

# Nordic Climate Facility

Annual Report 2016 (NCF call 5–9)



Photo: Iñigo Ruiz-Apilánez, Arup



**NORDIC  
DEVELOPMENT  
FUND**

## 1 Introduction

The Nordic Climate Facility (NCF) is a challenge fund that provides grant financing to innovative climate change projects in developing countries on a competitive basis, through calls for proposals. NCF is fully financed by the Nordic Development Fund (NDF), the multilateral development financing institution of the Nordic countries. Since 2009, six calls for proposals have been arranged and almost 30 million euros has been allocated to 72 projects in 21 countries across three continents. The first four calls are administered by the Nordic Environment Finance Corporation (NEFCO).

In November 2016, the NDF Board of Directors approved financing for three more NCF calls for proposals. Twenty million euros were allocated for these calls. NCF 7, 8 and 9 will be launched during 2017, 2018 and 2019 respectively and altogether approximately 35-45 innovative projects are expected to be financed.

This annual report covers NCF calls 5-9 with focus on the NCF 5 and 6 processes. The 2017 annual report will cover NCF 1-9 and will more strongly emphasise results; both on fund level and NCF project level in accordance with NDF's Results-Based Management Framework. A separate 2016 annual report for NCF calls 1-4 has been prepared by NEFCO.

## 2 Portfolio Overview

At the end of 2015, NCF call 5 (NCF 5) contract negotiations were ongoing and NCF call 6 (NCF 6) had just been launched. At the end of 2016, the combined project portfolio of NCF 5 and 6 consisted of eight projects under implementation; seven under NCF 5 and one under NCF 6. Table 1 provides an overview of the portfolio (see annex 1 for a more detailed overview of each project). In total, 14 projects were shortlisted under NCF 6 and contract negotiations with 13 applicants were ongoing by the end of December 2016.

The active portfolio amounts to EUR 6 million with projects in Africa, Asia and Latin America. NCF has committed EUR 3.8 million to these eight projects and EUR 2.2 million has been leveraged in cofinancing.

**Table 1 - NCF project portfolio**

<b>Fifth call</b>				
<b>Country</b>	<b>Project name</b>	<b>Applicant</b>	<b>Partners</b>	<b>Total Project cost</b>
Bangladesh	Community Driven Climate Adaptation - Making Sustainable Climate Adaptation Solutions Accessible to the Urban Poor	Plan Denmark	SEEP (Social Economic Enhancement Programme), Arup	559 809 €
Bolivia	Technology, adaptation and mitigation: Greening the economy of urban agriculture at Kanata metropolitan area, Bolivia	Diakonia	Centre for Supporting Integral Management of Water and the Environment "Agua Sustentable", Center for Research and Regional Development, Financial Institution for Development (CIDRE - IFD)	643 954 €
Kenya	Climate Resilient Low Cost Buildings in Marsabit County, Kenya	Häme University of Applied Sciences Ltd. (HAMK) 2	Strathmore Energy Research Centre (BERG); Marsabit County Government, Department of Energy Lands, Housing and Urban Development, UN-HABITAT	1 086 764 €
Nepal	Building Resilience and Climate Adaptive Planning in Urban Centres of Nepal	Arbonaut Ltd.	Oxfam in Nepal, Clean Energy Nepal	613 730 €

Pakistan	Introducing Renewable Energy Solutions to Enhance Energy Security and Build Climate Resilience in Karachi, Sindh, Pakistan	WWF Sweden	World Wide Fund for Nature-Pakistan, Karachi Electric	748 328 €
Vietnam	Exploiting the Synergies between Sustainable Urban Drainage Systems (SUDS) and Urban Farming in Vinh Yen City, Vietnam	NIRAS A/S	Institute for Environmental planning, Urban and Rural Infrastructure (IRURE) -Vietnam Institute for Urban and Rural Planning (VIUP); Department of Finance and Planning (Vinh Yen City People's Committee)	620 000 €
Vietnam	Implementing Incentives for Climate Resilient Housing Among the Urban Poor in Vietnam	Vista Analyse	Institute for Social and Environmental Transition (ISET) — Vietnam; Da Nang City Women's Union (WU); Hue College of Economics —Hue University (HCE-HU)	897 891 €

