



NCF 7 Concept Note Application Guidelines

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1 PROGRAMME OBJECTIVES

The Nordic Climate Facility (NCF) is a challenge fund set up and administered by the Nordic Development Fund (NDF) to finance innovative climate change projects. NCF has five objectives:

- (i) increase low-income countries' capacity to mitigate and adapt to climate change;
- (ii) encourage and promote innovations in areas susceptible to climate change;
- (iii) build partnerships between Nordic and partner country actors, both private and public organisations;
- (iv) contribute to sustainable development and the reduction of poverty; and
- (v) leverage additional financing for climate action.

NCF provides financing for early-stage project development, facilitating the testing of innovative climate change concepts and thereby reducing financial barriers and risks.

NCF financing is allocated on a competitive basis with calls for proposals arranged annually. Since 2009, six calls for proposals have been organised with over 70 projects implemented across three continents.

The NCF application process is a two-stage process with a **concept note** and **full proposal**. The application in the concept note stage is intended to be brief, focusing on the fulfilment of the basic eligibility criteria as well as the following key aspects: *business concept viability, climate change relevance, development impact* and *innovativeness*. The highest scoring concept note proposals will be invited to submit a detailed full proposal, including a detailed project budget and a project-specific results framework. After the final evaluation, selection of shortlisted projects and a due diligence process, NDF will approve the final shortlist and grant agreement negotiations will commence between the lead Nordic partner and NDF.

Approximately 20-25 project proposals will be shortlisted at the concept note stage and invited to submit full proposals. The aim is to finance between 12 and 15 projects per call.

These application guidelines cover the concept note stage for NCF's seventh call for proposals.

2 APPLICATION AND SUBMISSION DETAILS

Applications can be submitted as of: **28 August 2017**

Deadline for submissions: **29 September 2017 at 12 noon** Eastern European summer time (GMT +3 hrs).



Tentative timeline for the entire NCF 7 application process

Concept note application period	28 Aug - 29 Sept. 2017
Evaluation of concept notes	2 - 27 Oct. 2017
Concept note shortlist approved	3 Nov. 2017
Full proposal submission period	6 Nov - 15 Dec. 2017
Evaluation of full proposals - shortlist and reserve list prepared	15 Jan - 9 Feb. 2018
Due diligence interviews with shortlisted applicants	12 Feb - 9 Mar. 2018
Final shortlist approved	23 Mar. 2018
Negotiations and contracting	3 Apr - 11 May. 2018

The lead Nordic partner is considered to be the main applicant and is thus responsible for submitting the application and will be the main focal point for any communication related to the application.

The Nordic partner(s) can submit several concept note proposals, however, only two concept note proposals from the same lead Nordic partner can be selected for full proposal stage and only one project can be selected for financing.

The local partners and other partners can be a part of several applications; however, this should be made clear in the application.

Please note that:

- Applications received after the submission deadline will be rejected;
- Information about the implementation requirements can be found in the [Project Implementation Manual](#);
- An [NCF glossary](#) is available to clarify some of the NCF terminology.
- The application shall be submitted in English;
- All financial information shall be in euros (EUR);
- Frequently asked questions and answers will be available in the SmartME system;
- NDF reserves the right to request additional information at any stage of the application process;
- NDF's grant decision is not binding until the related grant agreement has been signed following successful negotiations. NDF consequently reserves the right to reject an application until signing of the grant agreement.
- All NCF project partners shall adhere to [NDF's Policy on Anticorruption and Integrity](#). Consequently, any project partner who has been engaged in any Prohibited Practice (as defined in the aforesaid policy) or in other wilful misconduct will be considered ineligible.



2.1 Application tool - SmartME

- All applications have to be submitted using the online application tool SmartME¹. For registrations, a link will appear on the [NCF website](#) on 28 August 2017.
- The lead Nordic partner shall register and when logged in they can invite other colleagues and partners to review and/or revise the application. This is done under *my application - manage partners - add user*.
- The lead Nordic partner can use the same login to write and submit several concept notes. For each project, the project partners can differ. The lead applicant invites each project partner to a specific project and therefore no partner can review applications other than those they have specifically been invited to join.
- The application cannot be submitted until all required fields have been filled out.
- Technical support as well as instructional videos on how to use the system is available when logged in.

