inception, the NAMA Facility has tried to reach out to potential NSOs to inform them about the NAMA Facility and to encourage applications. Prior to launching the Calls, the TSU is very active at promoting the NAMA Facility (e.g. announcing Calls at UNFCCC events), hoping it can attract a large number of applications. The survey of applicants asked respondents how they had heard of the NAMA Facility for the first time. Out of 25 respondents, 11 had heard about the NAMA Facility for the first time via one of the communication tools used by the TSU (the NAMA Facility website, emails, outreach events, and other tools). Indeed, one interviewee mentioned that they first learnt about the NAMA Facility in a COP meeting and they were “*very impressed with the consortium [of donors] and the objectives it wanted to achieve*”. Applicants also learned about the NAMA Facility through organisations who had applied before, or through other contacts external to the NAMA Facility.

¹⁸ The strength of evidence was weakened (to medium) as it was only possible to consult a relatively small group of people (~11) from outside of the NF inner circle.

Table 3: How did you first hear about the NAMA Facility? Please select all that apply

	Count	%
Through an organisation that had applied before to the NAMA Facility (e.g. think tanks, civil society organisations, development agency, development bank)	5	20%
Through another contact (not NAMA Facility or an organisation that had applied before to the NAMA Facility)	5	20%
NAMA Facility website	4	16%
Other (please specify ¹⁹)	4	16%
Received an email from the NAMA Facility	3	12%
When our project partner introduced us to it/suggested we prepare an Outline	3	12%
Through another form of communication from the NAMA Facility	2	8%
Climate finance industry event or other outreach event (e.g. presentation at a COP)	2	8%
Webinar or another online event	-	-
Don't know	-	-

Base: All survey respondents (N=25). This is a low base, so % should be treated with caution

The distinctiveness of the NAMA Facility

There is **fairly strong** evidence to suggest that the NAMA Facility provides a **distinctive offering**. Overall, stakeholders consulted had a **generally positive** opinion of the Facility.

H1B2 The NAMA Facility provides a distinctive offering relative to other initiatives supporting NAMAs and/or other similar mechanisms that combine policies and financial mechanisms					
Overall finding: H1B2 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
The support offered by the NAMA Facility is distinctive to the support offered by other mechanisms	100%	Hoop	CTS	True	Fairly strong

All stakeholders interviewed largely converged in their perception of the NAMA Facility's identity as:

- “Less political” (than other NDC-supporting funds) – i.e. projects are selected on the basis of rigorous technical assessment – not voting systems and quota;
- Quick to make (initial) decisions on selection (at Outline stage);
- Supportive of high quality and comparatively ‘ready’ projects – in the sense that it (a) requires project concepts to already demonstrate some level of readiness and project implementation detail; and (b)

¹⁹ Other sources of information included from a colleague at GIZ, through a partner when requesting support, at a NAMA Facility event and through a direct contact at BMU.

- requires a high level of buy-in from national actors – which is assessed, to a large part, through the on-site assessments; and
- Transparent about its requirements – providing a high level of support and guidance to applicants.

The branding of the NAMA Facility

On branding, the evaluation found that there were some inconsistencies in the way that the NAMA Facility presents itself, but the findings were based on evidence of only **medium to weak** strength. Indeed, overall, the branding (and stakeholders' corresponding understanding of the Facility) is fairly consistent.

H1B1 The NAMA Facility has a clear identity					
Overall finding: H1B1 is not true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
There are inconsistencies and unclarities between the strategy, objectives, ToC and overall 'branding' of the Facility	100%	Hoop	CTS	Not true	Medium to weak ²⁰

The inconsistencies identified relate to the NAMA Facility ToC (see Annex 11 for further analysis) and perceptions around how the NAMA Facility names itself. Two interviewees reported (and gave examples to demonstrate) that the NAMA Facility is still more commonly perceived of as German (rather than multi-donor) programme. The First Interim Evaluation in 2016 identified this as a widespread perception. However, this has not been found by this evaluation (except for these two anomalies). This appears to reflect well on the steps the TSU took to address this perception and also corresponds with a broader diversity in NSPs accepted over time. On the name of the Facility, interviewees who had an opinion were mixed on how important it was to change the name going forward. They recognised that stakeholders are aware of the NAMA Facility and understand the history of the name and the types of projects it targets. One offered a suggestion to call it the "NDC Facility", another suggested to call it "The Transformational Fund" or something similar to acknowledge its market positioning. These suggestions would shed an outdated name but perhaps be too vague. If desired by the donors, this idea could be adapted to something like "Sectoral Transformation Facility" or "Transformational Mitigation Pilot Facility" or similar.

4.1.3 Additional value of the NAMA Facility

The value of the NAMA Facility to its target stakeholders

There is evidence of a **medium strength** that the NAMA Facility is of value to its target stakeholders. The large number of submissions during the 4th to 6th Calls which outweighed the number selected by around 10:1, and the increasing number of resubmissions confirms there is interest among applicants to receive NF support. However, some project implementers were considering not applying again due to the lengthy process from Proposal selection to implementation.

²⁰ The Evidence type is broad (multiple sources), but the findings emerging are mixed (not 'mutually reinforcing').

H1B4 The NAMA Facility is valued					
Overall finding: H1B4 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
The NAMA Facility is valued - i.e. generates interest among potential investors, applicants and support organisations who have relevant and eligible project concepts	100%	Smoking Gun	CTS	True	Medium ²¹

A unique value

Overall, the evaluation has found that the support offered by the NAMA Facility is unique in the climate finance landscape. Its added value is described below the table. In relation to the hypothesis tested, there was overall **fairly strong** evidence that the unique value of the NAMA Facility lies in its combination of TA / FC support, its two-stage Call and selection process, and its openness to different countries and sectors. The evaluation found though that stakeholders perceived its value to be wider than that (see bullet points below the table).

H1C1 The distinctive and unique identity of the Facility is its: (a) combination of TA / FC support, (b) its two-stage project selection + Call process, (c) its openness to different countries and sectors.					
Overall finding: H1A1 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Final strength assessment ²²
The TA / FC combination is found in other programmes	15%	Hoop	Signature	Not true	Strong
Beneficiaries / other stakeholders recognise the TA / FC combination as effective	15%	Straw-in-the-Wind	CTS	True	Strong
The project selection / Call process increases quality	15%	Hoop	CTS	True	Fairly strong
The project selection and Call processes helps alignment of portfolio and NF objectives	15%	Hoop	CTS	Neither true nor false ²³	Medium ²⁴
The Call for Outlines and application process helps build/ensures recipient countries' ownership	15%	Hoop	CTS	Overall true	Fairly strong

²¹ Views do not fully converge.

²² For more detail on this assessment, see Annex 1.

²³ The process is aligned with the NF's objectives, however there is a perception among the Board that the portfolio is not balanced.

²⁴ The strands of evidence don't fully converge: the documentation review suggests the process is aligned, however perception among the Board differs.

The portfolio demonstrates sectoral and geographic diversity	15%	Hoop	CTS	True	Fairly strong
Stakeholders converge in the view that these are the unique values of the NAMA Facility	10%	Straw-in-the-Wind	CTS	True	Fairly strong

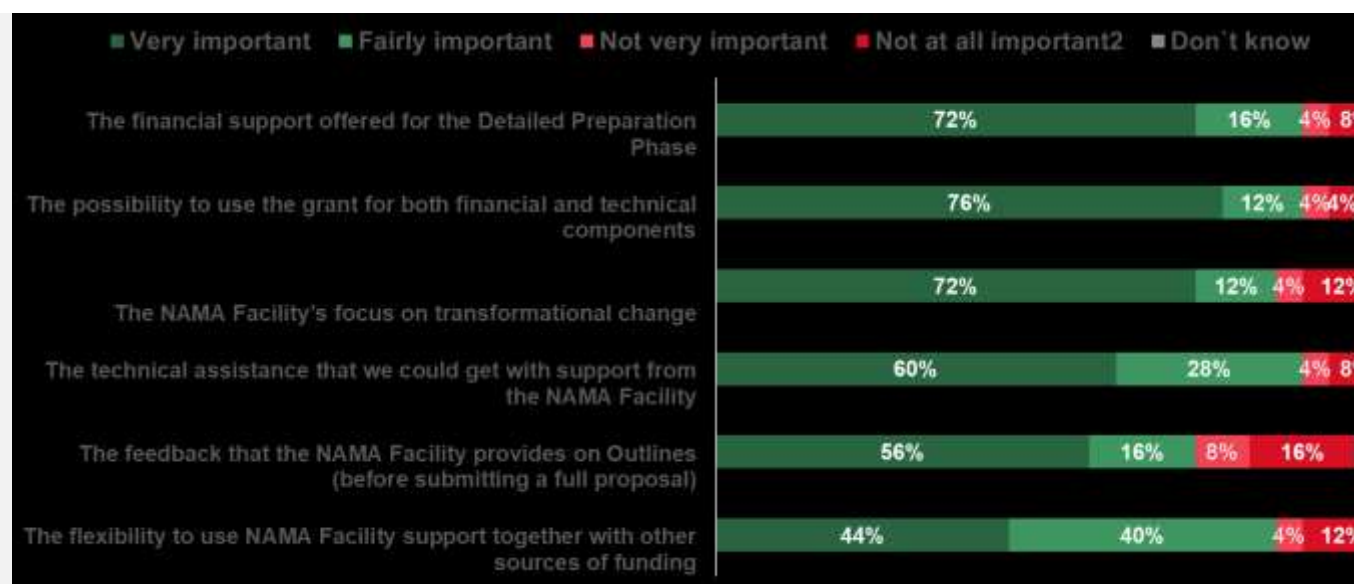
The NAMA Facility (according to stakeholders consulted) has the following unique value:

- The Call-based system to select proposals is complementary to the country-programming model used by major funders supporting NDC implementation.
- Coverage: The largest funders, e.g. GCF, GEF, cover a broad range of developing countries, as does the NAMA Facility. However, several funding sources, such as some MDBs, the bilateral agreements or national and regional development banks have geographic *restrictions* relevant for their mandate, which is not the case for the NAMA Facility.
- A willingness to take risks to test concepts: Some funders seek only to support proven concepts; such as by replicating or scaling up existing successes. The NAMA Facility focuses on concepts that have strong potential for up-scaling, replication and the ability to influence wider sectoral changes but that may carry some risk. This is seen as critical by many in the climate finance community and as one of the unique values of the NAMA Facility. As one interviewee said, *“if we are doing our jobs well, some projects will fail.”*
- The grants provided to support technical assistance activities and/or implementation activities. Beneficiaries widely valued the NAMA Facility’s willingness to provide equity grants as there are few providers of this type of support for the types of projects targeted.
- The relatively large amounts of funding available for the project types: This was highlighted by many stakeholders as an additional source of added value, as most other programmes offer less for similar stages in the value chain. Implementation requires large amount of funding which is usually difficult to find or requires concepts to have already been thoroughly tested.
- The focus on climate mitigation: The demand for funding to implement climate mitigation projects overwhelmingly exceeds supply,²⁵ and virtually all climate finance representatives interviewed believed the NAMA Facility’s mitigation focus was still useful in the market.

The motivations for NSOs to apply for NAMA Facility funding

The survey of applicants asked respondents to select the (from a list) the main factors that encouraged them to apply for Facility funding. The main factors were the financial support for DPP and the dual focus of the grant (on technical and financial components). This aligns well with the TSU and donors’ vision of the Facility.

²⁵ See: Barbara Buchner, Alex Clark, Angela Falconer, Rob Macquarie, Chavi Meattle, Rowena Tolentino and Cooper Wetherbee, Global Landscape of Climate Finance 2019, November 7, 2019: “While climate finance has reached record levels, action still falls far short of what is needed under a 1.5 °C scenario. Estimates of the investment required to achieve the low-carbon transition range from USD 1.6 trillion to USD 3.8 trillion annually between 2016 and 2050, for supply-side energy system investments alone (IPCC 2018), while the Global Commission on Adaptation (GCA 2019) estimates adaptation costs of USD 180 billion annually from 2020 to 2030.”



Responses to the survey question: Please indicate the extent to which the following factors were important in your decision to submit an NSP Outline to receive support from the NAMA Facility. Base: all survey respondents (n=25). NB Number of survey responses is small, which weakens the strength of the survey data as a source of evidence (without discounting its value as an additional stream of information to be triangulated with others as part of the process tracing framework).

Feedback from NSOs during interviews highlighted that there is an impression that NSPs can have “*nothing to hide*” – Outlines must be precise and detailed. They noted that the support provided by the TSU really helps applicants to develop their project concepts either through successive Calls (if applicants are not selected and then choose to reapply) or from DPP through to Proposal stage. These processes make the NAMA Facility stand out for the stakeholders consulted. Multiple stakeholders appreciated the opportunity to receive feedback on submissions as well as the ability to resubmit. However, some stakeholders reported frustration that it is not always clear why NSPs are not funded, even after feedback is incorporated.

There is also a perception that the NAMA Facility usually has a shorter timeframe for decision making relative to other funds such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF), who also operate using some form of a more comprehensive country programming model. Yet, several stakeholders also commented that the Board’s decision on whether NSP Outlines are successful should be communicated more quickly.

The diversity of the portfolio is described under Section 4.4.2.

The additionality of the Facility

As outlined above, the evaluation has found fairly strong evidence that the offer of the NAMA Facility differs from that of other programmes supporting NDC implementation. In this sense, the Facility has a unique value / complementarity. There is also **medium to fairly strong** evidence of the NAMA Facility meeting a funding gap.

H2A3 Unsuccessful NSPs do not manage to achieve their objectives / transformational change without the support of the NAMA Facility

Overall finding: H2A3 is overall true

Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
The NAMA Facility fills a funding gap in the landscape	33%	Smoking Gun	CTS	True	Fairly strong
Unsuccessful applicants do not find funding elsewhere	33%	Hoop	CTS	True	Medium to weak ²⁶
Successful applicants consider that they would not have found funding elsewhere	33%	Hoop	CTS	True	Medium

The findings from stakeholder consultation and the case studies strongly suggest that the NAMA Facility is additional. Initially designed to support implementation of the NAMAs, with the introduction of NDCs at COP21 and through the Paris Agreement, the Facility shifted its focus to the implementation of NDCs. According to the First Interim Evaluation, this afforded the Facility with new opportunities to attract eligible NSPs, as more countries began developing NDCs and looked to implement them and unlock investment opportunities after COP21. As per the findings of the First Interim Evaluation, this evaluation finds that the NAMA Facility remains relevant as a way to support NDCs, but – more broadly – to operationalise pathways to low carbon societies. Further, the Facility was initially envisioned as a *temporary mechanism* to provide support for NAMAs until the GCF became fully operational. With the GCF fully operational, the First Interim Evaluation of the NAMA Facility found the role it was playing to be relevant. This Second Interim Evaluation also finds that the NAMA Facility continues to fill a funding gap within the wider landscape of programmes supporting NDC implementation as outlined in the box below.

The NAMA Facility as stepping-stone to the GCF

Multiple stakeholders specifically mentioned the value of having NAMA Facility test concepts using existing technologies in new ways/locations that can then be scaled up through larger funds, like the GCF. For example, some projects, attracted by the potential funding amounts, appear to be applying to the GCF before the concepts have been vetted. A more strategic option would be to test on a smaller scale, such as through the NAMA Facility and then apply to the GCF. One stakeholder suggested the NAMA Facility should shift its focus to explicitly targeting latent markets – leading by example.

Only two out of 12 unsuccessful applicants who participated in the survey said that they had been able to progress their project at the same scale as the NSP Outline without the support of the NAMA Facility, and 4 respondents had not progressed their project at all. Among those respondents whose NSPs were in DPP or implementation, 7 out of 10 respondents said the NSP would have been unlikely to attract equivalent financial and technical support from other sources within a year of the NSP submission date and 3 respondents said the project would not have gone ahead in any form. Most (7/9) applicants whose NSP was in implementation said that their organisation would not have been able to develop the NSP

²⁶ Based upon the survey only, with a low response rate.

Proposal without the support provided by the NAMA Facility. The NAMA Facility was considered additional, in particular, in highly indebted countries (Tunisia, Cabo Verde and Mozambique), where the loans offered through the larger programmes are not an option; making the NAMA Facility's grant offering "the only option".

4.2 Transformational Change at the NSP level

This section considers early indications of transformational potential at NSP level - in particular:

- Early evidence of replicability / scalability;
- Readiness, ambition and local ownership;
- The leveraging of additional funds;
- The production of co-benefits; and
- The use of innovative technologies and approaches.

This is in alignment with the *2014 NAMA Facility factsheet on the Potential for Transformational Change*, which defines projects as conducive to TC if they:

- Contribute to enabling a significant evolution in terms of scope (e.g. scaling-up or replication in the same / other country(s)), or a faster and/or a significant shift from one state to another; and
- Have a catalytic effect and include mechanisms to ensure the sustainability of the impacts, local ownership and political will, the involvement of the private sector and the use of innovative technologies and approaches.²⁷

As per the scope of this evaluation, this is only a light-touch review as a more in-depth analysis of the transformational change potential of NSPs will be conducted as part of the Evaluation and Learning Exercises (NSP evaluations).

4.2.1 Replication and scaling up

Achieving replication and/or scaling up of a concept is the most tangible proof of TC being achieved. This may only happen, however, once the pilot (the NSP) has been implemented and has demonstrated the proof of concept. While it was too early to observe such impacts in this evaluation (most NSPs analysed in-depth were transitioning from preparation to implementation or were at the first stages of the implementation phase), there was **fairly strong** early evidence of the potential for replication. There was also some evidence – albeit weak, including from interviews with the climate finance community - of the TSU and donors sharing information on NSPs to promote replication. However, all stakeholders interviewed (both internal and external) agree that **more could be done to promote replication** through NAMA Facility networks etc.

²⁷ NAMA Facility Factsheet on the Potential for Transformational Change (2014) – available at: https://www.nama-facility.org/fileadmin/user_upload/publications/factsheets/2014-08_factsheet_nama-facility_potential-for-transformational-change.pdf

H3C1 It is too early to assess replication, but there are examples of NSPs where (a) the technology or approach could be replicated and/or (b) the financing mechanism could be replicated.

Overall finding: H3C1 is true

Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
There is evidence of replicability	100%	Smoking Gun	CTS	True	Fairly strong

H3C2 The NAMA Facility actively promotes the replication of these examples

Overall finding: H3C2 is overall true

Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
The NAMA Facility actively promotes the replication of these examples	33%	Hoop	CTS	Overall true	Weak

Amongst the NSPs analysed, one was identified with strong potential for scaling up: in Thailand, the concept is being tried in some specific regions, and it has high potential to be scaled up to the rest of the country if successful. The potential for replication in other context (sector or country) was observed in Cabo Verde, where the government is already looking at expanding electric mobility to the maritime sector, in Tunisia, where the concept might be replicated in other countries with high PV potential and high dependency on fossil fuels, and in The Gambia, where the concept may also be viable in other countries.

Insights from the field – scalability and replication

In **Thailand**, the Thai Rice NSP aims to support a large-scale and permanent switch from conventional rice cultivation to sustainable and low-emission farming practices. The NSP targets the six most important provinces for rice production, and the government plans to extend it to other provinces if the programme is successful in the pilot provinces. There are similar projects in Viet Nam and there is a view that the Thai model could be applied in other countries in the region, such as Laos and Myanmar, and there is interest from the government to spread knowledge to neighbouring countries.

In **The Gambia**, the NSP 'Investing in Grid-Connected Solar PV' aims to de-risk investments from Independent Power Producers (IPPs) by implementing a guarantee mechanism from a UN agency (UNCDF) with a Power Purchase Agreement, in which UNCDF would cover any payment failures to the IPP from the national utility (NAWEC).

4.2.2 Local ownership, readiness, transformation and ambition

Overall, there is **medium to fairly strong** evidence that the NAMA Facility is of high quality, transformational and locally owned. It was not possible to draw conclusions on its level of ambition and the analysis of NSP ‘transformational features’ is based upon a meta-analysis of the case study findings.

H3B5 The NAMA Facility portfolio is of high quality, transformational, ambitious, and locally owned					
Overall finding: H2A3 is overall true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Countries / local organisations play a major role in the design and delivery of the NSP	25%	Doubly Decisive	CTS	Neither true nor false	Medium ²⁸
NSPs have the right level of readiness	25%	Straw-in-the-Wind	CTS	True	Fairly strong
NSPs demonstrate features expected to support transformational change	25%	Straw-in-the-Wind	CTS	Overall true	Fairly strong
NSPs are ambitious in terms of GHG emissions reduction	25%	Straw-in-the-Wind	CTS	Not possible to conclude	Not applicable

Local ownership and political will

Evidence of local ownership was **mixed**, meaning that the hypothesis was **neither true nor false** (based on a **medium** strength of evidence). NSPs, to be eligible, need to be endorsed by a national ministry. **This involvement of national partners from the concept design process through the preparation phase to implementation seems to be sufficient for generating local ownership and ensuring political will in some countries, but not all.** In three out of five of the countries assessed through the case studies there was strong political support at the national level to progress the NSPs. In one other, political will was there, but capacity was limited and there was a concern from one national stakeholder that the NSO for this NSP was not involving national stakeholders sufficiently. In the remaining case study country, political will was initially high, but it decreased following a change in government.

Insights from the field – local ownership

All bar one of the NSPs analysed were embedded in wider NAMAs and aligned with countries’ NDCs. All NSPs were aligned with national strategies or action plans. The level of involvement of national stakeholders was high in three countries, slightly lower in one and low to medium in the fifth.

The **Gambian** ‘Investing in Grid-Connected Solar PV’ NSP is supported by several strategies and roadmaps in The Gambia.

Only one NSP (**Thai Rice NAMA**) analysed was not aligned with the first NDC submitted to the UNFCCC, because a key aim of the NSP was to provide more accurate data so that the agriculture

²⁸ Based primarily on evidence from stakeholder consultations conducted as part of the case studies.

sector could be included in the next NDC revision, which is due to be submitted by the end of 2020. The NSP is aligned nevertheless with the Agricultural Development Plan and the Rice Strategy.

In **Cabo Verde**, the involvement of national stakeholders in the project is adequate and the NSP has strong political support. The NSP is aligned with the country's NDC, which explicitly mentions using NAMA for the promotion of electric vehicles (EVs). The level of ambition in the NSP Outline is higher than the NDC, since the former only includes EVs, whereas the latter also envisioned hybrid vehicles. One interviewee hypothesised that the new NDC that is due to be submitted to the UNFCCC by the end of 2020 will put stronger effort on electric mobility than the NDC that was submitted in 2015.

The **implementing partners interviewed for this evaluation (all of which are local institutions / organisations) were committed to the NSP and actively involved in the delivery** (albeit with strong support from the NSOs). In one country, the roles of the national partners and implementing bodies had not been sufficiently clear at the NSP Outline stage. In this case, **the preparation phase played a very important role in generating national ownership and political will**. During the DPP, all national partners were encouraged to work together, and roles were further defined. In this particular case, however, there were some mixed views as to whether the implementing partner will be given enough power at the implementation stage, with one interviewee considering that one of the NSOs (an international organisation) was still playing too great a role. In another country, there was low political support for the NSPs assessed, because changes in Government have decreased the country's willingness to develop climate mitigation projects, affecting not only the NSPs, but also other mitigation activities initiated by the previous administration. The lack of political ownership is unrelated to the NAMA Facility activity.

The readiness of the portfolio

There is **fairly strong** evidence that NSPs have the right level of 'readiness' for implementation. Readiness was identified as a key area for NAMA Facility development by the previous evaluation.²⁹ The assumption here is that, for an NSP to be transformational, it must be ready for implementation – i.e. having *inter alia* the right delivery mechanisms, partnerships and funding sources in place. The overall goal of the DPP is that, by the end of the phase, NSPs achieve the right level of readiness to start implementation. The evaluation found, across all the projects analysed in depth, that the DPP was used to carry out further feasibility studies and research to inform the design of the NSP so that, by the end of the DPP, they were at the point where they could start implementation. In some NSPs the level of engagement of the private sector (an indicator of financial readiness) was still low; however this was being addressed in the first stages of the implementation phase. According to the survey respondents, the main changes made during the DPP were changes on the financial structure (6 out of 10 respondents) and including innovative elements in their concept (5 out of 10 respondents).

GHG ambition

With regard to the overall appropriateness of the GHG ambition levels within the NAMA Facility portfolio, it was beyond the scope of this evaluation to independently test this hypothesis. Such an analysis would require an in-depth benchmarking exercise using data that is not generally publicly available together with quality-assurance of the assessment process. This was a limitation of the original evaluation design, as set out in section 2.4.

²⁹ The First Interim Evaluation found that "readiness was overestimated" and that "the choice of projects that were found to be sufficiently ready for NAMA Facility was very limited".

4.2.3 Attracting additional finance

Given the timeframe of the evaluation, the leveraging of private funding was not observable yet (NSPs analysed in depth had just started implementation), but NSPs were engaging the private sector and interest among investors seemed strong in some NSPs. There was therefore only **weak evidence** with which to assess the hypothesis. However, the evaluation did find evidence (through the case studies – see ‘insights from the field’ below) of NSPs actively involving the private sector and other potential investors during the DPP or in the first stage of implementation, and also found that the NAMA Facility played a key role in facilitating and/or encouraging this collaboration.

H3D3 The funding and technical assistance received by successful applicants helps crowd in other sources of funding towards the NSP or other NAMAs					
Overall finding: H2A3 is overall true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Successful applicants report having leveraged additional sources of funding, and NAMA Facility is thought to have had a catalytic effect	100%	Straw-in-the-Wind	CTS	Not possible to conclude	Weak

Indeed, the NAMA Facility’s funding requirements actively facilitate financial leveraging. Within the NAMA Facility, NSPs are expected to engage the private sector and leverage funding by demonstrating that the investment project is economically viable and can continue once the subsidies are phased out. One of the key ways through which NSPs seek to achieve this is through application of the ‘financial component’ (FC) of NAMA Facility funding. Using the FC, NSPs employ a range of financial mechanisms from rebates to subsidised loans. Additionally, the TSU has played an active role in encouraging NSOs / project implementers to engage the private sector (in other cases the NSO / project implementer was doing this anyway). NSO and implementing partners interviewed coincided on the importance of engaging the private sector for long term sustainability and thought this should be done in the early stages of the project.

“The main target of the project is to involve the private sector. If they achieve it, they will have transformational change. Every two or three months, there is communication with the private sector. The pilot project that they are implementing with support from the NAMA Facility has the target of showing that the model is viable.” - NSO representative

Outlines and Proposals analysed, overall, did not offer much detail on the buy-in from the private sector or the plans to engage with private firms and/or commercial banks. Relevant case study findings are outlined below.

Insights from the field – involving the private sector

In **Tunisia**, for instance, liquidity was foreseen as one of the barriers preventing commercial banks from investing in the new scheme for rooftop PV, and the implementing partners planned to raise funds from an international development bank. However, consultations held at the beginning of the implementation phase with local financial institutions’ representatives showed that market and

macroeconomic conditions had changed and that commercial banks were interested in funding the project with their own resources.

In **Thailand**, there was lower than expected interest from the farmers in paying into the revolving fund. This was mitigated by a change in the model to focus more on service providers. Interviewees noted that more time for research on the ground with the target group (farmers) would have allowed this issue to be identified at the proposal stage, and that in general more time for ‘ground proofing’ would be beneficial for projects such as this. This change to the model led to some delays with the revolving fund.

4.2.4 The use of innovative technologies and approaches

As with the other topics covered in this section, the innovativeness of NSPs is a topic that will be more effectively assessed through the ELE evaluations. However, there is **strong evidence** that the NAMA Facility funds at least some financial mechanisms that were ‘innovative’ (in the sense of being new within their context).³⁰

H2B2 The NAMA Facility funds examples of innovative financing and incentive mechanisms					
Overall finding: H3C1 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
There are examples of innovative financing and incentive mechanisms within the NAMA Facility portfolio	100%	Smoking Gun	Signature	True	Strong** (with caveats – see footnote 32 below)

The portfolio analysis and consultation with stakeholders suggests that **the NAMA Facility does not tend to focus on technologies and financial mechanisms that are inherently innovative**. Rather, the Facility **supports activities which are innovative within the (new) context in which they are applied** (though the technology / mechanism might have been tried and tested elsewhere). This approach seems to be well-balanced: increasing the feasibility of the project (and lowering risk) whilst still offering a (new) means of mitigation. Insights from the field are presented below.

Insights from the field – innovation

The concept of using rebates to stimulate the demand for EVs is not new, but it is being applied for the first time in **Cabo Verde**. It has the potential to demonstrate that EVs is a viable option in small island states, where distances are short (and hence the main limitations of batteries do not apply).

In **Mexico**, the NSP ‘Sugar Mills’ aims to improve grid access for sugar cane bagasse-based cogeneration. It will set up a non-profit Grid Operating Facility (GOF) as a special purpose vehicle (SPV) to finance grid connection investments. While the concept behind the GOF has already been used in the energy efficiency markets, all stakeholders agreed that the financial mechanism and the

³⁰ This evidence strength rating needs to be caveated as it is a weakness of the wording of the hypothesis that this – almost automatically – generates a ‘strong’ evidence rating on the basis of only a few examples. It would have been more relevantly worded as “NSP financing and incentive mechanisms are innovative”.

“socialisation” of grid connections can be considered innovative in the Mexican energy sector. Interviewees felt that this NSP could be scaled-up or replicated in other sectors and in countries with similar barriers to Mexico.

In **Tunisia**, the NSP is supporting the scaling up of an existing scheme to install rooftop PV to small electricity consumers. The financial mechanism, based on a subsidised loan that is re-paid via the electricity bills, is considered innovative by interviewees, and it has been praised for its capacity to reduce investment risk and reduce the financing costs to install PV systems. It is also easy to use for consumers, since the repayment is managed by the utility company.

4.2.5 Production of co-benefits

Finally, at the scoping phase, the evaluation also identified the generation of co-benefits as a potential pathway to achieve TC. As explained earlier, the NSPs that have been analysed in depth were at early stages in implementation, and therefore it was not possible yet to observe co-benefits being realised. Nevertheless, there is some – albeit **weak** - evidence that NSPs are already producing co-benefits. The effectiveness of NSPs in producing co-benefits will be further assessed through the NSP evaluations being conducted by the ELE team.

H2A1 NSPs produce sustainable co-benefits (early evidence of impact - light-touch review only).					
Overall finding: H2A1 is potentially true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
There is some evidence of NSPs producing sustainable benefits	100%	Straw-in-the-Wind	Consistent Chronology	Potentially true	Weak
H2A2 The NAMA Facility support helps NSPs to produce sustainable co-benefits					
Overall finding: H3C2 is neither true nor false					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Feedback, design support and knowledge/lesson-sharing help NSPs to design NSPs that do / are likely to produce co-benefits	33%	Hoop	CTS	Neither true nor false ³¹	Weak

Insights from the field – examples co-benefits

The NSP ‘Scaling-up Renewable Energy and Energy Efficiency in the Tunisian Building Sector’ expects to reach 66,463 households by 2024 and to generate 5.9 million EUR savings on electricity purchase. Bill savings may lead, in turn, to better access to heating and cooling in buildings and improved health. The NSP expects to achieve wider sustainable development benefits by increasing

³¹ The NF support is contributing to NSPs’ progress and some NSPs aim to achieve co-benefits. However, producing co-benefits is not a core element of the selection criteria or the feedback/support provided by TSU.

the uptake of PV systems and strengthening technology and service market. Economic benefits include the creation of skilled jobs and companies in the PV sector and the reduction of the Tunisian government's expenditures for fossil fuel subsidies. Interviewees have also mentioned the importance of the project for “*democratising access to renewable energy*”.

4.3 The role of the NAMA Facility's structure and programme delivery in catalysing transformational change

4.3.1 The influence of the NAMA Facility's structure on transformational change

Though not anticipated in the process tracing framework, the evaluation also considered the influence of the NAMA Facility's structure on transformational change. This was because the question of structure arose as a point of interest during the consultations with the climate finance community in particular.

Different views were expressed by different stakeholders on whether the competitive non-country-focussed approach taken by the NAMA Facility made it more or less likely to achieve TC. Given that it is widely recognised (including by the NAMA Facility) that local ownership and investment is often critical for sustainable and transformative change, **the fact that NSP Calls are not co-developed with national governments was considered by some members of the climate finance community to be reducing the extent to which the Facility could achieve TC**. However, as outlined in Section 4.2.2, the NAMA Facility has put in place various mechanisms for enhancing local ownership (including requiring national ministry leadership or endorsement of Outline NSPs; conducting an on-site visit to meet with and gather the views from local stakeholders and to verify local participation in the project; and providing hands-on support during DPP to further engage national stakeholders (this is often the role of the NSO). As per our research with NSP stakeholders, there is evidence of medium strength that this has encouraged local ownership in some cases, though this will need to be investigated further through the ELE NSP evaluations. Given the contrasting views on this, the evaluation team has recommended that ‘(enhancing) local ownership’ is one of the topics covered as part of the learning reports, so that the theme can be further explored and recommendations for ongoing action made.

The NAMA Facility focuses exclusively on demand-based proposals (i.e. the applicant decides what concept to put forward with little direct guidance from the funder (supplier)). This is in direct contrast to country programming approaches where the ‘supplier’ works with the applicant from the earliest stages to decide what concepts to develop further. Feedback from the climate finance community and some applicants suggested that this approach increases uncertainty for the applicant (in some cases deterring them from applying or meaning that their proposals are insufficiently tailored to the Facility). Based on an independent review of the Call process and the support provided by the TSU (as well as following an analysis of the Board decision-making processes), the evaluation has not found sufficient evidence to back this up. Indeed, our consultations with NSOs and other applicants highlighted the transparency of the NAMA Facility's Call and selection process. For example, one interviewee reported that the inputs received during the on-site visit (from the TSU and independent assessor) provided much greater certainty (in terms of transparency about the assessors' views of the project) than they consider they would have received from other funding programmes.

Overall, consultation with stakeholders during this evaluation suggests that the openness of the Facility in terms of sectors covered means that the Facility can support TC in the most carbon emitting sectors, even where it is not possible to make such activities ‘carbon neutral’. This reflects the strategy of the NF, which is to show how “*a mix of different types of interventions - in particular regulatory and financial ones*”

– *may trigger more climate friendly behaviour and consumption and production methods in developing countries*".

Finally, the fact that projects are selected by a small pool of decision makers (who tend to converge in their views / find consensus easily) allow it to rapidly make decisions and to reject concepts that are not sufficiently transformative – this is different and complementary to the country programming model used elsewhere. Whilst it could be – conversely – that small, consensus-based Boards are at risk of ‘group think’, the evaluation found no evidence to suggest this is the case for the NAMA Facility: the TSU and Board (as per its ToC) clearly seeks to continuously assess their own performance (including its assessment and selection processes) through self-assessment and independent evaluations and the TSU employs an independent contractor for the assessment and shortlisting of all applications.

4.3.2 The role of knowledge sharing and communication

The NAMA Facility’s ToC and its 2014 ‘Potential for Transformational Change’ factsheet state clearly that the NAMA Facility seeks to support transformational change through ‘fierce learning’ and knowledge dissemination. The NAMA Facility Communications Strategy notes its objectives as *inter alia*: the promotion of NAMA Facility and NSP successes (to improve the demonstration effect), awareness raising around Calls to improve submission quality, and greater dissemination of knowledge and learning. Overall, there is **medium to fairly strong** evidence that the NAMA Facility is facilitating knowledge sharing between NSP applicants in such a way that is supportive of project development and encouraging of transformational change (beyond directly-supported projects). However, evidence for broader lesson-learning and sharing is much weaker.

Learning to enhance the quality of the pipeline / project’s TC potential

Overall, there is **medium to fairly strong** evidence that the NAMA Facility effectively promotes and enables learning between NSP applicants and participants, but less evidence of such sharing between programmes.

H3D1 Lessons learned by the NAMA Facility are applied by other financial mechanisms					
Overall finding: H3D1 is not true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Lessons learned are not being applied by other initiatives (e.g. on selection process)	80%	Smoking Gun	CTS	Not true	Medium
The NAMA Facility does not optimally share lessons learned with other climate finance initiatives/mechanisms	20%	Hoop	CTS	Not true	Fairly strong
H3D2 Feedback provided to unsuccessful applicants is taken onboard when applying for other funding					
Overall finding: H3D2 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Unsuccessful applicants report addressing the feedback when applying for funding elsewhere	70%	Straw-in-the-Wind	CTS	True	Medium

Unsuccessful applicants report addressing the feedback provided by the NAMA Facility to progress their NSP	30%	Straw-in-the-Wind	CTS	True	Fairly strong
H3E1 The NAMA Facility provides a forum for NSP implementers to share lessons learned					
Overall finding: H3E1 is overall true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
The NAMA Facility provides a forum for NSP implementers to share lessons learned	100%	Doubly decisive	CTS	Overall true	Fairly strong

There are clear examples of applicants learning from existing and past NSPs to design their own projects. Several interviewees and survey respondents had made use of learning available on the NAMA Facility website and/or the findings of existing NSPs to develop their own Outlines. This was especially the case in Mexico, where the first (housing) NAMA developed there now acts as a best practice example for all other NAMAs (and NSPs) which have been developed within the country. A total of 13 out of 16 respondents to this particular question of the survey stated that they had “*reviewed and/or made use of knowledge / learning from existing NSPs, as shared by the NAMA Facility at events, in their publications and on their website when designing their NAMA concept*”.

