



Nordic Climate Facility (NCF)

Mission

NCF facilitates the exchange of technology, know-how and innovative ideas between the Nordic countries and low-income countries in the sector of climate change. This will increase low-income countries' abilities to mitigate and adapt to climate change and contribute to sustainable development and the reduction of poverty.

Focus Areas

NCF intends to encourage innovation in climate change related and affected sectors such as environment, energy, transport, water and sanitation, health, agriculture, forestry and other areas of natural resource management.

Funding Principles

NCF funding is intended for challenging and innovative climate change approaches which increase knowledge and know-how, identify and develop projects, test new technology and pilot projects, and scale up viable solutions. The projects should be carried out by Nordic organisations, authorities, municipalities, companies, and institutes together with partners in eligible low-income countries.

Once a year, NCF will launch a call for proposals for innovative ideas within specific themes relating to climate change. The total allocation for the first call for proposals is EUR 4 million. The best proposals may receive grant financing amounting between EUR 250,000 and EUR 500,000, or, in exceptional cases, amounting between EUR 150,000 and EUR 250,000. The projects should have an implementation period of less than 24 months.

The Nordic Climate Facility is financed by the NDF and will be implemented jointly with the Nordic Environment Finance Corporation NEFCO.

Themes and Subthemes

There will be one call for proposals each calendar year with focus on two major themes: adaptation to and mitigation of climate change.

Adaptation projects may involve responses to such things as rising sea levels, threats to water resources, and health and agricultural productivity. Mitigation projects may consist of efforts to reduce the emission of greenhouse gases by energy efficiency, replacement of fossil fuels by use of renewable sources, and carbon sequestration.

The climate change themes will vary each year. The themes for the first year will be 1) water resources, and 2) energy efficiency. The planned themes for the two subsequent years are disaster management systems and biomass energy for year two and protecting infrastructure and solar energy for year three. The final decision regarding the focus for the following two years will be made based on the experience from the first year.

First Call for Proposal

Time schedule for first call

Proposals will be called for in October 2009 with a deadline in January 2010.

Themes for first call

Adaptation to climate change - focus on water resources¹

Water access and availability is already a pressing issue for many poor countries and regions. Currently, more than 1 billion people lack access to clean, piped water for basic drinking and sanitation needs, and more than 2 billion live in water-stressed areas (those where the average allocation of available water is less than 1,000 cubic meters per capita per annum). With increasing population and higher levels of economic activity, these water resource problems are expected to worsen, with or without climate change. Climate change is expected to increase these problems in some regions but may alleviate them in others.

Climate change will have significant effects on the global water cycle and could have far-reaching impacts on humans and natural ecosystems. Expected changes include variations in the distribution, timing and intensity of precipitation events such as rainfall and changes in the timing of seasonal water flows.

Some examples of adaptation responses to accommodate changes in annual and seasonal water are response measures which improve water resource management and water security such as improved irrigation, water storage and end-use water efficiency.

Mitigation of climate change - focus on energy efficiency²

Energy efficiency relates to the output of an energy service (heating, lighting, cooling or transport) or transformation system (electricity) to its energy input. It is useful to keep in mind that energy efficiency refers to the amount of energy required to meet a specific demand for energy services (such as lighting or heating), which is not the same as energy conservation, which refers to a reduction in energy service demand (such as turning off a light when not needed). Energy efficiency measures aim to obtain the same energy services from less primary energy input, whereas energy conservation aims at reducing the demand for energy services. Energy efficiency is the most socially beneficial and least costly means of achieving large-scale carbon dioxide emission reductions in the medium term. In addition, energy efficiency saves energy and money.

¹ Dawson, B. and Spannagle, M. (2009) The Complete Guide to Climate Change. London: Routledge

² Ibid.

The main constraint with adopting energy efficiency measures is often not economic or technical. Although energy efficiency offers economic and other benefits, the uptake of energy efficient equipment is often constrained by other factors. These obstacles include lack of awareness; unwillingness to invest time and effort to realise a large number of small savings; design, budgeting, purchasing decisions separated from operations; budgeting based on previous years' budgeting; high initial investment costs perceived as more important than the low life cycle costs.