3 NCF 7 THEME

Theme: Climate as Business - testing innovative green business concepts

The NCF 7 theme is broad and a wide range of project proposals will fit within the theme. Therefore, the aim of this section is to further clarify what types of projects are envisaged under NCF 7.

¹ The Smart ME (Smart Monitoring & Evaluation) online system will be used both as the application tool as well as the project management tool during project implementation.

Testing

Technologies, services, products, production processes, delivery models, financial business models or methodologies can be tested.

Innovative

Projects shall be innovative, meaning that the proposed concepts and solutions shall have the potential to improve the lives of the poor in developing countries more effectively than existing approaches.

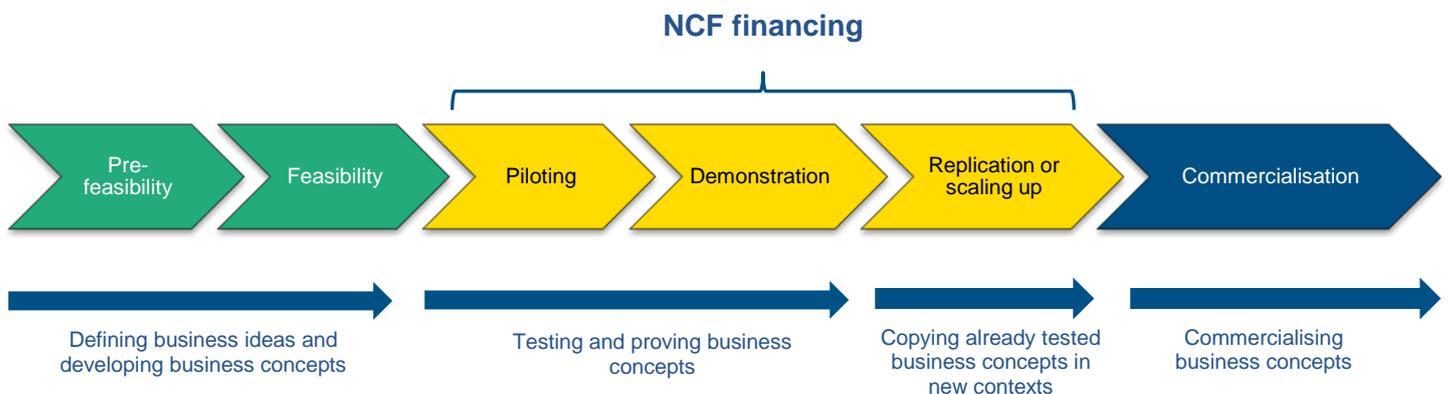
Green

The business concepts shall address adaptation to and/or mitigation of climate change, i.e. increase resilience to climate change and/or reduce greenhouse gas emission, sequester carbon or provide energy efficiency.

Business concepts

Project proposals shall aim to test green business concepts that can become commercially viable in the long term and thus create local jobs and/or income-generating possibilities for the local population

The next figure shows which stages of the business concept NCF finances.



NCF will not finance feasibility studies, market studies/surveys, technology research, policy development work or projects exclusively focused on capacity-building or training.

Projects shall have a plan for the business concept beyond NCF financing, meaning that, if the testing shows that the business concept is sustainable financially, technically, socially and environmentally, the intent is to continue pursuing the business concept after the completion of the NCF project. One expected impact and end goal should be that the business concept becomes commercially viable and creates jobs and income-generating opportunities for the local population. This does not have to be achieved within the lifetime of the NCF project, but the NCF project should be a step towards that end goal.



3.1 Project screening criteria

Projects shall address climate change adaptation, mitigation² or a combination of the two. The climate relevance of the business concept should be clearly explained in the concept note.

Projects should also have a strong positive development impact, with focus on:

- stimulating business development;
- creating jobs and income-generating opportunities in the eligible countries;
- reducing poverty;
- increasing gender equality.

It is important that the projects are in line with national development and climate change plans, strategies and policies in the country of implementation. The projects need to be able to obtain all relevant permits, certificates, licences, endorsements, approvals and similar documents needed for the implementation of the project within a reasonable timeframe.

Furthermore, strong project proposals fulfil the following criteria:

- realistic and clear outputs and outcomes;
- justification for why NCF grant funding is needed;
- ability to leverage public and/or private financing;
- strong replication and scaling-up potential.