NSOs and other applicants / NSP stakeholders are also clearly making use of TSU feedback to improve their projects. Two survey respondents who had received feedback on their application stated that they had **already used it to improve their concept**. Another had already used it to reapply for funding to the NAMA Facility and another was planning to use it to reapply to the NAMA Facility. The familiarity of some stakeholders is reflected by the number of resubmissions throughout the Calls, which allow applicants to refine their proposals once they have a deeper understanding on the requirements and selection processes; **resubmissions have increased through the Calls and represented 16% (4th Call), 26% (5th Call), and 31% (6th Call) of all bids**. Interviews also provided some insights on how applicants have used the feedback: two NSOs interviewed had submitted applications in several Calls until their NSP was selected. They noted that feedback had helped them to improve the financial mechanism and the phase-out strategy within their Outline. The feedback provided seems to be helping applicants to improve their Outlines, since the success rate of resubmissions is much higher than the success rate of new Outlines: 18% in resubmissions in the 4th to 6th Calls, compared to 7% of new NSPs.

Broader lesson-sharing and knowledge creation

H2B3 The NAMA Facility disseminates knowledge / learning with the aim of generating a demonstration effect					
Overall finding: H2B3 is overall true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
There are examples of the TSU / Board sharing knowledge / learning from innovative financing and incentive mechanisms with the aim of generating a demonstration effect	100%	Smoking Gun	Signature	Overall true	Strong
H3E2 External actors are aware of and have made use of learning from the NAMA Facility					
Overall finding: H3E2 is not true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
External actors have not made use of learning from the NAMA Facility	100%	Straw-in-the-Wind	CTS	Not true	Medium
H2B1 NAMA Facility knowledge and lessons-sharing facilitates or encourages further public and leverage private finance for low-carbon development in target countries					
Overall finding: H2B1 is potentially true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Private and or public actors invest in NSPs and/or similar projects following their interaction with the NAMA Facility / individual NSPs	100%	Doubly Decisive	Signature	Potentially true	Weak

There is **strong evidence** that the TSU and Board are sharing knowledge and lessons (from NSPs to the broader public – beyond existing applicants and beneficiaries) with the aim of generating a demonstration effect. For example, project descriptions are included on the website, for some implemented projects factsheets are available setting out more about project results, and the Annual Reports include updates on results reporting against the NAMA Facility logframe. Lessons from implementation have also been shared, for example, at the 2018 SBI meeting in Bonn and the 2019 joint NAMA Facility-CIFs workshop on transformational change. The evaluation did not specifically assess the direct effects of these events. However, **consultation with all stakeholders across the evaluation suggested that they want to see the NAMA Facility do more to enhance learning beyond the NSPs already funded and those applying to new Calls.** According to the Knowledge Creation Strategy, the NAMA Facility has as an objective to generate knowledge from its experiences of delivering the fund and supporting NSPs, building up best practice. The evaluation had not uncovered evidence of any impact in this area as yet.

There is evidence of **medium** strength (based on the perception of members of the climate finance community) that external events (webinars, side events at COPs etc.) to date are focussed largely on attracting new applicants to the Facility, rather than supporting NAMA / NDC / climate mitigation project development more broadly. Whilst the results (weak evidence) of the survey (reported above in Section 4.3.2) suggest that use and take-up of NAMA Facility knowledge products is fairly high for NSP applicants, none of the 11 climate finance community members interviewed were aware of materials published on the NAMA Facility website, suggesting additional and more proactive dissemination activities would help increase their potential impact. As stated above, members of the climate finance community consulted would also like the NAMA Facility to do more to coordinate learning across programmes. It is likely that the NAMA Facility's dissemination of knowledge products and learning will also increase as more NSPs go beyond the early stages of implementation and more ELEs are completed.

4.3.3 Influence of the NAMA Facility in the broader landscape of climate finance

There is **fairly strong** evidence of (from different stakeholder groups and an independent analysis of coordination activities) to suggest that whilst coordination is happening and coordination is an area of focus for the TSU, more could be done to *optimise* synergies. Currently, coordination happens in the following ways:

- Through the TSU's contribution to existing platforms founded by the CIF and GCF (e.g. the TSU meets twice yearly with the GCF Secretariat to discuss synergies and impacts of mutual interest, the NAMA Facility also participates in the GCF transformational change learning partnership);
- Via donors, with other relevant bilateral programmes such as the International Climate Initiative (IKI); and
- Via NSOs, particularly where these are development agencies (e.g. between the GIZ and AFD).

However, the fund managers interviewed for this evaluation universally reported having closer relationships and deeper coordination with other funds or programmes so that funding is more strategic. All expressed a willingness or desire to have closer coordination with the NAMA Facility. Deepening and being more creative with the communication and coordination is one component of helping the NAMA Facility achieve its full potential as a knowledge hub that demonstrates and catalyses transformational change. For example, funders with a direct or indirect link the UNFCCC have regular coordination workshops.

H1C2 The NAMA Facility is optimising synergies with other instruments supporting countries in achieving their NDCs					
Overall finding: H1C2 is neither true nor false					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Formal/informal mechanisms - in place to exchange lessons learned with other initiatives - are perceived to be useful	100%	Straw-in-the-Wind	CTS	Neither true nor false	Fairly strong

The benefit for the NAMA Facility in further deepening its coordination and communications with other NDC-supporting programmes and donors within the climate finance community would be as follows:

- Further maximisation of synergies/avoiding overlap: Other funders want to know where each resource, such as other funds and programmes, is targeting its resources and more specifically which countries are receiving funding for what projects as early as practical. As there is insufficient funding to meet demand, funders are looking to be strategic and ensure their contributions are adding sufficient value and fill a unique role. Some funders (e.g. GCF) also mentioned receiving applications that do not match the characteristics/requirements they target and where the NF might be more appropriate. Increased coordination with the GCF, for example, could better ensure that successful pilot concepts demonstrated in the NF flow more easily into GCF for scaling up or replicating.
- By supporting internal learning: As TC is such an elusive concept, funders want to know what is working – what success or cautionary stories can be found from other funders that can help refine their approaches. There is also a desire from some to share information on working with the countries themselves, again to inform what types of projects are and are not likely to progress. A more shared understanding across programmes also benefits applicants to the extent it increases coherence and consistency in application processes, and core definitions, such as for transformational change.
- By facilitating external learning: Multiple funders expressed the desire for joint workshops targeted to countries and/or sector stakeholders to share successes and help prompt replication elsewhere.

4.3.4 The role of the NAMA Facility ToC in facilitating transformational change

Annex 11 provides a full review of the NAMA Facility ToC with accompanying recommendations for amendments. According to this analysis, the ToC is regularly reviewed and updated. However, programme-level barriers (e.g. barriers to coordination, communication, etc) are not systematically reviewed (NSP-level barriers are reviewed regularly).

H2B4 Barriers to the achievement of the NAMA Facility's ToC are regularly assessed and action taken to mitigate them					
Overall finding: H2B4 is overall true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
Barriers to the achievement of the NAMA Facility's ToC are regularly assessed and action taken to mitigate them	100%	Straw-in-the-Wind	Signature	Overall true	Fairly strong

4.4 Effectiveness

This section assesses the extent to which the NAMA Facility has contributed to increasing the mitigation ambition in line with the Paris Agreement, and the extent to which it has met its ambition statement.

NAMA Facility's vision

"Accelerate carbon-neutral development to keep temperature increases to well below two degrees Celsius by supporting NAMA Support Projects that effect sector-wide shifts toward sustainable, irreversible, carbon-neutral pathways in developing countries and emerging economies".

NAMA Facility's ambition statement

“Our ambition is to deliver the Facility’s vision by building a portfolio of high quality, transformational, ambitious and locally owned projects to implement the NDCs of the partner countries via support of NAMAs selected through a competitive and supportive process whilst reflecting the Facility’s openness to all developing countries and sectors and drive to work with a diverse set of delivery partners”.

In operational terms, the ambition statement means that the NAMA Facility:

1. Maintains a competitive selection process.
2. Maintains support for designing quality projects.
3. Ensures project evaluations maintain a focus on TC, ambition and feasibility.
4. Respects the technical assessment by ensuring that strategic interventions during the project selection process are primarily to: preserve the balance of the portfolio (with respect to regional, sector and delivery partner profile) and/or to ensure the portfolio reflects the ambition statement and vision.

The section assesses first the NAMA Facility’s progress towards meeting the ambition statement, focusing on the selection process and the support for designing quality projects. The section then evaluates the contribution of the NAMA Facility to meet its vision (i.e. supporting climate mitigation).

4.4.1 The contribution of the NAMA Facility to mitigation ambition in supported countries

Overall, the evaluation has found only **weak** evidence of a contribution of the NAMA Facility to overall national mitigation ambition in supported countries. This is largely due to **limitations of the evaluation** in terms of its scope (with NSP impacts being assessed by the ongoing and upcoming ELEs) and some weaknesses inherent in the process tracing framework, which have not enabled the question of mitigation ambition to be fully addressed. It is also due to the timing of the evaluation, with countries having not yet submitted their revised NDCs (which would have presented an objective data source for assessing changes in mitigation ambition across participating countries). The portfolio analysis and case studies show that NSPs have NAMAs associated with them that are aligned to countries’ NDCs / low carbon ambitions (if greater than NDC commitment). Further, the case studies demonstrated examples of NSPs facilitating policy development and potentially contributing to the setting of targets in a new sector for one country’s NDC.

In relation to the raising of the NAMA Facility’s own mitigation ambition in 2020 from transformation towards a low carbon society to carbon neutrality, thus far it appears not to have impacted on NSP stakeholders currently in DPP or implementation. **Most stakeholders interviewed were not aware that the ambition had been raised.** With regard to the overall appropriateness of the GHG ambition levels within the NAMA Facility portfolio, it was beyond the scope of this evaluation to independently test this hypothesis. Such an analysis would require an in-depth benchmarking exercise using data that is not generally publicly available together with quality-assurance of the assessment process.

H3A1 The NAMA Facility’s portfolio comprises NSPs which show an appropriate level of ambition given the country/sector/temporal context					
Overall finding: H3A1 is not possible to conclude					
Evidence	Weight	PT test	Strength of Ev.	Finding	Overall strength assessment
NSPs are ambitious in terms of GHG emissions reductions and aim to move	60%	Straw-in-the-Wind	CTS	Not possible	Not applicable

towards low-carbon or neutral-carbon pathways				to conclude	
Mitigation ambition in countries and sectors with NSPs supported by the NAMA Facility increases during NSP preparation or implementation	20%	Straw-in-the-Wind	CTS	Not possible to conclude	Weak
The raising of the NAMA Facility's mitigation ambition does not have adverse effects on applicants	20%	Straw-in-the-Wind	CTS	True	Medium
H3A2 NSPs are directly aligned with goals stated in a country's NDC					
Overall finding: H3A2 is true					
Evidence	Weight	PT test	Strength of Ev.	Finding	Overall strength assessment
NSPs have NAMAs associated with them that are aligned to countries' NDCs / low carbon ambitions (if greater than NDC commitment)	100%	Hoop	Signature	True	Strong
H3A3 At the portfolio level, the NAMA Facility has achieved a level of mitigation ambition that is proportional to the level of funds committed, when compared to other initiatives					
Overall finding: H3A3 is not possible to conclude					
Evidence	Weight	PT test	Strength of Ev.	Finding	Overall strength assessment
Number of GHG emission reduction ambitions is in line with that achieved by other initiatives (considering level of funding and maturity)	100%	Doubly Decisive	Consistent chronology	Not possible to conclude	Weak

4.4.2 The effectiveness of the NAMA Facility in meeting its ambition statement (the appropriateness of the NAMA Facility's portfolio)

To assess this evaluation criteria, in line with the process tracing framework, the evaluation set out test the following:

- Alignment between the NAMA Facility's objectives and NSPs;
- The diversity of the Facility's portfolio (including in terms of delivery partners);
- The contribution of the competitive selection process to meeting NAMA Facility's objectives; and
- The role of the support provided by the NAMA Facility in the preparation phase in enabling the NAMA Facility to meet its objectives.

Alignment between the NAMA Facility's objectives and NSPs

There is **strong** evidence (from convergent sources) that NSPs meet the NAMA Facility's objectives. As discussed in detail under Section 4.1.2, NSP stakeholders (i.e. NSOs and implementing partners) tend to converge in their opinion of the NAMA Facility as a high quality, ambitious and transformational fund.

The evaluation has found that **the support provided by the TSU plays a role in increasing the quality of projects throughout the project life cycle / in successive rounds**. NSP stakeholders also recognised the competitive element of the NAMA Facility to be a key characteristic of the Facility. Overall, the portfolio analysis did not suggest that any of the NSPs selected during the 4th to 6th Calls did not align with the objectives of the Facility.

H3B1A NSPs meet the NAMA Facility's objectives					
Overall finding: H3B1A is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
The selected NSPs are compatible with the Facility's objective	100%	Hoop	CTS	True	Strong

The next section discusses the diversity of the Facility portfolio.

The diversity of the portfolio

The process tracing summary for portfolio diversity is presented under 4.1.3.

The NAMA Facility has not set specific targets for the diversity of its portfolio in terms of sectors or countries covered. The portfolio of the NAMA Facility is ultimately limited by the number of NAMAs being pursued by non-Annex I countries. Therefore, in the absence of targets, the UNFCCC NAMA registry³² serves as a useful and objective benchmark with which to assess the NAMA Facility portfolio's diversity.³³

The evaluation found that **the NAMA Facility portfolio is, in general, highly diverse**. The registry contained 183 NAMA entries, of which 95 entries were NAMAs seeking support for implementation.³⁴ The table below shows the results of our comparison.

Table 4: Comparison between the NAMA Facility portfolio and the NAMAs in the UNFCCC registry

	NAMAs seeking support for implementation (UNFCCC)		Applications in 5 th and 6 th Calls		NSPs in Portfolio	
	#	%	#	%	#	%
Sector						
Agriculture	12	13%	22	17%	6	21%
Energy efficiency	25	26%	34	27%	9	31%
Forestry/ Land use	8	8%	17	13%	1	3%
Other	7	7%	2	2%	0	0%
Renewable energy	45	47%	29	23%	5	17%
Transport	18	19%	14	11%	5	17%
Waste/waste water	9	9%	9	7%	3	10%
Total	95		127		29	
Region						
Africa	10	11%	43	34%	7	24%
Asia-Pacific	26	27%	40	31%	8	28%
Eastern European	29	31%	2	2%	0	0%
Latin America and Caribbean	30	32%	43	34%	14	48%
Small island developing states (SIDS)	4	4%	18	14%	1	3%

³² The registry lists NAMAs registered in the UNFCCC website seeking support for implementation. As part of the evaluation, the list was last accessed on 30 September 2019 – see: https://unfccc.int/sites/default/files/resource/cp2019_inf.2.pdf

³³ The registry reflects overall global trends in NAMA development and thus provides a useful and relevant benchmark. It should be noted, however, that the registry is voluntary and does not provide a complete overview of the NAMAs being developed.

³⁴ The number of total applications received in the 5th and 6th Calls outnumber the NAMAs registered for implementation in the UNFCCC website. Although we note that not all NSPs are aligned to NAMAs (though most are) and – as several NSPs may support a single NAMA – the relationship between NAMAs and NSPs is not on-to-one. Further, some NSP Outlines are resubmissions (hence double counted).

Least developed countries (LDCs)	24	25%	28	22%	3	10%
Total	95		127		29	

Sources: NSP Outlines and UNFCCC registry

(*) Some NAMAs may target more than one sector in the UNFCCC database, and one NSP Outline covered countries in both Asia and Africa.

There is a perception (identified through the scoping stage of this evaluation) that the NAMA Facility portfolio is skewed towards supporting more projects in Latin America, compared to other regions, and towards supporting more projects in renewable energy and energy efficiency, compared to other sectors. Comparison with the NAMA registry suggests that, although there are more NSPs in Latin America than in other regions, the portfolio broadly aligns with the total number of NAMAs registered per geography. The number of NSP Outlines submitted from countries in Africa, Asia-Pacific and Latin American and Caribbean in the 5th and 6th Calls is very similar (~40 Outlines per region). However, Latin American countries have a higher success rate in their applications. This suggests that the higher proportion of NSPs in Latin America is not related to more effective outreach and communication activities in this region, but rather to higher level of readiness or overall quality of their Outlines. One NSO further highlighted that small and poor countries could find it challenging to meet the financial requirements (e.g. financial structures) required by the NAMA Facility. Indeed, the analysis shows that, **although LDCs represent 22% of the Outlines submitted, they are only 10% of the NAMA Facility portfolio.**

Based upon the comparison with the UNFCCC registry, the NAMA Facility is in line with, or even more innovative, in terms of the sectors it supports than broader NAMA development trends. As observed above, the relative weight of energy efficiency projects in both applications and the portfolio, albeit a bit higher, is in line with the NAMAs registered in the UNFCCC website, and the weight of renewable energy projects is significantly lower in the NAMA Facility applications/portfolio than in the UNFCCC registry. Instead, the sector that is weighted higher is agriculture.

The diversity of the NAMA Facility's delivery partners

The previous evaluation identified that there was a strong presence of GIZ in submitted NSP Outlines and this evaluation has found **strong** evidence that this is still the case.

H3B4 The NAMA Facility works with a diverse set of delivery partners					
Overall finding: H3B4 is not true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
NSPs are supported by a wide range of NSOs	80%	Doubly Decisive	Signature	Not true	Strong
The NAMA Facility reaches a wide range of potential NSOs via the newsletter, the website, and/or webinars	20%	Straw-in-the-Wind	CTS	True	Weak

In total, GIZ was listed as an NSO/co-applicant/ASP in 38 NSP Outlines from the 4th to 6th Calls. This represents 20%, 14%, and 24% of all of the Outlines received within the 4th, 5th and 6th Call, respectively. This suggests that GIZ still have a dominant presence within NAMA Facility Calls. Similarly, the UNDP was listed as an NSO/co-applicant/ASP in 35 of the Outlines received over this period. These two organisations have submitted a significantly higher number of Outlines than any other organisation (e.g. EBRD, UNEP and IADB have been involved in 10 Outlines each).

When considering the Outlines selected for DPP, GIZ has a significant share of the portfolio. Indeed, GIZ is involved in 40% of the Outlines selected for DPP in the 4th to 6th Calls (3/8 Outlines in 4th Call, 3/7 in 5th Call, and 2/5 in 5th Call). **This suggests the dominance of GIZ is still relevant in both the Outlines submitted and the portfolio.** UNDP represented a smaller proportion of all NSPs selected (15%). On the other hand, diversity in delivery partners has been identified by the evaluation as one of the drivers of delivery inefficiencies (specifically contracting delays) experienced by the Facility. All internal stakeholders (donors, the TSU, the NFGA) expressed a shared desire to increase the diversity of delivery partners. Given this objective, it will be necessary to address the contracting challenges (for more information, see chapter 4.5 Efficiency and Governance).

4.4.3 The role of NAMA Facility support and processes in creating a diverse portfolio

H3B3B It is the support provided by the NAMA Facility that encourages applications from a wide range of developing countries and sectors					
Overall finding: H3B3B is overall true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
The support provided by the NAMA facility during the NSP Outline preparation (webinars, guidance) targets/reaches many developing countries and is applicable across a wide range of sectors	33%	Smoking Gun	CTS	True	Medium to fairly strong
The application process is considered easy-to-navigate, and potential/unsuccessful applicants are encouraged to / do (re-)apply for funding	33%	Straw-in-the-Wind	CTS	Overall true	Fairly strong
Barriers for applicants (e.g. language) are overcome by the support provided by the TSU and the NSOs	33%	Smoking Gun	CTS	Overall true	Fairly strong

The role of TSU support in attracting a diverse and effective portfolio

During the NSP Outline preparation, the NAMA Facility provides support to potential applicants, mainly via webinars. The objective of this support is to help applicants navigate through the template, with the aim to receive a high volume of NSP Outlines, of high quality, and from a diverse set of applicants.

Interviewees positively viewed the support offered by the NAMA Facility and most of them agreed it was a key factor for requesting funds. Some NSOs highlighted the benefits of taking part in webinars and using guidance materials, which were considered to be clear. All except one survey respondents used some form of support, the main ones being the online guidelines, used by 13 out of 16 respondents, and the webinars (both webinars on lessons learned from previous Calls, with 9/16 respondents using this resource, and webinars dedicated to the Call they were applying to, with 8/16 respondents). Only one respondent out of 16 had not used any type of support. Interviews revealed that those who did not use any form of support were already familiar with the process and therefore required less guidance. However, the evidence strength here is only **medium to fairly strong** as data on outreach of communications products has not been analysed (therefore, the assessment was only based on interviews and the survey rather than the evaluation team's desk-based analysis of reach).

The role of the application and assessment process in building a diverse and effective portfolio

Overall there is **fairly strong** evidence that the application process helps to attract a diverse range of applicants and Outlines. The selection of NSP Outlines follows a two-step process: desk assessment, and on-site/in-depth assessment (for more information on the processes, see Chapter 3.2). Overall, assessors agreed that the process is “*relatively straightforward*” and that the NAMA Facility is “*more transparent*” in terms of their assessment criteria and funding requirements than other similar initiatives. The guidelines to assess NSP Outlines were found to be clear and easy to follow. Having one external company (rather than several companies/independent assessors) conducting the assessments seemed to work well to ensure consistency in the interpretation of the scoring criteria, as it allowed reviewers to do cross-sector comparisons.

“Due to the way the template is structured, some NSPs received high total scores even where they aren’t the most feasible. In such situations, we tried to discuss the Outlines internally to come to common conclusions.” - Independent assessor.

Two out of the three assessors interviewed reflected on the difficulty to evaluate mitigation ambition and the lack of consistency on the methodologies used by applicants to estimate GHG emission reduction. One of the assessors considered there was a **potential incentive for applicants to present too optimistic figures to be shortlisted for on-site assessment**. Another assessor thought that the calculations submitted in the Outline were “*too high level*” and open for interpretation (difficult to see how calculations had been made). One assessor also felt that the template to estimate mitigation potential may be adequate for renewable energy or energy efficiency projects, but less so for forest or livestock projects. Among NSOs interviewed, one also thought that the mitigation criterion penalised countries that have already made efforts to reduce GHG emissions versus more polluting countries with lower renewable energy sources in their energy mix.

Indeed, **calculating the mitigation potential was rated as the most difficult process to apply for NAMA Facility funding by survey respondents**. 13 out of 16 respondents said it was very difficult or somewhat difficult to calculate the mitigation potential at the end of the NSP, and 12 out of 16 said it was very difficult or somewhat difficult to calculate the mitigation potential in the long term. Prior to launching the 7th Call, the NAMA Facility made some changes to the template to calculate the mitigation potential and published a tutorial on how to fill it in which may have addressed already this shortcoming.

Additionally, it was noted that the quality of NSP Outlines was very dependent on the profile of the submitter. **ASPs that were experienced at submitting this type of applications knew how to present information in a way that would maximise their scores**. Less experienced applicants (frequently national organisation or small ASPs) would often present weaker links, for instance, between the obstacles and the NSP design, or would be written in poor English. There was a general concern that the former had higher likelihood of being shortlisted, despite their overall concept not being necessarily better. The most experienced ASPs at submitting Outlines are GIZ and UNDP. GIZ success rate in was significantly higher than other ASPs’ across all the three Calls, whereas UNDP’s success rate was only slightly higher in the 4th and 5th Calls.

Table 5: Percentage of NSP Outlines selected for DPP compared to Outlines submitted per organisation

	4th Call	5th Call	6th Call
Success rate GIZ	27%	33%	20%

Success rate UNDP	13%	9%	0%
Success rate other ASPs	6%	5%	9%

Source: Portfolio analysis

In terms of what could be improved in the applications (NSP Outline templates), assessors suggested: (a) different templates/additional guidelines to calculate GHG emission reductions in the Agriculture, Forestry and Other Land Use (AFOLU) sectors, and (b) more clarity on the roles that each stakeholder will play and “who does what” in the application.

Survey respondents were also asked ‘*Do you have any views on how the selection process of NSP Outlines could be improved?*’ and nine responded. There were several suggestions for how the selection process of NSP Outlines could be improved. A common topic was the need to give greater consideration to the requirements and projects from very specific cases, particularly SIDS. Another common theme was providing additional technical support: one respondent suggested training or webinars on developing business models; another suggested capacity building for developing stronger Outlines including understanding the assessment criteria; and one would have liked to have greater interaction with the NAMA expert pool also to strengthen their Outline.

In interviews, applicants (ASPs) noted that they would appreciate a clearer timeline for future Calls, so that they can ensure they have enough time and resources to prepare their NSP Outlines. This may have affected applicants’ capacity to submit Outlines in the 6th Call, where they only had 3 months to submit it since the Call was launched, compared to 4 months in previous rounds (4th and 5th Calls).

The **on-site assessment was well valued by independent assessors and ASPs**. One assessor interviewed considered it critical to the selection process. Some of the key benefits mentioned by assessors and ASPs include:

- Opportunity for ASPs to meet national stakeholders face to face and to strengthen communication;
- Opportunity for TSU and independent assessors to understanding local ownership and project feasibility; and
- Opportunity to share feedback in order to improve the concept of the NSP.

In addition, survey respondents agreed it was useful to present their concept (12/12 survey respondents); interact with their NSP partners (11/12); and seek informal feedback (9/12). Only 2 out of 12 survey respondents considered the on-site visit a burden and two respondents ‘somewhat agreed’ that it had “*entailed reputational risks for us or our partners*”.

4.4.4 The role of the detailed preparation phase in building a diverse and effective portfolio

The evaluation found overall **strong evidence** that key stakeholders value the technical assistance provided during the preparation phase and that the preparation period is sufficiently long. Evidence (from the surveys) suggests that 8 out of 12 unsuccessful applicants (responding to the survey) were able to progress their projects in the absence of NAMA Facility support, but only two were able to do so as the same scale proposed in their NSP Outline.

H3B2 The support provided by the NAMA Facility in the preparation phase ensures smooth transition into implementation, as well as alignment with the Facility's objectives

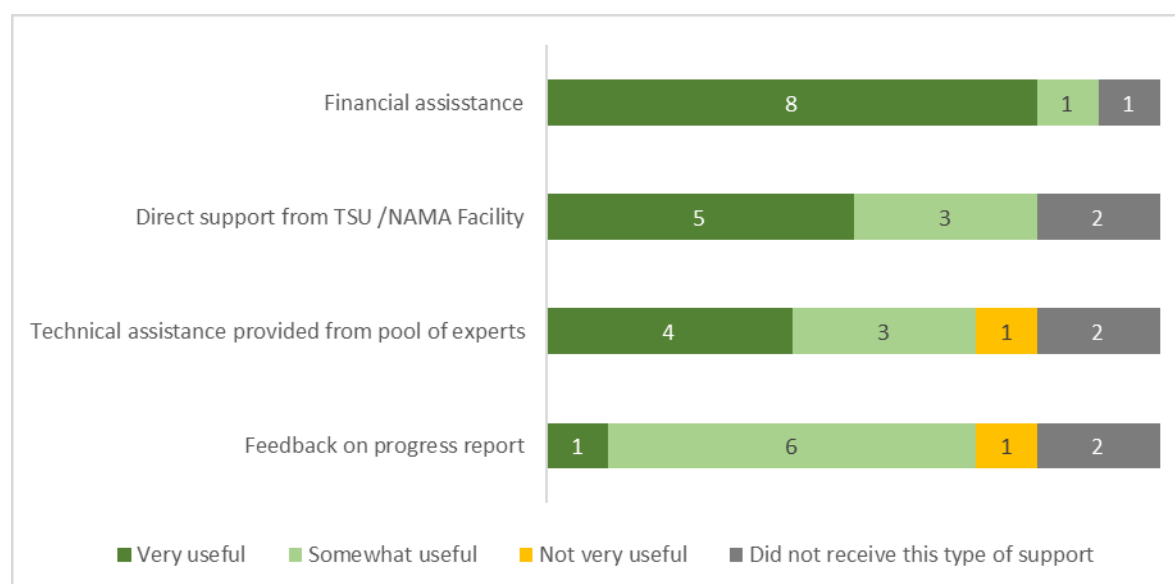
Overall finding: H3B2 is true

Evidence	Weight	PT test (confirms / affirms H)	Evidence type	Finding	Overall strength assessment
NSOs, national ministries and implementing partners value the technical assistance provided during the preparation phase, and consider it a key element to progress their NSP proposal	40%	Hoop	CTS	True	Strong
The preparation period (15 months) is enough to achieve the required level of readiness to move onto implementation	40%	Straw-in-the-Wind	CTS	True	Strong
Unsuccessful applicants do not progress their NSP, or not at the same scale, scope, or speed than successful applicants	20%	Straw-in-the-Wind	CTS	Not possible to conclude	Weak

The detailed preparation phase is considered one of the key added values of the NAMA Facility by ASPs and implementing partners (see Section 4.1 on Relevance). Unsurprisingly, the financial assistance provided is the type of support that was considered the most useful by interviewees. This was followed by the “direct support from TSU/NAMA Facility”, which 8 out of 10 respondents considered to be very useful or somewhat useful. Interviewees (ASPs) coincided on the usefulness of the direct support provided by the TSU, and praised the regular support provided by TSU desk officers via calls/email.

“I have worked with several donors and the NAMA Facility is a good example (...). I would give [the NF] 10/10 based upon my experience to date.” - ASP supporting an NSP currently in DPP

Figure 1: How would you rate the usefulness of each of these types of support that the NAMA Facility provides during the Detailed Preparation Phase?



Base: Applicants whose NSP was at DPP stage (n=10). NB Number of survey responses is small leading to a weak contribution to the evidence type for the process tracing

The assistance provided by the pool of experts, overall, was considered useful. Only one respondent to the survey said it was not very useful (of nine respondents asked this question, six said it had been somewhat / very useful, and two said they had not received this type of support). Interviewees provided more mixed views: While some thought the experts were useful to complement their local expertise and quality check some aspects of their NSP Proposal, others said they did not use the pool of experts because they thought they would lack knowledge of the peculiarities of their national context.

The survey also asked respondents whether they had experienced any issues during the DPP. The results show that overall applicants did not experience major issues to progress their NSP. The preparation period (15-18 months) was considered adequate by implementing partners and ASPs. In interviews, there was common agreement that the period was long enough to prepare the NSP Proposal. Some implementing partners noted the workplan was tight, but others mentioned that a longer timeframe would disincentivise their participation in future NSPs. In the survey, 1 out of 9 survey respondents said that there was too little time to finalise the NSP Proposal, and one response was that the DPP was too long.

The support at the DPP has generally resulted in high quality NSPs, with the right level of readiness to start implementation. Some ASPs interviewed provided ideas for how they think the support provided by the TSU during DPP could be further improved:

- More clarity on key aspects of the NSP Proposal. It was unclear for some ASPs and implementing partners what level of readiness was required at NSP Proposal stage and/or level of co-founding required (the latter a problem for highly indebted countries). In this regard, interviewees mentioned that, when asking for clarifications on these matters, the feedback received was incomplete and/or unclear.
- Some ASPs mentioned that they would have appreciated more guidance to overcome the challenges posed by the pandemic, in particular on tools to engage stakeholders online.

4.5 Efficiency and Governance

4.5.1 The NAMA Facility as an instrument to deliver climate finance

The evaluation found **strong evidence** that the overall decision-making process is effective, with some caveats (as outlined below).

H4B3 The overall decision-making process is effective, with no delays in programme implementation derived from lack of steering from donors or lengthy decision-making processes					
Overall finding: H4B3 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence base	Finding	Overall strength assessment
The TSU, NSPs and other key stakeholders agree that decision-making is relatively timely (e.g. compared to other similar programmes, given the nature of the process)	100%	Straw-in-the-Wind	CTS	True	Strong

The appropriateness of the NAMA Facility contracting system

ASPs/NSOs and implementing partners, on the one hand, **appreciated the checks that the NAMA Facility conducts to follow the execution of the NSPs** (e.g. review of progress reports, NSP Proposals, etc.), as it encouraged progress, especially during the DPP. The feedback provided by the TSU is helping projects to progress in the right direction. **Overall, the guidelines and templates provided by the NAMA Facility (e.g. the NSP Proposal) were considered clear and easy to follow.** NSOs and implementing partners, on occasion, experienced difficulties when completing the financial section in the NSP Proposal and certain annexes in the NSP Proposal and found some aspects of the Facility's requirements – e.g. the rules/principles related to the co-financing requirement or more generally the level of detail needed in the NSP Proposal – to be difficult to understand.

The administrative processes were considered difficult to follow by most ASPs/NSOs interviewed. This included all the project cycle of the NAMA Facility, from DPP to implementation, and issues such as the definition of roles (e.g. difference between co-applicant and NSO), the compliance with due diligence and audit processes, and the signature of grant agreements and other legal documents. Some ASPs suggested the organisation of webinars (similar to the webinars organised during the Calls) as a potential solution to bring NSO's project staff up to speed on the administrative requirements. However, this would have implications on the TSU's workload.

The evaluation has found that the most challenging processes for the NSPs (according to NSOs, co-applicants/ASPs and implementing partners) are those related to moving onto the implementation phase. Once NSP Proposals are approved by the NAMA Facility Board, the NAMA Facility (via the NFGA) and the NSOs start the contracting procedures. Currently, the time elapsed between the approval of the NSP Proposal until the funding is finally secured (via the signature of all the legal documents) is generally over one year. The reasons for this lengthy process are varied, but the overarching issue is that each organisation needs to review the processes and legal requirements and agree upon them with the NFGA, and this takes longer for those NSOs who have not previously implemented an NSP. Therefore, the diversification of the portfolio comes at the "cost" of adding complexity on the administrative processes.

The contracting and legal processes were burdensome for most NSOs interviewed, but they posed special difficulty to national development agencies. Interviewees representing this type of organisations were of the opinion that the current legal documents have been prepared with NGOs in mind and they are not adequate for organisations that already have heavy internal auditing and accountability processes. The burden perceived from these processes was so high that some interviewees considered it unlikely that their organisations would participate in future Calls.

Delays to implementation, caused by contracting challenges, were reported to have implications on some NSOs and implementing partners' capacity to progress their NSPs. The main issues identified were the following:

- The assumptions and models generated in the NSP Proposal may become obsolete, for instance if there are changes in the macroeconomic context.
- There is risk of losing the momentum generated at the national level during the DPP to continue progressing the project at the same speed and scale. Changes in the policy context (e.g. as a result of change in the national administration) may put at risk the NSP.
- NSOs have referred to a potential reputational risk with the national partners, for instance if an agreement on the legal aspects cannot be reached.

- Difficulty in recruiting staff due to the lack of certainty on whether funding will be secured (this also applies to phase 1 of implementation).

"The process between finalising the DPP and getting into implementation is simply too long. You have all the stakeholders up and running after the DPP phase and then enters an intermediate phase that kills the momentum." - NSO (multi-lateral organisation)

Finally, a few NSOs and implementing partners also commented that once contracting procedures are finished, the project starts implementation immediately without providing time to the project team to re-start their activity. This, in practice, reduces the implementation period.

The appropriateness of the Facility mechanism for the (efficient) receipt of contributions There has been some discussion at the NAMA Facility Board as to whether the eligibility requirements to become NSO could be extended to the private sector. Whilst this has not been explored in depth in this evaluation, the evaluation team considers, based upon the team's in-depth knowledge of the climate finance landscape and private investors' tendencies, that some elements in the selection process might deter private sector organisations from taking part in Calls. These elements are the following:³⁵

- Private companies may not be willing to invest resources on the NSP Outline, and later on the NSP Proposal, without more certainty that funding will be approved;
- Some firms may also be concerned about the transparency requirements and information sharing with the NAMA Facility in order to: (a) qualify as ASPs/NSOs, and (b) pass the due diligence and audit processes.

It can be concluded that the NAMA Facility has the right mechanisms in place to support NSPs during the Outline and DPP phases. However, some NSOs, particularly small organisations and those who participate in the NAMA Facility for the first time, would appreciate further guidance on the administrative processes, for instance via webinars. The process to move from DPP to implementation is very lengthy and resource-intensive for all parties involved. The NAMA Facility will need to find ways of making this process smoother if it wants to continue diversifying its portfolio (in terms of NSOs).

4.5.2 Governance structure and the future of the NAMA Facility

Overall, the evaluation found evidence **strong** evidence of the effectiveness of communications, but only **medium strength** evidence of the Facility's capacity to absorb programme growth.

³⁵ These are posited based on the more than 20 years' expertise and experience of working with and within the climate finance community of two of the evaluation team members. The considerations **do not** come from any of the stakeholder consultations carried out for this evaluation.

H4B1 Communication is adequate					
Overall finding: H4B1 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence base	Finding	Overall strength assessment
NAMA Facility internal stakeholders (the Board, TSU, NFGA, etc) agree that communication works well and can point to positive outcomes of this communication	100%	Doubly Decisive	Signature	True	Strong
H4B2 The TSU engages donors efficiently and effectively					
Overall finding: H4B2 is true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence base	Finding	Overall strength assessment
Donors are engaged and agree that the TSU does a good job of engaging them	100%	Doubly Decisive	Signature	True	Strong
H4C1 The Facility has the capacity to absorb its projected growth					
Overall finding: H4C1 is overall true					
Evidence	Weight	PT test (confirms / affirms H)	Evidence base	Finding	Overall strength assessment
An analysis of the Facility's capacity (in terms of staffing, processes, funding, etc) suggest it is demonstrably adequate for absorbing the projected growth	100%	Doubly Decisive	CTS	Overall true	Medium

Communication

Overall, donors were very satisfied with the existing communication channels between the TSU and the Board. Everyone at the Board and the TSU agreed that decisions are made on time, and this is facilitated by the timely information provided by the TSU, e.g. through semi-annual and annual reports, and by the high-quality assessments.

"I wish all projects had the same assessment grid and high-level quality of expertise on mitigation as the TSU has." - Donor representative

It was mentioned that donors have different levels of engagement; however this has not affected the speed on decision making so far. Compared to other initiatives, the NAMA Facility is faster at making decisions on funding, and it has developed closer relationships with donors. Those donors who have contributed less financially, appreciated the opportunity given to participate in decision making.

Absorbing future changes and challenges

Moving forwards, the NAMA Facility has two challenges ahead: (a) fundraising for future Calls, and (b) continuing to manage a growing portfolio.

