



## **NCF6 DESCRIPTION AND PRE-QUALIFICATION GUIDELINES**

### **1. Background and Mission**

The Nordic Climate Facility (NCF) provides grant support to development projects that have the potential to combat climate change and reduce poverty in eligible low-income countries. The facility encourages innovation and knowledge exchange in sectors affected by climate change, such as energy, transport, water and sanitation, health, agriculture and forestry. NCF is based on calls for proposals, with each call focusing on a specific theme or themes relating to climate change.

Nordic Development Fund (NDF) has provided a total of EUR 26 million so far under five NCF calls for proposals. For this sixth call for Proposals (NCF6), NDF has granted an additional EUR 6 million. It is estimated that between 12 and 15 new projects could be co-financed under NCF6.

More information on the previous calls for proposals and the projects selected through the previous calls is available on NDF's web page.

### **2. Eligible Countries**

NCF financing can be granted to partnerships between relevant Nordic institutions, organisations, companies or authorities that hold a registered place of operations in either Denmark, Finland, Iceland, Norway or Sweden (the Applicant), and qualified local partners located in eligible countries (the Local Partner). The eligible countries for NCF6 are: Bangladesh, Benin, Bolivia, Burkina Faso, Cambodia, Ethiopia, Ghana, Honduras, Kenya, Laos, Malawi, Mozambique, Nepal, Nicaragua, Rwanda, Senegal, Sri Lanka, Tanzania, Uganda, Vietnam and Zambia (Eligible Countries). Involvement of other partners from third countries (Other Partner) is allowed.

### **3. Funding Principles**

Selected proposals may receive grant financing from EUR 250,000 to 500,000. The grant funding may cover up to 80% of the estimated costs, with the rest covered by the Applicant, Local/Other Partners, and other international or local financiers as specified in these guidelines. Proposals indicating more co-financing will score higher. The grant may be used to cover actual costs related to technical assistance, equipment, works and investments, amongst others. No costs incurred prior to the start of the implementation period can be financed.

In the long run, any NCF-funded project is expected to be financially viable for the Local Partner as applicable to a given project type. The NCF funding can only cover certain parts of the actual costs incurred during the implementation period. It is not intended that the project will generate any profits for the concerned parties during the NCF implementation period. Any possible revenues the project may generate during the NCF implementation period must eventually be budgeted as financing for the project.

The maximum project implementation period is 30 months, starting one month after the signing of the grant agreement.

The use of grant funds shall be well balanced and the share of the Local Partner(s) of the total grant funding must be significant. NCF funding is results-based and grant disbursements will be linked to agreed milestones.

The need for grant funding must be substantiated by the Applicant. To qualify, the projects need to be carried out by relevant Nordic organisations, authorities, companies and/or institutes together with relevant Local Partners in Eligible Countries. NCF funding is not intended to finance the activities of multilateral institutions, bilateral financing institutions, aid agencies and development financing institutions, or their affiliates, or as specified in these guidelines. Inclusion of Other Partners, also from third countries, relevant for the project implementation or financing, is permitted.

The exchange of technology, expertise, and innovative ideas intended to be funded through NCF can occur through a variety of activities. Diffusion of already developed and demonstrated technologies and practices, solutions, products or financing mechanisms that are new to a given context in the Eligible Country can be considered innovative.

## 4. NCF6 Theme

### 4.1 General

NCF6 has a broad single theme:

#### ***Green Growth for Sustainable Livelihoods***

Project proposals shall address adaptation to and mitigation of climate change or a combination of adaptation and mitigation linked to low-carbon development with special focus on job creation and private sector development. NCF especially encourages investments, and development and testing of concrete concepts relating to low-carbon development and climate change resilience. The projects are required to have strong positive development impacts, and be sustainable as well as innovative. Concrete implementation actions and investments are preferred. In addition, it is generally required that special attention is paid to cross-cutting issues and especially gender aspects. Empowerment of women in climate action and related business development is emphasized. NCF also advocates the creation of partnerships between Eligible Countries and the Nordic resource base with expertise in the climate change sectors that are relevant to the Eligible Countries. The proposals must be innovative and meet NDF's Guidelines for Project Identification and Screening<sup>1</sup>.

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<sup>1</sup> See: [http://www.ndf.fi/sites/ndf.fi/files/attach/guidelines\\_for\\_project\\_identification\\_and\\_screening\\_june\\_2013.pdf](http://www.ndf.fi/sites/ndf.fi/files/attach/guidelines_for_project_identification_and_screening_june_2013.pdf)

Stand-alone feasibility studies or capacity-building activities cannot be financed under the NCF6 call unless they are directly linked to concrete investment projects or the development of new products, business models or mechanisms.