<b>Sixth call</b>				
<b>Country</b>	<b>Project name</b>	<b>Applicant</b>	<b>Partners</b>	<b>Total Project cost</b>
Uganda	Improving climate resilience for small-scale coffee farming systems in Uganda through modeling of adaptation and mitigation potential in the coffee value chain	NIRAS A/S	National Union of Coffee Agribusinesses and Farm Enterprises Ltd (NUCAFE)	864 500 €

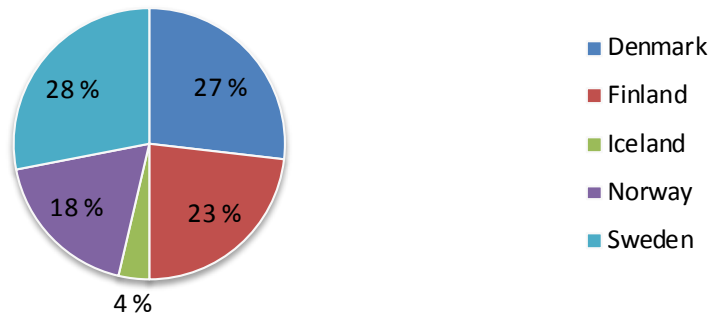
## 2.1 NCF 5 Implementation progress

The signing of altogether seven NCF 5 grant agreements was completed in July 2016. All projects have commenced. Five disbursements have been conducted to four projects. Since all the projects are at the initial stages of implementation the main project output so far comprises of various commencement reports (such as inception reports, environmental impact assessment, capacity needs assessment, baseline surveys, etc.), conducting stakeholder consultation meetings and training activities. Progress reporting has in a few cases been delayed due to regular project start-up delays. Projects are still expected to reach the intended final outcomes and be completed on time.

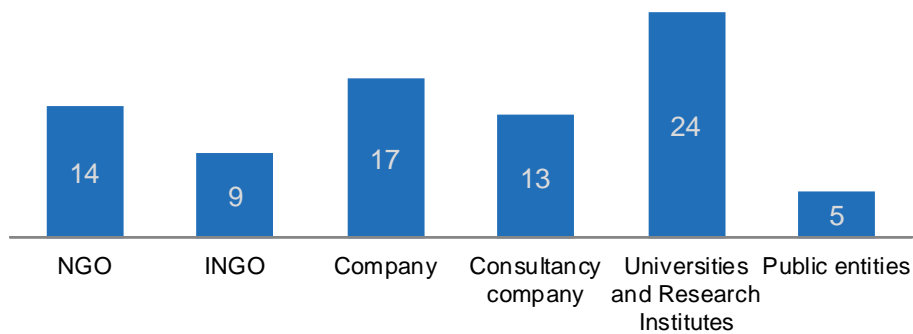
## 2.2 NCF 6 Implementation progress

NCF 6 was launched in November 2015 with the theme *Green Growth for Sustainable Livelihoods*. By the end of January 2016, NCF received 82 eligible applications. The majority came from Sweden and Denmark as shown in figure 1. NCF has divided applicants into six different categories; non-governmental organisations (NGO), international non-governmental organisations (INGO), companies (non-consulting companies), consulting companies, universities and research institutes, and public entities. As shown in figure 2, the majority - 30% of the applications - came from universities and research institutes, 21% from companies and merely 6% from public entities.