The evaluation team has observed that there are few firm commitments from existing donors to continue contributing to future Calls (although this is partly due to current uncertainty with COVID-19). One issue identified is the openness of the Facility to all sectors and geographic regions, which may not be aligned with some donors' priorities. Having Calls focused on specific regions/sectors may solve this issue, but it may affect the NAMA Facility's identity. This alternative would therefore need careful consideration. Another option may be to pursue thematic Calls, as the NAMA Facility has done with the recent Ambition Initiative, which focuses on green recovery and preparations for COP 26.

Further, donors expressed a concern that, within the current structure, when NSP implementation is delayed or discontinued, this means that committed funds are not used or are moved to a different fiscal year, which creates problems for their own reporting and aid accountability. With frequently competing funding priorities, the opportunity cost of not spending funds on a given year may discourage future commitments. Some donors also commented on certain instances in which fund disbursements were delayed due to internal donors' procedures, having impacted NSPs' progress.

The portfolio of the NAMA Facility will continue growing as more NSPs enter DPP and implementation. In parallel to managing an increasing number of NSPs, the TSU has also been asked to increase their communication activities (see Section 4.3). Some donors showed concern that the TSU might lack the capacity to manage more NSPs. Others, on the other hand, were confident that the structure can be easily scaled up to absorb more workload. The TSU is also confident they can manage this increasing workload, whilst recognising that recruiting additional staff with the right skills is challenging.

One donor suggested moving communication activities with donors to an online portal as a potential solution to reducing the TSU's workload.

5 Conclusions

5.1 Conclusions on the relevance of the NAMA Facility

The NAMA Facility has a clear and valuable offering in the climate finance landscape. Those who are attracted to applying for funding recognise its focus on TC and consider it distinctive from other programmes in three main ways: (i) its breadth and openness in terms of the range of projects it supports; (ii) its transparency around eligibility requirements and selection criteria; and (iii) its role supporting high quality and 'ready' projects. This perception among applicants aligns with the NAMA Facility's identity.

The NAMA Facility is meeting a funding gap. The amount of funding granted for implementation of projects of this size and level of readiness is usually difficult for applicants to find elsewhere, which paired with the Facility's willingness to take risks and the flexibility of its financial mechanisms, make the NAMA Facility a unique instrument in the climate finance landscape.

In terms of visibility and branding, the evaluation has not been able to draw definitive conclusions. The evaluation found that the NAMA Facility is visible to those outside of its 'inner circle' (but only on the basis of evidence of a medium strength). Given the fact that 'NAMA' as a term is fading away, members of the climate finance community consulted suggested that the NAMA Facility should change its name. This evaluation has not found sufficient evidence to suggest that this is necessary. Although the term 'NAMA' is outdated, the concept remains relevant and host countries still use it to implement their NDCs. In addition, there could be a small risk that re-branding could reduce the specificity and unique value of the NAMA Facility (creating a risk is it confused with other programmes supporting TC). More broadly, the evaluation has identified some small inconsistencies in NAMA Facility branding related to it being a multi-donor (vs German) programme and in relation to its communications tools (such as the ToC), which could do more to comprehensively reflect (and promote) the programme's unique value.

5.2 Conclusions on the transformational change (potential) of NSPs

Whilst it was not a focus of this evaluation to assess the transformational potential of NSPs (this will be covered in detail within the ELE evaluations), the evaluation – particularly through the country case studies, did assess the extent to which case study NSPs were demonstrating indicators of transformational change – specifically: sustainable co-benefits, replication and scaling up, local ownership and policy impacts. The evaluation found evidence of NSPs (in DPP / early implementation) having a strong potential for replication and scaling up, as well as evidence (though only of medium strength) of NSPs influencing policy at the national level. Local ownership was considered strong in three out of five country case studies but not in the other two. There was less evidence available at the time of this evaluation (when NSPs are only just entering implementation) of sustainable benefits being achieved, but these were also expected to happen by the end of the NSP in at least two out of the five countries that were subject to case studies.

In the context of the NAMA Facility, projects may also be conducive to TC if they generate a catalytic effect via the involvement of the private sector and the use of innovative technologies and approaches. NSPs were engaging the private sector, however there was less evidence to demonstrate that this was leading to leveraging private sector financing. The evaluation found strong evidence of NSPs implementing technologies and financial mechanisms that were innovative within that country / sectoral context, though not being used for the first time globally (i.e. the technology / mechanism had been tried and tested in other contexts). Overall, the evaluation recommends (see Chapter 6) that the ELE

evaluations focus on the extent to which anticipated drivers of TC (i.e. innovation, financial leveraging, replication, etc.) are being achieved.

5.3 Conclusions on the transformational change (potential) of the NAMA Facility

The evaluation assessed a number of ways through which the NAMA Facility might support transformational change through programme level structure and activity. First, it found that the small, highly collaborative nature of the Board helps it to quickly reject any proposals that are insufficiently transformative. Second, the openness of the Facility to a wide range of sectors means that the programme can support TC in even the most carbon emitting sectors, even where it is not possible to make such activities 'carbon neutral'. Third, the NAMA Facility funding conditions (e.g. requiring national ministry leadership or endorsement of Outline NSPs) and the on-site visits, as well as the hands-on support provided during DPP helps increase the national ownership of the NSPs. However, members of the climate finance community interviewed for this evaluation questioned whether the NAMA Facility (in taking a Call-based approach over a country programmatic one) was lacking in national ownership in such a way that could affect the NSP transformational change potential. The findings of this evaluation have not been able to validate this view.

Programme level activity, such as communications, coordination, lesson learning and knowledge sharing can be key drivers of transformational change. The NAMA Facility is currently effective at disseminating learning from its portfolio relevant to applicants (developing Outlines), with a significant proportion of NSOs and other applicants consulted stating that they had used NAMA Facility material to develop their concepts. There is less learning ongoing between NSPs in implementation and between the NAMA Facility and other funders. Given their importance, the NAMA Facility should ensure that is investing sufficient effort into these activities.

5.4 Conclusions on the effectiveness, efficiency and governance of the NAMA Facility

Most of the NSPs are embedded in wider NAMAs that are being used by host countries to meet their NDC targets, therefore contributing to the Paris agreement. The evaluation also found weak evidence of a contribution of the NAMA Facility to overall national mitigation ambition in supported countries. (This was largely due to limitations of the evaluation rather than a lack of influence). There is no evidence yet, however, of increased mitigation ambition at NSP or country level as a result of the NAMA Facility raising its ambition in 2020.

Overall, the NAMA Facility is succeeding in maintaining a diverse portfolio, and it has a good balance overall in terms of sectors and regions covered. The two areas in which diversity falls somewhat short is in the coverage of LDCs within the portfolio and in terms of the diversity of delivery partners (though this did improve in the 6th Call). All internal stakeholders (donors, the TSU, the NFGA) expressed a shared desire to increase the diversity of delivery partners. Given this objective, it will be necessary to address the contracting challenges identified through this evaluation, which are, in part, being driven by the challenge of applying the same (stringent) contracting (and auditing) processes to all (types of) NSOs.

The NAMA Facility Call process, the selection process, guidance and support provided by the TSU and the assessment process followed all play an important – and largely positive – role in helping the NAMA Facility to meet its objective of creating a diverse and effective portfolio. There is room for improvement, however, in the calculation of GHG emission reductions: applicants found it difficult, and assessors thought the information was not detailed enough/assumptions underpinning the calculations were unclear to robustly assess the level of mitigation ambition at the desk assessment.

The feedback the TSU provides to unsuccessful applicants contributes to generating a pool of high-quality applications. Applicants are using the feedback to improve their concepts and to resubmit their applications, achieving higher rates of success. The support provided at the DPP stage has also helped increase the NSP's level of readiness for implementation. However, the NAMA Facility is experiencing a bottleneck at the beginning of implementation for projects to move onto implementation due to administrative and contracting processes. The delays are linked to the diversity of NSOs in the portfolio, as each NSO needs to review the processes and legal requirements and agree upon them with the NFGA.

Having donors' funds earmarked for specific NSPs has been identified as a problem for donors if NSPs are delayed or discontinued, and as a potential risk for the NAMA Facility to fundraise for future Calls. This risk has somehow been mitigated for NSPs that were selected from the 4th Call onwards, as the NAMA Facility established maximum timeframes to submit the NSP Proposal.

The evaluation has not identified major issues that may affect the TSU's capacity to continue operating the NAMA Facility, although it is recognised that workload will increase as more NSPs enter DPP and implementation. The NAMA Facility should ensure that NSOs continue receiving a reasonable amount of support and that the lessons from current work are captured and shared internationally (e.g. with other project implementers and funders) before expanding further.

6 Recommendations

Based upon the findings and conclusions set out above, the evaluation makes the following recommendations.

6.1 Recommendations to promote NAMA Facility visibility and identity

Recommendation 1. The NAMA Facility should not immediately rebrand itself, but should seek to increase stakeholder awareness of its unique and added value through an updated communication strategy and materials

The NAMA Facility should take the opportunity of (a) the December Call for Outlines to the Ambition Initiative; and (b) the UNFCCC deadline for accepting revised NDCs to update its communications, to better reflect what this evaluation has found to be its unique added value (this would include updates to the ToC and an expansion to using the ToC also for promotional / 'branding' purposes): its combined focus on transformation, innovation, speed, transparency and quality. For the moment, the NAMA Facility should maintain its name, but should monitor the upcoming NDC process in order to identify any relevant shifts in language and terminology which the Facility could link into to ensure that any name change is as relevant and contemporary as possible.

In updating its communication strategy and materials, the NAMA Facility should consider how the 'multi-donor' nature of the NAMA Facility could be enhanced - not only in its communication materials, but also in the way that the Facility presents itself at international events. For example, the NAMA Facility could consider seeking out more opportunities to co-deliver webinars and presentations between the German, UK, EU and Danish embassies. Donors might consider ways to be more actively involved in internal events (e.g. with NSP implementers) or externally facing events. Increased coordination with other funds might also support this.

Recommendation 2. Update the NAMA Facility ToC to better reflect the NAMA Facility's added value and relevance³⁶

This would entail (in line with Annex 11), the following adaptations / amendments:

- Creating a ToC narrative which provides further description and explanation of the assumptions underpinning the ToC / its causal pathways.
- Reverting to the presentational format of previous versions of the ToC in which activities were separated out into individual boxes for NSP-level activities vs. programme-level ones.
- Reviewing the activities to ensure that they accurately reflect the ambitions of the NAMA Facility in terms of: (a) the activities the NAMA Facility is planning, and (b) those which stakeholders consulted for this evaluation have identified as the 'unique value-added' of the NAMA Facility.
- Reviewing the outputs to check that they sufficiently reflect the Facility's current TC strategy, particularly the role that innovation is expected to play in TC.

³⁶ The NAMA Facility has an update to the ToC scheduled for 2021.

- Amending the wording of the impact statement to “transformation to carbon neutral societies ...” without limiting it to sectors, rather than “transformation to carbon neutral societies ... in the targeted sectors”.

6.2 Recommendations for improving knowledge sharing

Recommendation 3. Ensure that the NAMA Facility’s ambition to become a ‘knowledge hub’ is effectively resourced

Several ways through which a knowledge hub could be resourced are as follows:

By launching a dedicated Call for an NSO or other entity (with the option to cover the private sector) **to coordinate the knowledge hub** (collecting data from across NSPs and also from outside of the NAMA Facility) over a whole year or successive years. By reserving a dedicated pot of funding to the project and by removing the onus from the TSU, the knowledge hub might manage to increase its publications over a shorter period.

By (further) **incentivising cross-NSP collaboration** to generate collaborative thought pieces, ‘state of the art’ papers and lesson learning reports. This could work in a similar (but much more scaled-down way) to the CIF Knowledge Hub.

By **supporting and optimising cross-collaboration with other programmes and initiatives** (e.g. IKI, GCF, CIFs, the NDC Partnership) to enable the pooling of funds and resources for knowledge sharing. In practice this would likely require a dedicated coordination officer within the TSU (see also recommendation 4).

Recommendation 4. Consider focussing on the following topics for the Learning Reports (to be produced as final outputs of this Second Interim Evaluation)

- Possible pathways for enhancing knowledge and lesson sharing (beyond NSP applicants).
- Optimising a theory of change for promoting and enabling TC.
- Increasing local ownership in NSPs.

6.3 Recommendations for improving the portfolio and selection processes

Recommendation 5. Continue to increase ‘customer orientation’ by:

- Publishing Call schedules and any themes well in advance of the Call launch;
- Continuing to seek ways of shortening decision making processes / reducing the applicant risk of significant effort for no return;
- Increasing regional/sectoral interactive workshops on what works; and
- Considering more targeted webinars/support for groups that are struggling to apply but seem to have viable concepts / are highly additional. Based upon this evaluation’s findings, such groups might include heavily indebted countries who are not able to fundraise in commercial terms, SIDS and LDCs.

Recommendation 6. Continue to support a smooth transition from DPP to implementation by:

- Providing more clarity on level of readiness required at end of DPP;
- Continuing to provide the current level of feedback and support to NSOs during DPP and implementation;
- Continuing to seek ways of shortening the decision-making process/reducing applicant risk of significant effort for no return; and
- Looking for ways to reduce the administrative burden for national development agencies when they take on the role of NSO.

6.4 Recommendations suggesting the focus for future and ongoing ELE evaluations**Recommendation 7. Ensure that the ELE evaluations complement and build upon the findings of this evaluation by focussing on generating understanding and lessons on (at least) the following research themes**

- The extent to which NSPs are effectively engaging the private sector and leveraging private sector funding.
- The extent to which NSPs are supporting innovative technologies.
- The factors which most facilitate / encourage replication, policy change and/or political buy-in.
- Barriers to replication, policy change and/or political buy-in.
- The role that learning (within the NSP, via NAMA Facility programme-level learning and knowledge sharing and through other sources) plays in facilitating TC at the NSP level.
- The extent to which NSPs are supporting co-benefits, including economic co-benefits (given the need for a green recovery).

Annex 1: Process tracing framework

As outlined in Section 2.3 of this Report, the evaluation was designed using a process tracing framework. In practice, this entailed setting out – for every evaluation question and sub-question of the evaluation – a set of hypotheses which the evaluation would test, and which would therefore form the basis of the evaluation methodology, all research tools, analysis and the reporting structure.

In alignment with process tracing, the evaluation team defined a series of judgement criteria or ‘evidence’ that they would expect to see if the hypothesis were (a) true or (b) false. Each type of evidence test was then categorised as to (a) the type of ‘process tracing test’ it fulfilled and (b) the strength of that evidence (see below). Additionally, the sources of evidence were defined.

The framework was developed by the team during the initial stages of the evaluation, with the hypotheses being built upon theories developed through scoping interviews with the TSU and donors and upon an initial programme documentation review. The framework was submitted to the TSU and donors, who comprehensively reviewed and commented upon it. Subsequently, a revised version was produced and agreed.

The image below, taken from Collier (2011),³⁷ summarises the four process tracing tests and their implications for strength of evidence.

Table 1

Process Tracing Tests for Causal Inference

		SUFFICIENT FOR AFFIRMING CAUSAL INFERENCE	
		No	Yes
NECESSARY FOR AFFIRMING CAUSAL INFERENCE	No	1. Straw-in-the-Wind	3. Smoking-Gun
		a. Passing: Affirms relevance of hypothesis, but does not confirm it.	a. Passing: Confirms hypothesis.
		b. Failing: Hypothesis is not eliminated, but is slightly weakened.	b. Failing: Hypothesis is not eliminated, but is somewhat weakened.
		c. Implications for rival hypotheses: Passing <i>slightly</i> weakens them. Failing <i>slightly</i> strengthens them.	c. Implications for rival hypotheses: Passing <i>substantially</i> weakens them. Failing <i>somewhat</i> strengthens them.
	Yes	2. Hoop	4. Doubly Decisive
		a. Passing: Affirms relevance of hypothesis, but does not confirm it.	a. Passing: Confirms hypothesis and eliminates others.
		b. Failing: Eliminates hypothesis.	b. Failing: Eliminates hypothesis.
		c. Implications for rival hypotheses: Passing <i>somewhat</i> weakens them. Failing <i>somewhat</i> strengthens them.	c. Implications for rival hypotheses: Passing <i>eliminates</i> them. Failing <i>substantially</i> strengthens them.

Source: Adapted from Bennett (2010, 210), who builds on categories formulated by Van Evera (1997, 31–32).

To further strengthen the transparency of the strengths and limitations of our Evidence type, the evaluation also categorised each evidence type according to its strength, where ‘strength’ is a scale running from plausible, through triangulated to objectively validated. As this is not an experimental

³⁷ Collier (2011) ‘Understanding Process Tracing’ in *Political Science and Politics* 4:4, 823–30.

impact evaluation the extent to which evidence can be validated is limited; however, the Evidence type may still be strong where it comes from a highly authoritative source, rules out other possible theories and/or is triangulated evidence from different sources. We therefore consider that the following strength of evidence framework from Delahais and Toulemonde (2017) as the most appropriate for categorising our Evidence type.

1. **Authoritative source** – This is a piece of evidence which has already passed a thorough test under the responsibility of credible authorities in so far as the point at issue is not in dispute among differing authorities. An example would be the IEA's World Energy Outlook 2018 or the IPCC's report on 1.5 degrees.
2. **Signature** – When X causes Y it may operate so as to leave a signature (a trace, a fingerprint) that is unequivocally indicated. An example would be if a think tank claimed its research had helped improve forest management plans in Ghana, and the unique formula from the think tank was evident in the Forest Management Plans developed and implemented by Ghanaian government.
3. **Convergent triangulated sources** – These are independent from one another in so far as they stem from stakeholders having different vested interests. Pieces of evidence originating from such sources are mutually reinforcing as far as they converge. However, it is important to note that the strength of evidence categorised here will vary dependent on: (a) the stakeholders consulted have different vested interests and (b) any potential bias within their responses being assessed and considered / caveated in the analysis.
4. **Consistent chronology** – This is never a sufficient argument for confirming a contribution claim, but it may be used for refuting an assumed contribution. Example of a think tank claiming to have contributed to the development of a global standard in forest stewardship, but in reality, the think tank was set up after the standard.

Table A1 overleaf recopies the framework as it was set out in the evaluation's inception report

Table A1. The process tracing framework underpinning the evaluation and its findings

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
1A Are NAMAs still relevant for the implementation of NDCs and is there still a clear role for NAMAs going forward?	H1A1 NAMAs are relevant mechanisms to help achieve the objectives of Nationally Determined Contributions (NDCs) that were adopted through the Paris Agreement at COP21 in December 2015	NSPs have NAMAs associated with them that are aligned to countries' NDCs / low carbon ambitions (if greater than NDC commitment)	At the country level, NDCs do not mention NAMAs, and/or do not include mitigation activities in the sectors that can be packaged in ways covered by NSPs	Hoop (20%)	Portfolio analysis Country case studies	Signature	H is true - Portfolio analysis & case studies shows Outlines mention / link to an NDC.	The evidence has been categorised as 'signature', which means the hypothesis is "unequivocally indicated", so it is strong .
		Climate finance community still recognises the value of NAMAs at achieving countries' NDCs / low carbon ambitions (if greater than NDC commitment)	Climate finance community consider NAMAs are not relevant anymore in the context of the Paris Agreement	Smoking Gun (20%)	Interviews with climate finance community	Convergent triangulated sources	H is overall true – The CliFi community still consider NAMAs to be a relevant concept for NDC implementation, but consider the term outdated, as it has been superseded as the primary mechanism for mitigation (by NDCs).	Members of the CliFi community consulted significantly converged in their views, so the evidence is strong .
		NAMAs are a relevant instrument, compared to other instruments that support mitigation ambition	Other instruments seem to be better suited than NAMAs, with no clear advantages of implementing NAMAs to help achieve countries' NDCs	Hoop (10%)	Benchmarking Interviews with climate finance community Applicant survey	Convergent triangulated sources	H is neither true nor false – The evidence suggests there is complementarity rather than competition. The CliFi community views were that there are advantages of NAMAs, and they are a relevant instrument, but not necessarily better than other instruments.	Members of the CliFi community consulted largely converged in their views. Overall, the evidence is fairly strong .
		NAMAs are being used to implement NDCs / low carbon ambitions (if greater than NDC commitment)	NAMAs are not being used to implement NDCs	Smoking Gun (50%)	Literature review Benchmarking Country case studies	Signature	H is true – NAMAs are being used to implement NDCs and new ones are being uploaded to the registry.	The evidence has been categorised as 'signature', which means the hypothesis is "unequivocally indicated", so it is strong .
1B What is the distinctive role of the NAMA Facility? Does it have a visible, clear and valued identity?	H1B1 The NAMA Facility has a clear identity	The strategy, objectives, ToC and overall 'branding' of the NAMA Facility is consistent, coherent and clear	The strategy, objectives, ToC and overall 'branding' is inconsistent and confusing	Hoop	Programme documentation review Interviews with NSOs and climate finance community Applicant survey Country case studies	Convergent triangulated sources	H is not true – Whilst the strategy, objectives, ToC and overall 'branding' is not entirely inconsistent nor "confusing", the evaluator's independent desk-based analysis, in particular, found that there were inconsistencies and unclarity. On the other hand, many key stakeholders held a common vision /	The evidence type is broad – several independent strands of research (interviews with multiple stakeholder groups, desk-based review and the survey) were triangulated – but the findings emerging are slightly mixed (not 'mutually reinforcing'). Whilst there was a lot of consistency within NAMA

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
							understanding of what the NF stood for (e.g. transformational change, nimble decision making and transparency), but this wasn't always fully represented in the ToC. Further, there were some anomalous views held by stakeholders.	Facility documents and branding (and whilst many stakeholders did hold the vision of the Facility, which the Facility wishes to portray), the evaluators still recognised inconsistencies, which weaken the hypothesis. Given this, overall, the evidence strength for this hypothesis is medium to weak .
	H1B2 The NAMA Facility provides a distinctive offering relative to other initiatives supporting NAMAs and/or other similar mechanisms that combine policies and financial mechanisms	The support offered by the NAMA Facility is distinctive to the support offered by other mechanisms (see also H1A1)	The support provided by the NAMA Facility significantly overlaps with other mechanisms (i.e. it supports the same type of projects and does not offer anything unique) (see also H1A1)	Hoop	Benchmarking Interviews with NSOs, national ministries and implementing partners and climate finance community Applicant survey	Convergent triangulated sources	H is true – The support provided is distinctive and this is due to: the type of projects it supports, the speed to make decisions, its transparency, and the NF being less political.	The evaluator's independent benchmarking analysis converges with the views of different stakeholder groups. Overall, the evidence is fairly strong .
	H1B3 The NAMA Facility is visible - i.e. known out of its inner circle	Climate investment actors, including (potential) NAMA Support Organisations and applicants (including those who have not previously applied for funding) are aware of the NAMA Facility	These stakeholders are not aware of the NAMA Facility	Smoking Gun	Portfolio analysis (statistics on # applications over 1 st to 7 th Calls) Interviews with climate finance community	Convergent triangulated sources	H is true – CliFi community members from out of the NAMA Facility inner circle are aware of the NF, though their understanding of it was mixed. The number of applications has been high, compared to total number of NAMAs in UNFCCC registry. The decrease in 6 th Call is thought to be due to tight timescales to submit proposals. Survey evidence suggests that applicants to the NF hear about the programme through TSU outreach, NSO contacts and through NAMA Facility side events.	The evaluation triangulated several sources of evidence which largely converged. However, the strength of evidence was weakened somewhat as it was only possible to consult a relatively small group of people (~11) from outside of the NF inner circle. Overall the evidence strength is medium .
	H1B4 The NAMA Facility is valued - i.e. generates	Climate investment actors, including private and public investors, (potential) NSOs	These stakeholders do not consider it of value (e.g. they would not consider investing	Smoking Gun	Portfolio review (statistics on #	Convergent triangulated sources	H is overall true – The increasing number of resubmissions confirms	Overall, the evidence strength is medium , because views do not fully

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
	interest among potential investors, applicants and support organisations who have relevant and eligible project concepts	and applicants are interested / see value in the NAMA Facility (e.g. they recognise the role of the NAMA Facility in helping to meet NDCs and consider applying in future Calls)	in NSP follow-on projects, or applying in the future)		applications over 1 st to 7 th Calls) Interviews with NSOs, ministries, and climate finance community Survey of applicants		there is interest among applicants to receive NF support. However, some project implementers were considering not applying again due to the lengthy process to start implementation.	converge (there is interest in applying for NF support amongst those who do not have projects in DPP/implementation, but less interest amongst implementers).
1C What additional value does the NAMA Facility provide to the climate finance landscape?	H1C1 The distinctive and unique (visible, clear, valued) identity of the Facility relies on: (a) its combination of TA and targeted FC support, (b) a thorough two-stage project selection combined with a call for proposals, (c) it being open to NSPs from any developing country and any sector demonstrating sufficient transformational change.	The specific combination of NAMA Facility support (combination of grants and technical assistance) is not typically found (in this way) in other programmes	The specific combination of NAMA Facility support (combination of grants and technical assistance) is found in other programmes	Hoop (15%)	Benchmarking Interviews with NSOs and climate finance community Applicant survey	Signature	H is not true – Most other funds analysed provide financial and technical assistance for preparation and implementation.	The evidence has been categorised as 'signature', which means the hypothesis is "unequivocally indicated", so it is strong .
		The specific combination of NAMA Facility support (combination of grants and technical assistance) is recognised by beneficiaries and other stakeholders as facilitating NSP implementation and success	The specific combination of NAMA Facility support is not recognised by beneficiaries and other stakeholders as facilitating NSP implementation and success	Straw-in-the-Wind (15%)	Interviews with NSOs, national ministries and implementing partners	Convergent triangulated sources	H is true – The combination of TC and FC was recognised by the vast majority of stakeholders consulted through the survey and interviews to work well to ensure projects have the right level of readiness to start implementation.	The evidence has been categorised as 'signature', which means the hypothesis is "unequivocally indicated", so it is strong .
		The project selection and call for proposals process is recognised by donors and other stakeholders as increasing the quality of the portfolio	The portfolio is not to the quality expected / desired by the Board and other stakeholders and the selection process is not fit for purpose	Hoop (15%)	Programme documentation review Interviews with NSOs and implementing partners Applicant survey	Convergent triangulated sources	H is true – The portfolio is considered by internal and external stakeholders to be of a high quality. Stakeholders recognise the benefits of the Call process and project selection as facilitating this. Success rate of resubmissions is higher than new projects' success rate, which is testament to the feedback provided by TSU.	Most stakeholders consulted (from different groups) converged in their views. Overall, the evidence is fairly strong .
		The project selection and call for proposal process is recognised by the Board as helping them to generate a portfolio aligned with the NAMA Facility's objectives	The project selection and call for proposal process are not aligned with the NAMA Facility's objectives	Hoop (15%)	Programme documentation review Interviews with donors	Convergent triangulated sources	H is neither true nor false – The process is aligned with the NF's objectives, however there is a perception among the Board that the portfolio is not balanced.	The strands of evidence don't fully converge: the documentation review suggests the process is aligned, however perception among the Board differs, so the

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
								evidence is overall medium .
		The Call for Outlines and application process helps build/ensures recipient countries' ownership	The application process is considered too cumbersome and/or unfair, and potential/unsuccessful applicants are discouraged and do not (re)apply for funding	Hoop (15%)	Interview with NSOs and implementing partners Applicant survey	Convergent triangulated sources	H is overall true – The process assures countries' ownership and is complementary to the country-programming model used by major funders supporting NDC implementation. The number of resubmissions is high. However, there is a perception among some applicants that the process is unfair/more difficult for some countries (e.g. SIDS).	Sources were convergent that the process ensures ownership. Similarly, survey respondents who commented on the process also converged that certain types of countries may be discouraged to apply. The evidence is therefore fairly strong overall.
		Its wide scope in terms of sectors and geographies and intervention types is reflected in the applications received and chosen and demonstrate sufficient transformational potential	Despite its broad scope, applications are concentrated on very specific sectors and/or countries and/or do not demonstrate sufficient transformational potential	Hoop (15%)	Portfolio analysis Country case studies	Convergent triangulated sources	H is true – The portfolio is diverse geographically and by sectors when compared to UNFCCC registry, and according to climate finance representatives, though the Board had some concerns about balance.	Several sources of data converge. Overall the evidence is fairly strong .
		Stakeholders (internal and external) largely converge in the view that these are the unique values of the NAMA Facility	Stakeholders do not consider that the NAMA Facility has value in these respects	Straw-in-the-Wind (10%)	Interviews with TSU, donors, NSOs, implementing partners, national ministries and climate finance community	Convergent triangulated sources	H is true – Stakeholders converged in their views that these are unique features of the NF.	Stakeholders consulted converged in their views, so the evidence is overall fairly strong .
	H1C2 The NAMA Facility is optimising synergies with other instruments supporting countries in achieving their NDCs	Formal/informal mechanisms - in place to exchange lessons learned with other initiatives - are perceived to be useful	The NAMA Facility is run in a vacuum and any mechanisms in place are not perceived to be useful	Straw-in-the-Wind	Interviews with TSU, donors and climate finance community	Convergent triangulated sources	H is neither true nor false – Currently there is some coordination with other donors and programmes. However, fund managers interviewed universally reported having closer relationships and deeper coordination with other funds or programmes than with the NF.	Stakeholders from the CliFi community (and some TSU stakeholders) converged in their views. Overall, the evidence is fairly strong .

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
2A How well does the NAMA Facility at programme and NSP-level contribute to transformational change (as defined in the NAMA Facility's working definition?	H2A1 NSPs produce sustainable co-benefits (early evidence of impact - note that this will *not* be the focus of this evaluation, therefore this will be a very light-touch review)	There is some evidence of NSPs producing sustainable benefits	There is no evidence of NSPs producing co-benefits	Straw-in-the-Wind	Country case studies	Consistent chronology	H is potentially true – Some NSPs are expected to achieve co-benefits, however it was too early to observe any impacts yet.	Evidence is weak as NSPs analysed in depth had just started implementation. Co-benefits are expected to be observable towards the end of the NSPs.
	H2A2 The NAMA Facility support helps NSPs to produce sustainable co-benefits (early evidence of impact)	Feedback, design support and knowledge/lesson-sharing help NSPs to design NSPs that do / are likely to produce co-benefits	The feedback, design support and knowledge/lesson-sharing are not well targeted to supporting the production of co-benefits	Straw-in-the-Wind	Interviews with NSOs and implementing partners Country case studies	Convergent triangulated sources	H is neither true nor false – The NF support is contributing to NSPs' progress and some NSPs aim to achieve co-benefits. However, producing co-benefits is not a core element of the selection criteria or the feedback/support provided by TSU.	Evidence is weak as NSPs analysed in depth had just started implementation. Co-benefits are expected to be observable towards the end of the NSPs.
	H2A3 Unsuccessful NSPs do not manage to achieve their objectives / transformational change without the support of the NAMA Facility	Unsuccessful applicants do not find funding elsewhere	Unsuccessful applicants reapply for NAMA Facility funding and/or do not find funding elsewhere / drop the NSP	Hoop	Case studies of unsuccessful applicants, survey of applicants	Convergent triangulated sources	H is overall true - Only two out of 12 unsuccessful applicants who participated in the survey said that they had been able to progress their project at the same scale as the NSP Outline without the support of the NAMA Facility, and four respondents had not progressed their project at all. There are high rates of unsuccessful applicants reapplying for NF funding.	Some unsuccessful applicants found funding elsewhere, but the majority did not / reapplied for NF funding. On this basis, the survey results are enough to test this hypothesis, though having more strands of converging evidence (e.g. case studies of unsuccessful applicants) would strengthen it. Evidence is overall therefore medium to weak .
		Successful applicants consider that they would not have found funding elsewhere	Successful applicants consider that they would have found funding elsewhere	Hoop	Survey of applicants, country case studies, interviews with ASPs	Convergent triangulated sources	H is overall true – Among survey respondents whose NSPs were in DPP or implementation, 7 out of 10 respondents said the NSP would have been unlikely to attract equivalent financial and technical support from other sources within a year of the NSP submission date and 3 respondents said the	Response rate to the survey was low. However, triangulation of case studies and interviews with ASPs converge that the support was additional and strengthen this finding. Evidence is overall medium .

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
							project would not have gone ahead in any form. Country case studies confirmed the NF support was additional, particularly in countries that are heavily indebted.	
		The NAMA Facility fills a funding gap in the landscape	The NAMA Facility does not fill a funding gap in the landscape	Smoking gun	Case studies, survey of applicants, benchmarking	Convergent triangulated sources	H is true – The evaluation found that the Facility fills a funding gap. Multiple stakeholders specifically mentioned the value of having NF test concepts using existing technologies in new ways/locations that can then be scaled up through larger funds, like the GCF.	Evidence is fairly strong as there was overall agreement among interviewees across all groups of stakeholders that the NF meets a funding gap, and this was confirmed in the benchmarking exercise.
2B How well does the NAMA Facility's structure help to achieve the ambition to catalyse transformational change?	H2B1 NAMA Facility knowledge and lessons-sharing facilitates or encourages further public and leverage private finance for low-carbon development in target countries (note overlap with H1B4 and H3D1)	Private and or public actors invest in NSPs and/or similar projects following their interaction with the NAMA Facility / individual NSPs	Private and or public actors are not investing in NSPs and/or similar projects, even after interacting with the NAMA Facility / individual NSPs	Doubly Decisive	Portfolio analysis Benchmarking Interviews with implementing partners, national ministries, NSOs and climate finance community Country case studies	Signature	H is potentially true – Given the timeframe of the evaluation, the leveraging of private funding was not observable yet, but NSPs were engaging the private sector and interest among investors seemed strong in some NSPs.	Evidence is weak as NSPs analysed in depth had just started implementation. This is expected to be observable after one year of NSPs starting implementation.
	H2B2 The NAMA Facility funds examples of innovative financing and incentive mechanisms	There are examples of innovative financing and incentive mechanisms within the NAMA Facility portfolio	There are no examples of innovative financing and incentive mechanisms within the NAMA Facility portfolio	Smoking Gun	Portfolio analysis Applicant survey Country case studies	Signature	H is true – Some NSPs have financial mechanisms that are innovative within their context. There are also examples of NSPs where the mechanism is not innovative but incorporate some new elements.	The evidence was analysed in depth in the case studies. The evidence strength is also categorised as 'signature', which means the hypothesis is "unequivocally indicated". so the evidence is overall strong . However, the hypothesis arguably weakly worded, as it generates a 'strong' rating on the basis of only a few examples. It would have been more relevantly worded as "NSP financing

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
								and incentive mechanisms are innovative".
	H2B3 The NAMA Facility disseminates knowledge / learning from these innovative financing and incentive mechanisms of NSP/NAMAs with the aim of generating a demonstration effect	There are examples of the TSU / Board sharing knowledge / learning from these innovative financing and incentive mechanisms with the aim of generating a demonstration effect	There are no examples of the TSU / Board sharing knowledge / learning from these innovative financing and incentive mechanisms with the aim of generating a demonstration effect	Smoking Gun	Programme documentation review Interviews with TSU, donors Applicant survey	Signature	H is overall true - There are examples of the TSU and Board sharing knowledge / learning and of applicants learning from existing and past NSPs to design their own projects. However, the NAMA Facility could do more to enhance learning beyond the NSPs already funded and those applying to new Calls.	The Evidence type is strong , as findings from all sources converge: use of learning products among survey applicants is high; NSPs improve quality when resubmitted; interviewees agree that broader lessons sharing is low.
	H2B4 Barriers to the achievement of the NAMA Facility's ToC are regularly assessed and action taken to mitigate them	Barriers to the achievement of the NAMA Facility's ToC are regularly assessed and action taken to mitigate them	Barriers to the achievement of the NAMA Facility's ToC are not regularly assessed and/or no action taken to mitigate them	Straw-in-the-Wind	Programme documentation review Interviews with TSU, donors, NFGA, NSOs and implementing partners	Signature	H is overall true – The ToC regularly reviewed and updated. However, programme-level barriers (e.g. barriers to coordination, communication, etc) are not systematically reviewed (NSP-level barriers are reviewed regularly).	Independent analysis of the Second Interim Evaluation and the ELE converge. The evidence strength is also 'signature', which means that the evidence is "unequivocally indicated", so it is strong .
3A Has the NAMA Facility contributed towards increased mitigation ambition and implementation of mitigation projects in line with the Paris agreement and the 1.5/2°C objective?	H3A1 The NAMA Facility's portfolio comprises NSPs which show an appropriate level of ambition given the country/sector/temporal context	NSPs are ambitious in terms of GHG emissions reductions and aim to move towards low-carbon or neutral-carbon pathways	NSPs are weak or do not contribute enough to GHG mitigation ambition, compared to results achieved by unsuccessful NSPs	Straw-in-the-Wind (60%)	Portfolio analysis Applicant survey	Convergent triangulated sources	Not possible to conclude – It was not possible within the framework of this evaluation to independently assess the mitigation ambition of NSPs.	Not applicable – The ambition level of the NSPs was not independently assessed for the evaluation.
		Mitigation ambition in countries and sectors with NSPs supported by the NAMA Facility increases during NSP preparation or implementation	Mitigation ambition increases in countries and sectors with unsuccessful applications	Straw-in-the-Wind (20%)	Literature review Applicant survey Country case studies	Convergent triangulated sources	Not possible to conclude – There is one example of mitigation ambition increasing partly due to NSP. However, it is too early to assess this hypothesis.	Evidence is weak , as countries have not submitted their revised NDCs yet and therefore changes in mitigation ambition could not be analysed.

