



# **NCF Glossary<sup>1</sup>**

**November 2017**



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<sup>1</sup> This glossary is developed specifically for NCF projects and thus the definitions only relate to NCF projects. Please note that the Glossary is subject to revisions by NDF. The latest version will always be available on the NCF website.



## **Adaptation**

Adaptation covers a wide range of activities that will enhance the ability of countries, regions and/or communities to respond to actual or expected consequences of climate change, such as sea level rise; storms, floods, drought, and threats to water resources, health, infrastructure and agriculture. Adaptation measures may include changes in processes, practices and structures to moderate potential damages, increase resilience, decrease risks or to benefit from opportunities associated with climate change.

## **Advance payment**

An advance payment is partial disbursement for the implementation of a milestone prior to the commencement of the milestone activities. The purpose of the advance payment is to ensure sufficient cash flow to enable efficient implementation of the project. An advance payment or the accumulation thereof cannot exceed 20% of the NCF grant. At least 20 % of the NCF grant shall be reserved for the final disbursement, a share which cannot be disbursed as an advance payment.

## **Activities**

Activities are interventions or actions taken towards achieving a project output. Each output is therefore the result of a number of activities. The objective of activities is to transform inputs into outputs. Activities are at the lowest level in the results framework hierarchy.

## **Baseline value**

The baseline value is the measurements of conditions at the beginning of the project for each indicator. Baseline values are needed to set realistic targets for the project to be achieved within the constraints of time and resources available.

## **Beneficiaries**

The beneficiaries are people directly impacted by the NCF project by using the services or goods provided by the project to improve their quality of life, including people who have improved their competencies. The amount of beneficiaries is a key NCF indicator and shall be reported for all projects.

## **Business concept**

Business concepts are ideas that can become commercially viable in the long term. Business concepts can involve technologies, services, products, production processes, delivery models, financial business models, methodologies, etc.

## **Closing date**

The closing date of each NCF project is specified in the grant agreement. NCF does not cover expenditures incurred after the closing date of the project. Therefore, all project activities including final reports and financial audits shall be completed within the closing date.



### **Co-financing**

Co-financing is financing from sources other than NCF (i.e. project partners or financiers) including in-kind contributions from project partners. Co-financing equal to at least 25% of the requested NCF grant should be mobilised. There is no upper limit and co-financing higher than 25% of the requested NCF grant is encouraged as it demonstrates commitment, ownership and risk-sharing.

### **Commercial viability**

Commercial viability is the ability of a business, product or service to compete effectively and to make profit.

### **Concept note**

The concept note is the first step of the NCF application process where the initial project idea is presented. Concept note applications can only be submitted during a predefined period of time using the SmartMe online system.

### **Contingency**

Contingencies are budgeted funds which are not earmarked for any specific activity but can be used to cover unforeseen activities and costs that occur during project implementation. Contingency is a separate budget item and is usually set at 5-10% of the budgeted project funding.

### **Financial audit**

A financial audit is a review of the entire NCF project accounts to ensure applicable accounting rules have been followed by all project partners. Under NCF at least one financial audit of all project accounts is required at project completion.

### **Financier**

A project financier provides financing for the project but they are not actively involved in the implementation of the NCF project.

### **Full proposal**

The full proposal is the second step of the NCF application process where a more elaborate description of the project idea shall be provided including a detailed budget and a results framework. Only the highest scoring concept note applications are invited to submit a full proposal. Full proposals can only be submitted during a predefined period of time using the SmartMe online system.

### **Impact**

The impact is the highest level in the results framework hierarchy. The impact is the ultimate development objective of the project. The project outcomes shall contribute to the fulfilment of the project impacts. Impact-level results are usually longer-term changes in the society, economy or environment taking place in the geographical area where the project functions, and tend to be more widespread than the project's scope. This level of results is usually difficult to attribute to a specific project activity or output and therefore the project is not directly responsible for the fulfilment of the impacts. Impacts may not be achieved or measurable during the project's implementation period, but months or years after its completion. The NCF-financed project impacts



shall contribute to the fulfilment of the United Nations Sustainable Development Goals (SDGs). Projects can have one or several impacts.