**Figure 1 - Pre-qualification applications (82)**

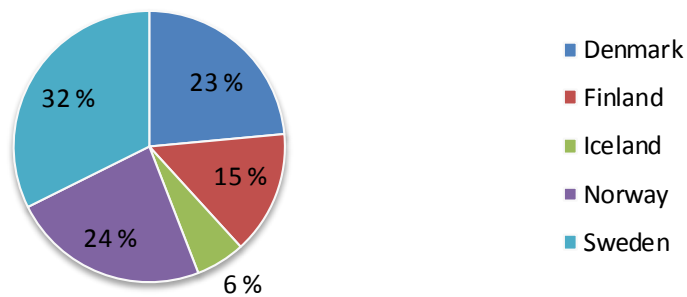


**Figure 2 - Type of applicant (pre-qualification 82)**

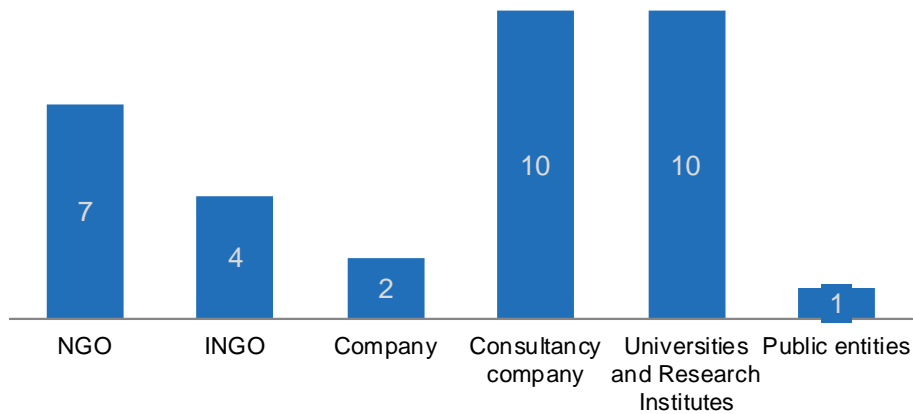


The 82 applicants were evaluated by the NCF evaluation committee and in the end 34 applications were shortlisted. The majority of the shortlisted applicants came from Sweden (32%), as shown in figure 3. Consulting companies stood for almost 30% of the shortlisted applicants as shown in figure 4 below, meaning that the proportion of applications from consulting companies doubled from the pre-qualification stage to the shortlist stage.

**Figure 3 - Shortlisted applicants (34)**

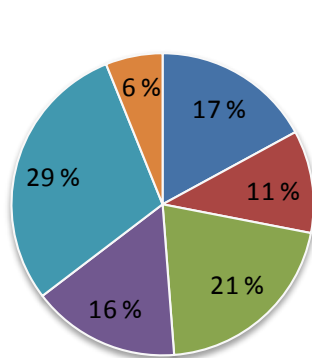


**Figure 4 - Type of applicant (shortlist 34)**

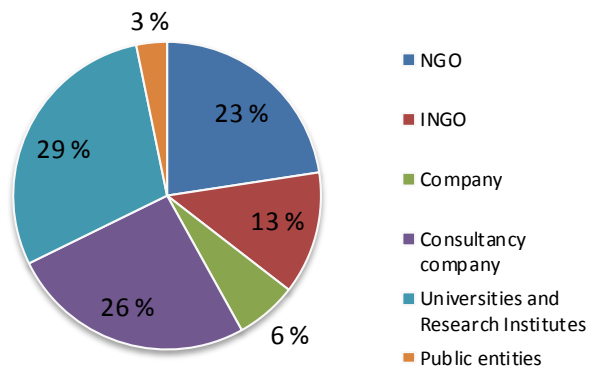


In comparing the types of applicants at the pre-qualification stage and the final application stage, four data points are of note. First, the share of applicants from universities and research institutions remains at 29%, the highest at both stages. Second, the share of consulting companies has increased in the final stage. Third, a significant number of pre-qualified non-consulting companies failed to reach the final stage. Finally, the share of NGO and INGO applicants has largely remained the same.