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
		The raising of the NAMA Facility's mitigation ambition does not have adverse effects on applicants	The raising of the NAMA Facility's mitigation ambition does have adverse effects on applicants (e.g. creates added pressure / has unintended effects on design quality / implementation)	Straw-in-the-Wind (20%)	Applicant survey Country case studies	Convergent triangulated sources	H is true – The raising of the NAMA Facility's own mitigation ambition in 2020 from transformation towards a low carbon society to carbon neutrality appears not to have impacted on NSP stakeholders currently in DPP or implementation. Most stakeholders interviewed were not aware that the ambition had been raised.	None of the case studies or the survey uncovered any negative effects. However, the raising of the ambition happened in 2020, and therefore it is likely too early to observe such impacts, which weakens the validity of the evidence. The evidence is therefore overall medium .
	H3A2 NSPs are directly aligned with goals stated in a country's NDC (note overlap with H1A1)	NSPs have NAMAs associated with them that are aligned to countries' NDCs / low carbon ambitions (if greater than NDC commitment)	At the country level, NDCs do not mention NAMAs, and/or do not include mitigation activities in the sectors that can be packaged in ways covered by NSPs	Hoop	Literature review Country case studies	Signature	H is true – NSPs are embedded in NAMAs that are aligned with NDCs. There was one case where there was no alignment with current NDC, but the NSP was informing the revised NDC.	The evidence is strong not only because the evidence strength is 'signature', but also because it was confirmed by all case studies and by the documentation and literature review.
	H3A3 At the portfolio level, the NAMA Facility has achieved a level of mitigation ambition that is proportional to the level of funds committed, when compared to other initiatives	Number of GHG emission reduction ambitions is in line with that achieved by other initiatives (considering level of funding and maturity)	The NAMA Facility has achieved a lower level of GHG emission reduction ambitions than other initiatives	Doubly Decisive	Benchmarking	Consistent chronology	Not possible to conclude – There is a perception among CliFi community that the NF may have similar or higher level of GHG reductions, however this could not be confirmed in the benchmarking.	Evidence is weak as information on GHG emissions reduction from other initiatives is not publicly available. In addition, other programmes target also adaptation, making comparisons not entirely fair.
Added sub-question: Has this contribution been different in different regions?	H3A4 Contribution is greater in Latin America than in other geographic regions	Evidence collected to test hypotheses for question 3A indicates more significant contribution in Latin American countries	Evidence collected to test hypotheses for question 3A is similarly strong in all geographic regions	Doubly Decisive	Analysis of geographical differences for hypotheses H3A1, H3A2 and H3A3	Signature	H is not true – The contribution is slightly higher in LatAm, but not disproportionate (especially when benchmarked against the make-up of the UNFCCC NAMA registry).	The evidence has been categorised as 'signature', which means the hypothesis is "unequivocally indicated", so it is strong .
3B How well has the NAMA Facility met and performed against its ambition statement?	H3B1A NSPs meet the NAMA Facility's objectives (note overlap with H1B1)	The selected NSPs are compatible with the Facility's objective	The selected NSPs are not compatible with the Facility's objective	Hoop	Portfolio analysis Programme documentation review Interviews with donors and TSU	Convergent triangulated sources	H is true – None of the NSPs reviewed showed evidence of being incompatible with the Facility's objectives. NSPs are broadly aligned with the NAMA Facility's mission and vision.	Evidence is strong , as all sources of evidence are convergent that the portfolio is compatible and aligned with the Facility's objectives.

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
					Applicant survey Country case studies			
	H3B1B It is because of the competitive selection process that NSPs meet the NAMA Facility's objectives (note overlap with H1B1)	The eligibility criteria, assessment criteria, and assessment processes are aligned with the NAMA Facility's objectives	The eligibility criteria and selection process are not aligned with the NAMA Facility's objectives. There are objectives that are not reflected in the selection criteria. Selection criteria includes different elements than are in the objectives and appears to contradict	Hoop (20%)	Portfolio analysis programme documentation review Interviews with donors and TSU	Signature	H is true – The criteria and processes to select NSPs are aligned with the NF's objectives.	The evidence has been categorised as 'signature', which means the hypothesis is "unequivocally indicated", so it is strong .
		Independent assessors receive instructions to assess Outlines that are clear, with little room for interpretation, and aligned with the NAMA Facility's objectives	Independent assessors feel the process is too subjective, and they don't receive clear instructions of what constitutes a strong NSP Outline. The double assessment (TSU + external experts) shows inconsistencies and differences in interpretation.	Straw-in-the-Wind (20%)	Interviews with NAMA Facility Board members, with contracted assessors who review of NSP Outlines and associated review documentation and instructions	Convergent triangulated sources	H is true – Assessors agreed that the assessment process is clear, relevant and objective. Broadly speaking, there was consistency on interpretation of Outlines between TSU and independent assessors and there was scope and opportunities to contrast views throughout the process.	The evidence is strong with all independent assessors agreeing on these points.
		The information included in NSP Outlines is sufficient to assess the NSPs effectively against the selection criteria	NSP Outlines are very vague, and the template is not adequate to assess NSPs	Straw-in-the-Wind (20%)	Review of NSP Outlines and associated review documentation and instructions	Convergent triangulated sources	H is overall true – Assessors agreed the information was sufficient, except when it comes to assess the GHG emission reduction estimations in the desk assessment.	The evidence is strong , as views provided by both assessors and applicants, and the independent review by this evaluation team, converge.
		The on-site visit introduced in the 4th Call has resulted in the NSPs receiving funding being more strongly aligned with the NF objectives	The on-site visit does not provide any added value or improvements to the selection process The 'costs' -e.g. delays in schedule- are more detrimental than the marginal added value identified	Straw-in-the-Wind (20%)	Interviews with NSO, national ministries and implementing partners Applicant survey	Convergent triangulated sources	H is true - The on-site assessment was well valued by independent assessors and ASPs. All survey respondents agreed it was useful for presenting their concept.	The evidence is strong , with findings from survey and interviews with ASPs, assessors, TSU, and project implementers converging.

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
		Unsuccessful applicants feel the feedback given by the TSU on their application provide enough evidence as to why their application was unsuccessful	Unsuccessful applicants feel the process is unfair, and the feedback provided does not reflect a transparent and fair assessment	Straw-in-the-Wind (20%)	Applicant survey	Convergent triangulated sources	H is neither true nor false – There were mixed views among survey respondents on the fairness of the process. The high number of resubmissions, however, indicates applicants trust they can succeed if they improve their NSP Outline.	The evidence is medium to weak : only 12 unsuccessful applicants responded to the survey, but the evaluation team have triangulated this self-reported evidence against evidence of resubmissions (which would indicate a willingness to participate again in the NF).
	H3B2 The support provided by the NAMA Facility in the preparation phase ensures smooth transition into implementation, as well as alignment with the Facility's objectives	NSOs, national ministries and implementing partners value the technical assistance provided during the preparation phase, and consider it a key element to progress their NSP proposal	The technical assistance provided during the preparation is considered inadequate or not enough, and does not provide enough support for NSPs to move into implementation	Hoop (40%)	Interviews with NSOs, national ministries and implementing partners Applicant survey	Convergent triangulated sources	H is true – The DPP is considered one of the key added values of the NF by project implementers and ASPs.	The evidence is strong , as all interviewees coincided on the added value of the DPP to bring NSPs to the right level of readiness.
		The preparation period (15 months) is enough to achieve the required level of readiness to move onto implementation	The preparation period is too short for some NSPs (e.g. specific sectors, more innovative NSPs, more ambitious NSPs)	Straw-in-the-Wind (40%)	Interviews with NSOs, national ministries and implementing partners Applicant survey	Convergent triangulated sources	H is true – There was a fairly high level of agreement that the preparation period is adequate (not too long and not too short).	Evidence is strong , as views were convergent among survey respondents and interviewees (project implementers and ASPs)
		Unsuccessful applicants do not progress their NSP, or not at the same scale, scope, or speed than successful applicants	Unsuccessful applicants with high scores in the additionality criteria progress their NSP at the same scale, scope, or speed than successful applicants	Straw-in-the-Wind (20%)	Applicant survey Case studies of unsuccessful applicants,	Convergent triangulated sources	Not possible to conclude – Case studies of unsuccessful applicants were not finally conducted, and the findings from the survey were mixed: 8 out of 12 survey respondents had progressed their NSP, although only 2 at the same scale as scoped in NSP. The analysis of additionality criteria against 'success' was not finally conducted.	Evidence is weak , as case studies of unsuccessful applicants and the portfolio analysis of additionality were finally not conducted.
	H3B3A The NAMA Facility receives applications from a wide range of developing countries and sectors (overlap with H1B1)	The Facility receives and chooses applications from a wider range of developing countries and sectors than other initiatives	The Facility receives and chooses applications from a narrow range of developing countries and sectors than other initiatives	Hoop	Portfolio analysis Programme documentation review Country case studies	Signature	H is overall true – the geographical spread of applications and NSPs in portfolio is similar, in proportion, to UNFCCC registry, with the exception of Eastern European	The evidence has been categorised as 'signature', which means the hypothesis is "unequivocally indicated", so it is strong .

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
							countries, which are underrepresented.	
	H3B3B It is the support provided by the NAMA Facility that encourages applications from a wide range of developing countries and sectors (note overlap with H1B1)	The support provided by the NAMA facility during the NSP Outline preparation (webinars, guidance) targets/reaches many developing countries and is applicable across a wide range of sectors	The support provided does not reach a wide range of actors in terms of geography and sector	Smoking Gun (33%)	Programme documentation review Interviews with TSU, donors, NSOs and implementing partners Survey of applicants	Convergent triangulated sources	H is true – Most survey respondents used the support provided by the NF during the application process, and the applications received are fairly balanced geographically.	The evidence is medium to fairly strong , as data on outreach of communications products has not been analysed (therefore, the assessment was only based on consultations).
		The application process is considered easy-to-navigate, and potential/unsuccessful applicants are encouraged to / do (re-)apply for funding	The application process is considered too cumbersome and/or unfair, and potential/unsuccessful applicants are discouraged and do not (re)apply for funding	Straw-in-the-Wind (33%)	Portfolio analysis Interviews with TSU, donors, NSOs and implementing partners Survey of applicants Case studies of unsuccessful applicants	Convergent triangulated sources	H is overall true – The application process was overall easy to navigate, but some elements were found difficult. Overall these did not disproportionately affect a particular country / geography / sector, although it was found that tailored templates would be more appropriate for different sectors.	The evidence is fairly strong , as there was strong agreement on the elements that were the easiest and the most difficult in the application.
		Barriers for applicants (e.g. language) are overcome by the support provided by the TSU and the NSOs	There are certain barriers to apply that the NAMA Facility is not addressing, which prevents some countries from applying for NAMA support	Smoking Gun (33%)	Portfolio analysis Interviews with NSOs and implementing partners Applicant survey	Convergent triangulated sources	H is overall true – The support provided by the TSU was found useful by applicants, and language was not identified as a barrier to apply. However, some applicants mentioned that certain countries (SIDS) face some particular barriers, and more experienced ASPs may present concepts in a way that maximises scores without the concept being necessarily better than others.	The evidence is fairly strong as there are convergent views from survey of applicants, analysis of success rates, and views provided by interviewees.

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
	H3B4 The NAMA Facility works with a diverse set of delivery partners	NSPs are supported by a wide range of NSOs	The portfolio is skewed towards a certain type of reduced # of NSOs	Doubly Decisive (80%)	Portfolio analysis	Signature	H is not true – GIZ, and to a lesser extent UNDP, still have a dominant presence within NAMA Facility Calls, although its dominance may be declining. The quality of NSP Outlines was dependent on the profile of the submitter. ASPs that were experienced at submitting this type of applications knew how to present information in a way that would maximise their scores	The evidence has been categorised as 'signature', which means the hypothesis is "unequivocally indicated", so it is strong .
		The NAMA Facility reaches a wide range of potential NSOs via the newsletter, the website, and/or webinars	The outreach of the NAMA Facility is limited / could be wider	Straw-in-the-Wind (20%)	Programme documentation review Interviews with NSOs, donors and climate finance community	Convergent triangulated sources	H is true – The range of ASPs/NSOs applying in each Call is quite broad, with normally ~40 different organisations applying.	The evidence is weak , as data on outreach of communications products has not been analysed (therefore, assessment only based on portfolio analysis and consultations).
	H3B5 The NAMA Facility portfolio is of high quality, transformational, ambitious, and locally owned (note overlap with question 3A)	NSPs in implementation have the right level of readiness	NSPs are not sufficiently mature to achieve transformational change	Straw-in-the-Wind (25%)	Portfolio analysis Country case studies	Convergent triangulated sources	H is true – During DPP, NSPs achieve the level of readiness necessary to start implementation. Those who were not able to submit NSP Proposals with the expected level of readiness were discontinued.	All case studies indicate NSPs achieve the right level of readiness at the end of DPP. Evidence is fairly strong .
		NSPs demonstrate the features expected to support transformational change	NSPs do not demonstrate the features expected to support transformational change	Straw-in-the-Wind (25%)	Portfolio analysis Country case studies	Convergent triangulated sources	H is overall true – Three out of five NSPs analysed in-depth had one or more indications of how transformational change is expected to be achieved. However, in two countries, ownership was low due to change in administration. In addition, engagement of private sector could be strengthened and/or conducted earlier.	The evidence is fairly strong . Although it is too early to assess whether transformational change will be finally achieved, NSPs seem to be in the right pathway.

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
		NSPs are ambitious in terms of GHG emissions reductions and aim to move towards low-carbon or neutral-carbon pathways	NSPs are weak or do not contribute enough to GHG mitigation ambition, compared to results achieved by unsuccessful NSPs	Straw-in-the-Wind (25%)	Portfolio analysis Benchmarking Country case studies	Convergent triangulated sources	Not possible to conclude – it was not possible within the framework of this evaluation to independently assess the mitigation ambition of NSPs.	Not applicable – the ambition level of the NSPs was not independently.
		Countries / local organisations play a major role in the design and delivery of the NSP	Countries / local organisations do not play a major role in the design and delivery of the NSP	Doubly Decisive (25%)	Portfolio analysis Interviews with national ministries Country case studies	Convergent triangulated sources	Evidence is neither true nor false – Out of the five case studies analysed, local organisations played a significant role in three cases. In one case, local organisations were not playing a strong enough role. In another case, evidence is unclear as a local ownership was low following a change in administration (participation of local organisations under the previous administration could not be assessed).	The evidence is of medium strength, as the case studies represent a small fraction of the portfolio. Interviews with other applicants did not offer much information on local ownership. This element should be explored more in depth by the ELE evaluation.
3C How can the Facility encourage the replication and scaling up of projects?	H3C1 It is too early to assess replication, but there are examples of NSPs where there are indications that: (a) the technology or approach could be replicated, (b) the financing mechanism could be replicated	There are indications that: (a) the technology or approach could be replicated, (b) the financing mechanism could be replicated	There are no indications that: (a) the technology or approach could be replicated, (b) the financing mechanism could be replicated	Smoking Gun	Portfolio analysis Programme documentation review Country case studies	Convergent triangulated sources	H is true – The case studies showed there are examples of NSPs where the approach (mainly, the financing mechanism) could be replicated.	The evidence is fairly strong , as most NSPs analysed in depth show potential for replication.
	H3C2 The NAMA Facility actively promotes the replication of these examples	NSPs with potential for replication are promoted widely (e.g. via websites, examples presented at conferences, etc)	NSPs with potential for replication are not promoted or only inconsistently	Smoking Gun	Programme documentation review Interviews with TSU, donors, NSOs, implementing partners	Convergent triangulated sources	H is overall true – There was also some evidence of the TSU and donors sharing information on NSPs to promote replication. However, all stakeholders interviewed (both internal and external) agree that more could be done to promote replication through NAMA Facility networks etc.	The evidence is weak . There are examples of NSPs shared in the website, but it is unclear whether they have had enough outreach. Only a small sample of ASPs interviewed reported having received information about other NSPs.

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
3D How influential is the NAMA Facility in partner countries and in the broader landscape of climate finance?	H3D1 Lessons learned by the NAMA Facility are applied by other financial mechanisms	NAMA Facility shares lessons learned with other climate finance initiatives/mechanisms	The NAMA Facility does not share lessons learned	Hoop (20%)	Programme documentation review Interviews with climate finance community	Convergent triangulated sources	H is not true – Currently, NF coordination with other donors and programmes is lacking. Other funds or programmes interviewed universally reported having closer relationships and deeper coordination with other funders or programmes.	The opinions of interviewees were convergent and in line with findings from desk research, so the evidence is fairly strong .
		The lessons are applied by other initiatives (e.g. on selection process)	Other initiatives do not find NAMA Facility's lessons learned useful or applicable	Smoking Gun (80%)	Programme documentation review Interviews with NSOs, implementing partners, climate finance community Applicant survey	Convergent triangulated sources	H is not true – The evaluation did not uncover evidence of any impact in this area as yet. There is interest from other funds and programmes, however, in learning from NF.	Whilst the CliFi community stakeholders interviewed converged in their views (and these were supported by the independent desk-based review of funds by this evaluation team), it is not possible to confidently claim that no other initiative has used the NF's lessons. Overall, therefore, the evidence strength is medium .
	H3D2 Feedback provided to unsuccessful applicants is taken onboard when applying for other funding	Unsuccessful applicants report addressing the feedback provided by the NAMA Facility to progress their NSP	Unsuccessful applicants do not find the feedback useful	Straw-in-the-Wind (30%)	Applicant survey Case studies of unsuccessful applicants	Convergent triangulated sources	H is true - Two survey respondents who had received feedback on their application stated that they had already used it to improve their concept. One had already used it to reapply for funding to the NAMA Facility and another was planning to use it to reapply to the NAMA Facility. In addition, a high number of resubmissions and their improved scoring demonstrates this hypothesis is true.	Evidence type is fairly strong with convergent sources of evidence.
		Unsuccessful applicants report addressing the feedback when applying for funding elsewhere	Unsuccessful applicants do not use the feedback, or do not apply for funding elsewhere	Straw-in-the-Wind (70%)	Applicant survey Case studies of unsuccessful applicants	Convergent triangulated sources	H is true – The two unsuccessful applicants who responded to the survey and who were also seeking funding elsewhere reported using the feedback to apply for funding elsewhere. Interviews with ASPs also confirm applicants used	The evidence is of medium strength: only two unsuccessful applicants seeking funding elsewhere responded to this question (though both of these had used the feedback). This finding, although anecdotal due to low number of responses, was backed up by findings

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
							feedback to apply elsewhere.	from interviews with applicants.
	H3D3 The funding and technical assistance received by successful applicants helps crowd in other sources of funding towards the NSP or other NAMAs	Successful applicants report having leveraged additional sources of funding, and NAMA Facility is thought to have had a catalytic effect	Successful applicants do not leverage any additional funding, or if they do, they don't associate it to be helped by the NAMA Facility	Straw-in-the-Wind	Portfolio analysis Interviews with NSOs and implementing partners Country case studies	Convergent triangulated sources	Not possible to conclude – Given the timeframe of the evaluation, the leveraging of private funding was not observable yet, but NSPs were engaging the private sector and interest among investors seemed strong in some NSPs.	The evidence is weak as NSPs analysed in depth had just started implementation. This is expected to be observable after one year of NSPs starting implementation.
3E How well does the NAMA Facility promote learning within its NSP portfolio and from programme implementation and how can learning be further improved?	H3E1 The NAMA Facility provides a forum for NSP implementers to share lessons learned	The NAMA Facility provides a forum for NSP implementers to share lessons learned	The forums provided by the NAMA Facility are not adequate for lesson learning	Doubly Decisive	Interviews with NSOs and implementing partners	Convergent triangulated sources	H is overall true – There are examples of applicants learning from existing and past NSPs to design their own projects. However, the NF is not a learning hub yet. In many cases, lesson sharing was organised by project implementers/others, but not by the NF.	The evidence is fairly strong , as views from different stakeholders were convergent.
	H3E2 External actors are aware of and have made use of learning from the NAMA Facility	External actors are aware of and have made use of learning from the NAMA Facility	External actors are not aware of and/or have not made use of learning from the NAMA Facility	Straw-in-the-Wind	Literature review Interviews with national ministries and climate finance community	Convergent triangulated sources	H is not true - External events (webinars, side events at COPs etc.) seem to be focussed largely on attracting new applicants to the Facility, rather than sharing knowledge more broadly. Members of the CliFi community consulted considered that the NAMA Facility could do more to coordinate learning across programmes.	The evidence is medium . Views from different stakeholders were convergent, but the sample of CliFi interviews was small and may not be representative of all the external actors.
4A How well does the Facility: (a) meet its objectives, and (b) effectively and efficiently	H4A1 The financial instruments used by the Facility help NSPs to achieve transformational change	The Facility structure helps NSPs to achieve transformational change (e.g. by ensuring appropriate checks and balances)	The Facility structure hinders NSPs from achieving transformational change (e.g. by delaying payments, discouraging certain project or applicant types)	Straw-in-the-Wind	Applicant survey Interviews with NSOs and implementing partners	Convergent triangulated sources	H is neither true nor false – The structure (checks, etc.) encouraged progress, but administrative processes were considered difficult to follow and hindered progress.	The evidence is fairly strong , as views from different stakeholders were convergent.

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
deliver climate finance?	H4A2 The financial instruments used by the Facility encourage donor contributions	The funding for the Facility from donors has increased / is likely to increase in the future	The funding for the Facility has / will decrease(d) over time	Doubly Decisive	Programme documentation review Interviews with donors	Signature	H is overall true – Funding to the NF increased during the time period of the evaluation. However, when asked in interview, only one of the donors was able to confidently confirm that they would continue contributing to future Calls, but this is partly due to current uncertainty with COVID-19.	The immediate observable evidence is strong (i.e. funding has increased – the hypothesis is “unequivocally indicated”). However, the evidence for future contributions is weaker – the views of donors do not converge.
4B Does the current governance structure incentivise regular and meaningful (financial and non-financial) contributions to the Facility and how can this be further incentivised?	H4B1 Communication is adequate	NAMA Facility internal stakeholders (the Board, TSU, NFGA, etc) agree that communication works well and can point to positive outcomes of this communication	(Some) NAMA Facility internal stakeholders do not agree that the communication is working well and can point to problems with the communication	Doubly Decisive	Programme documentation review Interviews with donors, TSU, NFGA and NSOs	Signature	H is true – The Board, TSU, NFGA, etc. agree that communication works well and can point to positive outcomes of this communication. This could also be observed by the evaluation team along the evaluation.	The evidence has been categorised as ‘signature’, which means the hypothesis is “unequivocally indicated”, so it is strong .
	H4B2 The TSU engages donors efficiently and effectively	Donors are engaged and agree that the TSU does a good job of engaging them	(Some) donors are not engaged and/or they do not agree that the TSU is effectively engaging (all) donors	Doubly Decisive	Programme documentation review Interviews with donors	Signature	H is true – Donors’ level of engagement depends on their level of contribution to the NF, which is to be expected. All interviewees agreed the TSU effectively engages donors.	The evidence has been categorised as ‘signature’, which means the hypothesis is “unequivocally indicated”, so it is strong .
	H4B3 The overall decision-making process is effective, with no delays in programme implementation derived from lack of steering from donors or lengthy decision-making processes	The TSU, NSPs and other key stakeholders agree that decision-making is relatively timely (e.g. compared to other similar programmes, given the nature of the process)	Decision-making is not timely (e.g. compare to other similar programmes) - the donor decision-making process is inefficient	Straw-in-the-Wind	Portfolio analysis Programme documentation review Interviews with TSU, NFGA, NSOs and implementing partners Applicant survey	Convergent triangulated sources	H is true – Compared to other initiatives, the NF is found to be less political and faster at making decisions.	The evidence is overall strong , as all data sources analysed point towards quick decision-making processes.

EQ	Hypothesis	Evidence if H is true	Evidence if H is not true	Type of test (weight)	Sources of evidence	Strength of evidence	Findings	
							Status of hypothesis	Strength of evidence
4C Given the growing portfolio and its continued projected growth does the Facility have the capacity to absorb this?	H4C1 The Facility has the capacity to absorb its projected growth	An analysis of the Facility's capacity (in terms of staffing, processes, funding, etc) suggest it is demonstrably adequate for absorbing the projected growth	An analysis of the Facility's capacity suggests that it is demonstrably inadequate for absorbing the projected growth	Doubly Decisive	Programme documentation review Benchmarking Applicant survey Interviews with TSU, NFGA, donors, NSOs	Convergent triangulated sources	H is overall true - The evaluation has not identified major issues that may affect the TSU's capacity to continue operating the NAMA Facility, although it is recognised that workload will increase as more NSPs enter DPP and implementation.	The evidence is medium as it is mainly based on interviewees self-reported capacity to absorb growing portfolio.

Table A2. Summary of the tests conducted in the process tracing framework

Hypothesis	Status
H1A1 NAMAs are relevant mechanisms to help achieve the objectives of Nationally Determined Contributions (NDCs) that were adopted through the Paris Agreement at COP21 in December 2015	H is overall true
H1B1 The NAMA Facility has a clear identity	H is not true
H1B2 The NAMA Facility provides a distinctive offering relative to other initiatives supporting NAMAs and/or other similar mechanisms that combine policies and financial mechanisms	H is true
H1B3 The NAMA Facility is visible - i.e. known out of its inner circle	H is true
H1B4 The NAMA Facility is valued - i.e. generates interest among potential investors, applicants and support organisations who have relevant and eligible project concepts	H is overall true
H1C1 The distinctive and unique (visible, clear, valued) identity of the Facility relies on: (a) its combination of TA and targeted FC support, (b) a thorough two-stage project selection combined with a call for proposals, (c) it being open to NSPs from any developing country and any sector demonstrating sufficient transformational change	H is overall true
H1C2 The NAMA Facility is optimising synergies with other instruments supporting countries in achieving their NDCs	H is neither true nor false
H2A1 NSPs produce sustainable co-benefits (early evidence of impact - note that this will *not* be the focus of this evaluation, therefore this will be a very light-touch review)	H is potentially true
H2A2 The NAMA Facility support helps NSPs to produce sustainable co-benefits (early evidence of impact)	H is neither true nor false
H2A3 Unsuccessful NSPs do not manage to achieve their objectives / transformational change without the support of the NAMA Facility	H is overall true
H2B1 NAMA Facility knowledge and lessons-sharing facilitates or encourages further public and leverage private finance for low-carbon development in target countries (note overlap with H1B4 and H3D1)	H is potentially true
H2B2 The NAMA Facility funds examples of innovative financing and incentive mechanisms	H is true
H2B3 The NAMA Facility disseminates knowledge / learning from these innovative financing and incentive mechanisms of NSP/NAMAs with the aim of generating a demonstration effect	H is overall true
H2B4 Barriers to the achievement of the NAMA Facility's ToC are regularly assessed and action taken to mitigate them	H is overall true
H3A1 The NAMA Facility's portfolio comprises NSPs which show an appropriate level of ambition given the country/sector/temporal context	Not possible to conclude
H3A2 NSPs are directly aligned with goals stated in a country's NDC (note overlap with H1A1)	H is true
H3A3 At the portfolio level, the NAMA Facility has achieved a level of mitigation ambition that is proportional to the level of funds committed, when compared to other initiatives	Not possible to conclude
H3A4 Contribution is greater in Latin America than in other geographic regions	H is not true
H3B1A NSPs meet the NAMA Facility's objectives (note overlap with H1B1)	H is true
H3B1B It is because of the competitive selection process that NSPs meet the NAMA Facility's objectives (note overlap with H1B1)	H is overall true

H3B2 The support provided by the NAMA Facility in the preparation phase ensures smooth transition into implementation, as well as alignment with the Facility's objectives	H is true
H3B3A The NAMA Facility receives applications from a wide range of developing countries and sectors (overlap with H1B1)	H is overall true
H3B4 The NAMA Facility works with a diverse set of delivery partners	H is not true
H3B5 The NAMA Facility portfolio is of high quality, transformational, ambitious, and locally owned (note overlap with question 3A)	Evidence is neither true nor false
H3C1 It is too early to assess replication, but there are examples of NSPs where there are indications that: (a) the technology or approach could be replicated, (b) the financing mechanism could be replicated	H is true
H3C2 The NAMA Facility actively promotes the replication of these examples	H is overall true
H3D1 Lessons learned by the NAMA Facility are applied by other financial mechanisms	H is not true
H3D2 Feedback provided to unsuccessful applicants is taken onboard when applying for other funding	H is true
H3D3 The funding and technical assistance received by successful applicants helps crowd in other sources of funding towards the NSP or other NAMAs	Not possible to conclude
H3E1 The NAMA Facility provides a forum for NSP implementers to share lessons learned	H is overall true
H3E2 External actors are aware of and have made use of learning from the NAMA Facility	H is not true
H4A1 The financial instruments used by the Facility help NSPs to achieve transformational change	H is neither true nor false
H4A2 The financial instruments used by the Facility encourage donor contributions	H is overall true
H4B1 Communication is adequate	H is true
H4B2 The TSU engages donors efficiently and effectively	H is true
H4B3 The overall decision-making process is effective, with no delays in programme implementation derived from lack of steering from donors or lengthy decision-making processes	H is true
H4C1 The Facility has the capacity to absorb its projected growth	H is overall true

Annex 2: Data sources and collection methods

The following sources of data (and collection methods) formed the basis of the evaluation. Analytical methods are described in Section 2.3 of this Report and in Annex 1 above.

Documentation review

A desk review was undertaken of the following NAMA Facility programme documentation:

- The 2017, 2018 and 2019 Annual and Semi-Annual NAMA Facility Reports;
- The NAMA Facility Ambition Statement (2019);
- The NAMA Facility Risk Appetite Statement (2019);
- The NAMA Facility ToC (as well as an internal document tracking the evolution of the ToC);
- The NAMA Facility LogFrame
- The NAMA Facility M&E Framework;
- Information on the NAMA Facility's definition of transformational change, available on the website;
- The Knowledge Creation Strategy;
- The Knowledge Creation Strategy Three Year Workplan;
- The Knowledge Creation Strategy Update Report (2020);
- Email newsletters and announcements circulated by the NAMA Facility during the evaluation period (once the evaluation team were on the mailing list);
- Templates and guidance produced for applicants to the 4th, 5th, 6th and 7th Calls, available on the NAMA Facility website;
- Assessment templates for the 4th, 5th and 6th Calls;
- Assessment logs for the 1st to 6th Calls (used for the portfolio analysis);
- Outlines selected for DPP from the 4th, 5th and 6th Calls (used for the portfolio analysis);
- The independent assessors' reports produced for the 4th, 5th and 6th Calls;
- Information available on NSPs available on the website;
- The Detailed Arrangement between the BMU and BEIS;
- The NAMA Facility's 2019 Amendment Policy for NSPs in the Detailed Preparation Phase or Implementation Phase;
- Three 'transformational change case studies' developed in 2020 and covering the Mexican housing, Peru Sustainable Urban Transport and the Thailand Refrigeration and Air Conditioning NSPs; and
- Evaluation design documents prepared by the NAMA Facility Evaluation and Learning Exercises (ELE) team (namely, a ToC analysis and an evaluation framework).

Additionally, the following types of external documentation were reviewed for the benchmarking exercise and the case studies:

- Literature on NAMAs and the climate finance landscape;
- Documentation related to the climate finance initiatives included in the benchmarking (public reports, evaluations, websites, etc.); and
- Documentation to inform case studies: including national strategies, countries' NDCs, documentation related to their NSPs and other NAMAs.

In-depth interviews

A total of 47 in-depth interviews were conducted with 60 interviewees. The interviews were undertaken by phone between June and September 2020. They lasted, on average, between 45 minutes and 1 hour. Interviews with some groups of stakeholders (TSU desk officers and assessors) were shorter and focused on very specific aspects of the NAMA Facility. Other groups of stakeholders (TSU and donors) were interviewed during the inception phase, and then again during the data collection phase. The table below shows the composition of the sample of interviewees.

Table A2. Interviews conducted during the data collection phase

Stakeholder type	Research Activity	Target	Conducted	Number of people interviewed
NAMA Facility Donors, TSU, NFGA	Background information and context (scoping), analysis of governance and management effectiveness/ efficiency. <i>The total number includes both scoping (S) and implementation (I) interviews.</i>	4 (S) 1 to 6 (I)	6 (S) 9 (I)	17 (some were interviewed more than once)
Independent NSP assessors contracted by TSU	As part of the assessment of the effectiveness and efficiency of the selection process. <i>These were very short and targeted interview focussed on process elements.</i>	3	3	3
Implementing Partners, including unsuccessful applicants	As part of the country case studies only to learn more about the NSPs covered. <i>Non-case study implementing partners were invited to participate in the survey.</i>	Up to 15	7	9
UNFCCC Focal Points, donor country offices / embassies in case study countries	As part of the country case studies only to learn more about the positioning and the relevance of the NAMA Facility within each country.	5 to 10	4	8

ASPs, co-applicants and NSOs	<p>Applicant Support Partners and Co-Applicants: As part of the country case studies, focussed on NSP experience, but also covering the TC, relevance and efficiency of the NAMA Facility more broadly).</p> <p>NSO: A range were consulted (those working in case study countries and elsewhere). These interviews covered <i>inter alia</i> TC, effectiveness and relevance.</p>	15	13	20
Similar TC-supporting programmes	Benchmarking exercise, and to assess relevance.	5 to 6	6	6
Climate Finance Community	Relevance – this will include actors who do not have a connection to NAMA Facility.	3 to 5	5	11
Total		50	55	69

Online survey of applicants

An online survey of approximately 15 minutes in length was distributed to all applicants to the 4th, 5th and 6th Calls. The survey was open between 29th July and 3rd September. Respondents were asked to give feedback on the NSP they were most familiar with or most closely involved in (in case of involvement in multiple NSPs) and the questionnaire covered questions the rationale for the application for support, their views on the application process, on the support received, and the extent to which NSPs or NAMAs have progressed or would have progressed without support from the NAMA Facility. As Outlined in the tables below, out of the 25 responses received, 13 were applicants to the 6th Call and 12 were those who did not have their Outlines selected ('unsuccessful applicants'). The survey was programmed and hosted by Ipsos MORI, and the survey invitation was sent by the TSU via email to 859 contacts who had been involved in applications. Due to the low response, survey data is not necessarily representative of the full population of applicants.

Table A3. Profile of survey respondents per Call

Call NSP submitted in	
4th Call (2016)	1
5th Call (2017)	7
6th Call (2018)	13
Don't know which Call	4

Table A4. Profile of survey respondents per stage of NSP

Current stage of NSP	
NSP Outline was not selected to move onto preparation phase	12
NSP is in Detailed Preparation Phase	4
NSP discontinued during or after the Detailed Preparation Phase	0
DPP finalised and NSP Proposal submitted, but funding decision on implementation is pending	3
DPP finalised and funding for implementation approved but implementation has not yet started	0
NSP in implementation	2
Don't know	4

Annex 3: Benchmarking summary table

Table A5. Summary of the findings of the benchmarking exercise³⁸

	NAMA Facility	Green Climate Fund	CIF: Clean Technology Fund	Global Environment Facility (WBG)	Nordic Climate Facility	Climate Change Fund (ADB)	NDC Invest : NDC Pipeline Accelerator
Year started	2012	2010	2008	1992	2009	2008	2016
Climate objective	Mitigation	Adaptation, Mitigation, Cross-cutting	Mitigation	Adaptation, Mitigation, Cross-cutting	Adaptation, Mitigation, Cross-cutting	Adaptation, Mitigation, Cross-cutting	Adaptation, Mitigation, Cross-cutting
Type of funder	Multilateral (4)	Multilateral (49)	Multilateral (9)	Multilateral (40)	Multilateral (5)	Multilateral (68)	Multilateral (6)
Total funding	EUR 523 million	USD 13.6 billion	USD 5.5 billion (through 2018)	USD 24.75 billion	EUR 35.9 million	USD 74 million	EUR 15 million

³⁸ **Selection criteria:** (i) Sufficient funding, maturity and current activity levels to be appropriate for comparison and offer learning opportunities; (ii) Preference for those that fund transformational strategies such as at the sectoral or national level similar to NSP concepts; (iii) Focus on implementation of NDCs (including via NAMAs) even if it also funds readiness activities; (iv) Provides grants potentially as well as other funding types, e.g. loan guarantees, bridge financing; (v) Preference for multi-donor international profile with diversity of sectors, geographies and project types/scales; (vi) Preference to initiatives that are open to recipients other than solely national governments; (vii) Consider both those with an annual call or similar decision-making process as well as any that handle project selection in a different way that could provide opportunities for learning; (viii) Consider more traditional fund structures as well as facilities

	NAMA Facility	Green Climate Fund	CIF: Clean Technology Fund	Global Environment Facility (WBG)	Nordic Climate Facility	Climate Change Fund (ADB)	NDC Invest : NDC Pipeline Accelerator
Support along value chain	Project and programme implementation;	Creating enabling environments and building institutional capacity; Scoping and project preparation; Project and programme implementation	Scoping and project preparation; Project and programme implementation	Scoping and project preparation; Project and programme implementation	Project and programme implementation	Scoping and project preparation; Project and programme implementation	Creating enabling environments and building institutional capacity; Scoping and project preparation; Project and programme implementation
Funding max per project	EUR 20 million	USD 500+ million	USD 200+ million	USD 15 million	EUR 500,000	USD 5 million	EUR 2 million
Funding instrument (s)	Grants, Concessional loans, Guarantees	Grants, Contingent grants, Concessional loans, Equity, Guarantees, Results-based finance	Grants, Contingent grants, Concessional loans, Equity, Guarantees	Grants, Concessional loans, Equity, Guarantees	Grants	Grants	Grants, Contingent grants, Guarantees, Insurance
Funds for preparatio	No	Yes	Yes	Yes	No	Yes	Yes

	NAMA Facility	Green Climate Fund	CIF: Clean Technology Fund	Global Environment Facility (WBG)	Nordic Climate Facility	Climate Change Fund (ADB)	NDC Invest : NDC Pipeline Accelerator
Can it support?							
How identify projects	Call-based	Country programming; Call-based; private sector facility	Country programming; private sector facility	Country programming	Call-based	Country programming; private sector facility	Country programming ; private sector facility
Country ownership regulations?	Yes	Yes	Yes	Yes	No	No	Yes
Transformational change regulations?	Yes	Not directly (it assesses paradigm shift)	Yes	Yes	No, innovation of business models	No	Yes

	NAMA Facility	Green Climate Fund	CIF: Clean Technology Fund	Global Environment Facility (WBG)	Nordic Climate Facility	Climate Change Fund (ADB)	NDC Invest : NDC Pipeline Accelerator
Type of applicant/recipient of funds (per NDCP Climate Finance Explorer, need to cross-check)	Public entity at the national, sub-national, regional level; Private sector, Non-profit or civil society organisation, International organisation, Other	Public entity at the national, sub-national, regional level; Private sector, Non-profit or civil society organisation, Community-level organisation, International organisation, Other	Public entity at the national, sub-national, regional level; Private sector, Non-profit or civil society organisation	Public entity at the national level, Private sector, Non-profit or civil society organisation, International organisation, Other	Non-profit or civil society organisation, Private sector	Public entity at the national level	Public entity at the national level, Public entity at the sub-national level, Private sector
Geographic focus (all are developing countries)	All regions	All regions	All regions	All regions	21 countries only	Asia	Latin America and Caribbean (LAC)
Sectors/tech [mitigation only]	Broad mitigation categories	Broad mitigation categories	Energy efficiency, Renewable Energy, Transportation	Broad mitigation categories	Broad mitigation categories	Forestry and Land-Use, Industry and Infrastructure, Renewable Energy, Transportation, Urban	Transport, Renewable Energy, Water and Wastewater systems

	NAMA Facility	Green Climate Fund	CIF: Clean Technology Fund	Global Environment Facility (WBG)	Nordic Climate Facility	Climate Change Fund (ADB)	NDC Invest : NDC Pipeline Accelerator
Project type(s)	Programmatic/sectoral	Programmatic/sectoral; cross-sectoral	Programmatic/sectoral; project	Programmatic/sectoral; cross-sectoral; project	Project; business model innovation	Programmatic/sectoral; cross-sectoral; project; business model innovation	Programmatic/sectoral; cross-sectoral; project; business model innovation

Annex 4: Survey results

This annex sets out the responses received per survey question in tabular form. The tables have not been numbered, but the title of each is the question as it was written in the survey questionnaire.

