

Governing Instrument for the Mitigation Action Facility

March 2023



On behalf of

Supported by:



Federal Ministry
for Economic Affairs
and Climate Action



INTERNATIONAL
CLIMATE
INITIATIVE



UK Government



Danish Ministry of Climate,
Energy and Utilities



European
Commission



CHILDREN'S
INVESTMENT FUND
FOUNDATION

on the basis of a decision
by the German Bundestag

The Mitigation Action Facility, former NAMA Facility, operates in accordance with the following provisions and on the basis of the Detailed Arrangement regarding Support to the NAMA Facility

I. Vision, Mission and Approach

The vision of the Mitigation Action Facility:

Accelerate decarbonisation to keep temperature rises to well below two degrees Celsius by financing measures that shift priority sectors in a country towards a sustainable, carbon-neutral pathway

The mission of the Mitigation Action Facility:

- Finance innovative projects that remove specific national-level barriers preventing sectoral decarbonisation and have strong potential for up-scaling and replication.
- Deliver finance to support technical assistance (e.g. policy advice, capacity development, awareness-raising, technology transfer) that enables capacity and policy development.
- Unlock investment opportunities by providing tailor-made climate finance to fund projects with potential to:
 - Strengthen country ownership to deliver carbon-neutral activities and closely align these activities with the country's Nationally Determined Contribution (NDC), long-term strategies (LTS) and other relevant climate and development plans;
 - Pilot financing models to overcome market barriers to carbon-neutral development;
 - Deploy innovative technologies and approaches, which require donor financing to support national development plans
 - Boost participation of the private sector to deliver ambitious climate action

The approach of the Mitigation Action Facility

The Mitigation Action Facility will continue to launch annual competitive Calls enabling partner countries, or organisations on their behalf, to apply for funding. The most ambitious and feasible climate change mitigation projects are selected for support through a comprehensive assessment process. The grant-based funding provided by the Mitigation Action Facility is used for a combination of technical assistance measures and financial cooperation. The aim of the latter is to develop and offer market-based, sustainable and scalable financial mechanisms unlocking investments in technologies and practices that lead to a reduction of GHG emissions.

II. Governance and Institutional Arrangements

1. Legal status and designation

The Mitigation Action Facility does not possess a separate juridical personality and a legal capacity. It exercises its functions by means of Kreditanstalt für Wiederaufbau (KfW) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH as implementation organisations for projects, under the 1st, 2nd and 3rd Call for Projects of the Facility and by GIZ as the Facility Grant Agent for projects from the 4th Call for Projects of the Facility onwards.

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

2. The Board

a) Composition

The Board consists of one representative for each of the Funders to the Mitigation Action Facility, namely:

- The German Federal Ministry for the Economic Affairs and Climate Action (hereinafter “BMWK”);
- The British Department for Business, Energy and Industrial Strategy (hereinafter “BEIS”);
- The Danish Ministry of Energy, Utilities and Climate and Danish Ministry of Foreign Affairs (hereinafter “KEFM”);
- The European Commission of the European Union (hereinafter “EU”);
- The Children’s Investment Fund Foundation (hereinafter “CIFF”);

b) Decision-Making

In general, decisions of the Board are taken by consensus of the Board members. Decisions on specific projects will be taken by the Funders to the Call for Projects to which that project relates in accordance with Detailed Arrangement regarding Support to the Mitigation Action Facility.

c) Role and functions of the Board

The Board:

- Oversees the operation of the Mitigation Action Facility;
- Approves all operational modalities of the Mitigation Action Facility such as the Monitoring & Evaluation Framework;
- Approves specific operational policies and guidelines, notably Calls for Projects and underlying General Information Documents which are established for each Call for Project;
- Selects projects at all relevant stages of the Mitigation Action Facility project life cycle, notably for the Detailed Preparation Phase (hereinafter “DPP”) and for Implementation;
- Approves funding for projects;
- Approves changes to projects in implementation on the basis of a respective policy to be established;

- Reviews performance of the Mitigation Action Facility, including implementation progress, financial status and key risks
- Considers Mitigation Action Facility and project reports and evaluation reports;
- Exercises such other functions as may be appropriate to fulfil the objectives of the Mitigation Action Facility.

d) Meetings

The Board meets in person twice a year. The location of the meeting moves between the seats of the Funders. The Board might meet for additional virtual meetings or in person whenever the need arises. In addition, the Board has exchanges on all affairs by telephone conference at least once a month.