**Figure 5 - Type of applicant (pre-qualification, 82 applicants)**

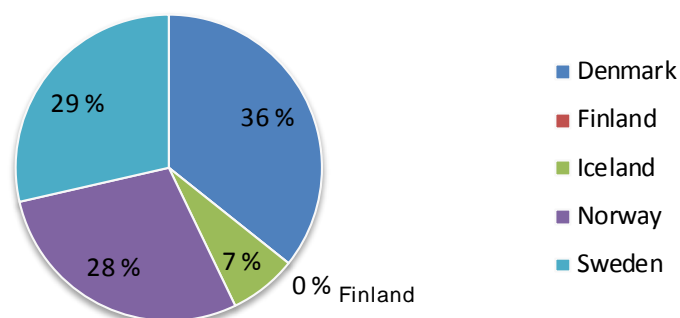


**Figure 6 - Type of applicant (final application, 31 applicants)**

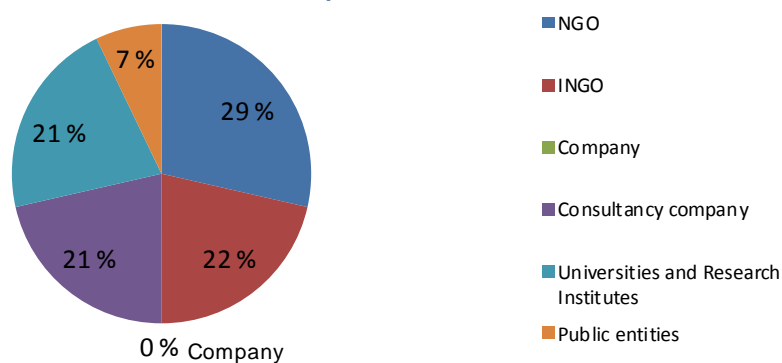


The final evaluation of NCF 6 was completed in June 2016. 14 projects with the highest scores have been selected for contract negotiations. The division among the applicants' country of origin is shown in figure 7 and the division among applicant types is shown in figure 8. The share of INGOs increased compared to the previous stages and no non-consulting companies made it to contract negotiations.

**Figure 7 - Selected applicants for negotiations (14)**



**Figure 8 - Type of applicant selected for negotiation (14)**



At the end of 2016, one contract under NCF 6 had been signed and 13 more contracts were in the process being negotiated.

### 3 Financial reporting

Under NCF 5, EUR 3,328,302 has been committed for 7 projects. In total, EUR 197,174.76 was disbursed to NCF 5 projects during 2016.

Under NCF 6, EUR 499,886 has been committed to one project. No disbursements were made during 2016.

The NCF calls 5-9 administrative costs for the reporting period are shown in table 2.7 % of the administrative budget has been disbursed so far.



**Table 2 - Administrative costs (EUR)**

Budget item	Cost Estimates	Disbursed as per 31.12.2016	Available as per 1.1.2017
Expert Services	1 290 000	153 345.33	1 136 654.67
Travel	120 000	4 182.51	115 817.49
Outreach and Communication	115 000	9 196.91	105 803.09
NCF Evaluation	120 000	0.00	120 000.00
Evaluation of NCF projects	130 000	0.00	130 000.00
Contingency	500 000	0.00	500 000.00
<b>TOTAL</b>	<b>2 275 000</b>	<b>166 724.75</b>	<b>2 108 275.25</b>

#### 4 Process review

In order to grasp the lessons learnt from NCF calls 1-6 for the upcoming calls, NCF initiated an NCF process review. The purpose was to identify areas where NCF processes could be streamlined, whilst at the same time increasing the visibility of NCF. The review covered the entire NCF programme cycle and was completed in December 2016. An internal NDF workshop was held to discuss the recommendations below:

1. More clearly determine what the end goal of an NCF-funded project is;
2. Improve the marketing of NCF to reach the expected target group;
3. Ensure that the end goal is translated into clear selection criteria;
4. Have a lighter concept note process;
5. A new, more transparent scoring model, based on the selection criteria;
6. CO <sub>2</sub> calculations conducted by NCF for all full applicants;
7. Review the evaluation panel structure to ensure that all key expertise needed is represented;
8. More due diligence should be done prior to final selection;
9. Review the structure and details of the grant agreement template;
10. Develop a more defined monitoring process;
11. Set aside resources for lesson-learning and disseminating results.

The recommendations will feed into the design of NCF call 7 and the continued project management of NCF.

## Annex 1 - Project descriptions

Bangladesh

### **Community Driven Climate Adaptation - Making Sustainable Climate Adaptation Solutions Accessible to the Urban Poor**

**Nordic partner:** Plan Denmark

**Local partner:** SEEP (Social Economic Enhancement Programme)

**Other partner:** Arup

**Total project cost:** EUR 559,809

**NCF financing:** EUR 399,260

**Agreement signed:** 19 January 2016

**Project type:** Climate change adaptation

**Duration:** 30 months



#### **Project objective**

The overall objective of the project is to strengthen climate resilience of disadvantaged urban communities in their ability to minimise, withstand and bounce back from negative physical, social, and environmental impacts of flooding and waterlogging. This objective will be achieved by making the target communities as well as the surrounding slum communities in Shyampur more resilient to the multiple impacts of climate change. The project develops concrete tools and solutions to strengthen the climate resilience of disadvantaged urban communities.

