



# Climate finance in practice - concrete results from 50+ Nordic Climate Facility projects

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NORDIC  
CLIMATE FACILITY



Nordic Development Fund • Nordic Environment Finance Corporation

## NEFCO in brief

- Nordic financial institution established 1990 in Helsinki
- Financier of feasible projects with concrete environmental benefits; focus in Eastern Europe
- Fund Manager for the Nordic countries and organisations, USA, Russia, EU etc. globally
- Carbon Funds management on behalf of private entities and governments
- Total value of the funds administered by NEFCO is currently approximately EUR 540 million
- Active role in the Arctic Council, the Barents Council, NDEP and other international organisations
- Climate and environmental expertise
- Project activities in 29 countries

# Nordic Climate Facility (NCF) overview

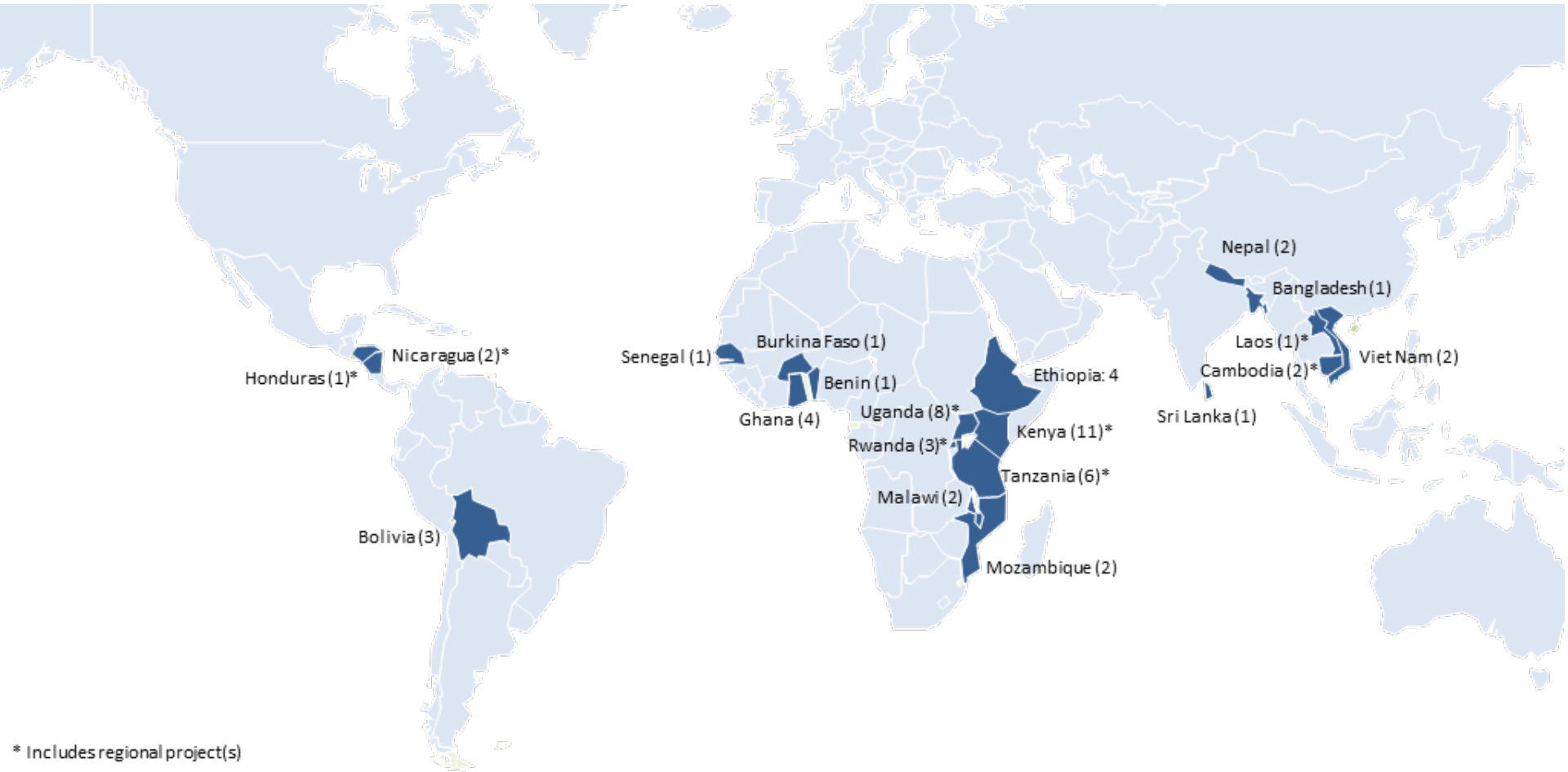
- Launched in 2009
- 6 Calls for Proposals so far
- NCFI-4 Calls under NEFCO's management
- 580 applications in total under NCFI-4
- 51 projects in various stages of implementation
- 30+ completed projects
- Total value EUR 34 mill.
  - 60% NCF funding
- Grants up to EUR 500,000 to Nordic partners with co-financing and Local Partner requirements
- Financed by the Nordic Development Fund (NDF)