### Indicators

Indicators specify exactly what is to be measured along a scale or a dimension, but does not indicate the direction of change. Examples of an indicator are, e.g., number of beneficiaries, amount of CO<sub>2</sub>e emissions and employment rate. A good indicator should be practical (i.e. data can be collected on a timely basis and at reasonable cost) and provide the information needed to monitor the progress of the project. Furthermore, it should be objective (i.e. have a precise meaning that is clear to everyone involved in the project) and reliable (i.e. the data is of sufficient quality for confident decision-making). For project outcomes, NCF prefers quantitative indicators. For outputs and activities, also qualitative indicators may be used. Quantitative indicators are objectively or independently verifiable numbers, shares or ratios. Qualitative indicators are subjective descriptions or categories, such as the existence of something (e.g. existence of a factory or a regulation) or a category (e.g. satisfaction level or geographical area).

### Innovation

Innovation is a solution that has the potential to improve the lives of people in developing countries more effectively than existing approaches.

### Inputs

Inputs are the resources (human, financial and material) needed in a project for completing the planned activities in order to produce the expected results of the project. Examples of inputs include staff time, equipment and funds. Inputs are to be included in the NCF budget.

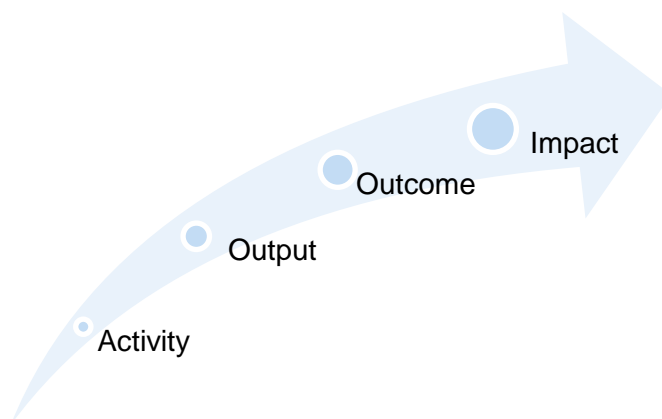
### Results framework

The results framework is an analytical tool for conceptualising the focus of the project and its results. It is used to clarify the cause-and-effect relationship of how the project's resources (inputs) and activities contribute to achieving the planned results of the project. The results framework is presented in a matrix format and it conveys the project functionality on its different levels of hierarchy, from project activities to the expected impact. Based on this logic, activities are at the lowest level of hierarchy, contributing to the fulfilment of outputs (second lowest level of hierarchy), whereas the outputs result in outcomes, which again may be attributed to the expected impacts of the project (highest level of hierarchy). Figure 1<sup>2</sup> shows the hierarchical relationship of the different parts of the results framework.

The results framework matrix should include indicators with baseline and target levels for the project activities, outputs, outcomes and impacts. Furthermore, the means of verifying the results, risks and assumptions are to be explained in the results framework.

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<sup>2</sup> Figure 1: Project logframe hierarchy levels. Modified from OECD background report (2000): Results based management in the development co-operation agencies: a review of experience (<http://www.oecd.org/development/evaluation/1886527.pdf>)



### Local partner

A local partner is a local company, organisation or other legal entity registered 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 considered eligible. The local partner cannot be a subsidiary or otherwise affiliated<sup>3</sup> (e.g. sister or parent organisation) to the Nordic partner(s).

### Milestones

Milestones are specific points along a project timeline used to report and monitor the progress of a project. NCF projects usually comprise 3-6 milestones.

### Milestone deliverables

Milestone deliverables are outputs and activities that are planned to be completed by each milestone. At the end of each milestone, the pre-defined milestone deliverables should be completed. The amount of deliverables (outputs and activities) per milestone will depend on the particularities of each project.

### Mitigation

Mitigation refers to efforts to reduce or prevent emission of greenhouse gases, which are the root causes of climate change. Mitigation measures aim at either decreasing the amount of greenhouse gas emissions released into the atmosphere or enhancing their removal from the atmosphere by “sinks”. A “sink” refers to forests, vegetation or soils that can reabsorb CO<sub>2</sub>.