## 4.2 Focus Areas and Expected Results

While the scope of NCF6 is broad, clear criteria have been set for selecting the projects. Project proposals should focus on the following issues to the greatest extent possible:

- innovativeness, *i.e.* provide innovative solutions or products or innovative financing mechanisms;
- provision of tangible results and preferably generation of concrete investments as expected outcomes;
- building climate resilience among the vulnerable groups;
- inclusion of climate change mitigation actions and generation of a quantifiable volume of emission reductions (where applicable);
- combination of mitigation and adaptation impacts with measurable indicators;
- positive and measurable development impacts, poverty reduction, and a high number of final beneficiaries with due consideration to cross-cutting issues and the involvement of final beneficiaries, using a Base of the Pyramid (BoP) focus where applicable;
- empowerment of women in climate change adaptation and mitigation activities and business development;
- application of best practices from the Nordic region;
- replication and upscaling potential;
- ability to leverage more public and/or private financing;
- dissemination of results and potential for interregional cooperation;
- economic, social and environmental sustainability.

At least two groups of potential beneficiaries under this theme can be identified: businesses with the ability to take advantage of emerging business opportunities related to climate change, and vulnerable groups and the poor with increased resilience to changing climate and related threats. Possible project ideas envisaged within the NCF6 theme are:

- Increasing the climate resilience of small and medium-sized businesses, and identifying business opportunities related to climate change adaptation and mitigation;
- Applying new financing mechanisms and models to promote climate-positive interventions;
- Creating decent jobs along value chains when developing climate-friendly investments and markets for goods and services related to climate resilience;

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- People-oriented initiatives in agriculture and forestry, water supply, sanitation, waste management, etc. with a special focus on women's needs and empowerment;
- Climate-friendly energy solutions with clear links to business development and job creation through the development of financing models and the introduction of innovative and low-cost technologies and solutions; and
- Promoting low-carbon transport systems, modal switches and fuel switching.

All project proposals should be in line with National Adaptation Programs of Action (NAPAs) and Nationally Appropriate Mitigation Action plans (NAMAs), and other relevant strategies and policies of the recipient countries, as applicable. It is expected that all relevant permits, certificates, licences, endorsements, approvals and similar documents needed for the implementation of the project can be obtained within a reasonable timeframe.

Detailed plans and a logical framework matrix will be required for all projects to monitor climate change and development impacts of the project in the final application. A stakeholder consultation process is required to be initiated by the successful Applicants before possible signing of a grant agreement and start of the project implementation.

The Applicant should pay close attention to all sustainability aspects and provide detailed information on the sustainability of the proposed project. For biofuel projects, the requirements of NDF's Position Paper on Biofuels<sup>2</sup> shall be met.

## 5. Guidelines

### 5.1. Introduction

The purpose of the pre-qualification phase is to select project proposals to be shortlisted. Only Applicants with shortlisted projects will be requested to submit a final application ("Final Application").

The documentation requested in the pre-qualification phase is limited, reducing the time and costs for the Applicants to prepare project proposals. The Applicants selected to submit a Final Application, on the other hand, will know that they are participating in a limited contest and are therefore presumed to be willing to allocate more resources to prepare a detailed Final Application.

### 5.2. Structure

A project proposal is considered submitted for pre-qualification when the on-line pre-qualification form has been completed. The form will be made available on the application platform at [www.ncfapplication.org](http://www.ncfapplication.org).

Any substantial changes made in the Final Application, as far as facts, assumptions, references, financial data and/or budget information are concerned, compared with the information submitted in the pre-qualification proposal, will lead to disqualification of the Final Application. It should be noted that

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<sup>2</sup> [http://www.ndf.fi/sites/ndf.fi/files/attach/ndf\\_position\\_paper\\_on\\_biofuels.pdf](http://www.ndf.fi/sites/ndf.fi/files/attach/ndf_position_paper_on_biofuels.pdf)

Applicants will be asked to confirm several matters in the pre-qualification phase, and failure to substantiate this information in the final phase to NCF's satisfaction will lead to rejection of the Final Application. NCF reserves the right to request additional information in any phase of the process.

### 5.3. Evaluation

Evaluation of the pre-qualification proposal will be conducted in two stages: (i) pre-screening, and (ii) scoring.

### 5.4. Pre-screening

The pre-screening will be done based on the completed on-line application form. The following criteria shall be met:

- 1) The Applicant shall be a currently active and relevant Nordic institution, organisation, company and/or authority holding a registered place of operations in Denmark, Finland, Iceland, Norway or Sweden and possess the necessary technical capacity to implement the project. Multilateral institutions, bilateral financing institutions, aid agencies and development financing institutions or their affiliates are not considered eligible. The Applicant shall have a substantial role in the implementation of the project.
- 2) The Applicant's average annual audited turnover for the past two years must exceed twice the NCF funding applied for. In case the Applicant alone cannot fulfil this requirement, the Applicant is allowed to be supported, on a joint and several basis, by another Nordic institution, organisation or company defined as a Nordic Other Partner. In order to fulfil this requirement, the Nordic Other Partner will be required to sign a Letter of Responsibility to be submitted as part of the Final Application in which the Other Nordic Partner confirms its financial undertakings to NCF. The Applicant should be the lead partner and have a key role in Project implementation.
- 3) The Applicant shall have a Local Partner with relevant capacity in an Eligible Country or Countries where the proposed project is to be implemented. Multilateral institutions, bilateral financing institutions, aid agencies, development financing institutions, or their affiliates, donor agencies, donor-driven initiatives and trust funds, or project implementation units set up for other projects are not considered eligible as Local Partners. A majority share of the Local Partner shall be owned locally or be locally controlled. The Applicant may have more than one Local Partner and may have Other Partner(s). Local Partner(s) shall have a key role in the project implementation.
- 4) NDF's Policy on Integrity and Anti-Corruption<sup>3</sup> applies to all phases of the application and selection process. An Applicant, Local Partner and any Other Partner which is being debarred by NDF under the Policy of Integrity and Anti-Corruption is not eligible to participate in this application. The Applicant and all partners will be requested to sign and submit Social Responsibility Letters and Confirmation Concerning Fraudulent or Corrupt Practices statements as part of the Final Application.<sup>4</sup>