Question A1. *Which of the following best describes your organisation?*

	No. of respondents	% of respondents
International organisation	5	20%
Development bank	-	-
Development Agency	1	4%
UN Organisation	-	-
Civil Society Organisation (CSO), Non-Government Organisation (NGO), or Foundation	1	4%
Think tank, University or research organisation	-	-
Consultancy Firm	1	4%
Other international organisation (please specify)	2	8%
National organisation	20	80%
Development bank	1	4%
Development Agency	1	4%
National ministry / department in a host country	9	36%
Other public organisation at the national or sub-national level in a host country	1	4%
Civil Society Organisation (CSO), Non-Government Organisation (NGO), or Foundation	7	28%
Think tank, University or research organisation	-	-
Consultancy Firm	-	-
Other national organisation (please specify)	1	4%
Don't know	-	-

Base: All survey respondents (N=25)

Question A2. *How many NAMA Support Project (NSP) Outlines has your organisation submitted to the NAMA Facility, or helped others to submit? If you are unsure, please provide your best estimate.*

	No. of respondents	% of respondents
1 Outline	13	52%
2 Outlines	8	32%
3 Outlines	1	4%
6 Outlines	1	4%
12 Outlines	1	4%
60 Outlines	1	4%

Base: All survey respondents (N=25)

Question A3. Now, think of the NSP Outline you are most familiar with, or were most closely involved in, in 4th, 5th or 6th Calls. The survey will focus mainly on this NAMA Support Project (NSP). Please, enter the name of this NSP in the box below (in English or in your own language).

[RESPONSE NOT PROVIDED HERE SO AS TO MAINTAIN ANONYMITY]

Question A4. Which of the following describes best your organisation's role in the NSP Outline for the NSP you are most familiar with?

	No. of respondents	% of respondents
Partner Ministry	4	24%
NAMA Support Organisation	1	6%
Implementing Partner	7	41%
Applicant Support Partner	3	18%
Other (please specify) [OPEN TEXT]	2	12%
Don't know	-	-

Base: Applicants who provided name of NSP (N=17).

Question A5. What is the sector of this NSP Outline? Please, select the sector that best describes your project.

	No. of respondents	% of respondents
Transport	-	-
Agriculture	1	13%
Forestry	1	13%
Land use	-	-
Renewable energy	-	-
Energy efficiency	2	25%
Waste management	2	25%
Waste water treatment	-	-
Other (please specify)	2	25%
Don't know	-	-

Base: Applicants who did not provide name of NSP (N=8).

Question A6. Which country or countries is this NSP Outline based in?

Philippines
Mozambique and another country
Kenya
Sri Lanka
Prefer not to say / Don't know: 4 respondents

Base: All survey respondents (N=8)

Question A7. Which Call did your organisation submit a NSP Outline for the NSP you are most familiar with in? Please, select only the most recent Call.

	No. of respondents	% of respondents
4th Call (2016)	1	4%
5th Call (2017)	7	28%
6th Call (2018)	13	52%
Don't know	4	16%

Base: All survey respondents (N=25).

Question A8. Had your organisation submitted an NSP Outline for this project in a previous Call?

	No. of respondents	% of respondents
Yes, this was a resubmission of an NSP Outline our organisation had submitted in a previous Call	7	28%
Yes, this was a resubmission of an NSP Outline another organisation had submitted in a previous Call	3	12%
No, this was the first time our organisation had submitted an NSP Outline for this project	11	44%
Don't know	4	16%

Base: All survey respondents (N=25).

Question A9. What is the current stage of this NSP? Please, indicate the stage with relation to the NAMA Facility.

	No. of respondents	% of respondents
NSP Outline was not selected to move onto preparation phase	12	48%
NSP is in Detailed Preparation Phase	4	16%
NSP discontinued during or after the Detailed Preparation Phase	-	-
Detailed Preparation Phase finalised and NSP Proposal submitted, but funding decision on implementation is pending	3	12%
Detailed Preparation Phase finalised and funding for implementation approved but implementation has not yet started	-	-
NSP in implementation	2	8%
Don't know	4	16%

Base: All survey respondents (N=25).

Question B1. *How did you first hear about the NAMA Facility? Please select all that apply.*

	No. of respondents	% of respondents
Through an organisation that had applied before to the NAMA Facility (e.g. think tanks, civil society organisations, development agency, development bank)	5	20%
Through another contact (not NAMA Facility or an organisation that had applied before to the NAMA Facility)	5	20%
NAMA Facility website	4	16%
Other (please specify ³⁹)	4	16%
Received an email from the NAMA Facility	3	12%
When our project partner introduced us to it/suggested we prepare an Outline	3	12%
Through another form of communication from the NAMA Facility	2	8%
Climate finance industry event or other outreach event (e.g. presentation at a COP)	2	8%
Webinar or another online event	-	-
Don't know	-	-

Base: All survey respondents (N=25).

Question B2. *Please indicate the extent to which the following factors were important in your decision to submit an NSP Outline to receive support from the NAMA Facility.*

	Not at all important		Not very important		Fairly important		Very important		Don't know	
	No.	%	No.	%	No.	%	No.	%	No.	%
The possibility to use the grant for both financial and technical components	1	4%	1	4%	3	12%	19	76%	1	4%
The NAMA Facility's focus on transformational change	3	12%	1	4%	3	12%	18	72%	0	0%
The feedback that the NAMA Facility provides on Outlines	4	16%	2	8%	4	16%	14	56%	1	4%

³⁹ Other sources of information included from a colleague at GIZ, through a partner when requesting support, at a NAMA Facility event and through a direct contact at BMU.

(before submitting a full proposal)										
The technical assistance that we could get with support from the NAMA Facility	2	8%	1	4%	7	28%	15	60%	0	0%
The financial support offered for the Detailed Preparation Phase	2	8%	1	4%	4	16%	18	72%	0	0%
The flexibility to use NAMA Facility support together with other sources of funding	3	12%	1	4%	10	40%	11	44%	0	0%

Base: All survey respondents (N=25).

Question C1. The following set of questions ask you about your experience of submitting an NSP Outline the NSP you are most familiar with. Were you involved at all in this stage of the process?

	No. of respondents	% of respondents
Yes	16	64%
No	7	28%
Don't know	2	8%

Base: Applicants involved in an NSP Outline (4th to 6th Calls) (N=25).

Question C2. Focusing on the application process for the NAMA Facility, how would you score the following elements on a scale from 'difficult' to 'easy'?

	NET: Difficult ⁴⁰		NET: Easy		Don't know	
	No. of respondents	% of respondents	No. of respondents	% of respondents	No. of respondents	% of respondents
Understand the concepts in the application form	9	56%	7	44%	-	-

⁴⁰ Full response options were 'Very Difficult', 'Somewhat difficult', 'Somewhat easy', 'Very Easy' and 'Don't Know'

Understand the guidelines to complete the application	3	19%	13	81%	-	-
Write the application in English	5	31%	11	69%	-	-
Describe the project concept in the application	3	19%	13	81%	-	-
Describe the potential for transformational change in the application	11	69%	5	31%	-	-
Calculate the mitigation potential (tCO ₂ e/a) of your concept or project at the end of the NSP	13	81%	3	19%	-	-
Calculate the mitigation potential (tCO ₂ e/a) of your concept or project in the long term (i.e. after 10 years or over the lifetime of the technology)	12	75%	4	25%	-	-
Describe the financial mechanism and build the business model and scenarios	13	81%	3	19%	-	-

Base: Applicants involved in submitting an NSP Outline (4th to 6th Calls) (N=16).

C3. What support did your organisation receive, if any, from the NAMA Facility to prepare the NSP Outline? If you have submitted this NSP Outline in more than one Call, please think of the application(s) submitted in 4th to 6th Calls.

	No. of respondents	% of respondents
I or someone at my organisation read the online guidelines (General Information Document, clarification notes on the interpretation of the documents and application process, factsheets, FAQs)	13	81%
I or someone at my organisation participated in one or more webinars presenting lessons learned from previous Calls, or watched the recorded webinars	9	56%
I or someone at my organisation participated in one or more webinars dedicated to the Call we were applying to, or watched the recorded webinars	8	50%
We submitted clarification question(s) via email or during a webinar	5	31%
I or someone at my organisation participated in a workshop, conference, or other type of face to face activity where the NAMA Facility was presented or introduced (e.g. as part of COP/UNFCCC event)	4	25%
We received direct feedback from the TSU on our concept before the Call was launched	3	19%
Other (please specify ⁴¹)	2	13%

⁴¹ Other forms of support included funding, a pool of experts to consult and a debrief call.

We didn't receive any support from the NAMA Facility	1	6%
Don't know	-	-

Base: Applicants involved in submitting an NSP Outline (4th to 6th Calls) (N=16).

C4. When designing your NAMA concept, did you review and/or make use of knowledge / learning from existing NSPs, as shared by the NAMA Facility at events, in their publications and on their website? Please, select one option.

	No. of respondents	% of respondents
Yes, we reviewed and took this information into account when designing our NAMA concept (i.e. before developing the NSP Outline)	4	25%
Yes, we reviewed and took this information into account when developing the Outline to align the concept with the requirements of the NAMA Facility	9	56%
No, we reviewed the learning, but did not make use of it	-	-
No, we were aware of, but did not review the learning	1	6%
No, we were not aware of any learning products	1	6%
Don't know	1	6%

Base: Applicants involved in submitting an NSP Outline (4th to 6th Calls) (N=16).

Question C5. An on-site assessment was introduced in the 4th Call to confirm and expand the initial desk assessment of the NSP Outlines. Did you undergo an on-site assessment as part of the Outline Phase for any of the NSPs you have submitted, or helped others to submit?

	No. of respondents	% of respondents
Yes	12	75%
No	3	19%
Don't know	1	6%

Base: Applicants involved in submitting an NSP Outline (4th to 6th Calls) (N=16).

Question C6. To what extent do you agree with the following statements about the on-site assessment?

	NET: Agree ⁴²		NET: Disagree		Neither/nor	
	No. of respondents	% of respondents	No. of respondents	% of respondents	No. of respondents	% of respondents
It was useful to present our concept to the NAMA Facility in detail	12	100%	-	-	-	-
It was useful to interact with our NSP partners and clarify the NSP concept with them	11	92%	1	8%	-	-

⁴² Full response options were 'Strongly disagree', 'Somewhat disagree', 'Neither agree nor disagree', 'Somewhat agree', 'Strongly agree' and 'Don't Know'

It was useful to seek informal feedback that can be used for the Detailed Preparation Phase	11	92%	-	-	1	8%
It has created an additional burden for us	2	17%	7	58%	3	25%
It entailed reputational risks for us or our partners	2	17%	8	66%	2	17%

Base: Applicants involved in submitting an NSP Outline who underwent an on-site assessment (4th to 6th Calls) (N=12). *Don't know: 0 respondents

Question C7. The NAMA Facility provides feedback to applicants if their NSP Outlines are not selected for the Detailed Preparation Phase. Did you seek or receive feedback for any of the NSPs your organisation submitted in 4th to 6th Calls?

	No. of respondents
I sought feedback and received it	2
I sought feedback and did not receive it	-
No	1
Don't know	-

Base: Applicants whose NSP Outline did not progress to Detailed Preparation Phase and did not undergo an on-site assessment (N=3).

Question C7a. Please select which of the following statements best applies to your situation

	No. of respondents
We have already used the feedback from the NAMA Facility to improve our concept	2
We plan to use the feedback from the NAMA Facility to improve our concept	0
We don't plan to use the feedback from the NAMA Facility to make changes to our concept	0
Don't know	0

Base: 2 respondents whose NSP was not accepted to move onto preparation phase, who also received feedback from the NAMA Facility

Question C7b. Please select which of the following statements best applies to your situation

	No. of respondents
We have already used the feedback from the NAMA Facility to develop a resubmission to the NAMA Facility	1
We plan to use the feedback from the NAMA Facility to develop a resubmission to the NAMA Facility	1
The feedback from the NAMA Facility is not useful to develop a resubmission to the NAMA Facility	0
We don't plan to resubmit to the NAMA Facility	0
Don't Know	0

Base: 2 respondents whose NSP was not accepted to move onto preparation phase, who also received feedback from the NAMA Facility

Question C7c. Please select which of the following statements best applies to your situation.

	No. of respondents
We have already used the feedback from the NAMA Facility to apply for funding elsewhere	1
We plan to use the feedback from the NAMA Facility to apply for funding elsewhere	1
The feedback from the NAMA Facility is not useful to apply for funding elsewhere	0
We don't plan to apply for funding elsewhere	0
Don't Know	0

Base: 2 respondents whose NSP was not accepted to move onto preparation phase, who also received feedback from the NAMA Facility

Question C8. Do you have any views on how the selection process of NSP Outlines could be improved?

A training or webinar specific to the development of business models.
It is very annoying to participate in an application round where the team working with [NSP] can say they have been already preselected. It ended up being confirmed. Based on this we can obviously not participate anymore.
The entire process from preparation of the Outline to the final approval of the project with several rounds of feedback and (de facto) conditions is very heavy and lengthy. There is a risk that partners lose interest, because it takes a long time until they know whether the project is coming. In our case, this was not a major problem because of low donor competition, but in countries with more donor competition the government could have decided to go with a partner that moves faster.
There should be consideration for projects with mitigation potential and National priority areas
The current process is very efficient and proved to be transparent and well acknowledged.
There is need to have capacity building to formulate projects and understand the processing of applications for consideration under NAMA Facility. Specificity and vulnerability of our island state (with limited resources) need to be given special consideration under the NAMA facility.
Opino que debería promoverse mayor interacción entre los ejecutivos de las Instituciones aplicantes con los equipos de especialistas de NAMA Facility, con el propósito de recibir retroalimentación para fortalecer las propuestas en aquellas áreas que necesitan, esto permitiría tener documentos finales mas depurados y bien estructurados entrando a competir para lograr financiamiento solo tomando en cuenta otras variables y no la falta de información o debilidad en el diseño. Las Instituciones participantes consideramos que la propuesta de [NSP], contaba con toda la argumentación e elementos para que Nama Facility la financiara, quizá la periodización de sectores a apoyar haya sido una de la variables a considerar para no apoyar el proyecto, al momento de ser sometido al proceso de aprobación.
<i>I think that greater interaction should be promoted between the executives of the applying Institutions with the teams of specialists of the NAMA Facility, in order to receive feedback to strengthen the proposals in those areas that need it. This would allow us to make our submissions more refined and well structured so that other variables are only taken into account rather than a lack of information or weakness in the design. The participating Institutions consider that the [NSP] proposal had all the arguments and elements for the NAMA Facility to finance it. Perhaps the staging of supported sectors was one of the variables considered in order not to support the project when it was assessed.</i>
By making a rank for the countries were its very vulnerable ones

Special consideration could be given to SIDS in view of economy of scale

Prefer not to say/ Don't know: 7 respondents

Base: Applicants involved in submitting an NSP Outline (4th to 6th Calls) (N=16).

Question D1. Thinking about the project you submitted for the NSP you are most familiar with, have you progressed or proceeded with the implementation of the project without receiving the technical and financial support from NAMA Facility?

	No. of respondents	% of respondents
NET: Yes	8	67%
Yes, at the same scale as scoped in our NSP Outline	2	17%
Yes, with reduced scope or scale	6	50%
Yes, with increased scope or scale	0	-
No	4	33%
Prefer not to say / Don't know	-	-

Base: Applicants whose NSP Outline was not accepted for Detailed Preparation Phase (N=12)

Question D2. Did you seek and/or receive support from other sources to implement the project? If so, please, indicate from which sources you sought and/or received support⁴³.

	Sought alternative support but did not receive it		Sought and received alternative support	
	Count	%	Count	%
Green Climate Fund (GCF)	4	33%	2	17%
Nordic Climate Facility/Nordic Development Fund	4	33%	-	-
UN Agencies/Programmes	3	25%	2	17%
Global Environment Facility	2	17%	2	17%
A Climate Investment Fund e.g. Clean Technology Fund	1	8%	1	8%
EU Agencies/Programmes	1	8%	3	25%
Regional Development Bank e.g. African Development Bank	1	8%	3	25%
Other multilateral funds or programmes	1	8%	2	17%
Other bilateral funds or programmes	2	17%	1	8%
German Government sources e.g. BMU International Climate Initiative	1	8%	1	8%
Local Development Bank	2	17%	-	-
Support from our government	-	-	4	33%
Other	-	-	1	8%
None of these / Don't know	4	33%	4	33%

⁴³ Other sources of support included International Fund for Agricultural Development's Livelihood Improvement Family Enterprise Niger Delta (IFAD-LIFE ND), USAID, the Niger Delta Project, the Global Environment Facility (GEF) and state funds.

Base: Applicants whose NSP Outline was not accepted for Detailed Preparation Phase (N=12).

Question D3. Did the requirements / characteristics of the NAMA Facility support influence the design of your concept in any way?

	No. of respondent	% of respondents
Yes, we increased the level of mitigation potential (GHG emission reductions)	4	33%
Yes, we included innovative elements to our concept design	5	42%
Yes, we adjusted the work plan or timeline to match that of the NAMA Facility	6	50%
Yes, we involved other stakeholders that were not originally involved	5	42%
Yes, we made changes to the financial structure of the project (e.g. changed the financial support mechanism, increased the scale of financial support and/or the financial leverage)	7	58%
Yes, we added a financial support mechanism	5	42%
Yes, other changes. Please, explain what you changed	1	8%
No, we did not make any changes	2	17%
Don't know	-	-

Base: D3. Applicants whose NSP Outline was not accepted for Detailed Preparation Phase (N=12).

Question D3a. What effect did you expect from raising the mitigation potential /ambition level in your NAMA concept (if any)? Select up to 3 that apply.

	No. of respondent	% of respondents
Made transformational change to a low carbon society more likely	3	75%
Increased the level of ambition within our national ministry	2	50%
Increased the level of ambition within the policy area concerned	1	25%
Increase the mitigation ambition of the industry(s) /sector(s) concerned in the NSP country	2	50%
Changed the culture of our Implementing Partners	1	25%
Increased costs for our Implementing Partners	2	50%
We did not expect any change [SINGLE CHOICE]	-	-

None of these	-	-
Don't know	-	-

Base: D3. Applicants whose NSP Outline was not accepted for Detailed Preparation Phase and increased levels of mitigation potential (N=4).

Question D4. Will you submit another NSP in the future for this same project?

	No. of respondents	% of respondents
Definitely	7	58%
Probably	2	17%
Probably not	1	8%
Definitely not	-	-
Don't know	2	17%

Base: Applicants whose NSP Outline did not progress to Detailed Preparation Phase (N=12).

Question D4a. Could you let us know the reasons why you are not planning to resubmit your NSP?

No answer

Base: Applicants whose NSP Outline did not progress to Detailed Preparation Phase and will not resubmit (N=1).

Question E1. This section focuses on the time when you're the NSP that you are most familiar with was accepted to enter the Detailed Preparation Phase (DPP). Were you involved at all in this stage of the process?

	No. of respondents	% of respondents
Yes	7	54%
No	4	31%
Don't know	2	15%

Base: Successful applicants for Detailed Preparation Phase (N=13).

Question E2. Please, imagine what may have happened if the NSP Outline for the NSP that you are most familiar with had not moved onto Detailed Preparation Phase. How likely or not do you think it is that you would have been able to attract equivalent financial and technical support to prepare a detailed concept from other sources, within a year of the NSP Outline submission date?

	No. of respondent	% of respondents
NET: Likely	2	29%
NET: Unlikely	5	71%
Very likely	-	-
Fairly likely	2	29%
Fairly unlikely	2	29%

Very unlikely	3	42%
Not relevant, would not have attempted to attract equivalent financial support from other sources / Don't know	-	-
Don't know	-	-

Base: Successful applicants involved in preparing NSP Outline (N=7).

Question E3. *Still thinking about what may have happened if your NSP Outline had not moved onto Detailed Preparation Phase. Which, if any, of the following best describes what you expect the progress of your project to have been? Please, select all that apply.*

	No. of respondent	% of respondents
<i>The project preparation would have continued with...</i>		
<i>The project / project preparation would have continued with lower mitigation potential (i.e. fewer emission reductions target)</i>	1	14%
<i>The project / project preparation would have continued with reduced scope (other than the mitigation potential)</i>	3	43%
<i>The project / project preparation would have continued with longer timescales</i>	1	14%
<i>The project / project preparation would have continued with other changes (please specify⁴⁴)</i>	2	29%
<i>The project / project preparation would have continued in exactly the same way</i>	-	-
<i>The project / project preparation would not have gone ahead at all, in any form</i>	1	14%
Don't know	-	-

Base: Successful applicants involved in preparing NSP Outline (N=7)

Question F1. *This section focuses on your experience with the NAMA Facility during the Detailed Preparation Phase (DPP). Were you involved at all in this stage of the process?*

	No. of respondents	% of respondents
Yes	9	69%
No	2	15%
Don't know	2	15%

Base: Successful applicants for Detailed Preparation Phase (N=13).

Question F2. *Based on your experience with the NSP that you are most familiar with, how would you rate the usefulness of each of these types of support that the NAMA Facility provides during the Detailed Preparation Phase?*

	NET: Useful	NET: Not useful	Did not receive this type of support
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⁴⁴ Other changes at Detailed Preparation Phase included with different financial partners, with a reduced scope due to lower endorsement from the government, and with a different concept. Other changes at Implementation Phase included using GoCV and/or using the concept to attract funding from another source.

	No. of respondents	% of respondents	No. of respondents	% of respondents	No. of respondents	% of respondents
Financial assistance	8	89%	-	-	1	11%
Direct support from TSU /NAMA Facility	7	78%	-	-	2	22%
Technical assistance provided from pool of experts	6	67%	1	11%	2	22%
Feedback on progress report*	6	67%	-	-	2	22%

Base: Successful applicants involved during the Detailed Preparation Phase (N=9).

*Don't know: 1 respondent answered 'don't know' for feedback on progress report

Question F3. To what extent do you agree or disagree with the following statement? "Our organisation would not have been able to develop the NSP Proposal without the support provided by the NAMA Facility during the Detailed Preparation Phase."

	No. of respondent	% of respondents
NET: Agree	7	78%
NET: Disagree	1	11%
Strongly agree	5	56%
Somewhat agree	2	22%
Neither agree nor disagree	-	-
Somewhat disagree	-	-
Strongly disagree	1	11%
Don't know	1	11%

Base: Successful applicants involved during the Detailed Preparation Phase (N=9).

Question F4. Did the Detailed Preparation Phase lead you to make any changes in the overall concept of your project?

	No. of respondent	% of respondents
Yes, we increased the level of mitigation potential (GHG emission reductions)	3	33%
Yes, we included innovative elements to our concept design	4	44%
Yes, we adjusted the work plan or timeline to match that of the NAMA Facility	2	22%
Yes, we involved other stakeholders that were not originally involved	4	44%

Yes, we made changes to the financial structure of the project (e.g. changed the financial support mechanism, increased the scale of financial support and/or the financial leverage)	6	67%
Yes, we added a financial support mechanism	2	22%
Yes, other changes. Please, explain what you changed	-	-
No, we did not make any changes	-	-
Don't know	1	11%

Base: Successful applicants involved during the Detailed Preparation Phase (N=9).

Question F5. Did you experience any of the following challenges during the Detailed Preparation Phase of the NSP Outline the NSP that you are most familiar with?

	No. of respondent	% of respondents
Lack or slow communication with the TSU	-	-
Insufficient political support in the country where the NSP was being prepared	-	-
It took a very long time to receive the grant contract/grant funding	2	22%
The milestones and conditions to undertake the Detailed Preparation Phase were too ambitious	1	11%
Funding was insufficient to finalise the NSP Proposal	1	11%
We were unable to respond to clarification requests after NSP Proposal submission	-	-
Too little time to finalise the NSP Proposal	1	11%
Other (Please, specify)	1	11%
No, I have not faced any challenges	3	33%
Don't know	2	22%

Base: Successful applicants involved during the Detailed Preparation Phase (N=9).

Question F6. Do you have any suggestions for how the NAMA Facility could improve the support it provides to projects during the Detailed Preparation Phase?

I feel that 18 months to prepare the DPP is somewhat long.
None
All is fine
Prefer not to say/ Don't know: 6 respondents

Base: Successful applicants involved during the Detailed Preparation Phase (N=9).

No responses for survey section G: results of participating in the DPP (NAMA Facility support discontinued projects).

Question H1. This section focuses on the time when you are most familiar with moved onto implementation. Were you involved at all in the implementation of the NSP?

	No. of respondents	% of respondents
Yes	3	50%
No	1	17%
Don't know	2	33%

Base: Successful applicants for Implementation Phase (N=6).

Question H2. Please, imagine what may have happened if the NSP Outline for the NSP that you are most familiar with had not moved onto Implementation Phase. How likely or not do you think it is that you would have been able to attract equivalent financial and technical support to implement NSP from other sources, within a year of the NSP Outline submission date?

	No. of respondent	% of respondents
NET: Likely	1	33%
NET: Unlikely	2	67%
Very likely	1	33%
Fairly likely	-	-
Fairly unlikely	1	33%
Very unlikely	1	33%
Not relevant, would not have attempted to attract equivalent financial support from other sources / Don't know	-	-
Don't know	-	-

Base: Successful applicants involved in implementing NSP (3)

Question H3. *Still thinking about what may have happened if your NSP Outline had not moved onto Implementation Phase. Which, if any, of the following best describes what you expect the progress of your project to have been? Please, select all that apply.*

	No. of respondent	% of respondents
<i>The project preparation would have continued with...</i>		
<i>The project / project preparation would have continued with lower mitigation potential (i.e. fewer emission reductions target)</i>	-	-
<i>The project / project preparation would have continued with reduced scope (other than the mitigation potential)</i>	-	-
<i>The project / project preparation would have continued with longer timescales</i>	-	-
<i>The project / project preparation would have continued with other changes (please specify)</i>	1	33%
<i>The project / project preparation would have continued in exactly the same way</i>	-	-
<i>The project / project preparation would not have gone ahead at all, in any form</i>	2	37%
Don't know	-	-

Base: Successful applicants involved in implementing NSP (N=3)

Question H4. *Do you have any suggestions for how the NAMA Facility could improve the support it provides to projects during the Implementation Phase?*

None
There should be sufficient time for getting ready for the start of implementation after the board decision.
No answer

Base: Successful applicants involved in implementing NSP (N=3).

Annex 5: CABO VERDE country case study

Introduction

The purpose of the case studies is to gather in-depth information on how the NAMA Facility operates within specific national contexts: the relevance and connectedness of the Facility to the climate mitigation ambitions in these countries, the effectiveness with which it operates and the extent to which the NAMA Facility is supporting transformational change within that country context.

The evidence for this case study has been gathered through desk-based analysis of relevant NSP and country-level documentation and interviews with two project implementers; one NSO; and staff at the Luxembourg cooperation (who provided an external perspective).

Climate mitigation policy and ambitions in Cabo Verde

Cabo Verde is an archipelago of 10 islands in the Atlantic Ocean with 500,000 people and 4,000 square kilometres of land area. The economy focuses on tourism, light manufacturing, fisheries and commerce. Cabo Verde is one of the most vulnerable countries to climate change in the world (rank 147 of 180 countries climate risk index score),⁴⁵ facing risks such as sea level rise, increases in temperature, and more frequent and extreme weather events such as storms, floods, and droughts.

According to Cabo Verde's NDC, in 2010, road transport, aviation and shipping (between islands) stood for most of energy demand (1,686 GWh in 2010), followed by the residential, business and tourism sector, industries, and water production. Road transport represented in 2010 43.1% of total energy consumption. In 2016, latest data available, Cabo Verde emitted 926.20kt CO₂e, distributed as follows: Energy, 918.1kt; agriculture, 123.5kt; waste, 39.8kt; industrial processes, 13.5kt; and land-use change and forestry, -168.70kt.⁴⁶

Cabo Verde's mitigation contributions are expressed in their NDC in the form of Renewable Energy (RE) and Energy Efficiency (EE) targets and other Nationally Appropriate Mitigation Actions (NAMAs). The NDC also includes adaptation contributions.

Cabo Verde has made an unconditional commitment: to achieve 100% grid access by 2017; and to achieve a 30% renewable energy penetration rate into the electric grid by 2025. With international support, Cabo Verde seeks to increase the RE uptake in electricity to 100% by 2025, with best efforts to achieve this goal already by 2020, in accordance with the following indicative trajectory:

- 35% RE penetration rate in 2016-2018;
- 50% RE penetration rate in 2018-2020;
- 100% RE penetration rate in 2020-2025.

In terms of EE, Cabo Verde has made an unconditional long-term commitment to reduce overall energy demand by 10% in relation to the Base Scenario by 2030. With international support, Cabo Verde seeks

⁴⁵ Source: <https://www.germanwatch.org/en/cr/>

⁴⁶ Source: CAIT

to reduce overall energy demand by 20% in relation to the Base Scenario by 2030, with best efforts to achieve this indicative reduction effort already by 2025. The sectors covered by the NDC are: Energy, transport, waste, and AFOLU (Agriculture, Forestry and Other Land Use).

Cabo Verde has not reached 100% grid access yet, but it is close to its target (93.6% in 2018).⁴⁷ In 2019 Cabo Verde's installed electricity generation capacity was 176 MW, of which 35 MW (20%) was renewable energy. Since 2010, the country has increased by 76% its total installed electricity generation capacity, of which one third has been on renewable energy, mostly wind energy.⁴⁸

Cabo Verde seeks to make use of international finance to develop climate mitigation actions. Indeed, its NDC envisaged that several conditional measures may be financed *“through mechanisms and/or carbon markets, including the Clean Development Mechanism, new market and non-market-based mechanisms, and credited NAMAs”*.

The NDC mentions the intention to develop a NAMA that increases EE in the transport sector, including domestic shipping and domestic air travel, and evaluates options for policies and actions available to reduce the impact of GHG emissions originating from this sector. It was intended that the NAMA would initially be focused on the collection of relevant data for the sector, including, among others, fuel type and consumption per transport mode, technology performance, fuel substitution possibilities, estimation of costs, and an updated GHG emissions profile for light-duty vehicles as well as for freight and passenger transportation services. This NAMA would also consider options for boosting hybrid and electric fleet in the country, and the feasibility of making government vehicles electrically powered by 2030. The only NAMA that Cabo Verde has registered in the UNFCCC NAMA registry is the NAMA supported by the NAMA Facility (see ensuing section). However, interviewees informed that the Ministry of Environment has developed NAMAs on other sectors, such as energy and waste management, in collaboration with the African Development Bank.

The main strategies and roadmaps at the national level in Cabo Verde are the Strategic Plan for Sustainable Development (PEDS, using the Portuguese acronym)⁴⁹, the National Programme for Sustainable Energy (PNSE), which came into force in January 2020, the National Action Plan for Renewable Energy (PNAER) for the period 2015-2020/2030, the National Action Plan for Energy Efficiency (PNAEE) for the period 2015-2020/2030, the Master Plan for the Electricity Sector (2018-2040), approved in 2019, and the Sustainable Energy for All Action Agenda (SE4ALL AA). In addition, Cabo Verde developed the Action Plan for Electric Mobility (Plano de Ação para a Mobilidade Elétrica, PNME) in the framework of the PNAER with financial support from the Luxembourg cooperation.

The Master Plan for the Electricity Sector indicates that the planned strategy is to reach a penetration rate for renewable energy of 54% by 2030, with a phased implementation schedule, requiring a total installed capacity of 251MW, plus more than 620MWh of storage capacity, by 2030. This objective goes beyond the unconditional target set by Cabo Verde in its first NDC of reaching 30% RE penetration rate by 2025.⁵⁰

⁴⁷ <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=CV>

⁴⁸ Source: IRENA (2020) Renewable Energy Statistics 2020

⁴⁹ See the PEDS in English here: <https://peds.gov.cv/caboverdef4dev/wp-content/uploads/2018/12/Ennergy-Sector-web.pdf>

⁵⁰ Source: <http://extwprlegs1.fao.org/docs/pdf/cvi185115.pdf>

Table 1. Key development and climate change indicators

	Cabo Verde
Region	Sub-Saharan Africa
Income group	Lower middle income
CO2 emissions /capita	1.74 tonnes
Climate Change Performance	<i>no data</i>
NDC target by 2030	100% RE penetration rate in 2020-2025; reduce overall energy demand by 10% by 2030 (20% with international support)
Level of ambition	N/A
Change readiness	89/140

Sources: Income group, World Bank list of economies (June 2020); CO2 emissions, ndcpartnership.org, using data from CAIT – for 2016; [Climate Change Performance Index](#) (CCPI) ranking for 2020 – this assesses according to GHG Emissions, Renewable Energy, Energy Use and Climate Policy; level of ambition tracked at New Climate Institute, & Climate Analytics. (n.d.). [Climate Action Tracker](#) (2020); [KPMG's 2019 change readiness index](#) measures how effectively a country's private and public enterprises, government, people and civil society anticipate, prepare for, manage and respond to change and cultivate opportunity.

Overview of NAMA Facility links with Cabo Verde

Cabo Verde has submitted one NSP Outline to the NAMA Facility. This NSP Outline was submitted in the 5th Call and was selected to start detailed preparation. The NAMA Facility donors approved its entry into the Phase 2 of the Detailed Preparation Phase (DPP) in July 2019. The NSP Proposal was submitted in December 2020, and it was approved for implementation in June 2020. The project entered phase I of implementation immediately after approval, and the signature of IPA and other agreements is pending.

The stakeholders involved in this application were the Ministry of Industry, Commerce and Energy (MICE), the Ministry of Agriculture and Environment (MAA), the Centre for Renewable Energy and Industrial Maintenance (CERMI), and the GIZ as NSO and applicant support partner.

Table 2. Overview of NAMA Facility Outlines and funded NSPs, 1st – 6th Calls

	1st Call	2nd Call	3rd Call	4th Call	5th Call	6th Call
# Outlines submitted from Cabo Verde	0	0	0	0	1	0
Of which were subject to an on-site visit	N/A	N/A	N/A	N/A	1	N/A
Of which were selected for DPP				N/A	1	N/A
Of which moved onto implementation				N/A	0	N/A

Description of Cabo Verde NSP

NSP objectives and rationale for funding

The objective of the NSP '*Promotion of Electric Vehicles in Cabo Verde*' is to support the Government of Cabo Verde to implement the Action Plan for Electric Mobility (Plano de Ação para a Mobilidade Elétrica, PNME) for the promotion of electric vehicles (EVs) over a period of five years, from 2020 to 2025. The NSP Proposal sets the following objectives to be achieved by 2025:

- 4.3% of the newly registered light-duty vehicles and 10% of the vehicles procured by the public administration are EVs;

- A network of at least 40 commercial EV charging stations (CS) covering at least three different islands is installed and operational;
- Five e-bus demonstration projects are successfully implemented, including two with the public transport companies in the two largest cities (Praia, Mindelo) and three with different municipalities that are providing school transport for students from surrounding villages;
- The legal and regulatory framework takes into consideration and provides an enabling environment for EVs, EV charging and the provision of EV charging services on a commercial basis.

Cabo Verde expects that the number of households owning a private car (currently 30% of households) will increase in the near term. EVs that will ultimately be powered exclusively by renewable energy will reduce the emission footprint of private and public passenger transport as well as freight transport. However, there are some barriers for the uptake of EVs in the islands: (a) high upfront costs of EVs and EV charging stations; (b) lack of public EV charging stations; (c) low availability of specialised maintenance services; and (d) low level of knowledge and awareness of the technology.