3.2 Expected results

NCF as a facility aims to contribute towards fulfilling the United Nations Sustainable Development Goals (SDGs). NCF's overall results framework indicators are linked to the SDGs with emphasis on SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 13 (Climate Action), and SDG 17 (Partnerships for the Goals). Depending on the nature of each individual project, other SDGs may also be relevant. Applicants will be requested to select relevant SDGs in the concept note application from a list of all 17 SDGs³.

² Applicants are, at full proposal stage, expected to provide calculations, including assumptions, of expected direct and indirect emissions reductions.

³ <https://sustainabledevelopment.un.org/?menu=1300>

1. Number of beneficiaries reached, i.e. persons directly impacted by the project
2. Number of people with increased resilience to climate change
3. Annual cumulative CO₂e emissions reductions
4. Number of green business concepts tested
5. Number of new decent jobs created
6. Number of people with improved livelihoods/income-generating possibilities
7. Number of multi-stakeholder partnerships developed
8. Amount of funds leveraged

(More project specific outcomes and indicators shall be developed for each individual project at full proposal stage.)

4 ELIGIBILITY CRITERIA

Applications that do not fulfil the eligibility criteria specified below will be rejected.

4.1 Geographic scope

Projects should be implemented in one of the 21 eligible NCF countries. These countries are:

Africa: Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Rwanda, Senegal, Tanzania, Uganda and Zambia

Asia: Bangladesh, Cambodia, Laos, Nepal, Sri Lanka and Vietnam

Latin America: Bolivia, Honduras and Nicaragua

Regional projects, i.e. projects implemented in more than one country, are not eligible. However, knowledge and technology transfer between countries can be a part of the project activities.

4.2 Eligible applicants

Projects should be implemented through partnerships between **Nordic** and **local organisations** in an eligible NCF country. In addition, the project partnership may entail **other partners**. All project partners shall have a meaningful role in the implementation of the project. The applications should clearly clarify the roles of and division of responsibilities between each project partner.

The partner requirements are as follows:



Nordic partner(s)

- The Nordic partner shall be a Nordic company, organisation or other legal entity holding a registered place of operation in Denmark, Finland, Iceland, Norway or Sweden.
- Several Nordic partners can partner up to implement and finance the project; however, there should be one lead Nordic partner.
- The lead Nordic partner is the main applicant and accountable for the NCF application. The lead Nordic partner will be the sole and responsible contractual party towards NDF. The lead Nordic partner shall, prior to the first disbursement, have sub-contracts with all other project partners.
- Multilateral institutions, bilateral financing institutions or other donor agencies, development financing institutions or their affiliates, trust funds and individuals are not eligible.
- A copy of the registration certificate showing the registration of the Nordic partner(s) as a legal entity in one of the Nordic countries shall be attached to the concept note.
- The lead Nordic partner shall include a signed copy of the compliance letter (see Annex 1).

Local partner(s)

- The Nordic partner(s) shall have one or more local partners. A local partner is a local company, organisation or other legal entity registered in the country of implementation. The local partner(s) shall upon request be able to show a copy of the registration certificate showing the registration of the local partner(s) as a legal entity in the country of implementation.
- Multilateral institutions, bilateral financing institutions or other donor agencies, development financing institutions or their affiliates, trust funds and individuals are not eligible. The local partner cannot be a subsidiary or otherwise affiliated (e.g. sister or parent organisation) to the Nordic partner(s).

Other partner(s)

- The lead Nordic partner may also have one or more other partners (non-local) which are legal entities. There are no country restrictions on the other partner(s). The other partner(s) shall upon request be able to show a copy of the registration certificate showing the registration of the other partner(s) as a legal entity in its country of registration.
- Multilateral institutions, bilateral financing institutions or other donor agencies, development financing institutions or their affiliates, trust funds and individuals are not eligible.



4.3 Funding principles

NCF can provide grant financing of between **EUR 250,000 to 500,000**. The NCF grant cannot cover the full project costs, and therefore co-financing is required from the project partners.

Co-financing requirements⁴:

The project partners must mobilise co-financing equal to least **25% of the requested NCF grant**. Of that amount, the Nordic partner(s) must provide at least 15% as a loan and/or equity and the local partner(s) must provide at least 5% as a loan, equity and/or grant.