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

a) Establishment

The TSU is the secretariat to the Mitigation Action Facility, services and is accountable to the Board. It has effective management capabilities to execute the day-to-day operations of the Mitigation Action Facility.

b) Staffing

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

c) Functions

The TSU is responsible for the day-to-day operations of the Mitigation Action Facility, providing administrative, technical, financial and all other expertise necessary.

In particular, the TSU:

- Organises and executes all administrative duties;
- Develops the documents required to process the Mitigation Action Facility Call for Projects and submits them for approval by the Board;
- Organises and conducts the Calls for Projects;
- Organises the meetings of the Board and the monthly Mitigation Action Facility Calls;
- Reports information on the Mitigation Action Facility's activities;
- Establishes annual and semi-annual reports;
- Undertakes financial management and the tracking of funds;
- Monitor the risks of the Mitigation Action Facility portfolio and regularly reports on it to the Board;
- Carries out monitoring and evaluation functions;
- Establishes and runs effective knowledge management practices;
- Supports and instructs the projects;
- Liaises with the implementation organisations (former NAMA Support Organisations (NSOs)) and the Facility Grant Agent (FGA);
- Liaises with relevant bilateral and multilateral institutions and agencies to ensure the dissemination of lessons learnt;
- Performs any other functions assigned by the Board

d) Firewalls to Implementation Organisations and the Facility Grant Agent (FGA)

The TSU operates fully independently and treats all potential applicants and entities interested in Call for Projects on an equal basis. The TSU respects clear information firewalls with regard to the implementation organisations and the Facility Grant Agent pursuant to the [Mitigation Action Facility Information Policy](#). As the TSU staff is provided by GIZ, this independence is of particular significance in the relationship to GIZ.

e) Domicile

The TSU is based in Berlin.

III. Costs

1. Administrative costs

The German Federal Ministry for Economic Affairs & Climate Action (BMWK) finances the costs of the TSU. If Funders second additional staff to the TSU, they will cover the respective costs.

2. Funding of individual projects

The Funders of the Mitigation Action Facility will finance individual projects according to the ratios stipulated in specific agreements concluded with regard to individual Calls for Projects.

IV. Selection of projects

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

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

- Country-led and embedded in national development strategies and plans;
- Integrated into sector-wide programmes or policies with specific reference to a Nationally Determined Contribution (hereinafter “NDC”);

- Tackling wider policy, regulatory or other barriers that inhibit investment and constrain low carbon development;
- Developing innovative financing mechanisms with the potential to attract public and private investment and ultimately become self-sustaining in the long term.

V. Reporting

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

VI. Monitoring

The Mitigation Action Facility on a programme level as well as individual projects in implementation will be regularly monitored by the TSU and/or independent external consultants for impact, efficiency and effectiveness in line with rules and procedures established by the Board. A Monitoring & Evaluation Framework has been approved by the Board and will be regularly updated. Performance against established indicators will be reviewed periodically in order to support the continuous improvement of the Mitigation Action Facility's impact, effectiveness and operational performance.

VII. Evaluation

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

VIII. Environmental and Social Safeguards

Aspects of environmental and social safeguards, which shall be applied to all projects as well as the work of the TSU are applied on the basis of the requirements of the implementation organisations and the Facility Grant Agent. The TSU and the Funders will equally take swift legal action to stop, investigate and prosecute any person suspected of misuse of resources or corruption.

IX. Termination of the Mitigation Action Facility

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

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