The activities planned to address these barriers are the following:

- Establishment of an Electric Mobility Facility (EMF) to provide financial support (rebates and grants) for the acquisition of 600 electric cars and buses, as well as 55 EV charging stations by households, companies and public institutions.
- Support to one or several private investors in establishing a network of a minimum of 40 commercial charging stations.
- Technical assistance to public transport companies and municipalities for the testing of electric buses.
- Capacity development on electric mobility to sector professionals in Cabo Verde, including decision makers, government officers and technicians such as car mechanics. In addition, the NSP will support exchange and knowledge sharing activities with stakeholders from other ECOWAS countries and SIDS.
- Development of the legal and regulatory framework and support to develop an MRV system for monitoring the evolution of the road-transport related GHG emissions.
- Awareness raising campaigns of e-mobility to promote demand.

Investments into electric cars and buses as well as charging stations will be facilitated by an Electric Mobility Facility (EMF) set up by the government. The total funds provided by the NAMA Facility are EUR 7 million EUR out of which 63% are allocated to the EMF. The NSP is expected to leverage financial and in-kind contributions from the government of approx. EUR 5.4 million, as well as private investment in EVs and charging stations of approx. EUR 12.3 million.

The government had identified the need for international climate finance to implement the NAMA, as well as technical capacity, hence applying for funding from the NAMA Facility. At the time the NSP Outline was prepared, no other sources of funding were considered. The idea of applying for NAMA Facility funding originated from within GIZ after being informed by the TSU about the Facility's and the donors' interest in funding NSPs in small island states. The NSP Outline was mainly led and elaborated by GIZ, and the concept relies to some extent on the preparatory work that had been done by the government with support from Luxembourg. This preparatory work included:

- The joint acquisition of seven electric vehicles by various institutions and firms;⁵¹ and
- An on-site learning exchange visit to Madeira.

Relevance and pathways to transformational change

The main implementation partner for the technical and the financial cooperation components of the NSP is the Ministry of Industry, Commerce and Energy (MICE), which led the development of the Electric Mobility Policy and Action Plan and acts as the main driving force for electric mobility within the government. Within MICE, the National Directorate of Industry, Commerce and Energy (DNICE) serves as the main point of contact and will host the Project Implementation Unit that will be staffed by DNICE and GIZ. Other institutions such as the Ministry of Finance (MoF), the Ministry of Environment (MAA), the Directorate General of Road Transport of the Ministry of Internal Affairs and the Centre for Renewable Energy and Industrial Maintenance (CERMI) are also important implementation partners.

According to interviewees, there is sufficient involvement of national stakeholders in the project and the NSP has strong political support. The NSP is aligned with the country's NDC, which explicitly mentions using NAMA for the promotion of EVs. The level of ambition in the NSP Outline is higher than the NDC, since the former only promotes EVs, whereas the latter also envisioned supporting hybrid vehicles. The NDC mentioned the use of NAMAs mainly for domestic shipping and domestic air travel, however activities in these sectors have not been started yet or are only at very initial conceptualisation stage.

The NSP plans to use rebates to promote the purchase of electric vehicles and the installation of charging stations. In terms of innovation, this concept is one of the standard instruments that are being applied in other countries (e.g. Germany); however in Cabo Verde it introduces some new features such as having different levels of rebate for different types of vehicles.

The level of penetration of electric vehicles in Africa is very low⁵², and the vehicles acquired by Lux Development, GIZ and others (before the NSP started) were some of the first EVs introduced in the continent. This is the first NSP in the sector of electric mobility in the NAMA Facility portfolio, and it is expected that it can generate some learning for other similar projects.

The NSP is expected to lift the share of EVs to 4.3% of the newly registered light-duty vehicles and 10% of the vehicles procured by the public administration within five years. Very few countries have achieved significant market shares of EVs in their fleet. In 2019, according to Statista, the market share of electric vehicles was 42.4% in Norway, 13.9% in The Netherlands, 3.8% in China, 2.1% in South Korea, 1.7% in Germany, and 1.4% in the US.

This NSP was the first NSP from the 5th Call that entered implementation, which indicates high level of readiness and commitment from the implementing partners to progress the NSP. Initial activities are ongoing, but the bulk of the work will start once the project has entered in implementation phase 2. Stakeholders at the national level are eager to start full implementation of the NSP.

At the NSP Proposal, the project estimated that the EVs that will be sold with financial assistance from the project will avoid the emission of 19,890 tCO₂ over their lifetime. It was also estimated that the NSP

⁵¹ In 2019 the government presented the first seven electric vehicles in the country. They were acquired jointly by the Luxembourg cooperation, the public companies ELECTRA and Aguas de Ponta Preta (APP) and GIZ (for the ECOWAS Centre for Renewable Energy and Energy Efficiency, ECREEE). Source: <https://www.energiasrenovaveis.cv/copia-noticias>

⁵² Other countries where EVs represent a small fraction of their fleet are: Morocco, Kenya, Mauritius, South Africa, Cote d'Ivoire, Ethiopia, Nigeria, Ghana and Rwanda.

will result in avoided indirect GHG emissions of 401,481 tCO₂ resulting from the 56,107 EVs that are expected to be sold without rebates during the first 20 years from the start of the project.

Emerging results

The NSP has entered implementation. However, the Intergovernmental Project Agreement (IPA) signature, a milestone to enter Phase 2 of implementation, is still pending. Results from the implementation of the NSP have not yet materialised. Nevertheless, the fieldwork conducted suggests there are **some results already emerging from the Outline preparation and the DPP** namely in relation to financial leveraging and political support.

In 2019, import duties for EVs were removed. In addition, in the 2020 and 2021 budgets, the government introduced the following incentives for electric mobility:

- VAT exemption and excise duties for the import of EVs, including two-wheel vehicles.
- VAT exemption and customs duties for the import of new rechargeable batteries for EVs, including their connectors, shields, connecting cables, and meters, intended exclusively for charging.
- Exemption from parking fees for electric vehicles.

According to interviewees, the removal of import duties for EVs in 2019 resulted partly from (the influence of) the NSP. The idea was originally conceptualised as the “*lions’ share*” of Cabo Verde’s co-financing at the NSP Outline stage, according to interviewees. The feedback provided by the TSU at several stages of the project further pushed this idea forward.⁵³ The notification letter sent to MICE in month 6 of the DPP asked project implementers to “investigate the reduction of the EV import tariff to 0% and obtain a firm government commitment to this during the DPP”.

This NSP has had a strong influence on policymaking in Cabo Verde. Building on the work that had been previously conducted by the government with support from Luxembourg, it is contributing to implement the electric mobility action plan⁵⁴ and is encouraging more ambitious plans and may potentially attract further funding:

- The African Development Bank has shown interest in upscaling some of the NSP activities, according to one interviewee;⁵⁵ and
- The Government of Cabo Verde and UNIDO are aiming to raise funds from GEF to implement electric mobility in the maritime sector.

This NSP will facilitate the shift from fuel road transport to electric mobility in Cabo Verde. The NSP will subsidise some of the first EVs and CS acquired in the country and it is expected that the package of activities developed will incentivise the acquisition of EVs once subsidies have been phased out, by: (a) enabling the environment (e.g. legal and regulatory framework), (b) enhancing the availability of EVs, CS and repair services, and (c) pushing prices down as the offer expands. All these factors would facilitate the NSP having transformational change. There are also activities planned to share knowledge with other ECOWAS countries and SIDS, which may facilitate replication in other countries.

⁵³ Feedback requesting the investigation of the reduction/removal of EV import tariff was provided in several occasions: the communication to MICE in May 2018 informing that the NSP Outline had been preselected, the feedback provided during the on-site visit at the NSP Outline assessment stage, and the notification letter sent to MICE in month 6 of the DPP.

⁵⁴ One interviewee reported the action plan would not have happened at all without the NAMA Facility support, or would have happened with much lower targets.

⁵⁵ This hasn’t been confirmed independently.

In addition, it can also **be replicated in the maritime sector**. One interviewee mentioned that the experience with the NAMA Facility has **provided them with learning on the level of readiness needed to attract funding from donors for implementation**, which will be useful to replicate the model in the maritime sector.

Findings related to the NSP experience

The following are additional findings which emerged from the evaluation's consultations on stakeholders' experience with the NSP.

- Interviewees mentioned that a **high level of effort was required** during the NSP Outline and DPP stages **to quantify GHG emissions reduction**, as it required reliable data on the GHG emissions of the vehicles that will be replaced by EVs.
- Interviewees reported that during the preparation of the NSP Outline, **they made changes to the concept to make the project more likely to succeed at raising funds from the NAMA Facility** – e.g. they included activities to strengthen Cabo Verde's monitoring, reporting and verification of GHG emissions in the concept, and increased the level of funding dedicated to the financial mechanism, which was designed to have a high share to match the NAMA Facility requirements.
- All interviewees underlined the importance of involving the private sector in order to ensure the success of the project. The **feedback provided by the TSU to the NSP Proposal suggested more engagement with commercial banks is needed, and the project is currently working in this direction**.
- Finally, it should be noted that the mitigation ambition of the project **depends** not only on the success of the NSP, but also on **the extent to which the country achieves its goal of becoming carbon neutral in electricity generation by 2025**, given that some of the charging stations will be connected to the grid.

Unintended consequences of participation in the NAMA Facility

This case study has not identified any unintended consequence of participation in the NAMA Facility.

Conclusions

This NSP is supporting the only NAMA that Cabo Verde is implementing to achieve its NDC. The project's ambition **goes beyond the NDC commitment**, given that: (a) whilst the NDC mentioned both hybrid vehicles and EVs, the NSP only promotes EVs; and (b) it defines target groups (i.e. beneficiaries and types of vehicles) that are broader than the initial targets considered in the NDC (public institutions)..

The concept **builds on previous studies** which, together with the support provided by the NAMA Facility during the DPP, has helped to secure an **appropriate level of readiness** to move onto implementation. The project has **strong political support** and implementing partners are eager to start implementing the NSP.

The evaluation has found that this NSP has **great potential to achieve transformational change**, and despite the project having just moved onto implementation, some results could already be observed:

- The government has implemented policy changes to create fiscal incentives for electric vehicles and components thereof.

- The experience with the NAMA Facility is contributing to generate interest at country level in electric mobility and climate finance more broadly, and the government is considering replicating the concept in the maritime sector in the future.

The evaluation has identified **four main ways in which the NSP may achieve transformational change**:

- The concept could be **replicated in another country**, with SIDS and ECOWAS countries being the main candidates for replication;
- The concept has **strong potential to be replicated in Cabo Verde in another sector** (maritime);

More broadly, the NSP, if successful, will provide evidence on the effectiveness of policy measures, such as fiscal incentives and rebates, to incentivise electric mobility.

Annex 6: MEXICO country case study

Introduction

The purpose of the case studies is to gather in-depth information on how the NAMA Facility operates within specific national contexts: the relevance and connectedness of the Facility to the climate mitigation ambitions in these countries, the effectiveness with which it operates and the extent to which the NAMA Facility is supporting transformational change within that country context.

The evidence for this case study has been gathered through desk-based analysis of relevant NSP and country-level documentation and interviews with project implementers / applicant support partners; NSOs; UNFCCC focal points; country offices of multilateral organisations working on climate finance, and staff at Embassies of donors/EU delegations in the selected countries.

Climate mitigation policy and ambitions in Mexico

With a population of almost 130 million, Mexico is an upper-middle income country and the second largest economy in Latin America. Despite recent economic progress in the country's production capacity and increase in exports and a resilient growth, Mexico has to put more effort in reducing the equality and poverty gaps: 41.9% of the population was multidimensionally poor in 2018.⁵⁶ Additionally, Mexico has been identified as a country particularly vulnerable to climate change,⁵⁷ especially due to its geographic characteristics and socioeconomic conditions. The country has experienced increases in temperature and sea levels, and a rise in extreme weather events such as cyclones, droughts and floods, which cause displacements, disrupt agricultural activities, and jeopardise aging transport, water and energy infrastructure further creating economic loss.⁵⁸

In order to set emissions reduction targets and express its commitment to mitigate climate change, Mexico presented its **Nationally Determined Contribution** (NDC)⁵⁹ in 2015. Mexico's NDCs have both adaptation and mitigation components, each of them with different but complementary actions and goals. The mitigation commitment further includes unconditional and conditional targets. Mexico's NDC mitigation targets are Outlined in the figure below:

⁵⁶ World Bank Data. Available at: https://databank.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_MEX.pdf

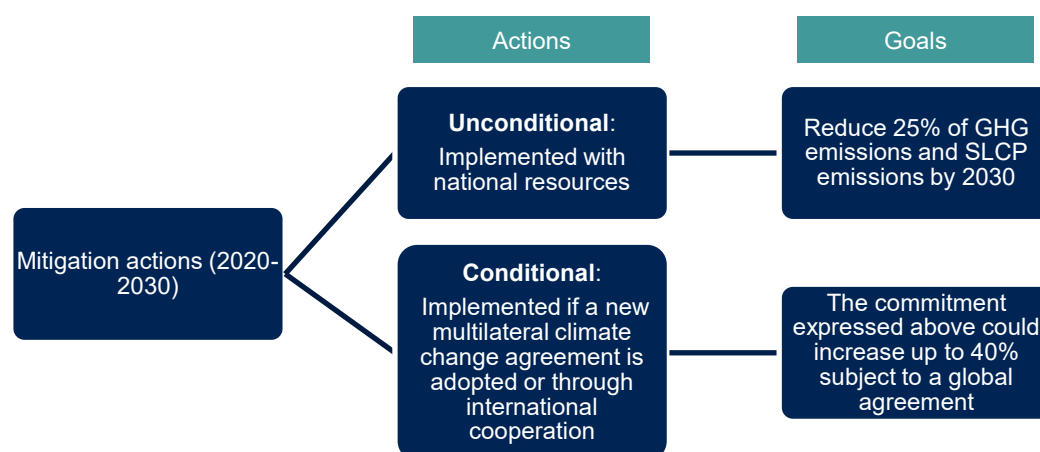
⁵⁷ UNFCCC Website. Available at: https://unfccc.int/files/focus/long-term_strategies/application/pdf/mexico_mcs_final_cop22nov16_red.pdf

⁵⁸ Climate Links (2017). Available at:

https://www.climatelinks.org/sites/default/files/asset/document/2017_USAID_Climate%20Change%20Risk%20Profile_Mexico.pdf

⁵⁹ UNFCCC Website. Available at:

<https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Mexico%20First/MEXICO%20INDC%2003.30.2015.pdf>

Figure 1. Summary of Mexico's NDC components and objectives

Source: Mexico Intended Nationally Determined Contribution, UNFCCC

The baseline of Mexico's NDC goals is a Business as Usual scenario of emission projections based on economic growth in the absence of climate change policies, starting from 2013. As per September 2020, Mexico's NDC are under review as the deadline to submit revised NDC to the UNFCCC is 2020. While the revised NDC have not been made publicly available yet, some stakeholders interviewed for this evaluation mentioned that mitigation commitments were expected to remain the same. According to an interviewee, certain progress has been made since the release of the NDC in 2015; new instruments have been developed to support the achievement of NDC targets and an emissions trading system (Sistema de Comercio de Emisiones in Spanish) has been created.

The NDC is supported by other national strategies and policies including the **General Law on Climate Change** (LGCC in Spanish).⁶⁰ This law entered into effect in October 2012 and defines planning and policy instruments, further providing guidance for the implementation of a national climate policy. The law establishes the unconditional goal of reducing the country's GHG emissions by 22% and black carbon by 51% by 2030 with regards to business as usual. Additionally, the LGCC further establishes the conditional goal of reducing the country's emissions by 30% by 2020 over business as usual, and 50% by 2050 with regards of the baseline emission levels in 2000. These goals are conditional on the support received from the international community. Finally, the LGCC also establishes a goal of generating 35% of the country's electricity by renewable energy.

Other national policies and instruments that support and reinforce the country's commitment to mitigate climate change include:

- The National Strategy on Climate Change (2013), which sets the country's vision for the next 10-20-40 years;
- The Special Climate Change Program SCCP 2014-2018 (PECC in Spanish); which incorporates for each 6-year term, the planning for each administration and sets the objectives and specific actions for mitigation and adaptation, while it also allocates the resources needed to achieve the goals;
- The Carbon Tax on fossil fuels (2014); which aims at reducing the importation and commercialization of fossil fuels by assigning a price per unit of fuel and exempts natural gas;

⁶⁰ Mexican Government http://www.diputados.gob.mx/LeyesBiblio/pdf/LGCC_130718.pdf

- The National Emissions Registry Regulation (2014); which compiles information on GHG emissions from different productive sectors in the country;
- The Energy reform (2014); which revitalised the energy market in the country and promote foreign investment; and
- The Energy transition law (2015); which aims at ensuring that electricity producers and suppliers meet clean energy targets to move towards clean energies end emissions reduction.

The above-mentioned policies and strategies came into force during Mexico's previous administration, which lasted from 2012 to 2018. After the 2018 elections, there was a shift in the country's administration and a new presidency reassumed work in December 2018. In August 2020, the country's PECC 2020-2024 was approved, ratifying the NDC commitment to reduce GHG emissions by 22%, and black carbon emissions by 51% by 2030.

Besides the current political uncertainty in specific areas such as the energy agenda, interviewees identified other barriers for the implementation of NDC in Mexico:

- **Access to finance.** While Mexico is considered to have a good institutional capacity and policy framework in terms of climate change policy, bringing policies into action has proven to be difficult.
- **Institutional capacity.** While policy frameworks have been developed at national level, it is challenging to harmonise the understanding and the capacity of all Mexican municipalities in the area of climate mitigation. Interviewees claimed that the country lacks institutional capacity and structure within municipalities.

Despite these barriers, Mexico's Climate Change Mid-Century Strategy (2016)⁶¹ encourages the use of economic and financial mechanisms, including NAMAs to promote a low-emissions economic development. As of 2020 and according to the UNFCCC website, the following NAMAs are seeking support for preparation in Mexico:

- Cogeneration in the Mexican Oil and Gas sector.
- Urban NAMA.
- Efficient Cookstoves.
- Solar Water Heaters.
- Cogeneration in Mexico.
- Car Fleet Renewal in Mexico.
- Disposal and Use of Wastes and Solid and Biomass Residues.
- Fuel Switch in the industry.
- Fuel Switch for the Power Generation.
- Renewable Energies and Energy Efficiency in the Private Sector.

Support for implementation is currently being sought for the following NAMAs:

- Emission Reduction Actions Program (NAMA) in Natural Gas Processing, Transport and Distribution System, through fugitive emission reduction.
- NAMA for New Residential Buildings.

⁶¹UNFCCC Website. Available at: https://unfccc.int/files/focus/long-term_strategies/application/pdf/mexico_mcs_final_cop22nov16_red.pdf

- NAMA for Sustainable Housing Retrofit.
- Low Emission Schools.
- Federal Road Freight Transport NAMA for owner operators and smaller fleet carriers.
- Subnational mitigation actions for the regeneration of landscapes.

Given the high amount of NAMAs in the country, the Ministry of Environment and Natural Resources (SEMARNAT in Spanish) created the **National NAMA Registry**, which helped centralise the information in the General Direction of Policies for Climate Change, and further assist in the requests for funding. The creation of this mechanism was considered a reflection of NAMAs' popularity in Mexico, especially since the success of the Housing NAMA, which has been supported by the NAMA Facility via an NSP that was selected in the 1st Call. According to an interviewee, *"the fact the Housing NAMA was the first one gave Mexico the sense that NAMAs work. We can make this work; we have set the example. This plays a part on how Mexico perceives the (NAMAs) mechanism"*.

According to interviewees, as national funding in Mexico is not sufficient for moving forward with the implementation of large NAMAs, the funds and support provided by the NAMA Facility are necessary to implement mitigation projects, especially due to the limited offer of organisations within the wider climate finance community able to support large mitigation projects. At the same time, an interviewee pointed out that, while the NAMA Facility is a key funding source for NDC implementation in the country, other financing mechanisms are also taken into consideration. These mechanisms include the GEF and support offered by multilateral or international development banks or bilaterally by Germany and the UK. Additionally, the increased involvement of the private sector in the support of mitigation project in the past 3-4 years has also been key development in the country.

The following table provides a summary of the key development and climate change indicators of Mexico.

Table 2. Key development and climate change indicators

	Mexico
Region	Latin America & Caribbean
Income group	Upper middle income
CO2 emissions /capita	5.58 tonnes
Climate Change Performance	32/ 61
NDC target by 2030	Reduction in GHG and SLCP emissions and by 25%
Level of ambition	Insufficient
Change readiness	73/140

Sources: Income group, World Bank list of economies (June 2020); CO2 emissions, ndcpartnership.org, using data from CAIT – for 2016; [Climate Change Performance Index](#) (CCPI) ranking for 2020 – this assesses according to GHG Emissions, Renewable Energy, Energy Use and Climate Policy; level of ambition tracked at New Climate Institute, & Climate Analytics. (n.d.). [Climate Action Tracker](#) (2020); [KPMG's 2019 change readiness index](#) measures how effectively a country's private and public enterprises, government, people and civil society anticipate, prepare for, manage and respond to change and cultivate opportunity.

Overview of NAMA Facility links with Mexico

Mexico has submitted a total of 10 Outlines to the NAMA Facility in 1st to 6th Calls, of which 3 were accepted for funding. The successful NSPs are listed:

- Implementation of Housing NAMA in Mexico (1st Call).
- Energy Efficiency in SMEs as a contribution to a low carbon economy in Mexico (4th Call).

- NAMA for Sugar Mills (4th Call).

As this evaluation sets its focus on the 4th to 6th Calls, only the last two approved NSPs will be covered in this case study. Details on their objectives, strategy and performance are provided in the next section.

The following table provides information of the NSP Outlines submitted by Mexico from the 1st to 6th Call.

Table 3. Overview of NAMA Facility Outlines and funded NSPs, 1st – 6th Calls

	1 st Call	2 nd Call	3 rd Call	4 th Call	5 th Call	6 th Call
# Outlines submitted from Mexico	1	0	1	4	2	2
Of which were subject to an on-site visit	N/A	N/A	N/A	2	0	0
Of which were selected for DPP	1	0	0	2	0	0
Of which moved onto implementation	1	0	0	2	0	0

Several national stakeholders have been involved in the design and are expected to be involved in the upcoming implementation of the two NSPs covered by this study, these stakeholders include:

- Mexican Energy Ministry (SENER).
- Mexican Environment and Natural Resources Ministry (SEMARNAT).
- Mexican Finance Ministry (SHCP).
- Mexican Chamber of the Sugar and Alcohol Industries, which is a key implementing partner in the NAMA for Sugar Mills.
- NAFIN, Mexico's Development Bank which acts as the main financing partner of the Energy Efficiency in SMEs NAMA.
- BANOBRAS, the National Works and Public Services Bank, which provided support to the NAMA for Sugar Mills.

The roles and key responsibilities of these organisations within the NSPs is further detailed in this report. These organisations have been supported by international ones including GIZ, the Danish Energy Agency (DEA) and UNEP-DTU.

Description of NSPs in DPP and under implementation

This section provides an overview of the two NSPs that are part of this case study, including their objectives, rationale, relevance, pathways to transformational change and emerging results. The key sources of information used to develop this section are NSP Outlines and Proposals as well as interviews with stakeholders.

NSP objectives and rationale for funding

Both NSPs have the common objective of advancing the transition towards EE in the country with the aim to reduce GHG emissions and further encourage the investment of different multi-sectoral stakeholders on EE services and products. While sharing aligned objectives, each NSP targets a different sector or industry, the first NSP targets the SME sector and the second NSP the sugar mills industry.

SME Energy Efficiency NAMA

The Objective - The key objective of this NSP is to support the competitiveness of SMEs and further strengthen and expand the scope and ambition of an existing SME-NAMA. The existing NAMA provides publicly funded concessional loans to implement standardised EE measures in SMEs such as the substitution of obsolete equipment. With the aim to increase energy savings and therefore reduce GHG emissions, this NSP is expected to develop a stronger market for EE in SMEs by promoting the optimisation of energy systems performance in the industry, commerce and services sectors. The NSP is expected to provide financial assistance for the implementation of complex EE measures such as compressed air, steam generation and distribution or industrial refrigeration, among other measures, which have a high energy saving potential but tend to have elevated initial investment costs. The target group of this NSP is composed of 27,220 SMEs and its overall ambition is to develop 9,045 EE projects during the 4 years of implementation and over 27,000 by 2030.

Context and Barriers - SMEs play a crucial role in the development of the country, as they represent 98% of all business and generate 75% of employment, according to the National Exterior Commerce Bank.⁶² At the same time, SMEs have the potential to contribute to achieving Mexico's emission reduction targets by upgrading and shifting their electrical systems; GIZ estimated that the retrofitting of SMEs' electrical systems in Mexico could achieve a reduction of 6.8 Million tCO₂e emissions per year.⁶³ Despite this fact, SMEs still face difficulties accessing finance to implement EE measures. Some of these barriers, which are expected to be addressed by the NSP, include the limited information that banks have on the risk profile of SMEs, as well as the general reluctance of SMEs to get funding from commercial banks due to the credit conditions required. The NSP is expected to boost commercial banks confidence in SMEs by showing the economic viability of EE and familiarise them with clean technologies.

FC and TC - This NSP uses the following combination of financial and technical mechanisms to introduce EE measures in SMEs:

- The FC is provided to set up a guarantee fund and complementary financial mechanisms to finance EE measures. The NSP funds will be transferred to the implementing financing partner NAFIN (Mexico's development bank) which will in turn offer commercial banks a funding line that allows them to provide funding to SMEs.
 - The **guarantee fund** (7M EUR) is the main financial mechanism and will be used to enhance an existing guarantee fund which has a current volume of 0.5 M EUR and was established by NAFIN. The aim of this enhanced guarantee fund is to hedge the risk of commercial banks and incentivise them to provide concessional loans to SMEs. The involvement of commercial banks was not considered in the existing SME-NAMA but is expected to leverage private capital. To achieve this, NAFIN has designed a new funding mechanism for commercial banks consisting of a credit line with preferential conditions that is expected to remove the barriers faced by SMEs when trying to request long-term funding and accelerate the financing of EE projects.

⁶² Mexican Government Website, BancoMext. Available at: <https://www.bancomext.com/comunicados/14237>

⁶³ Programme Sustainable Energy Mexico, GIZ (2012) Available at: https://energypedia.info/images/7/72/Recomendaci%C3%B3n_estrat%C3%A9gica_eficiencia_energ%C3%A9tica_PyME_2012.pdf

- **Complementary Financial Mechanisms** (2.5M EUR) in the form of small direct subsidies will be used to:
 - Cover the high up-front costs of energy audits that SMEs have to go through in order to receive grants to finance EE projects. This mechanism is expected to operate on the basis of contracting audit packages with trained EE consultants;
 - Address the low certainty about EE project performance, which prevents SMEs from demanding financial assistance and commercial banks from offering financial services. This will be done by implementing a protocol for technical validation of investment projects to assess their technical feasibility;
 - Address low certainty about effective mitigation by introducing a protocol and providing incentives for disabling/scrapping of old inefficient equipment.
- TC funds are expected to raise awareness on the relevance and potential of EE projects among stakeholders and to provide a market with a qualified offer of EE services integrated by certified consulting companies.

NSP Status and rational for funding -The SME Energy Efficiency NAMA was approved for implementation in February 2019 (4th Call) and is a resubmission from the 3rd Call. The first submission of the NSP Outline was unsuccessful due to its low ambition, but it was then readjusted with the aim to meet NAMA Facility's requirements. The total NAMA Facility funding requested for implementation of this NSP was 16.2M EUR, of which 9.5M EUR were allocated to the FC and 6.7M EUR to the TC. According to interviewees, no other sources of funding were considered as this NAMA was tailored to meet the requirements of the NAMA Facility, which was viewed as a relevant actor in the EE field.

As per 2020, the actual implementation of the NSP has not yet started. The delay is mainly attributed to the difficulty in securing a national political partner. According to interviews, this delay is expected to impact the anticipated number of EE projects to be implemented by the end of the NSP (9,045 projects) as well as the mitigation ambition initially stated in the NSP's Outline and Proposal, as the implementation period would have to be shortened.

NAMA for Sugar Mills

The Objective, Context and Barriers - This NSP aims to improve grid access for sugar cane bagasse-based cogeneration in Mexico. The overall ambition is to foster up to 500M EUR of investment in co-generation and EE investments in the Mexican sugar industry by 2030 to produce significant amounts of energy for the national electricity grid. The rational for this NSP is that, while many of Mexico's 51 sugar mills are positioned to join the renewable energy market, sugar mills face investment barriers. For instance, some mills that were originally state-owned in the mid-1980 prioritise investing in updating the equipment rather than in optimising energy efficiency, and other grid connections are unviable due to the distance from the mill to the grid node. Adding to this, the main investment barrier is the grid connection. While Mexico's Energy Law (2014) allows grid access, it requires power suppliers to pay for the grid connection, which have high costs and therefore finance is needed in the form of equity and/or debt. The investment is not only hindered due to high costs but also due to its perceived risk and the unfamiliarity of sugar mills with grid investments, compared to investments in co-generation plants, which have already been operational.

FC and TC - The NSP is expected to address these barriers by setting up a non-profit Grid Operating Facility (GOF) as a special purpose vehicle⁶⁴ (SPV) into which the NSP injects an equity grant of 10.2M EUR in parallel to additional finance leveraged from a development bank (potentially CAF) in the form of loan capital (19.3M EUR). Additionally, private finance is expected to be leveraged from the investments in EE and cogeneration equipment at the sugar mills, which is expected to be approximately 500M EUR by 2030. The Mexican government is expected to invest up to 15M EUR by 2030 in grid reinforcements for the existing grid where necessary through the national grid development programme Prodesen.

The GOF will overtake the application for, investment in and construction and operation of the grid connection of sugar mills. The SPV is also expected develop feasibility assessments and project designs for those mills that have committed to investments through Letters of Intent; as per the NSP Proposal, at least 30 sugar mills are expected to commit to participate. Finally, the TC is expected to be integrated in the establishment of the GOF.

NSP Status and rational for funding - The funding for implementation of the NAMA for Sugar Mills was approved in March 2019 (4th Call). As specified in the NSP Proposal, the NSP is expected to inject an equity grant of 10.2M EUR in order to establish the non-profit GOF special purpose vehicle (SPV) to develop grid connections and the total NAMA Facility funding requested for this NSP is 13,948,000 EUR. As identified in the interviews, one of the key reasons for applying for the NAMA Facility funding relies on the fact that this NSP requires an equity grant, which is a type of financing that is not usually available in the current climate finance context. An interviewee mentioned that there is a very limited offer of organisations offering equity grants, especially for mitigation projects.

The NSP is not yet operational as the signature of the grant agreement for implementation is pending, therefore the grid connection is not yet operative.

Relevance and pathways to transformational change

The following section provides an overview of the relevance and different pathways to transformational change of Mexico's NSPs, including areas such as national ownership, the NSPs alignment with national policies, and their approach to financial innovation.

Support from the political counterparts that were originally involved in the delivery of the NSP Outlines and Proposals has not been secured for the implementation stage. This situation limits the NSPs potential transformational change as it poses a challenge on the initial implementation and their long-term sustainability. At the same time, given the uncertainty around the national climate change mitigation commitments and the energy agenda, it is not possible to identify to what extent the objectives of the NSPs are aligned with the national development objectives. Despite this uncertainty, interviewees have agreed on the relevance of both projects for achieving Mexico's NDC commitments and for advancing towards a low carbon economy.

SME Energy Efficiency NAMA

This NSP is expected to achieve transformational change by improving SMEs' productivity and competitiveness, and allowing them to reduce their energy consumption through the implementation of EE measures. To achieve these changes and ensure they are sustainable over time, interviewees have identified the need to secure national and institutional support. If the NSP is finally implemented, the

⁶⁴ A special purpose vehicle is a subsidiary created by a parent company to isolate financial risk. Its legal status as a separate company makes its obligations secure even if the parent company goes bankrupt.

pathway to achieve TC could be via the scaling up of the NSP to other sectors and/or other EE measures.

The following sub-sections explore further aspects on the transformational change potential of this NSP.

National Ownership - National ownership of projects is as a key factor for achieving transformational change in a country. While the design and submission of the NSP Outline and Proposal involved several national institutions and organisations including SENER and NAFIN, which acts as the main financing implementing partner, securing a political counterpart for the implementation phase of the NSP is still a challenge. While ministries such as SEMARNAT and the SHCP have shown interest in getting involved in the NSP, their role in the project has not been yet defined nor secured.

Links to Mexico's NDC and climate change policies - The objectives of this project are aligned with the goals of the General Law on Climate Change (LGCC in Spanish) and the Energy Transition Law (LTE in Spanish). This NSP is expected to contribute to achieve Mexico's NDC by promoting the reduction of fuel consumption – whose GHG emissions arising are considered the main drivers of climate change - for electricity generation and industrial use. Additionally, SMEs are regarded in the National Development Plan (PND in Spanish)– the main national guiding document between 2013 and 2018 –as a strategic segment that needs to be developed. The PND established that the development of SME could be triggered by facilitating access to financing to foster efficient low-carbon projects. While the NSP embeds the national policies developed during the previous government, the new administration's energy agenda has not been yet released, therefore it is not possible to assess the extent to which the goals of the NSP and the energy agenda are aligned.

Financial innovation - Offering loans via commercial banks is the core business of NAFIN and the guarantee fund to which the NAMA Facility will contribute, albeit considerably smaller, already existed. Overall, the evaluation has found that this mechanism is not innovative, however it introduces some new elements, such as subsidies for energy audits, the repayment of the loans via the electricity bills, and the MRV system. These three elements will improve the effectiveness of the mechanism (by targeting those EE measures that are identified at the energy audits and by facilitating the repayment) and its transparency and accountability (by having a registry of emissions mitigated).

Readiness -The project has a high level of readiness as it builds on an existing SME-NAMA and receives the support of NAFIN, an organisation with extensive experience on second floor banking and SME markets in Mexico. NAFIN has also been involved in the first phase of the implementation of the SME-NAMA (called Eco-Crédito Empresarial Masivo programme) hence is able to provide experience and share lessons learnt to deliver the second phase of the SME-NAMA, supported by this NSP

GHG mitigation ambition - According to the NSP Proposal, this NSP is expected to deliver a certain number of projects that will contribute to reducing GHG emissions in a way that at the end of the 4th implementation year, there will be a total of 9,045 projects implemented. The estimated cumulative emission reduction potential in the 4th year amounts to 486,539 tCO₂e and 747,229 tCO₂e at the end of the project. The NSP mitigation ambition is higher than the ambition of the first implementation stage of the wider SME-NAMA, as it seeks to mitigate an additional 50.7% of GHG emissions per unit of investment.

NAMA for Sugar Mills

According to several stakeholders, this NSP is considered to have a high mitigation potential, as it promotes a change in a sector that has been using the same technologies for years and is considered to

have a strong social component. The NSP targets the whole sugar mills sector, and therefore its capacity to be further scaled up is limited. Interviewees also mentioned that it would not be possible to replicate the NSP in other sectors or countries, given that the barriers it addresses are very particular to the sugar sector in Mexico.

The following sub-sections explore further aspects that are key to achieve transformational change.

National Ownership - The design and submission of this NSP has involved both national and international organisations, yet the long-term implementation is expected to be managed solely by national institutions. The NSP Outline was submitted by the DEA and endorsed by SENER and SEMARNAT. As set out in the Proposal, the DEA has been proposed as the TC NSO and Banobras as the FC NSO. According to interviewees, the NSP was developed in close dialogue with national actors such as the sugar sector (National Chamber of the Sugar and Alcohol Industry) and SENER.

According to diverse interviewees, national organisations and the Mexican administration were highly involved in the design of the NSP, and the national ministries demonstrated enthusiasm to take the project forward. They were specially involved in the analysis of contextual barriers and in testing the legal framework of the project, as at the beginning it was not certain whether the SPV designed by UNEP-DTU could own part of the national grid infrastructure. To assess this, an analysis with national stakeholders and local expertise was required.

Links to Mexico's NDCs and climate change policies - When this NSP Proposal was submitted, Mexico's PECC recognised the potential of the NAMA for the sugar agroindustry for reducing GHG and black carbon emissions, which were expected to be reduced by 51% by 2030. However, while stakeholders interviewed defend the relevance of this project for the development and achievement of Mexico's NDC, the change in the political environment has caused uncertainty on the future of RE and EE in the country.

According to this NSP Outline and Proposal, the NAMA is embedded in other policy instruments including the LGCC, the LTE, the Law for the Sustainable Development of Sugar Cane, the Sectorial Energy Program 2013-2018, and the National Strategy for Climate Change 10-20-40.

Financial Innovation - As mentioned before, this NSP is expected to inject an equity grant of 10.2M EUR in order to establish a non-profit GOF SPV to develop grid connections. While the concept behind the GOF has been already used in the EE markets, the financial mechanism and the "socialisation" of grid connections have never been implemented in the Mexican energy sector.

Readiness - The readiness of this project was rated high at the desk assessment of the NSP Outline. The independent assessor found that the institutions involved had sufficient technical expertise and local capacity in order to implement the project in cooperation with the development banks. However, the on-site assessment revealed that there were uncertain timeframes for permits, land use planning and procurement. During the DPP, the project developed the NSP Proposal, which was approved for implementation. Interviewees mentioned that the concept has evolved since then, and sugar mills are already making some progress on their own, such as investing in efficient boilers. According to interviewees, if the NSP moves forward, they will need to review the business case and financial case to incorporate changes in context.

GHG mitigation ambition – As per the NSP Proposal, by the end of 2023 the accumulated emissions reduction is expected to be 863,000 tCO₂e and 6,081,000 tCO₂e by 2030.

Emerging results

The following section provides an overview of the results achieved to date of each of the NSPs, as well as the role of the NAMA Facility in achieving these results.

As mentioned in the previous section, the implementation of the SME Energy Efficiency NAMA NSP was delayed due to difficulties in securing the necessary institutional support. Therefore, substantial results have not been yet identified. According to the NAMA Facility annual report, the number of people directly benefitting from NSP in 2019 was 80, which is lower than the target of 600 people specified in the NSP Proposal.