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<sup>3</sup> Affiliated means that there cannot be ownership relations and/or controlling interests between the local partner(s) and Nordic partner(s). In addition, the local partner(s) and Nordic partner(s) cannot be members of the same umbrella organisation. By umbrella organisation we mean an organisation that requires its member organisations to follow common operational guidelines, and/or coordinates or controls its member organisations' activities. The Nordic and local partners should be economically, legally and operationally independent entities.



### **Nordic Climate Facility (NCF)**

The Nordic Climate Facility (NCF) is a challenge fund that finances innovative climate change projects. NCF financing is allocated on a competitive basis with calls for proposals arranged annually. It is financed by the Nordic Development Fund.

### **Nordic Development Fund (NDF)**

The Nordic Development Fund is an international development and climate finance institution established by the Nordic countries.

### **Nordic Partner**

A Nordic partner is 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 considered to be the lead applicant and the NCF grant agreement will be signed between NCF and the lead Nordic partner. The lead Nordic partner shall have sub-contracts with all other project partners prior to the first disbursement. Multilateral institutions, bilateral financing institutions or other donor agencies, development financing institutions or their affiliates, trust funds and individuals are not considered eligible.

### **Outcome**

Outcomes are at the second highest level in the result framework hierarchy. The outcomes are the overall results of a project, which can be described as the intermediate effects or consequences of project outputs on project beneficiaries. This may be, for example, a reduction in emissions levels of a sector or company due to the project outputs, or a change in the behaviour or lifestyle of project beneficiaries as a reaction to project outputs. The link between project outcomes and outputs is usually quite direct and obvious. Each output, and consequently also each activity of the project should be directed towards reaching the outcomes of the project. Project outcomes should be reached by the completion of the project. A NCF project should have at least one outcome. Several outcomes can be linked to one impact. Outcomes are measured across all NCF projects on a facility-level and therefore the outcome targets should contribute to the fulfilment of the overall NCF indicators.

### **Output**

Outputs are at the third lowest level in the results framework hierarchy, above activities, but at the lowest level of the results (under outcomes and impact). Outputs are the most immediate concrete results of project activities, leading the project towards its outcomes. Outputs are services or products produced by the project and provided to project beneficiaries or intermediaries. Outputs should be directly linked to an outcome. An outcome should have at least one or more outputs. Outputs can be reached at any point during project implementation. All outputs should be delivered at the latest by the end date of the project.

### **Other Partner**

The lead Nordic partner may also have one or more other partners (non-local). There are no country restrictions on the other partner(s). The other partner shall upon request show a copy of



the registration certificate showing the other partner(s) registration 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 considered eligible.

### **Project Implementation Manual (PIM)**

The Project Implementation Manual (PIM) provides guidance regarding the implementation processes and reporting requirements of NCF.

### **Results**

Results are considered an “umbrella” term covering the three highest levels of the logical framework hierarchy, i.e. impact, outcome and output. Activities are not considered results but means for achieving the results.

### **SmartME**

SmartME (Smart Monitoring & Evaluation) is the NCF online application system as well as the online NCF project management tool.

### **Sub-contracts**

Sub-contracts are contracts between the lead Nordic partner, the local partner(s), other Nordic partners, and/or other partners of the project. The lead Nordic partner shall have all necessary sub-contracts in place prior to the first disbursement. The sub-contracts should clearly define the division of roles and responsibilities of each partner in implementing the project, as well as the intellectual property rights, maintenance and ownership arrangements during project implementation and at project completion. Prior to execution, final drafts of the sub-contracts shall be sent to NDF for no-objection.

### **Sustainable Development Goals (SDGs)**

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The goals and the specific targets of each goal were adopted in September 2015 by the UN member countries. The total of 17 SDGs build on the Millennium Development Goals (MDGs). In place between 2000 and 2015, the MDGs were eight goals with measurable targets for improving the lives of the world's poorest people. In comparison to the MDGs, the SDGs include new areas of priority such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among others. The SDGs are interconnected – often the key to success on one will involve tackling issues more commonly associated with another.

### **Target**

A target is a specific indicator value to be accomplished by a particular date in the future.



### **Trust Fund**

A Trust Fund is a pool of grant (monetary) resources, usually managed by a multilateral or bilateral development financing institution on behalf of one or more donors, and allocated for specific predefined purposes. Trust Funds are not eligible as a project partner under NCF.