Example:

Requested NCF grant: EUR 500,000

At least 25% in co-financing required, i.e. EUR 125,000, out of which:

- *The Nordic partner(s) needs to put up at least 15% of EUR 500,000, i.e. EUR 75,000 as loan and/or equity⁵.*
- *The local partner(s) needs to put up at least 5% of EUR 500,000, i.e. EUR 25,000 as loan, equity and/or grant.*
- *The last EUR 25,000 in co-financing can come from any of the partners, i.e. the Nordic partner(s), the local partner(s) and/or other partners and financiers as loan, equity and/or grant.*

There is no upper limit for co-financing and a higher share than 25% of co-financing from the project partners is encouraged as it demonstrates commitment, ownership and risk-sharing. Proposals indicating more than 25% in co-financing of the requested NCF grant will score higher (see section 5). Funds from ongoing initiatives and projects are not eligible as co-financing.

A signed commitment letter specifying the committed co-financing from all co-financiers will be requested at the full proposal stage. Supporting documentation of all co-financing shall be available upon request.

Details about NCF eligible and non-eligible costs are available in the project implementation manual.

4.4 Duration

The maximum implementation period is 30 months.

5 SELECTION CRITERIA

Concept note applications will be evaluated and scored against the following criteria:

⁴ For NCF 7, NDF does not differentiate between in-kind and cash contribution. All co-financing shall be directly related to the implementation of the project.

⁵ Loan means that the co-financing may come from market-based or concessional debt-based financing. Equity means that the co-financing may come from i) the project partner's existing cash and/or cash-equivalent assets as generated by the partner's ongoing operations or otherwise possessed by the partner, and/or ii) capital raised through equity financing.

	Weight	Score (0-5)*
Business concept viability		
<i>Does the project concept(s) seem economically, technically socially and environmentally viable?</i>		
<i>Does it provide a solution to an identified problem in the target area of the project?</i>		
<i>Do the foreseen risks seem manageable?</i>	30%	
<i>Does the concept note convincingly explain how the business concept will create jobs and/ or generate income opportunities - or other development benefits - for the local population?</i>		
<i>Is the need for NCF grant financing well-justified?</i>		
Long term sustainability		
<i>Is the long-term plan for the business concept beyond NCF financing realistic, convincing and geared towards commercial viability?</i>	15%	
Climate change relevance		
<i>Is it clear how the business concept will mitigate climate change and/or contribute to increased resilience to climate change?</i>		
<i>Do the proposed adaptation/mitigation measures seem relevant and feasible given the proposed approach, target area, time frame and financial resources of the project?</i>	20%	
Development impact		
<i>Are the development impacts described relevant and feasible given the proposed approach, target area and time frame?</i>		
<i>Is the description of the potential direct beneficiaries of the business concept clear and convincing?</i>	20%	
<i>Does the project seem likely to contribute to the selected Sustainable Development Goals (SDGs)?</i>		
Innovativeness		
<i>Is the project innovative based on NCF's definition of innovation?</i>	15%	
<i>Is the innovativeness well-described and convincing?</i>		
Total	100%	
* Highly satisfactory	5	
Satisfactory	4	
Marginally satisfactory	3	
Marginally unsatisfactory	2	
Unsatisfactory	1	
Highly unsatisfactory	0	



Applications with more than 25% in co-financing of the requested NCF grant will receive a higher score. For the co-financing, there are additional 3 points that can be added to the total score. The following scoring principles will apply:

Co-financing	Additional score
26-49%	1
50-99%	2
≥100%	3

The co-financing cannot be reduced during the different stages of the application process. A reduction in co-financing will disqualify the application. An increase in co-financing is permitted.

The highest scoring concept note proposals will be invited to submit a more detailed full proposal. Full proposal guidelines and evaluation criteria will be published on the NCF website at a later stage in the NCF7 application process.