Results of the NAMA for Sugar Mills are limited as the connection grid is not yet operational. As of 2020, progress has been made as some sugar mills have gone ahead with the co-generation investment and implementing efficient boilers, which will allow them to dispatch electricity to the grid once they are connected to it and the grid becomes operational. Findings from interviews revealed that the delays in the process to get contractual agreements in place could lead to disengagement of relevant stakeholders.

The influence of the NAMA Facility / NSPs within Mexico

Based on evidence collected for this evaluation, the two NSPs in Mexico appear to currently have fairly limited influence on the climate mitigation agenda. Delays in implementation hinder the identification of early outputs, outcomes and impacts within Mexico.

The SME Energy Efficiency NSP expects to develop commercial banks' capability to assess investments in EE measures, which could lead to the scaling up of the financial instrument once the NSP has concluded. By generating enough evidence and successful EE projects, commercial banks are expected to be able to identify business opportunities in the EE market in the future and subsequently increase their participation in it. It has been mentioned by several interviewees that this NAMA could have the potential to promote EE not only among SMEs but also among bigger companies. The expansion of the scope of the NSP would also imply modifying the financing conditions offered to companies in order to meet the needs and expectations of larger organisations. In terms of replicability, the NSP Proposal highlights the NSP potential of replicability in sectors such as residential, transport and the energy sector. This is mainly attributed to the fact that the operative structure and processes of the NSP have strategic elements common to other sectors. In terms of sustainability, while the NSP enjoys from the support of experienced partners such as NAFIN, an interviewee mentioned that the potential for transformational change could be released and sustained over time if the relevant institutions are involved once the NAMA Facility support is over, yet national political counterparts are not yet secured.

The replicability and scalability strategy of the NAMA for Sugar Mills has not been defined yet. Once the relevant mills are connected to the grid, implementers are expecting to assess the feasibility of expanding the grid connection services to other industries or sectors. The NSP Proposal suggests the possibility of replicating the SPV in the form of the GOF wherever agricultural production holds the potential to co-produce energy for the grid. For this to happen, an equity investor that is willing to provide capital at no return on equity would be required. Finally, the lack of uncertainty around the future of the NSP hinders the identification of influence of the NSP in the country in the long-term.

In spite of these results, as it has been previously mentioned in the report, some interviewees agreed on the fact that the NAMA Facility is a relevant and well-known mechanism in the country. An interviewee

particularly mentioned that NAMAs became increasingly important and recognised in the country after the implementation of the first NSP; the Housing NAMA in Mexico.

Unintended consequences of participation in the NAMA Facility

The case study has not identified any unintended consequences of participation in the NAMA Facility.

Conclusions

This case study aimed to identify whether the NAMA Facility provides relevant support for climate mitigation in Mexico and whether there are any indications of it contributing to transformational change in the short and long run.

Findings reveal that the NAMA Facility is a relevant actor for achieving climate mitigation objectives in the country and is well perceived and positioned in the Mexican climate finance community. Interviewees agreed on the fact that the NAMA Facility provides a unique combination of technical and financial support and offers an additional source of funding in the country, where it is not possible to finance ambitious mitigation projects solely with national funds. Findings from interviews confirmed that NAMAs in Mexico are well-known and, according to one interviewee, are one of the most recognised mechanisms for the implementation of climate mitigation activities and achievement of NDC goals. As it has been stated in this report, the high amount of NAMAs in the country motivated the creation of a National NAMA Registry to centralise the information in the General Direction of Policies for Climate Change and further assist in the requests for funding. Additionally, according to an interviewee, the success of the Housing NAMA, the first NSP to be implemented in Mexico, contributed to set an example that demonstrated that NAMAs work, further contributing to their popularity and recognition in Mexico.

The analysis concludes that, while the two current NSPs approved for implementation cover relevant sectors, their potential for transformational change is currently limited. One of the key reasons for this is the lack of institutional engagement in energy efficiency projects, coupled with the uncertain future of the country's energy agenda. The difficulties found in securing political support for the implementation of these NSPs hinder their efficient implementation and, consequently, their long-term sustainability. Other factors that impact and can limit the potential for transformational change are the Sugar Mill's limited scope for scaling up (since it targets all the sugar mills in Mexico) and replicability. Further details regarding the NSPs potential for achieving transformational change are:

- In the case of the NAMA for Sugar Mills, while SPVs are innovative in Mexico, they have already been used in large-scale energy infrastructure projects. Additionally, the possibility of scaling up of the NSP is not well defined in the NSP Outline and Proposal and the strategy for scaling up the project (e.g. to other sectors) is expected to be tested during the implementation phase, which has not yet started. At the same time, the replicability of the NSP outside of the country can be complicated given the legal implications around ownership of national grids, hence, country-specific legislation is determinant for ensuring the feasibility of this NSP. Furthermore, as identified by an interviewee, while the NSP has not entered the implementation phase and funds have not been used, sugar mills are already making their own progress and adopting new EE measures (e.g. changing their boilers), which demonstrates the sector's commitment towards energy transition.
- In the case of the SME Energy Efficiency NAMA, while the use of second floor banking, in which commercial banks distribute loans to SMEs or the private sector, is not innovative, the analysis to identify the most effective energy efficiency measures and the MRV of the greenhouse gas

reductions make it innovative compared to other schemes. The NSP shows potential for being scaled up and replicated, as similar initiatives could be applied in other sectors or different organisations. For instance, several stakeholders mentioned the possibility of expanding the NSP scope to target larger organisations, which would increase the NSP mitigation potential and subsequently its potential for transformational change. Overall, the implementation delays are hindering the realisation of early outcomes and long-term impacts of these NSPs and limiting their potential to achieve transformational change.

As per September 2020, the implementation of both NSPs remains uncertain as grant agreements have not been signed. Stakeholders have shown concerns regarding the difficulties and unfeasibility of going ahead with the projects without the NAMA Facility support, as institutional coordination is currently limited.

Annex 7: THE GAMBIA country case study

Introduction

The purpose of the case studies is to gather in-depth information on how the NAMA Facility operates within specific national contexts: the relevance and connectedness of the Facility to the climate mitigation ambitions in these countries, the effectiveness with which it operates and the extent to which the NAMA Facility is supporting transformational change within that country context.

The evidence for this case study has been gathered through desk-based analysis of relevant NSP and country-level documentation and interviews with project implementers and applicant support partners, as well as TSU staff involved in the NSP.

Climate mitigation policy and ambitions in The Gambia

The Gambia is considered one of the Least Developed Countries by the UN. With a population of 2.1 million people, it is the smallest country in mainland Africa and is one of the most densely populated countries in the continent, with 176 people per square kilometre. While some improvements have been made in terms of economic growth and a sharp reduction in the country's fiscal deficit, a large proportion of the population lives in poverty.⁶⁵ In 2018, 48.6% of the population was living below the national poverty line.⁶⁶

The Gambia is a country particularly vulnerable to climate change consequences. Almost 44% of the country's workforce is employed within the agricultural sector⁶⁷ and therefore their household income is subject to changes in the weather conditions, including torrential rainfalls, flooding, drought and heat waves. Additionally, according to the World Bank, predictions for West Africa in 2020 are for reductions in yields of 50% due to both climate and non-climate factors,⁶⁸ which will affect the income level of the workforce employed within the sector. Additionally, the topographic features of the country contribute to the country's climate change vulnerability. Nearly 50% of its total land is less than 20 meters above sea level and therefore most areas of the country, including the capital Banjul, are at risk of sea level rise.⁶⁹

The Gambia's Paris Agreement target aims to unconditionally reduce emissions by 2.7% by 2030 below business-as-usual (BAU) and, conditional on international financial support, aims for a target of 45.4% reduction by 2030. One of the pillars of The Gambia's strategy to achieve these reductions is the uptake of renewable energy technologies, which in combination with energy efficiency measures are expected to contribute almost 30% of the 2030 NDC emission reductions target. According to an interviewee from a national ministry, domestic energy consumption in The Gambia depends heavily on wood for fuel, which leads to deforestation and compromises the carbon sink, and the electricity supply in the Gambia is inconsistent and based mainly on fossil fuels. The government therefore plans to install solar PV, wind power and hydro-electric power plants. According to Climate Action Tracker, this goal is now well on its

⁶⁵ <https://www.worldbank.org/en/country/gambia/overview#1>

⁶⁶ https://databank.worldbank.org/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=GMB

⁶⁷ <https://climateknowledgeportal.worldbank.org/country/gambia>

⁶⁸ <https://climateknowledgeportal.worldbank.org/country/gambia/impacts-agriculture>

⁶⁹ <https://www.adaptation-undp.org/explore/western-africa/gambia>

way with, in May 2018, the first large-scale solar PV project in the Greater Banjul area receiving construction finance from the World Bank.

The NDC also includes abatement in the LULUCF and agriculture sectors. The Gambia plans to undertake considerable abatement through afforestation with targets for 2025 and 2030.⁷⁰ In 2018, it launched a large project to restore 10,000 hectares of forests, mangroves, and savannas. It will also replace flooded rice paddies with dry upland rice fields in order to reduce methane emissions and promote adoption of efficient cook stoves to reduce the overuse of forest resources, conditional on international support.

Other conditional targets include:

- Refurbishing and upgrading the national grid (from 33kV to 132kV to reduce losses; and
- Deployment of energy efficiency vehicles to reduce fuel consumption through efficiency standards.

The Gambia's commitment has been rated by the Climate Action Tracker (CAT) as "1.5°C Paris Agreement compatible", which means that it does not require other countries to make comparably deeper reductions or greater effort and is in the most stringent part of its 'Fair Share' range. This is relatively exceptional, since only two countries out of 32 that have been rated by the CAT have received this positive assessment.

The Gambia's NDC is further complemented **with other national climate change and development policies and strategies**. These include:

- **Electricity Sector Roadmap (2015)**: this provides a framework for the provision a suitable energy supply to support the continued development of The Gambia, including scenarios for solar power development.
- **Vision 2020**: this strategy was published in 1996 and aims at guiding the country's development priorities, including promoting free market policies and guaranteeing well-balanced ecosystems. The Vision 2020 is executed through different five-year development plans.
- **Renewable Energy Act (2013)**, which implements a feed-in tariff for renewable energy sources and established a renewable energy fund.
- **National Energy Policy (2014-2018)**, which aims at promoting increase in electricity generation, promote renewable energy generation, and further improve access to affordable and reliable supply in rural areas.
- **Sustainable Energy Action Plan (2015)**, where several renewable energy and energy efficiency targets were established for 2020 and 2030 with the aim to meet the country's conditional targets. This plan is only expected to be implemented with the support of international funds and technical assistance, and the current implementation of status is uncertain.
- **Programme for Accelerated Growth and Employment (PAGE) (2012-2015)**, which aims at reducing poverty by improving employment levels, per capita income, social services, gender

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equality and the country's economic competitiveness. This programme is the continuation of the Gambia's Poverty Reduction Strategy Paper II, which ended in 2012.

- **National Climate Change Policy** (2016), grounded in The Gambia's Vision 2020 and the 2012-2015 Programme for Accelerated Growth and Employment. This policy provides policy directions to implement national development strategies integrating climate resilience.
- **Strategic Programme for Climate Resilience** (2017), which presents the country's strategy to integrate climate change into policymaking.

The Gambian Ministry of Environment, Climate Change and Natural Resources (MECCNAR) has overarching responsibility for implementation of climate policy, whilst other government ministries are responsible for specific aspects of climate policy as it relates to their portfolios.⁷¹ The Gambia's NDC was elaborated with the support from the German and UK Governments, GIZ and the Climate and Development Knowledge Network (CDKN).

The Government of the Gambia developed a **NAMA** document to define the actions and steps to be taken in order to contribute to the global efforts to avoid global warming of over 2°C. The Gambia NAMA outlines eight mitigation projects as well as two mitigation/adaptation projects. The agreed NAMAs for The Gambia are:⁷²

1. Develop a Low emissions climate resilient development Strategy (LECRDS) of The Gambia.
2. Increase energy production from renewable sources (Solar & wind).
3. Promote the use of energy-efficient cooking stoves.
4. Reduce encroachment into forests and virgin lands through improvement of food storage facilities and promotion of post-harvest technologies.
5. Reinforce transmission and distribution system to reduce electricity losses to 15% by 2030.
6. Promote and integrated crop-livestock system by planting nitrogen fixing crops and encourage spot and zero burning practices.
7. Restore degraded grazing land through the multiplication and popularization of forage seed planting of multipurpose seed in grazing areas.
8. Promote the cultivation of upland high-yielding rice varieties.
9. Restore and rehabilitate degraded forest lands, protect and conserve wetlands, and develop greenbelts around human settlements, national forests, wildlife parks and protected areas through afforestation and reforestation.
10. Integrated Management of urban and peri-urban solid and liquid waste.

There is, however, only one NAMA registered in the UNFCCC NAMA registry, and this is the NAMA Rural Electrification with Renewable Energy, later known as 'Investing in Grid-Connected Solar PV'. The NAMA has four key objectives which are:

1. Increase the level of renewable energy for electricity and contribute to the national long-term target of increasing the share of renewable energy within the power generation sector.

⁷¹ <https://unfccc.int/sites/default/files/resource/The%20Gambia%20Third%20National%20Communication.pdf>

⁷² https://unfccc.int/files/focus/application/pdf/nama_foc_prop_gambia.pdf

2. Reduce greenhouse gas emissions in the power generation sector.
3. Increase the rural population's access to sustainable electricity.
4. Encourage an increase in rural income generation and improve rural livelihoods.

Table 4. Key development and climate change indicators (5 case study countries)

	The Gambia
Region	Sub-Saharan Africa
Income group	Low income
CO2 emissions /capita	1.11 tonnes
Climate Change Performance	<i>No data</i>
NDC target by 2030	Reduction in GHG emissions by 2.7% (45.4% with international support)
Level of ambition	1.5°C Paris Agreement compatible
Change readiness	<i>No data</i>

Sources: Income group, World Bank list of economies (June 2020); CO2 emissions, ndcpartnership.org, using data from CAIT – for 2016; [Climate Change Performance Index](#) (CCPI) ranking for 2020 – this assesses according to GHG Emissions, Renewable Energy, Energy Use and Climate Policy; level of ambition tracked at New Climate Institute, & Climate Analytics. (n.d.). [Climate Action Tracker](#) (2020); [KPMG's 2019 change readiness index](#) measures how effectively a country's private and public enterprises, government, people and civil society anticipate, prepare for, manage and respond to change and cultivate opportunity.

Overview of NAMA Facility links with The Gambia

The Ministry of Environment, Climate Change and Natural Resources (MECCNAR) submitted an NSP in the 3rd Call named “NAMA Design Document for Rural Electrification with Renewable Energy in The Gambia”. The NSP was unsuccessful, and it was resubmitted in the 4th Call with the name “Rural Electrification with Renewable Energy in The Gambia”, and is now referred to as ‘Investing in Grid-Connected Solar PV. The NSP, which was selected for DPP, was submitted by MECCNAR and supported by the Ministry of Petroleum & Energy (MOPE). In the NSP Outline, the United Nations Development Programme (UNDP) was included as a co-applicant, and the NSO was The Gambia Renewable Energy Centre (GREC). During implementation, the NSO role has been assigned to UNDP for the technical component, and to the United Nations Capital Development Fund (UNCDF), for the financial component.

The NSP proposal was submitted in July 2019 and it was approved for implementation by donors in November 2019 (22 months after Outline selection), with an allocation of EUR 11,373,800 over the implementation period (expected to be 60 months).

The financial and legal agreements between GIZ and UNDP and UNCDF were completed in October 2020, although interviewees noted that it had been a lengthy process with significant delays.

Table 5. Overview of NAMA Facility Outlines and funded NSPs, 1st – 6th Calls

	1st Call	2nd Call	3rd Call	4th Call	5th Call	6th Call
# Outlines submitted from The Gambia	0	0	1	1	0	0
Of which were subject to an on-site visit	N/A	N/A	N/A	1	0	0

Of which were selected for DPP	0	0	0	1	0	0
Of which moved onto implementation	0	0	0	1	0	0

Description of NSP under implementation

NSP objectives and rationale for funding

There are currently six regional electricity grids in The Gambia, and generation is centred at power plants in each of the six regions, which operate with heavy fuel oil (HFO). The National Water and Electricity Company (NAWEC) plans to increase the electricity generation capacity in these grids with solar power stations. However, a study conducted in 2016 revealed that the cost of generating electricity with solar PV installations is higher than with HFO. Other barriers include the high cost of capital in The Gambia (22% when the Outline was submitted), lack of security for payments from the off-taker (NAWEC), and the lack of experience with medium-sized solar PV. Interviewees noted that a lot of renewable energy projects in Africa fail due to issues with implementation rather than design. There were some mixed views from interviewees as to whether the national partners are being given enough ownership at the implementation stage, with one suggesting that a representative from a national institution should be involved from the outset in the project management unit as the national context was crucial.

Emerging results

As the NSP has only recently been approved for implementation, the main source of support from the NAMA Facility to date has been during the DPP stage. One interviewee noted that the on-site assessment by the TSU identified that the project was not very 'mature', and **so the project was enhanced and refined over several months with input from national consultants and feedback from the TSU**. The interviewee noted that the **TSU was very responsive during the DPP**, and they had **made use of the pool of experts**, including experts in energy and solar PV, who had been very helpful during the DPP stage. Another interviewee had slightly **different views on the level of support received directly from the NAMA Facility**; they considered the TSU as being 'hands-off' with little support until the project was approved for implementation, at which point the relationship with the NAMA Facility became more of a collaborative working relationship. They were satisfied with the support received in the implementation stage to date.

An area highlighted by an NSO stakeholder as being particularly important in terms of technical support is the **development of Power Purchase Agreements which serve as the contract between the utility (NAWEC) and the IPPs**. As part of the technical assistance, the NSO developed an initial 2-page contract from NAWEC into a much more extensive and comprehensive document, containing the full details that an International IPP would require. **The TA has also supported the development of other required legal documents**, such as grid connection agreements and sub-lease agreements.

Overall, the technical support aspect of the NAMA Facility was seen as a particular positive and distinct benefit compared to some other funds by an interviewee from a national ministry:

'They give you the technical assistance to actually help you develop the project... they have a foresight of where you want to go and give you a helping hand to get to that point. That patience and consideration is unique to the NAMA Facility. [with other funds] it's a matter of is your project qualified or not qualified.'

In terms of additional support desired from the NAMA Facility; one interviewee noted that **further capacity building would have been useful** to make the implementing ministries as independent as possible, through training or sharing of knowledge, or making staff on the ground part of the consulting team. Another interviewee involved in the Outline and DPP said that there were no concrete examples of similar finance arrangements that they could draw on when designing the project (although this may be due to the relatively unique and innovative design).

The project is too early in the implementation stage to have yielded any results (the power plants is not yet operational). There were some **delays to the implementation** of the project due to a contract process that was viewed as protracted by one interviewee, but this did not have a big impact on the project, and gave implementing partners the opportunity to bring on board the key stakeholders, particularly NAWEC.

'Now that NAWEC is fully on board and willing to take on their role as key implementing partner, we don't see any major issues.'

A key challenge that the NSP aims to overcome is a lack of willingness for international companies to invest in projects of this type in The Gambia. In that regards there are early signs of success, as according to an NSO stakeholder, the NSP has received more than 40 expressions of interest from Independent Power Producers (IPPs), including major global players, from which over 20 potential IPPs were considered of sufficient quality and will be invited to participate in the full tender. The stakeholder noted that the guarantee mechanism was a key reason for this high level of interest.

The influence of the NAMA Facility / NSPs within The Gambia

The NSP aims to eventually support the development of three additional sites in The Gambia, and the TC component of the NSP includes support for feasibility studies for future replication at other sites. The NSP may prove to private investors that the model is viable in similarly-situated countries in West Africa and elsewhere. **Stakeholders interviewed agreed that the project could be 'easily' replicated elsewhere**, and there are plans to add additional power plants to the grid using the same structure if these initial two power plants are successful. In particular, an interviewee highlighted the potential to add renewable energy to the main grid around the capital in addition to the regional grids which this NSP focuses on.

The underlying concept that the private sector shall finance the investments and shall be in charge of operations, and that the public sector shall be responsible for the necessary framework conditions including the legal and regulatory framework and subsidies for investments (for interest reductions and/or guarantees) could – if successful – be a model for other African countries, according to the independent assessors who reviewed the NSP Outline.

Unintended consequences of participation in the NAMA Facility

There were no significant unintended consequences of participation in the NAMA Facility highlighted by interviewees.

Conclusions

The NAMA 'Investing in Grid-Connected Solar PV' is a core part of The Gambia's NDC strategy and is considered ambitious, as the project alone could go a long way to meeting The Gambia's NDCs if implemented successfully, according to interviewees. The NAMA Facility has had significant input in the NSP to date in terms of development of the project, and the technical support provided so far is

considered key to achieving the desired result of convincing IPPs to invest. The funding provided for actual implementation is a distinct feature of the NAMA Facility, without which the project may not have been able to progress.

There is significant transformation potential of the NSP as The Gambia has to date been viewed as a challenging environment for investment for projects of this type. The financing arrangement of the NSP is innovative, designed to overcome the barriers to private sector investment that have limited projects of this type so far. There is potential to demonstrate that private investment in renewable energy in The Gambia can be successful, and while it is too early in implementation to measure results, the high level of interest and application from IPPs demonstrates that projects with this type of mechanism are viable options for private investment. The NSP, if successful, will serve as a proof of concept which could be replicated elsewhere in The Gambia and potentially other countries in the region.

Annex 8: TUNISIA country case study

Introduction

The purpose of these case studies is to gather in-depth information on how the NAMA Facility operates within specific national contexts: the relevance and connectedness of the Facility to the climate mitigation ambitions in these countries, the effectiveness with which it operates and the extent to which the NAMA Facility is supporting transformational change within that country context.

The evidence for this case study has been gathered through desk-based analysis of relevant NSP and country-level documentation and interviews with one project implementer, two external consultants working on the project (who participated in an interview jointly with the national implementing partner), and the NSO.

Climate mitigation policy and ambitions in Tunisia

Tunisia is a highly urbanised, lower-middle income country. It has an emission ranking of 78 out of 215 countries and territories,⁷³ contributing to 0.08% of global GHG emissions.⁷⁴ Tunisia's GHG emissions are dominated by the energy sector, which accounts for 69% of all emissions (27.21 Mt CO₂e).⁷⁵ Tunisia mostly relies on gas imports to meet its primary energy needs: almost 97% of its electricity generation came from gas in 2016.⁷⁶

Tunisia submitted its Nationally Determined Contributions (NDC) in 2015, which proposes reducing GHG emissions across all sectors (energy; industrial processes; agriculture, forestry and other land use; waste) in order to lower its carbon intensity by 41% in 2030, relative to the base year 2010 (its unconditional target is a reduction in carbon intensity of 28%). According to the NDC, mitigation efforts would particularly centre on the energy sector, where it aims to reduce its carbon intensity by 46%.

The main policies and programmes supporting the implementation of Tunisia's NDC are the following:

- **National Climate Change Strategy** (2012),⁷⁷ which includes social and economic objectives, as well as objectives to reduce carbon intensity and objectives in the field of adaptation to climate change.
- **National Energy Transition Strategy** (2014)⁷⁸, which includes objectives for reduction of energy demand, increase of renewable energy proportion in their energy mix, and reduction of GHG emissions.
- **Action Plan for Renewable Energy** (2018).⁷⁹ This Action Plan sets an ambition towards energy sector reform, including the establishment of an independent regulator of the electricity sector and the increase of the renewable energy capacity. It also includes the Tunisian Solar Plan.

⁷³ Global Carbon Atlas (2018) Ranking based on 2016 data. Available at <http://www.globalcarbonatlas.org/en/CO2-emissions>

⁷⁴ Climate Analysis Indicators Tool (CAIT) Version 2.0. (Washington, DC: World Resources Institute, 2014)". World Resources Institute.

⁷⁵ Climatewatch (2018) Tunisia country profile. GHG emissions based on 2016 data. Available at

<https://www.climatewatchdata.org/countries/TUN>

⁷⁶ <https://www.iea.org/countries/tunisia>

⁷⁷ Available at: <http://www.environnement.gov.tn/PICC/wp-content/uploads/Strat%C3%A9gie-Nationale-%E2%80%93-Rapport2.pdf>

⁷⁸ Available at: <https://www.giz.de/en/downloads/giz2014-fr-strategie-energie-tunisie.pdf>

⁷⁹ Available at: https://www.energiemines.gov.tn/fileadmin/user_upload/publications/plan_action_solaire.pdf

- **Energy Efficiency Action Plan** (currently under development)⁸⁰

In addition, Tunisia includes the fight against climate change in its constitution, adopted in 2014. The country is currently developing a Low Carbon National Strategy for 2030 and 2050 and updating its NDC.⁸¹

When Tunisia submitted its NDC, five NAMAs had already been proposed: (i) NAMA Cement, (ii) NAMA Buildings (iii) NAMA Electricity Sector, (iv) NAMA Forests, and (v) NAMA Sanitation. In addition, Tunisia has registered a NAMA in the UNFCCC website, supported by GEF, to seek additional support for the Tunisian Solar Plan.

Last, in its NDC, Tunisia mentioned the need to develop an MRV system of mitigation measures which would be responsible for monitoring, notifying and checking the impacts (emission reductions, carbon intensity, co-beneficiaries, etc.) of all mitigation measures, especially those developed under NAMAs.

Table 6. Key development and climate change indicators (5 case study countries)

	Tunisia
Region	Middle East & North Africa
Income group	Lower middle income
CO2 emissions /capita	3.49 tonnes
Climate Change Performance	<i>no data</i>
NDC target by 2030	Reduction in carbon intensity by 28% (41% with international support)
Level of ambition	N/A
Change readiness	N/A

Sources: Income group, World Bank list of economies (June 2020); CO2 emissions, ndcpartnership.org, using data from CAIT – for 2016; [Climate Change Performance Index](#) (CCPI) ranking for 2020 – this assesses according to GHG Emissions, Renewable Energy, Energy Use and Climate Policy; level of ambition tracked at New Climate Institute, & Climate Analytics. (n.d.). [Climate Action Tracker](#) (2020); [KPMG's 2019 change readiness index](#) measures how effectively a country's private and public enterprises, government, people and civil society anticipate, prepare for, manage and respond to change and cultivate opportunity.

Overview of NAMA Facility links with Tunisia

Tunisia has submitted three NSP Outlines. The first NSP Outline was submitted in the 1st Call and targeted the NAMA Cement. The two other NSP Outlines were submitted in the 4th Call and targeted the wastewater treatment sector (NAMA Sanitation) and the building sector (NAMA Buildings). Only the latter was selected for DPP, and it entered the implementation phase in November 2019.

The NSO in all three NSP Outlines was GIZ, and the national organisations involved varied per NSP, as they covered different sectors. The NSP Outline that aimed to support the cement sector was submitted by the National Energy Conservation Agency (ANME). The NSP Outline covering the wastewater treatment sector was submitted by the National Sanitation Utility (ONAS) and supported by the Ministry of Local Affairs and Environment and the Ministry of Development, Investment and International Cooperation. Last, the NSP operating in the building sector is being implemented by the Ministry of Industry, Energy and Mines the Ministry of Local Affairs and Environment and the National Energy Conservation Agency (ANME).

⁸⁰ Source: NDC Partnership (2019) Tunisia Country Profile

⁸¹ Source: <http://www.anme.tn/?q=fr/content/politiques-dattenuation-dans-le-secteur-de-lenergie>

Table 7. Overview of NAMA Facility Outlines and funded NSPs, 1st – 6th Calls

	1 st Call	2 nd Call	3 rd Call	4 th Call	5 th Call	6 th Call
# Outlines submitted from Tunisia	1	0	0	2	0	0
Of which were subject to an on-site visit	N/A	N/A	N/A	1	0	0
Of which were selected for DPP	0	0	0	1	0	0
Of which moved onto implementation	0	0	0	1	0	0

Description of NSP under implementation

NSP objectives and rationale for funding

Tunisia faces two major energy challenges: the high dependency on imported fossil fuels, and the subsidies on energy products. These challenges increase the energy deficit and lead to an imbalance of the state budget. The residential building sector represents over a quarter (27%) of final energy consumption in the country, hence contributing significantly to the budgetary deficit and the generation of GHG emissions.⁸²

In order to reduce fossil fuel imports and GHG emissions, the National Agency for Energy Conservation (ANME) is implementing the NAMA Building.⁸³ The NAMA aims at increasing the uptake of energy efficiency and renewable energy measures across the building sector through three schemes:

- PROSOL, which aims to promote the use of solar water heaters (SWH) since 2005;
- PROSOL ELEC, which supports installations of photovoltaic (PV) systems in residential buildings since 2010;⁸⁴
- PROMO ISOL, a thermal performance programme for retrofitting.

The existing financial mechanism for PROSOL ELEC is based on a subsidy which covers around 30% of the investment costs. Furthermore, this subsidy provides end-consumers with access to a loan at reduced rate to be repaid over a 7-year period via their electricity bill. However, PROSOL ELEC excludes consumers with consumptions less than 1,800 kWh/year. The NSP “Scaling-up Renewable Energy and Energy Efficiency in the Tunisian Building Sector” aims to upscale PROSOL ELEC to these smaller consumers that had so far been excluded from the scheme. The NSP supports the following components:

- Financial component (PROSOL Economique): Upfront investment and loans to households at a subsidised interest rate to install PV systems. Loan repayments are collected through electricity bills.

⁸² Source: NSP Proposal “Scaling-up Renewable Energy and Energy Efficiency in the Tunisian Building Sector”

⁸³ NAMA for renewable energy and energy efficiency in the building sector in Tunisia

⁸⁴ Currently only PV systems with more than 1 kWp are eligible for incentives

- **Technical component:** Enhancing the legal and regulatory framework (including MRV) for all three programmes/technologies of the NAMA to facilitate the scaling-up.
- **Communication component:** Strengthening communication on all three programmes to raise awareness of the different actors involved and to support the development of a sustainable renewable energy and energy efficiency market in Tunisia.

The direct beneficiaries of the NSP are the segment of small electricity consumers, who will be able to access electricity at a reduced cost, and the public sector, who will receive capacity building (e.g. on MRV). The NSP and, more broadly, the PROSOL Economique scheme will also benefit the market of installers of PV systems and their supply chain and the local financial institution(s) partaking in the scheme.

The NSP Outline was led by the Ministry of Energy and the project is being implemented by the ANME, who sits under remit of the Ministry. According to interviewees, the reasons to request funding from the NAMA Facility were the following:

- The **level of readiness** of the project matched well with the requirements of the NAMA Facility. The project was aiming to upscale already existing programmes and did not require further technical assistance; however, it lacked the funding to do so. This evaluation has found that the level of readiness of this project was high, which is demonstrated in the high quality NSP Outline and NSP Proposal submitted. This has also facilitated the quick transition from DPP to implementation.
- Their **concept** of the project matched well with the assistance provided by the NAMA Facility via the financial mechanism.
- The **lack of other funding sources similar to the NAMA Facility**. The project also identified the Green Climate Fund as a potential source, however it seemed less suited to the project as it targets bigger projects requiring more funding, and the administrative procedures are more complex than those of the NAMA Facility.

Relevance and pathways to transformational change

The stakeholders involved in this NSP, in addition to the Ministry of Industry, Energy and Mines and the ANME, are the Ministry of Local Affairs and Environment, GIZ (co-applicant and NSO), and the Tunisian Company for Oil Electricity and Gas (STEG). The project is being coordinated by ANME, with GIZ offering administrative support in its role as NSO. A consulting firm has been supporting ANME from the very beginning, since the NSP Outline was prepared. The project involves a wide range of stakeholders from both the public and the private sectors, and a series of consultations have been organised to bring stakeholders together and analyse the barriers faced by the NSP.

The level of national ownership of the project is high, and the NSP has strong political and legal support: it builds on a project that is running since 2010, it is embedded in a wider NAMA, and it is aligned with Tunisia's NDC, as well as with national strategies and action plans in the fields of climate change, renewable energy and energy efficiency. The high national ownership of the project is also reflected on the level of funds committed by the Tunisian government (28.7 million EUR, equivalent to 35% of total cost).

The financial mechanism is considered **innovative** by interviewees, and it has been praised for its capacity to reduce investment risk and financing costs to install PV systems. Its innovation stems from the ‘consumer journey’ of the investments: Consumers apply to the STEG, who reviews and approves applications, signs a contract with the consumer, and collects the loan repayments through the bi-monthly electricity bills. The PV installer receives the payment from the local bank who granted the loan, who subsequently receives the reimbursement from the STEG. This structure simplifies the process for consumers and reduces the risk of the operation.

The lessons learned from this NSP might trigger further investments into EE and RE measures in the building sector in Tunisia, hence contributing to its transformational change. For instance, the experience acquired by the government and other stakeholders involved might help to upscale the SWH scheme (PROSOL) to small consumers, or to widen the scope of the future retrofitting scheme (PROMO ISOL) by targeting a wider range of households. The NSP may also contribute to consolidate the market of installers of PV systems and their supply chain, to increase financial institutions’ capacity to assess this type of operations, and to increase investors’ appetite on PV systems once the subsidies are phased out.

Finally, another pathway to achieve TC is the potential replicability of the NSP in other countries. The concept used by this NSP could be replicated in other countries with high PV potential that are highly dependent on fossil fuels.

Emerging results

This NSP was approved for implementation in March 2019 and entered the Implementation Phase in November 2019, as intended in the NSP Proposal. The negotiations for this IPA have been finalised, and the IPA was signed in mid-November 2020. The implementation activities, therefore, have so far been limited.

During its first year of implementation, the project has reviewed the concept and engaged further with the private sector, in particular with local financial institutions. At the NSP Proposal stage it was estimated that the NSP would need funding of 87 million EUR for the successful implementation of all the activities planned in both the technical and financial components.⁸⁵ The contribution of the NAMA Facility, 15 million EUR, represents 17% of the funding needs.

The bulk of the resources, 82 million EUR, are assigned to the financial mechanism PROSOL Economique. The NSP Proposal envisioned this would be financed through:

- Loans from development finance institutions: 29.5 million EUR (36%).
- Government contribution: 28.7 million EUR (35%).
- Commercial loans from local financial institutions: 12.7 million EUR (16%).
- NAMA Facility: 10 million EUR (12%).⁸⁶
- Equity contributions from low-income households: 0.7 million EUR (1%).⁸⁷

At the NSP Outline and Proposal stages, liquidity was foreseen as one of the barriers for local financial institutions to invest in the new scheme, and the implementing partners planned raising funds from an

⁸⁵ The latest estimations provided in the Minimum Targets Report (November 2020) raise this figure to 90 million EUR.

⁸⁶ The NAMA Facility contribution is 15 million EUR split as follows: 10 million EUR for financial component, 4.5 million EUR for technical component, and 0.6 million EUR for overheads.

⁸⁷ The budget submitted in the Minimum Targets Report (November 2020) does not foresees equity contributions from households anymore.

international development bank. However, consultations held in 2020 with local financial institutions' representatives indicate that market and macroeconomic conditions have changed: (a) liquidity is not a barrier anymore, and (b) the fluctuations on the currency make less attractive to acquire debt in a foreign currency. Therefore, it has been decided that the debt funding will be provided by local financial institutions (12.6 million EUR initially planned plus 29.5 million EUR that had been initially allocated to development finance institutions), which will be selected in a tendering process. The selection process has not started yet, however interest is high among commercial banks, including an Islamic bank. By the end of the implementation period (2024), the NSP expects to generate 12 million EUR savings on electricity purchase for users of PROSOL Economique.⁸⁸ Bill and energy savings may lead, in turn, to reduction of fuel poverty, better access to heating and cooling in buildings and improved health.

The NSP expects to reach 66,950 households by 2024 and to avoid the emission of 99,262 tCO₂e. This figure is significantly lower than the GHG emission reductions estimated at the NSP Outline (390,466 tCO₂e by 2023) and which helped the NSP score high on level of ambition.⁸⁹

The influence of the NAMA Facility / NSP within Tunisia

The NSP expects to achieve wider sustainable development benefits by increasing the uptake of PV systems and strengthening technology and service market. Economic benefits include the creation of skilled jobs and companies in the PV sector and the reduction of the Tunisian government's expenditures for fossil fuel subsidies. In Tunisia, all energy products, including oil products, LPG, natural gas and electricity, are subsidized. Subsidies in 2017 were estimated to be around 2.3 percent of GDP, which accounted for more than one third of the fiscal deficit.⁹⁰ Besides imposing a heavy burden on public finances, subsidies are regressive. Fuel subsidies, with exception of LPG, disproportionately benefit wealthier customers and more than half of subsidies for natural gas and electricity accrue to industrial and commercial customers. The National Energy Management Strategy includes a roadmap to gradually remove subsidies, mitigate social impacts and moderate demand through energy efficiency. The NSP will provide a small contribution towards this transition plan.

Unintended consequences of participation in the NAMA Facility

The case study has not identified any unintended consequences of participation in the NAMA Facility.

Conclusions

NAMAs are a very important instrument in Tunisia to meet its NDC targets, and the country is implementing (or seeking support for) five NAMAs in the most polluting sectors. Tunisia has sought support from the NAMA Facility for three of these NAMAs: Cement, Sanitation and Buildings, although only the last one was selected for DPP and, later, implementation.

The level of national ownership of the project is high, and the NSP has strong political and legal support: it builds on a project that is running since 2010, it is embedded in the NAMA Buildings, and it is aligned with Tunisia's NDC, as well as with national strategies and action plans in the fields of climate change, renewable energy and energy efficiency.

