

ANNEX 1

NCF PROJECT DESCRIPTION

Mission

NCF facilitates the transfer of technology, know-how and innovative ideas between the Nordic countries and low-income countries on climate change issues. This is expected to increase low-income countries' abilities to mitigate and adapt to climate change and contribute to sustainable development and the reduction of poverty.

Funding principles

The projects should be carried out by Nordic organisations, authorities, municipalities, companies, and institutes together with partners in eligible low-income countries.

It is expected that 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 launched in 2009 is 4 million euro. Selected proposals may receive grant financing amounting from 250,000 to 500,000 euro or, in exceptional cases, amounting between 150,000 and 250,000 euro. The projects should have an implementation period of 24 months or less.

Projects

The transfer of technology, know-how, and innovative ideas foreseen to be funded by NCF can occur through a variety of activities. Innovations can be defined as diffusion of technologies and practices which are new to a given context. 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.

Each annual call for proposal will focus on two major themes: one theme under adaptation to climate change and the other under mitigation of climate change.

Adaptation projects may include responses to such issues 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 themes for the 2009 call will be for adaptation: **water resources**, and for mitigation: **energy efficiency**.

*Adaptation*¹

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*²

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.

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.

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

² *Ibid.*

Examples of energy efficiency projects may include aspects of an energy audit, identifying energy conservations 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 issues that are relevant for low-income countries.

The expected results include:

- Providing 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, i.e. projects that are likely to strengthen the development of suitable technologies for low income countries;
- 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.

Financing and implementation

The project has to be implemented in 24 months or less.

The maximum amount that can be applied for is 500,000 euro. The funding is full or partial grant funding, which may be used to cover real costs related e.g. to technical assistance, equipment and small works. Projects with long-term commercial goals may be considered. Costs should not have occurred before the decision date of NCF funding. The costs may accumulate over a period of one to two years.