6 PROJECT EXCLUSION LIST

All projects funded by NCF shall be in line with NDF's Environmental & Social Policy and Guidelines. NDF will not knowingly finance, directly or indirectly, projects involving the following:

1. Activities deemed illegal under host country laws or regulations, or international conventions and agreements or subject to international phase-out bans, such as:
 - a. Production of or trade in products containing polychlorinated biphenyls (PCBs);
 - b. Production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans;
 - c. Production of or trade in ozone-depleting substances subject to international phase-out;
 - d. Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES Convention);
 - e. Transboundary movement of waste prohibited under international law;
 - f. Harm to biodiversity resources or cultural heritage;
 - g. Production or trade in or use of unbonded asbestos fibres or asbestos-containing products;
 - h. Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organisation (IMO) requirements.
2. Drift-net fishing or trawling in the marine environment.
3. Production and distribution of ammunition and weapons, and weapons carriers.
4. Projects with significant ethically controversial components (i.e. more than 10%):



- a. Sex work and related infrastructure and services;
 - b. Gambling and related equipment;
 - c. Tobacco (production, processing and distribution);
 - d. Alcohol (production, processing and distribution of hard liquor).
5. Production of or trade in radioactive materials. This does not apply to medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded.
6. Investments into large-scale search, extraction, production, distribution, processing and promotion of fossil fuels (coal, oil, natural gas and peat).
7. Activities that increase use of fossil fuels and/or prolong the technical or economic lifetime of heat and power production using fossil fuels, except for back-up in power generation plants, for household cooking purposes and for processes where feasible alternatives do not exist.
8. Biofuel projects if they are:
- a. Based on feedstock grown on land with high carbon content or biodiversity value, such as rainforests, wetlands, peat lands and grasslands, in reserves or on protected lands, or on lands with a high conservation value;
 - b. Large-scale projects focusing only on export of feedstock or biofuels. Such projects should in any case be commercially viable without concessional financing;
 - c. Using a feedstock for production of liquid biofuels, where the overall climate and development benefits would be higher by using the same feedstock unprocessed for e.g. direct combustion in a co-generation plant.



Annex 1 Confirmation of Compliance⁶

<u>Confirmation and Information</u>	<u>Response</u>
1. In what country is your organisation based?	
2. Has your firm/organisation ever filed or petitioned for bankruptcy? (If YES, explain in detail the reasons why, filing date, and current status.)	Yes ____; No ____ N/A ⁷ ____
3. Have you ever been terminated for non-performance on a contract? If YES, describe in detail.	Yes ____; No ____ N/A ____
4. Have you ever been suspended or debarred by any government (state or local), a UN agency, or any other international organisation? If YES, provide details, including date of reinstatement, if applicable.	Yes ____; No ____ N/A ____
5. In accordance with NDF's Anticorruption Policy, NDF requires that Applicants and Partners observe the highest standard of ethics during the selection and execution of the project. In this context, any action taken by an Applicant and Partner(s) to influence the selection process or implementation for undue advantage is improper in pursuance of this policy, NDF's Anticorruption Policy: (a) defines, for the purposes of this provision, the terms set forth below as follows: (i) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party; (ii) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation; (iii) "collusive practices" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; (iv) "coercive practices" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; (v) "obstructive practice" is (aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an NCF investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or (bb) acts intended to materially impede the exercise of the NCF's inspection and audit rights. Confirm that your organisation has not engaged in any corrupt, fraudulent, collusive, coercive or obstructive practices in competing for this NCF Call for Proposals.	Confirm Yes ____; No ____
6. Officials not to benefit: Confirm that no official related to NCF and/or NDF has received or will be offered by your organisation any direct or indirect benefit arising from this selection or any resulting contracts.	Confirm Yes ____; No ____
7. Confirm that your organisation is not directly or indirectly engaged in any activity including but not limited to participation in the NCF proposal evaluation procedure that would put it, if selected for this assignment, in a conflict of interest with the NCF and/or NDF.	Confirm Yes ____; No ____
8. Confirm that your organisation has not been associated, or been involved in any way, directly or indirectly, with the preparation of the design, specifications and/or other documents used as a part of this NCF Call for Proposals.	Confirm Yes ____; No ____

I am certifying that all information contained herein is accurate and truthful:

Date and place: _____

Authorised signature: _____

⁶ To be signed by the Nordic partner and attached to the application through the online application system.

⁷ Use Not Applicable in case the Applicant or Partner is a public or equivalent authority.



Name in capitals: _____

Position: _____

Organisation: _____