#### **Main results/outputs**

- 4-6 designs and models for adaptation solutions co-created and developed.
- Prototypes of the 4-6 designs and models for adaptation solutions implemented in target communities in Shyampur.
- Prototypes tested and reviewed in target communities and dissemination initiated.
- Tools for replication of adaptation solutions in slums across Dhaka finalised by partners and local government at the end of the project and rolled out.
- Approximately 250 individual/25 group loans for adaptation solutions taken out at the microcredit facility.
- Community capacity for climate change adaptation and advocacy strengthened by establishing community resilience monitors, recruitment and training of 20-30 Climate Champions, 10 guided visits to the test area and 10 advocacy events/meetings carried out.



Bolivia

## Technology, adaptation and mitigation: Greening the economy of urban agriculture at Kanata metropolitan area, Bolivia

**Nordic partner:** Diakonia (Sweden)

**Local partner:** Centre for Supporting Integral Management of Water and the Environment “Agua Sustentable”

**Other partner:** Center for Research and Regional Development, Financial Institution for Development (CIDRE - IFD)

**Total project Cost:** EUR 643,954.24

**NCF financing:** EUR 499,996.24

**Agreement signed:** 1 April 2016

**Project classification:** Adaptation and Mitigation

**Duration:** 27 months



### Objective

The overall objective of the project is to support the implementation of the "Sustainable Cochabamba" Action Plan through local experiences for improving urban climate resilience with rights and gender-based approaches. More specifically, it aims to strengthen the capacities for adaptation and mitigation of climate change effects in the Kanata metropolitan area through leadership, innovation, investment and environmental protection of women's productive organisations, social organisations, universities, public and private entities oriented to water efficiency, urban agriculture, waste management and smarter environmental planning.

### Main results/outputs

**Result 1:** Women's productive, irrigation and neighbourhood organisations are strengthened in their capacities for water management by applying Nordic technologies to achieve efficiency in water use and for adapting to climate change.

**Result 2:** Women's productive, irrigation and neighbourhood organisations are strengthened in their capacities for growing adapted varieties of flowers and vegetables, and lead urban agriculture innovation for adaptation to climate change.

**Result 3:** Women's productive, irrigation organisations, universities and private entities lead the development of "green business models" for innovations in microfinance, urban agriculture and waste management.

**Result 4:** Women's productive, irrigation and neighbourhood organisations, universities and public and private entities are strengthened in their capacities for networking, sustainable and participatory-smart planning, and agreeing on a joint agenda of responsibility to achieve climate resilience in the metropolitan area.

## Kenya

### Climate Resilient Low Cost Buildings in Marsabit County, Kenya

**Nordic partner:** Häme University of Applied Sciences Ltd. (HAMK) (Finland)

**Local partners:** Strathmore Energy Research Centre (BERG); Marsabit County Government, Department of Energy Lands, Housing and Urban Development

**Other partner:** UN-HABITAT

**Total project cost:** EUR 1,086,764

**NCF financing:** EUR 497,660

**Agreement signed:** 18 April 2016

**Project classification:** Adaption and mitigation

**Duration:** 30 months



#### Project objective

The project provides technical capacities to the private and public sector in order to boost a sustainable building and energy efficient/renewable energy industry in Marsabit County, Kenya. This is to contribute to the reduction of fossil fuel consumption with the aim of replacing fossil fuels with renewable energy sources for the energy supply. Furthermore, the project creates a legal framework on energy and building that contribute to keep the trend towards sustainable construction and energy-efficiency in the long term and to influence the construction and energy market in Kenya. Finally, the project aims to facilitate the construction of demonstration units.