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<sup>3</sup> [http://www.ndf.fi/sites/ndf.fi/files/attach/ndf\\_policy\\_on\\_anticorruption\\_and\\_integrity\\_2012.pdf](http://www.ndf.fi/sites/ndf.fi/files/attach/ndf_policy_on_anticorruption_and_integrity_2012.pdf)

<sup>4</sup> Templates for the letters are available for information on the Application platform.

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- 5) The project must be implemented in one of the following Eligible Countries: Africa: Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Rwanda, Senegal, Tanzania, Uganda, Zambia; Asia: Bangladesh, Cambodia, Laos, Nepal, Sri Lanka, Vietnam; Latin America: Bolivia, Honduras, Nicaragua. The Project can be implemented in multiple Eligible Countries<sup>5</sup>.
- 6) The project shall relate to climate change and have clearly defined and measurable objectives, costs and benefits that relate to climate change (adaptation, mitigation or combination of adaptation and mitigation). All projects must meet NDF's Guidelines for Project Identification and Screening.
- 7) The project shall have clearly defined and measurable development impacts with due consideration being paid to cross-cutting issues, especially gender aspects.
- 8) A stakeholder consultation process by the successful Applicants will need to be planned and take place prior to the start of the project implementation.
- 9) The sustainability of the project shall be substantiated by Applicants.
- 10) The proposed financial contribution from NCF will range from EUR 250,000 to 500,000. The use of grant financing shall be well balanced, taking into account the type of the project, and the share of the Local Partner(s) of the total budget must be significant.
- 11) The implementation period shall be no more than 30 months.
- 12) The following minimum verifiable co-financing requirements must be met:
  - At least 20% co-financing is required of the total estimated project budget;
  - At least 10% of the total funding must come from partners' and/or co-financiers' cash contribution;
  - At least 10% of the total funding must originate from the Eligible Country(ies); and
  - Up to 10% of the total funding can be in-kind contributions.

The availability and additionality of the NCF project specific co-financing for the contemplated NCF project shall be confirmed in writing by the partners and/or co-financiers during the Final Application phase. Costs already incurred, non-project related costs, items already financed or approved to be financed by other financiers and parallel costs or financing (i.e. linked to any possible other on-going activities but not directly linked to the contemplated NCF project) are not eligible as co-financing.

### 5.5. Scoring

Applications passing the pre-screening will be scored with a maximum of 100 points, as follows:

- 1) Project concept, feasibility, definition of roles, and innovativeness: up to 30 points.

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<sup>5</sup> Regional Projects including countries beyond the Eligible Countries may be accepted. The major part of the Project activity must take place in Eligible Countries.

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2) Climate change and development impacts including gender and other cross-cutting issues, sustainability, and scaling-up: up to 20 points.

3) Technical capacity of Applicant and Other Partner(s): up to 20 points.

The relevant capacity and experience of the Applicant and the Other Partner(s) in relation to the country and scope of the project will be scored.

4) Technical capacity of Local Partner(s) and local commitment: up to 15 points.

The relevant capacity and experience of the Local Partner(s) in relation to the scope of the project as well as local commitment will be scored.

5) Total co-financing and local co-financing: up to 15 points.

A maximum of 10 points for the total co-financing will be given to projects with co-financing of 50% or more of the proposed total budget. In addition, local co-financing will be scored (cash or in-kind). A maximum of 5 points will be given to projects with local co-financing of 25% or more of the proposed total budget.

Well-substantiated, in-kind contributions of up to 10% of the total budget can be taken into account (with a minimum of 10% cash co-financing required of the total budget).

Based on the evaluation, a limited number of the highest scoring pre-qualification project proposals will be shortlisted. At least half of the implementation budget will be allocated for projects in Africa. The shortlisted Applicants will be asked to submit a Final Application. The final results of the NCF6 application round will be communicated to all Applicants once grant agreements have been signed.

A maximum of two proposals may be selected from the same Applicant for submission of a Final Application, and only one Final Application from the same Applicant can be selected for financing.

NCF reserves the right to amend the pre-qualification guidelines as deemed appropriate. NCF also reserves the right to adjust the approach to the scoring for the final selection of projects, as deemed appropriate.

Appendix 1. NCF6 Application form (to be completed on-line)

**NCF6 Application form<sup>6</sup>**

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<sup>6</sup> For information only - to be completed on-line once available on <https://www.ncfapplication.org>