⁸⁸ Source: NAMA Building Minimum Targets Report (November 2020)

⁸⁹ The Outline was based on different estimations and projections, which have been updated during the DPP (e.g. it assumed the installation of 134Mwp)

⁹⁰ Source: World Bank (2019) Project Information Document. Energy Sector Performance Improvement Project, available at: <http://documents1.worldbank.org/curated/en/241221549641861408/pdf/Concept-Project-Information-Documents-Integrated-Safeguards-Data-Sheet-Energy-Sector-Performance-Improvement-Project-P168273.pdf>

The financial mechanism is innovative, and it may provide lessons learned on how to effectively reduce the financing costs to install PV systems (in Tunisia and other countries with high PV potential) and how to manage the repayment via the utility company. The latter is especially relevant given the co-benefits it generates for small consumers.

The evaluation found that the engagement of the private sector (local financial institutions) is high, and the project is likely to leverage the amount of funding it requires during implementation.

The concept used by this NSP could be replicated in other countries with high PV potential that are highly dependent on fossil fuels. It could also have wider impacts in Tunisia if it contributes to phase out fossil fuel subsidies.

Annex 9: THAILAND country case study

Introduction

The purpose of the case studies is to gather in-depth information on how the NAMA Facility operates within specific national contexts: the relevance and connectedness of the Facility to the climate mitigation ambitions in these countries, the effectiveness with which it operates and the extent to which the NAMA Facility is supporting transformational change within that country context.

The evidence for this case study has been gathered through desk-based analysis of relevant NSP and country-level documentation and interviews with project implementers, NSOs, staff at Embassies of donors in the selected countries and desk officers from the TSU.

Climate mitigation policy and ambitions in Thailand

Thailand is highly vulnerable to the risks of climate change. The country has 2,420 kilometres of coastline, putting it at high risk of coastal flooding. In the coming years severe flooding and drought can be expected inland due to projected increases in rainfall in areas of high precipitation and decreases in rainfall in arid areas. Thailand was ranked as the eleventh country most affected by climate-related impacts from 1994–2013 and is one of sixteen countries in the "extreme risk" category based on vulnerability to climate change impacts of the next 30 years.

Thailand's national greenhouse gas (GHG) emissions represented 0.84% of global emissions in 2012, with 73% of emissions resulting from the energy sector, which has been the main focus of climate mitigation actions in the country to date.⁹¹ The second largest emitter of GHG emissions in Thailand is the agriculture sector⁹², estimated to contribute approximately 18% of GHG emissions, with 60% of this coming from rice cultivation activities. Thailand has ratified the Paris Agreement and committed to a 20% reduction in GHG emissions compared to projected Business As Usual (BAU) levels by 2030, rising to 25% if sufficient international support is received. Increasing mean temperature, increasing intensity of rainfall and a decreasing number of rain days mean that climate adaptation is also top priority for Thailand.

Thailand's implementation plan for its Nationally Determined Contribution (NDC) was endorsed in 2017 and set out in the NDC Roadmap (2021-2030). There is an action plan at a sectoral level, which, in addition to energy, covers mitigation actions in the transport, waste management, industrial processes and product use sectors, with mitigation actions on land use, land-use change and forestry to be decided at a later date.⁹³ Interviewees considered that a challenge in implementing the NDC would be budget, due to a current poor economy in Thailand, which would limit the budget to support implementation. There were also concerns that the Coronavirus pandemic may limit private sector investment in renewable energy and energy efficiency initiatives.

Thailand has two NAMAs which are being supported by the NAMA Facility:

⁹¹ Source: https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Thailand%20First/Thailand_INDC.pdf

⁹² Source: <https://ndcpartnership.org/countries-map/country?iso=THA>

⁹³ Source: <https://www.ndcs.undp.org/content/ndc-support-programme/en/home/our-work/geographic/asia-and-pacific/thailand.html>

- **Thailand Refrigeration and Air Conditioning**, which is currently in implementation (submitted in 2nd Call). The objective of this is to achieve a sector-wide transition towards the use of climate friendly and energy efficient cooling technologies in refrigeration and air conditioning. The NSP works with Thai policy makers, manufacturers, service technicians and retailers to transform the market for commercial refrigeration, chillers, ACs and domestic refrigeration (referred to as RAC), moving towards energy efficient appliances based on natural refrigerants.
- **Thai Rice**, which is currently in implementation (submitted in 4th Call and approved for implementation in July 2018) .

In addition, Thailand has three further NAMAs for which it is currently seeking support:

- **People-centred Urban Mobility in Thailand (Thailand Mobility NAMA)**, which focuses on improving intermodal connectivity in Thai cities as well as the overall public transportation system, through measures such as improving feeder modes to the urban rail network, consolidation of the bus services, improvement of public transport hubs, bus prioritization, introduction of more energy-efficient buses and improvement of conditions for cycling and walking (non-motorised transport).⁹⁴
- **Greening Thailand's Low and Middle-Income Housing**, which aims to provide greener houses for low and middle-income buyers and drive the housing market to green standard, through measures such as financial support through low interest loans and the adoption of new standards and labelling in the sector.⁹⁵
- **Transforming the ESCO (Energy Service Company) market**, which intends to focus on energy efficiency in the automotive industry, support innovative technologies under an energy-saving obligation scheme, and promote the uptake of ESCOs catering to SMEs.⁹⁶

This case study focused on the one successful NSP Thailand has submitted since the 4th Call, the ‘**Thai Rice**’ NAMA. The agriculture sector in Thailand has been identified as being in urgent need of adaptation through the adoption of new technologies, including forecasting and early warning system technologies, crop improvement technologies and precision farming technologies. Rice in particular contributes a substantial amount of Thailand’s GHG emissions, and the rice sector is highly vulnerable to climate change. Interviewees noted that the Thai economy is heavily dependent on rice agriculture, and that the Thai Rice NAMA is the first large scale mitigation programme in the agriculture sector. Thailand’s NDC does not currently focus on the agriculture sector and there are no reduction commitments for agriculture to date, which one interviewee attributed to sensitivity towards the sector by the government due to its economic importance and the number of farmers that it supports.

In addition to funding through the NAMA Facility, Thailand has received a significant amount of other climate-related funding from Germany (approx. 60 million over the last 10 years, according to one interviewee), and there are also climate mitigation programmes implemented by other governments and multilaterals, including the Dutch government and UNDP.

⁹⁴ https://www4.unfccc.int/sites/PublicNAMA/_layouts/un/fccc/nama/NamaSeekingSupportForImplementation.aspx?ID=167&viewOnly=1

⁹⁵ https://www4.unfccc.int/sites/PublicNAMA/_layouts/un/fccc/nama/NamaSeekingSupportForImplementation.aspx?ID=198&viewOnly=1

⁹⁶ http://www.nama-database.org/index.php/Transforming_the_ESCO_market

Table 8. Key development and climate change indicators (5 case study countries)

	Thailand
Region	East Asia & Pacific
Income group	Upper middle income
CO2 emissions /capita	6.05 tonnes
Climate Change Performance	33/ 84
NDC target by 2030	20% reduction in GHG emissions compared to projected BAU levels by 2030, rising to 25% if sufficient international support is received
Level of ambition	N/A
Change readiness	66/140

Sources: Income group and lending category, World Bank list of economies (June 2020); CO2 emissions, ndcpartnership.org, using data from CAIT – for 2016; [Climate Change Performance Index](#) (CCPI) ranking for 2020 – this assesses according to GHG Emissions, Renewable Energy, Energy Use and Climate Policy; level of ambition tracked at New Climate Institute, & Climate Analytics. (n.d.). [Climate Action Tracker](#) (2020); [KPMG's 2019 change readiness index](#) measures how effectively a country's private and public enterprises, government, people and civil society anticipate, prepare for, manage and respond to change and cultivate opportunity.

Overview of NAMA Facility links with Thailand

Thailand has been involved with the NAMA Facility for several years, first submitting an NSP Outline in Call 1, and has submitted four NSP Outlines in total to date. With the exception of the Thai Rice NAMA, these NSPs have related broadly to energy efficiency, although the specific focus of each NSP has varied. Numerous Thai ministries have been involved in the four applications to the NAMA Facility to date, including the Greenhouse Gas Management Organisation, Department of Energy, Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment (particularly the Office of Natural Resources and Environmental Policy and Planning (ONEP)) and the Ministry of Agriculture and Cooperatives. In addition to the two NSPs currently in implementation, Thailand has submitted two unsuccessful applications to the NAMA Facility:

- Low Emission Thai Industry NAMA Support Project (LETIN) (Call 1),
- Thai ESCO NAMA – Mobilizing Private Sector Financing for Energy Efficiency Investments (Call 6).

Table 9. Overview of NAMA Facility Outlines and funded NSPs, 1st – 6th Calls

	1st Call	2nd Call	3rd Call	4th Call	5th Call	6th Call
# Outlines submitted from [country]	1	1	0	1	0	1
Of which were subject to an on-site visit	N/A	N/A	N/A	1	0	0
Of which were selected for DPP	0	1	0	1	0	0
Of which obtained implementation funding	0	1	0	1	0	0

Description of NSPs in DPP and under implementation

NSP objectives and rationale for funding

Rice is highly vulnerable to expected climate change impacts such as water scarcity, particularly in Thailand. Rice production under current agricultural practices also has a significant environmental footprint; globally, the rice sector uses 40% of all irrigation water and is responsible for 10% of the world's methane emissions. The Thai rice sector is responsible for almost 60% of Thailand's emissions from agricultural activities, and is the world's 4th largest emitter of rice-related GHGs (mainly methane).

A range of sustainable production practices have been developed and are in practice in some countries; the Sustainable Rice Platform (SRP) has developed a voluntary standard for the production of sustainable rice, which provides a framework for advanced farming practices, such as Alternate Wetting and Drying (AWD) and laser land-levelling fields. Compared to conventional farming practices, these advanced farming practices lead to lower GHG emissions, among other benefits, including higher net profits, increased yields and enhanced food safety. According to the NSP Proposal, a lack of incentives and knowledge is currently preventing farmers from adopting low emission rice production practices, in addition to there being few service providers for mitigation services.

The Thai Rice NSP aims to transform rice cultivation in Thailand from conventional methods to these more sustainable and low-emission farming practices. It aims to help up to 100,000 rice farmers in Thailand transition by supporting them with technical training and financial instruments to facilitate investments in alternative practices, such as AWD and laser land levelling. The NSP will work directly with farmers and farmers' associations, and also external service providers who provide services such as land-levelling, to implement advanced farming practices and develop incentive schemes and financial support to promote uptake. Financial mechanisms include a revolving fund for implementing SRP standards, grants for agricultural machinery rentals, start-up investment capital for outsourcing of mitigation services, support for entrepreneurs to provide services to farmers in implementing SRP standards, and incentive mechanisms for farmers. In addition to approx. EUR 9.6 million contributed by the NAMA Facility for the implementation of innovative financial incentives, the Thai Government will contribute approx. EUR 9 million through trainings and experts. The NSP also has the ambition to mobilise EUR 89.57 million in investment from the private sector (service providers and farmers).

Over the 5-year lifespan of the NSP, it is projected that baseline emissions from irrigated rice will be reduced by more than 26%, avoiding emissions of 1.73 Mt CO₂e. There are also expected to be significant co-benefits besides emissions reductions from utilising improved farming practices, including increased resilience to climate impacts, employment creation, enhanced labour productivity, management, soil and nutrients, lower water footprint and integrated pest management, which have been shown in pilots to reduce production costs by 15-25%. The financial benefits for farmers through lower costs are a key aspect of project, as farmers will need to be convinced of the value of investing in these technologies on a wide scale. According to one interviewee, Thai farmers can be hard to convince that they need to change their rice farming habits because they have existed for generations, and so it is important to convince them that they can earn more money. In line with this, the technical component of the NSP includes support for awareness-raising campaigns and training schemes for farmers on mitigation production technologies and practices. As service providers will be key to delivery to the farmers, the technical component also includes training for new and existing service providers on mitigation services and technologies for providing mitigation services,

The NSP is currently in implementation (approved in July 2018) and runs until July 2023, the total funding for implementation is EUR 14,900,000 (FC EUR 9,619,000, TC EUR 5,281,000). The project concentrates on six provinces in the Central Plains of Thailand and has been identified as having significant potential for replicability and scalability at a national level.

The Thai Rice NSP was submitted in Call 4 by the Rice Department within the Ministry of Agriculture and Cooperatives, in cooperation with the Ministry of Natural Resources and Environment (MoNRE), with GIZ as a co-applicant. Other implementing partners include:

- The Sustainable Rice Platform (SRP), who provide their standard as the basis for the envisaged sector transformation. The SRP is a multi-stakeholder platform to promote resource efficiency and sustainability in the global rice sector.
- the Bank of Agriculture and Agricultural Cooperatives (BAAC), who lend to farmers for agriculture-related activities. Their role in the NSP is to govern the financial incentive mechanisms.
- The International Rice Research Institute (IRRI), who provide data, calculations, research and advice on GHG mitigation from sustainable rice cultivation practices. IRRI estimated the NSP's mitigation potential.
- OLAM International, who focus on sourcing sustainable rice and are preparing a Strategic Alliance with GIZ to upgrade value chains in the region.
- UTZ, the third-party certifier responsible for SRP standard audit and certification. UTZ can provide training for the NSP, including on the development and implementation of an Internal Management System.

There is a **high level of national ownership** within the project, with both the technical and financial components implemented by the Rice Department within the Ministry of Agriculture and Cooperatives, with GIZ as the NSO. Interviewees from external organisations considered that the Rice Department and Ministry of Agriculture and Cooperatives were very active and motivated in the project. A number of other ministries and departments in Thailand are also involved in the project, including Royal Irrigation Department (RID), Department of Agricultural Extension (DoAE), Office of Agricultural Economics (OAE), Land Development Department (LDD), Cooperative Promotion Department (CPD) and the National Bureau of Agricultural Commodity and Food Standard (ACFS).

Stakeholders reported that they were **not aware of other sources of funding for Thailand that were similar to the NAMA Facility in terms of level of funding available for investment and actual implementation of projects of this type** and considered that **the project would not be possible without funding for these aspects**. Interviewees from embassies indicated that the co-benefits, such as employment and reduced water use, were also a key reason for their involvement in the NSP.

Relevance and pathways to transformational change

Stakeholders from a national ministry considered that the objective of the NSP is to transform the rice sector, and that proving the benefits of these new practices and establishing a new business model would encourage the private sector to invest in these initiatives in the future, and also provide a basis for replication in other areas. There is a lot of focus on the programme within Thailand and the results will be highly important for **demonstrating the benefits of a shift to new technologies**, and it is expected that if results are positive, the government will be convinced to roll out this strategy more widely, with

potential to transform the entire sector. The NSP was viewed by interviewees as **having significant potential for a demonstration effect to the private sector**; if the investments from the NAMA Facility demonstrate the benefits of such investments, it is expected that the private sector will also invest in the future, which was flagged by an interviewee as a requirement for the longer-term sustainability of the NSP.

One interviewee considered that while there are mitigation projects in other countries aimed at rice, the technological approaches used in the Thai Rice NSP are quite unique to Thailand. By contrast, another interviewee considered that there was **potential for the project to be replicated** in other Asian rice-producing countries. Another interviewee noted that it is important for Thailand that the NAMA Facility supports the agricultural sector, as there is limited support for it from elsewhere because other international agencies tend to focus on the energy or transport.

In terms of **readiness**, one interviewee considered that there were already good foundations in place for transforming the agriculture sector, as the main implementer (the Rice Department) had been working on changes for a long time and had an agricultural practices programme established that the NSP could build on to introduce new technologies. Thailand played a leading role in developing the Rice Standard, and the technologies used in the NSP link to Rice Standard initiatives in Thailand.

Emerging results

Full implementation was underway in 2019 and the Annual Report noted progress against several indicators by the end of the year:

- GHG Emissions reduced: 4,881 tCO₂e (direct) + 1,107 tCO₂e (indirect).
- No. of people directly benefitting from the NSP: 17,267.
- Increased demand for Green loan programs of BAAC by service providers: EUR 73,000.
- Low-emission rice value chain has been recognized and segregated from conventional rice value chain: 54,620 t (available and sold as normal rice).
- Volume of public finance (domestic and/or international) mobilised for low carbon investment and development: EUR 2,210,000.
- Volume of private finance mobilised for low carbon investments and development: EUR 160,000.
- Cumulative number of farmer groups (1 group about 35 HHs) that implement the basic low-emission rice farming practices of SRP/Thai GAP++: 110.
- Number of farm households that show a net reduction in use of pesticides, fertilizer, water etc. in comparison to BAU: 3,837.
- Income increase by 20% among farm households through application of low-emission rice farming: 3,837.

While it is early in the implementation stage, one interviewee noted that there have been some very good preliminary results in terms of mitigation effect from the new farming techniques, with average emissions reductions significantly higher than expected (this observation was based on preliminary data only and the results had not been published as of August 2020). Awareness-raising to encourage take

up of the new technologies is a key aspect of successful implementations, and interviewees noted that there had been lots of coverage of the NSP in the media, and networking activities between peer organisations.

Stakeholders from a national ministry were positive about the support received from the NAMA Facility to date and noted that **they had been able to draw on experiences from a similar project in the Philippines to inform the concept.**

The 2019 annual report also noted several challenges so far in implementation:

- Due to extreme drought conditions, the government asked farmers in 22 provinces, including central plains, not to grow rice in off-season, and so the NSP was unable to achieve the target for 2019 of 250 farmer groups implementing the basic low-emission rice farming practices. However, the NSP sees this drought event as an opportunity to provide laser land levelling services also to farmers who are not growing rice.
- The grant agreement between GIZ and the Bank for Agriculture and Agricultural Cooperatives took longer than planned. One interviewee highlighted that there had also been some delays in implementation due to drought in 2019 and the beginning of 2020, and limitations on fieldwork activities following that due to Covid-19.

According to the annual report, the NSP indicated the fact that even though mitigation and sustainable rice farming technology has been tested and proved to be feasible and to provide benefits to farmers, **the technology still needs policy incentives and supporting mechanisms for facilitating technology roll-out and promoting wider adoption among smallholder farmers. Demand from the farmers for new technologies is key to success of the project**, and interviewees from a national ministry were positive about how engaged and active the project implementers had been to date in attempting to convince farmers of the benefits. Despite this, another interviewee noted that when it came to initially engaging farmers, there was **lower than expected interest from the farmers in paying into the revolving fund. This has now been mitigated** by a change in the model to focus more on service providers, who are already providing services to farmers, such as laser land-levelling. The interviewee noted that more time for research on the ground with the target group (farmers) would have allowed this issue to be identified at the proposal stage, and that in general more time for 'ground proofing' would be beneficial for projects such as this. This change to the model led to **some delays with the revolving fund**, but the interviewee noted that it has been progressing well, with an expectation to have approximately 50 service providers involved in the programme by the end of the year.

A potential challenge highlighted by stakeholders from a national ministry concerns **how the project would be sustained after the NAMA Facility funding period (5 years) had finished.** They considered that the second phase would also need financial support, either from the NAMA Facility or similar donor, or from the private sector.

The influence of the NAMA Facility / NSPs within Thailand

The NSP aims to support a large-scale and permanent switch from conventional rice cultivation to sustainable and low-emission farming practices. The NSP targets the six most important provinces for rice production, and the government plans to extend it to other provinces if the programme is successful in the pilot provinces. There are similar projects in Viet Nam and there is a view that the Thai model could be applied in other countries in the region, such as Laos and Myanmar, and there is interest from the government to spread knowledge to neighbouring countries according to interviewees. One

interviewee said that the NSP would serve as a pilot project to determine the potential emissions reduction from rice, and would play a vital role in demonstrating this to the Thai government. It is expected that if the project is successful, the government will promote and follow the strategy more widely. One interviewee considered that the external support and expertise delivered from the NSP was necessary to support the transition to improved practices as there was a lack of experience in Thailand of financing new technology on this scale and managing debt.

Unintended consequences of participation in the NAMA Facility

No significant unintended consequences of the NSP were noted by interviewees.

Conclusions

The Thai Rice NSP has great potential to achieve transformational change. The sector currently relies heavily on conventional farming methods, which are resource-inefficient and produce a high level of GHG emissions. The sector is in need of modernisation, and the technologies promoted by the NSP have been shown to achieve the desired results in terms of emissions reductions and co-benefits for farmers. With the Thai Rice NSP, the NAMA Facility has implemented the first large scale mitigation programme in the agriculture sector, which has the potential to demonstrate to the Thai Government, private sector and neighbouring countries that this is the way forward for rice cultivation. The project has already generated a significant amount of interest within Thailand amongst government stakeholders, and there are plans to roll out the programme more widely within Thailand if successful.

The NSP builds on previous studies and utilises existing systems, has strong political support and involvement from national ministries, suggesting an appropriate level of readiness. Results to date indicate that the key outcomes can be realised among the target group. The main potential limiting factor in achieving results is the level of take-up, as the model had to be re-designed to focus more on service providers rather than the farmers themselves, although the early indications are that this model may prove effective, with an increasing number of service providers signing-up.

Annex 10: Evaluation ethics

This annex provides details on the evaluation team's overall approach to ethics, including the standards followed by Lead Partner Ipsos MORI and the training the Ipsos MORI leadership team receives.

Ensuring ethical research practice is a key priority at Ipsos MORI and core to its professional practice. Ipsos MORI adheres to the Government Social Research (GSR) Guidance on conducting ethical research to ensure projects are delivered to a high ethical standard, and the company draws on other relevant ethical codes such as the ESRC Research Ethics Framework, the SRA ethical guidelines and the MRS code of conduct, with which it is fully compliant. Additionally, Ipsos MORI follows UK government (DFID) guidance on ethics in evaluating international aid⁹⁷. Ipsos is also a member of the World Association for Social, Opinion and Market Research (ESOMAR). In this regard, all staff are trained on this research code of ethics and sign forms committing to adhere to the code.

The SRI Ethics Group exists to support researchers in delivering work which meets the ethical requirements of its clients, helping them anticipate, manage, and reduce risks in the research to its participants, staff and its clients. The Ethics Group provides an advisory and review function for all projects within the Social Research Institute at Ipsos MORI to ensure projects are carried out ethically. To fulfil SRI's mandatory ethics requirement, researchers complete an ethics form for all new projects which is then submitted to the Ethics Group for review. In addition, the Ethics Group develops Ipsos MORI's policies on safeguarding, disclosure and researcher safety, working closely with its Business Excellence team who lead on Data Security. A programme of training on ethics in research practice is also regularly delivered to staff of all levels and is mandatory for all researchers.

Gaining fully informed consent underpins the company's approach to all qualitative research.

Ipsos MORI's approach to gaining informed consent is in-line with Government Social Research guidelines and has been developed by Ipsos MORI's Ethics Group. The company acknowledges that it is essential for project participants, such as external and internal stakeholders, to understand who a researcher is, the nature of the research and what their participation means before they are involved in any research activities. The voluntary nature of this research was communicated to participants at all stages of the recruitment and research process. Potential participants were told that taking part in this project was entirely voluntary and that they could change their mind at any point, even after the interview had started, and they could decide not to answer any question.

Ipsos MORI is also committed to providing social research of the highest quality and is continually improving what the company does. It has developed a highly robust, efficient and transparent approach to ensuring quality during data collection and storage, checking, analysis and reporting.

Information and data security are an integral part of its Business Excellence System, upon which all staff are trained and audited. As such, the organisation is compliant with the Data Protection Act 2018, the GDPR, the MRS and the international standards for information security (ISO 27001), quality (ISO 9001), and market research processes (ISO 20252). Ipsos has appropriate policies, procedures and processes in place based on the requirements of the international standard for information security (ISO 27001), and has stringent processes in place to meet the obligations set out in these accreditations.

⁹⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/838106/DFID-Ethics-Guidance-Oct2019.pdf

Ipsos MORI knows that effective information security is critical to ensuring that the personal data of participants is protected throughout the research process. As part of this evaluation, the evaluation team reviewed programme and NSP documentation and contacted stakeholders for interview. Where consent for the sharing of personal data contained within these documents / TSU databases had not been given, the evaluation team sought permission to review this information via the TSU and/or found alternative methods for gathering information such as contact details (e.g. searching of public websites / databases).

Steps were taken to protect the confidentiality of information about research participants and their identities throughout the research process. All confidential data (interview notes, transcripts, and any audio recordings) have been stored securely in accordance with the Data Protection Act. This was clearly communicated to participants through recruitment and at the outset of interviews. Personally identifying information was kept in the separate file and will be deleted at the end of the study. This information may be collected for the purposes of tracing back respondents to verify unclear responses or for facilitating quality control checks.

The team also took into account commercial sensitivity considerations. By their nature, NSPs require investment and have – in at least some cases - been developed to be commercially attractive / viable to private lenders. This information has been omitted in any reporting. Finally, equality considerations are also at the core of Ipsos MORI; in designing fieldwork materials such as surveys and carrying out the interviews, the team endeavoured as far as possible to ensure that there is equitable participation from different stakeholder types including women.

Annex 11: Review of the NAMA Facility theory of change

Introduction

The NAMA Facility ToC is a key strategy document for the Facility. Reviewed each year, as part of the Annual Report (and sometimes the Call development) process, the ToC, since its inception in 2015 (for the 3rd Call), has been updated four times and has a further update scheduled for 2021. The rationale for updates has usually been to reflect changes in the structure, processes or strategy of the NAMA Facility. For example, one of the first changes introduced in 2016 was to reflect the additional funding provided by KEFM and to reflect the change in mitigation ambition from 2°C to 1.5/2°C. Later (in 2017), the inputs were further disaggregated to reflect the separation of the technical TSU and the financial NFGA inputs. Then, in 2018 and 2019, the outputs and the outcome statements were refined to better reflect the principles and ambitions of the Board. However, the rationale for changes to the activity level in 2019 (to reduce this from groups of programme vs NSP level activities to a single ‘block’ of activities feeding into the outputs) is unclear and – as is set out below – considered by this evaluation team to have been an questionable amendment.

The evaluability of the ToC

The NAMA Facility Evaluation and Learning Exercises team (ELE), in developing their overall evaluation framework for NSP evaluations in June 2020, conducted an evaluability assessment of the ToC using Davies (2013), which this evaluation team agrees is the best framework for evaluability assessments. In line with the ELE analysis, this evaluation team also concludes that, using Davies (2013), the NAMA Facility ToC is ‘evaluable’ – i.e. clear, relevant, plausible and testable. It is not, as this Annex sets out, fully contextualised (i.e. it does not make explicit underpinning causal assumptions) nor does it yet faithfully reflect the shared views of stakeholders on what is unique and transformational about the Facility. Indeed, like the ELE team, this evaluation team considers that there are specific areas for improvement which should be integrated into a new ToC.

Taking the ELE analysis as a starting point, we present our own viewpoints and analysis below:

ELE finding	ELE description (in their evaluation framework)	The present evaluation team’s analysis
<i>The scope goes beyond just NSPs.</i>	The NSP ELEs will need to focus on only those parts of the ToC related to NSPs.	The ELE team did not present this as a criticism of the ToC (rather as a methodological note related to the scope of their work). However, to note, it is critical that the NAMA Facility ToC reflects (and we would argue distinguishes between) programme and NSP-level activities and outputs, as both play important, but slightly separate roles in TC.
<i>It is high-level.</i>	The ToC lacks sufficient narrative, including in regard to outlining the assumptions and providing a more detailed explanation of its different levels.	This evaluation team agrees that the NAMA Facility currently lacks a textual narrative, which could usefully clarify some of the assumptions underpinning the transformational causal pathways from output to outcome and outcomes to impact.

<p>The transformation ‘causal pathways’ are not clear.</p>	<p>It is understood that NSPs are expected to be transformational primarily through their ‘demonstration effect’. The implementation of NSPs, and the resulting GHG emissions savings, is itself not transformational. [...] The catalytic impact of NSPs could occur through influencing wider NAMA or NDC implementation, scaling up or large-scale replication of the project, or by the systemic changes having wider impacts (e.g. changing market conditions in other sectors).</p>	<p>This evaluation team agrees that the ToC does not make the causal pathways explicit, but we consider that this could be addressed through the narrative proposed above. Additionally, we note that the <i>NAMA Facility definition of transformational change</i> and the <i>2014 Potential for Transformational Change NAMA Facility factsheet</i>, which are available on the NAMA Facility website go quite some way to outlining how the Facility expects TC to be achieved. However, given that the factsheet is from 2014 and given that the ToC has been updated a number of times since then, there is some need for further alignment between the TC strategy documents and the ToC (see below).</p>
<p>The wording of the outcome is difficult to measure.</p>	<p>It is not clear how to define and measure whether NSPs have ‘demonstrate[d]’ something. The indicators listed relate to the number of NSPs and the types of benefits, rather than the actual outcome of the demonstration effect (i.e. additional GHG savings).</p>	<p>This evaluation team does not fully agree with this view. The definition of TC of the NAMA Facility sets out very clearly what the Facility understands by TC – though it is not easy to set indicators or to measure this quantitatively. The challenge here may rather be how the NAMA Facility has set the indicators. For instance, outcome indicator 3: <i>Degree to which supported projects are likely to catalyse impacts beyond NAMA Supported Projects (e.g., potential for scaling up, replication and transformation)</i> could be split into a few different indicators covering different pathways to catalyse impacts beyond NAMA support.</p>
<p>The ‘enabling environment’ reoccurs.</p>	<p>It is listed both in Output 4 (capacities and enabling environment strengthened) and some of the impact boxes (national ownership strengthened, behaviour change catalysed). It is not clear how these operate at different levels.</p>	<p>The demonstration effect also occurs at two stages (Output 3 and outcome level) – but at Output 3 level this is in terms of support and dissemination of learning by NAMA Facility, and at outcome level in terms of NSPs succeeding and therefore demonstrating how TC can be achieved. Therefore these are not exact reoccurrences and the repetition of an effect at output and at outcome level accurately reflects the NAMA Facility’s ‘scale-up and replication’ ambitions.</p>
<p>The ‘enabling environment’ is not comprehensively defined.</p>	<p>Indicators listed for Output 4 (capacities and enabling environment strengthened) mention only policies and institutions, but there are other possible systemic changes, such as market and pricing changes, and introduction of technology etc.</p>	<p>This evaluation team agrees that discussion of the context (both enabling and hindering) is lacking from the ToC, though it is – again – likely that this issue could be addressed through the creation of a detailed narrative. For example, at the programme level, it would be important for the ToC to outline how the NAMA Facility (donors and TSU) expect the Facility to interact with other NDC-supporting programmes, national policies and broader climate mitigation actions.</p>

Additional to the evaluability assessment set out above, this evaluation team would add the following observations:

- The approach within the current ToC of grouping all activities as contributing as a whole towards the Outlined outputs does not support theory-based causal analysis. In order for programmers and evaluators to understand how each activity is expected to lead to specific outputs, the ToC should have much clearer causal lines explicated. This evaluation team would argue that, where one activity is expected to contribute to more than one output, that multiple lines are drawn instead of presenting all activities as a group. Earlier versions of the ToC did this better.
- Less critically, the top line impact set out in the current ToC refers to impacts in “targeted sectors and countries” whilst the outcome below does not make this distinction. This is not very logical. Either the lower outcome should specific sector/country, with the higher level impact being non-specified, or both (or neither) should refer to impacts “in targeted sectors and countries”, as at impact level, the effects can go beyond the specific country / sector in which the NSP was delivered (e.g. through replication and scaling up).

Alignment of the ToC with current NAMA Facility activity and strategy

The current ToC does not adequately reflect significant evolutions in NAMA Facility strategy, including the objectives of the Knowledge Creation Strategy, the Communications Strategy and the underpinning principles of the NAMA Facility Risk Appetite Statement. Indeed, currently, the **Knowledge Creation Strategy** arguably better reflects how the NAMA Facility programme level activities are expected to support TC by:

- Building the capacity of future applicants (and the quality of the pipeline);
- Inspiring others to raise ambition and replicate NSPs; and
- Establishing sectoral best practices and to international debates on climate finance and transformational change through informed and evidence-based position.

Each of these activities requires: communications, lesson learning and knowledge sharing and coordination, but coordination is not currently represented in the ToC.

The **Risk Appetite Statement** could be better reflected in the ToC by better defining how readiness/feasibility, innovation and ambition are expected to interact within NSP selection. This evaluation has found that there is a desire amongst donors to utilise the Facility to support technologies and financing mechanisms that are innovative in and of themselves, as well as projects which are innovative in the sense of ‘being the first time implemented in X country / sector’. This, of course, creates a risk that readiness or feasibility will suffer (where riskier, but more innovative, projects are selected). It would be useful for the ToC to reflect current thinking on this as such strategies underpin the Board’s expectations of how the Facility will achieve TC.

Further, the ToC and the NAMA Facility **definition of TC** whilst quite well aligned, could still be brought slightly further into line by ensuring consistency of reference to innovation and co-benefits. The table below sets out how the TC definition, the **2014 conceptualisation of TC** and the current ToC align / differ.

TOC	Definition of TC	NAMA Facility 2014 'Potential for Transformational Change' factsheet
Output 2: Additional and public and private finance leveraged.	No specific reference to these drivers / enablers. The TC definition is high level: <i>“Transformational change is a catalytic change in systems and behaviours resulting from disruptive climate actions that enable actors to shift to carbon-neutral pathways.”</i>	Catalytic effect: involvement of the private sector.
Not included in ToC (an earlier version of the ToC had the following as Output 3: <i>Good practice examples of innovative financing and incentive mechanisms are demonstrated</i> ”).		Catalytic effect: use of innovative technologies and approaches.
Output 4: National or local capacities and enabling environments to implement transformative NAMAs are in place.		Catalytic effect: local ownership and political will.
Output 5: Sustainable co-benefits.		Not referred to in factsheet.
Impact: Mitigation actions scaled up and replicated.		Contribute to enabling either a significant evolution in terms of scope (e.g. scaling-up or replication) or enabling a faster and/or a significant shift from one state to another.
Output 3: Good practice examples of NSPs are demonstrated in a spirit of fearless learning.		Systematic learning process.

Finally, it will be crucial for any updated ToC to reflect recent developments within the Facility to introduce the **Ambition Initiative** to target support at climate mitigation activities which also helps countries recover from the Coronavirus pandemic. Given this development, the current ToC output of 'sustainable co-benefit production' becomes even more pertinent, as applicants may look to develop Outlines which have not only clear GHG reduction ambitions, but also economic or societal benefits (including job creation, poverty reduction, etc.).

Reflecting the unique value of the NAMA Facility in its ToC

This evaluation has found that there is overall agreement amongst stakeholders that the value of the NAMA Facility lies in its complementarity to other, larger NDC-supporting programmes which use country-specific models of support. The nimbleness of the Facility and its transparency in terms of selection were also recognised as unique and valued features. Throughout Chapter 4 of this Report, the analysis has been that, through the in-depth project development guidance and feedback offered by the TSU, project developers are able to improve the quality of their projects (making them potentially more transformational). Other mechanisms that this evaluation has recognised as potential drivers of transformational change are: the cooperation and collaboration between the Board members (which enables them to make quick decisions based on technical merit); the on-site visits and DPP support, which supports local ownership; the fact that the Facility offers grants rather than loans (as it means it can be catalytic in highly-indebted countries) and the openness of the Facility (to a range of sectors, economies, countries and delivery partners). These key features of the programme, which enhance its effectiveness and transformational capacity, are not currently reflected in the ToC, but should be ideally.

Recommendation for adapting the NAMA Facility ToC

Based on the analysis set out above, this evaluation recommends that the NAMA Facility make the following adaptations to its current ToC:

1. **Create a ToC narrative** which provides further description and explanation of the assumptions underpinning the ToC / its causal pathways. This narrative should also take into account the interplay between the NAMA Facility and other actors; in particular: potential new applicants,

current NSP stakeholders, country stakeholders and other donors / NDC-supporting programmes. The narrative should also explicate the identified barriers and enablers to TC.

2. **Revert to separating out NAMA Facility activities** by programme-level activities (i.e. coordination, communication, knowledge generation, lesson learning and knowledge sharing) from NSP-focussed activities, such as pipeline development, Call processes, assessment and selection, TSU support and DPP and implementation support.
3. **Review the activities** to ensure that they accurately reflect both the ambitions of the NAMA Facility in terms of the activities they are planning (e.g. more coordination, communication and 'knowledge hub' development) and those which stakeholders consulted for this evaluation have identified as the 'unique value-added' of the NAMA Facility (i.e. the TSU support and feedback, the nimble decision-making and cooperation between donors).
4. Similarly, **review the outputs** to check that they sufficiently reflect the Facility's current TC strategy, particularly the role that innovation is expected to play in TC.
5. **Amend the wording of the impact statement** to "*transformation to carbon neutral societies ...*" without limiting it to sectors, rather than "*transformation to carbon neutral societies ... in the targeted sectors*".

Operationalising the ToC

Section 4.3 of Chapter 4 noted that the NAMA Facility could do more to optimise the value of having an agreed and regularly reviewed ToC for attracting new applicants, coordinating with other NDC-supporting programmes and national stakeholders. The evidence reviewed through this evaluation suggests that should the NAMA Facility amend the ToC – in particular by developing a supporting narrative, it would better be able to use the ToC as a tool for promoting its unique value.

One of the hypotheses tested through this evaluation was the extent to which "*barriers to the achievement of the NAMA Facility's ToC are regularly assessed and action taken to mitigate them*" (H2B4). This evaluation has found that whilst barriers to NSP TC are reviewed as part of Outline and Proposal assessment and selection, the barriers to programme-level TC activity (e.g. coordination, communication, knowledge sharing, etc.) are *not* systematically assessed. More broadly, the TSU regularly reviews its own performance, including progress in implementing the Facility LogFrame, through its semi-annual and annual reviews and through e.g. its Knowledge Creation Strategy Update. There would therefore be clear opportunity to integrate a focussed TC barrier assessment into these regular reviews. Such an analysis would better enable the Facility to identify barriers to the achievement of TC and to improve its programme-level activity to ensure relevance and effectiveness.