#### Main results/outputs

The expected project results of energy-efficient and renewable energy (EE/RE) housing project in Marsabit County, Kenya:

- Training and awareness-raising material developed on sustainable building, EE/RE and green business management
- Skills on sustainable construction and EE/RE technologies of local masons, artisans and energy technicians, construction sector, local vocational centres and polytechnics developed. At least 400 people trained, with women making up at least 50%.
- Awareness-raising on the environmental, social and economic benefits of sustainable building and EE/RE technologies raised among the community of Marsabit, public and private sector related to the construction and energy sector
- Manual on sustainable building and EE/RE technologies appropriate for hot and arid areas developed
- Local building regulations and bylaws influenced in favour of adopting sustainable building design and EE/RE technologies. Recommendations and enforcement plan delivered to the Government of Marsabit
- A scaling-up plan developed to address sustainability and EE/RE in building in different counties and sectors – residential buildings, public facilities and commercial buildings
- The potential green building markets to be mapped and financing models and marketing materials for green building business developed
- To showcase the affordable and sustainable housing, the building of 100 housing units facilitated by introducing the EE/RE housing technologies: reduction of energy consumption in construction and in operation and maintenance, reduction of the use and demand for water from the mains supply, reduction of consumption of wood to heat water, reduction of the use of charcoal and/or wood for cooking and introduction of water saving technologies

## Nepal Building Resilience and Climate Adaptive Planning in Urban Centres of Nepal

**Nordic partner:** Arbonaut Ltd (Finland)

**Local partners:** Oxfam in Nepal, Clean Energy  
Nepal

**Total project cost:** EUR 613,730

**NCF financing:** EUR 460,299

**Agreement signed:** 18 May 2016

**Project classification:** Adaptation

**Duration:** 30 months



### Project objective

The project has four main objectives, namely, i) building climate adaptation and resilience into vulnerable urban centres, ii) developing adaptation-friendly policy, practice and business, iii) equipping vulnerable urban dwellers with information, resources and appropriate technology to respond to climate extremes and disasters, and iv) knowledge documentation and dissemination.

### Main results/outputs

- 20% increase in project districts and municipalities' budgets for Climate Change Adaptation (CCA) and Disaster Risk Reduction (DRR) activities.
- 40% of targeted local government officials are better equipped with climate adaptive skills and knowledge
- 2 climate adaptive technologies from Nordic countries adopted
- 5 private sector actors incorporating climate adaptive practices into their business plans.
- At least 10 private sectors supporting actions promoting female entrepreneurs
- 20 climate-resilient and innovative business enterprises set up/ retrofitted
- 60% (7063) of target groups demonstrate skills and showcase knowledge to minimise exposure and vulnerability and adapt to climate extremes and disaster.
- A city to city exchange programme/ visit between the project municipalities and Nordic cities
- 5 briefing papers and policy briefs used as tools for influencing national policies and programmes.
- 5 multi-stakeholder dialogues organised to disseminate project learning and best practices.

Pakistan  
**Introducing Renewable Energy Solutions to Enhance Energy Security and Build Climate Resilience in Karachi, Sindh, Pakistan**

**Nordic partner:** WWFSweden  
**Local partner:** World Wide Fund for Nature-Pakistan  
**Other partner:** Karachi Electric  
**Total project cost:** EUR 748,328  
**NCF financing:** EUR 492,636  
**Agreement signed:** 12 July 2016  
**Project classification:** Adaption and mitigation  
**Duration:** 26 months



**Project objective**

Enhanced energy security and climate resilience, through technology transfer from the Nordic region to Karachi, which will contribute to improved energy access, diversified livelihoods, improved health, better climate adaptation capacity, women's empowerment, and facilitate the city's transition to renewable energy-focused, low-carbon development.

**Main results/outputs**

1. Improved access to renewable energy and enabling environment for replication (Target: 1.01 MW Increase in energy production from RE + 72,365 tCO<sub>2</sub> decrease in carbon emissions due to RE solutions by 2036)
2. Women's empowerment (Target: To be identified by the socioeconomic expert only after initial socioeconomic assessment, during inception phase of the project)
3. Poverty alleviation and improved quality of life (Target: Change (%) in socioeconomic conditions of target community - to be identified by the socioeconomic expert only after initial socioeconomic assessment, during inception phase of the project)
4. Potential scale-up based on business plans and information exchange (Target: Increase in private sector investment in RE solutions: To be identified by the project economist after an initial analysis during inception phase of the project)