Examples of energy efficiency projects may include aspects of an energy audit, identifying energy conservation opportunities and implementing an action plan.

Expected Results

NCF encourages the development and testing of concrete concepts relating to climate change as well as building up partnerships between NDF partner countries and the Nordic resource base with expertise in climate change sectors that are relevant for the poorest countries. The specifically targeted sectors include environment, energy, transport, water and sanitation, health, agriculture, forestry and other areas of natural resource management.

The expected results include:

- Financing for pre-feasibility and feasibility studies for adaptation and mitigation projects;
- Providing financing for implementation of demonstration projects in the field of adaptation and mitigation that are likely to strengthen the development of suitable technologies for emerging markets;
- Supporting the development, dissemination and implementation of sustainable pilot projects to showcase the use of suitable technologies as viable alternatives to develop business-oriented initiatives;
- Adopting a monitoring and evaluation plan for each pilot project on the basis of the criteria and indicators already outlined in project application formula and project document in order to guarantee their efficient operation and draw lessons for the future;
- Developing strategies to disseminate suitable technologies for adaptation and mitigation.

Selection of Projects

NCF funding is intended as seed money for challenging and innovative climate change approaches in order to increase knowledge and know-how, identify and develop projects, test new technology and pilot projects, and scale up viable solutions. The projects should be carried out by Nordic institutions (i.e. organisations, authorities, municipalities, companies, institutes) in cooperation with their counterparts in eligible low-income countries.

The support is intended for countries with a Gross National Income of less than 1,135 USD per capita which have received previous support from NDF. The maximum amount that can be applied for is EUR 500,000. The funding is full or partial grant funding, which may be used to cover real costs relating e.g. to technical assistance, equipment and small works. Projects with long-term commercial goals may be considered, but profits cannot be financed by NCF. Costs should not have occurred before the decision date of NCF funding. The costs may accumulate over a period of 1-3 years.

Financing may be provided to one or several institutions, organisations and companies holding a permanent place of operation in Denmark, Finland, Iceland, Norway or Sweden cooperating with one or several partners in any of NDF's low-income partner countries.

The local partner's commitment will be required to be confirmed by a letter of commitment from the local partner as well as a no objection letter from the Ministry of Finance. This requirement will be built into the application submitted at the end of the Design Phase.

A call for proposals will be issued once a year. Applications are submitted electronically in two phases: Idea Phase and Design Phase. Forms will be available on NDF's homepage in English and applications must be submitted in English.

Based on the applications received under the Idea Phase, a few clusters of projects will be invited to present full-fledged applications. The following aspects of the full proposal will be evaluated: nature and magnitude of problems addressed; link with the climate change question; general approach and justification; innovativeness of approach; country and sector issues; development impact (including cross-cutting issues); expected results and outcome, monitoring and evaluation approach; critical risks and possible controversial aspects; financial and economic aspects; partnership arrangements; sustainability. The clusters may be selected e.g. according to the size of the project (small/large), the maturity of the partnership (new/well established), the sub-theme, or entirely new, but interesting approaches not fitting in to any specific cluster.

Who Can Apply?

Financing can be provided to institutions, organization or companies registered in Denmark, Finland, Iceland, Norway or Sweden with a partner in any of NDF's low-income partner country. The support targets 27 developing countries in Africa, Asia, and Latin America (Bangladesh, Benin, Bolivia, Burkina Faso, Cambodia, Cape Verde, Dominican Republic, Ethiopia, Ghana, Honduras, Kenya, Kyrgyz Republic, Lao PDR, Malawi, Maldives, Mozambique, Mongolia, Nepal, Nicaragua, Pakistan, Rwanda, Senegal, Sri Lanka, Tanzania, Uganda, Vietnam, Zambia).

How to Apply?

Applications should be submitted electronically. Forms will be available in English on the NDF home page.

For further information please contact
Regional Manager Martina Jägerhorn
Telephone: +358 10 618 002

September 15, 2009