Uganda

**Improving climate resilience for small-scale coffee farming systems in Uganda through modelling of adaptation and mitigation potential in the coffee value chain.**

**Nordic Partner:** NIRAS A/S (Denmark)

**Local Partner:** National Union of Coffee Agribusinesses and Farm Enterprises Ltd (NUCAFE)

**Total project cost:** EUR 864,500

**NCF financing:** EUR 499,886

**Agreement signed:** 28 December 2016

**Project type:** Adaption and mitigation

**Duration:** 29 months



**Project objective**

The project will create a climate-resilient community of smallholder coffee farming families from at least 20 rural community cooperatives. This will be done through i) investing in adaptation and mitigation measures across the value chain and ii) providing training and guidance on climate-smart agricultural practices, and iii) enhancing farmers' economic foundation through the introduction of the farmer ownership model.

**Main results/outputs**

- Baseline Report including results of the quantification of potential emission reductions and adaptation benefits.
- Technical note to UNFCCC on the potential for adaptation and mitigation actions in the Ugandan coffee value chain.
- Farmer Ownership Model improved and implemented with at least 90% of targeted beneficiary coffee farming families operating within the Farmer Ownership Model by the end of the project.
- Pilot project implemented demonstrating adaptation and mitigation possibilities at farm and factory levels.
- Specialty coffee brand developed and presented to buyers.
- Upscale Report developed for national as well as international climate-resilient coffee production value chain.

Vietnam

## **NCF: Exploiting the Synergies between Sustainable Urban Drainage Systems (SUDS) and Urban Farming in Vinh Yen City, Vietnam**

**Nordic partner:** NIRAS A/S (Denmark)

**Local partners:** Institute for Environmental planning, Urban and Rural Infrastructure (IRURE) -Vietnam Institute for Urban and Rural Planning (VIUP); Department of Finance and Planning (Vinh Yen City People's Committee)

**Total project cost:** EUR 620,000

**NCF financing:** EUR 480,000

**Agreement signed:** 28 January 2016

**Project classification:** Adaptation

**Duration:** 30 months



### **Project objective**

The overall objective is to expand the usage of SUDS in Vietnamese cities to increase climate resilience and social resilience. SUDS prevents flooding of livelihoods and critical infrastructure and combining it with urban farming will support the combat of poverty and empower locals (mainly women), when they can use the crops for cooking or sell them at the local market. Indirectly, urban farming as an integrated element of SUDS may also reduce the maintenance costs of SUDS.

### **Main results/outputs**

- Flood risk analysis of an urban area in Vinh Yen
- Implementation of a SUDS integrated with urban farming
- Engagement of local citizens (mainly women) in using the SUDS for urban farming
- Test results of SUDS
- Textbook guidelines to be distributed to other cities



Vietnam  
**Implementing Incentives for Climate Resilient  
Housing among the Urban Poor in Vietnam**  
Ref: NDF C82 B8

**Nordic partner:** Vista Analyse AS (Norway)

**Local partners:** Institute for Social and Environmental Transition (ISET) — Vietnam; Da Nang City Women's Union (WU); Hue College of Economics — Hue University (HCE-HU)

**Total project cost:** EUR 897,891

**NCF financing:** EUR 498,450

**Agreement signed:** 19 April 2016

**Project classification:** Adaptation

**Duration:** 30 months



**Project objective**

The main objective of the project is to contribute to increasing penetration of climate-resilient housing in Vietnam that can withstand typhoons, storms and floods. The project aims firstly to develop practical and sustainable incentives for private and public sector actors in Da Nang city to build climate-resilient housing for the benefit of low-income households, and secondly, to build the capacity of Da Nang Women's Union as a catalyst for climate-resilient housing. Through the project, incentive schemes involving loans through a revolving fund, tailor-made technical assistance, information events and grants are offered to near-poor and poor households in Da Nang City.

**Main results/outputs**

- Incentive schemes for investment in climate-resilient housing among poor and near-poor households are designed, implemented and evaluated
- At least 100 retrofitted or newly constructed storm-resilient houses
- Valuable knowledge about the barriers to investing in climate-resilient housing among poor and near-poor households
- Robust knowledge about the impact of the implemented incentive schemes
- Lessons and potential for scaling up