**Cookstoves in Uganda**



# NCFI-4 Projects

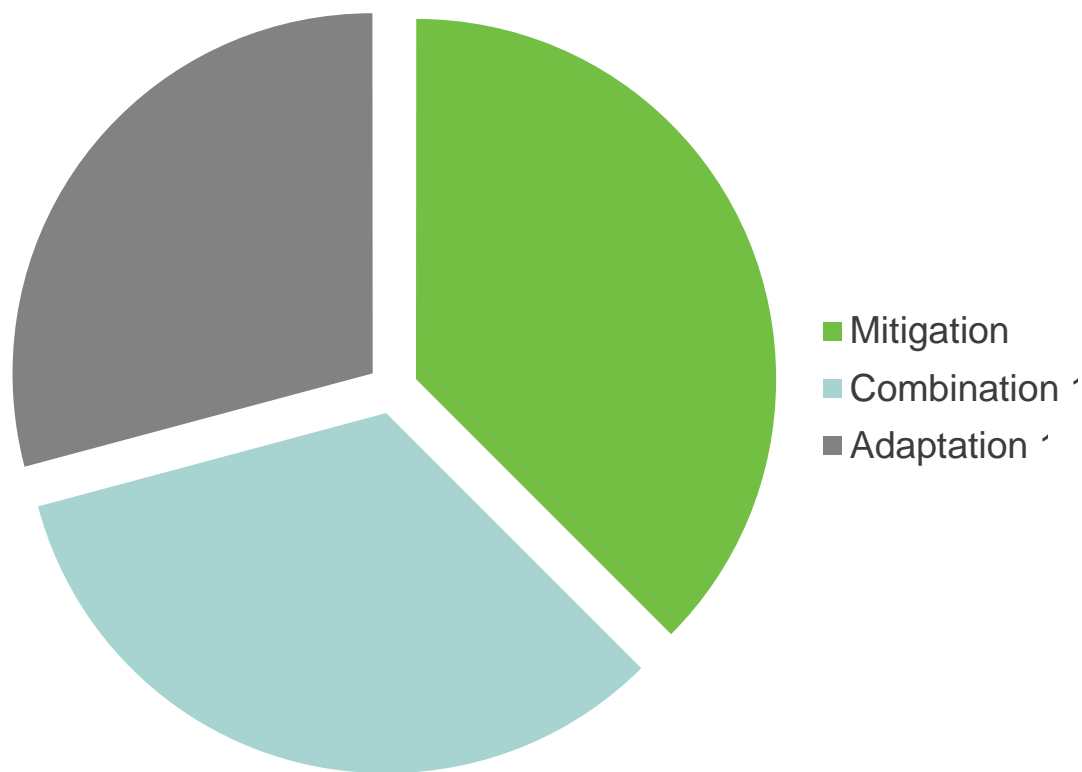


## Key Objectives

- To facilitate exchange of technology, knowledge, know-how and **innovative** ideas between the Nordic countries and low-income countries → partnerships
- To increase the low-income countries' capacity to **mitigate** and **adapt** to climate change
- To contribute to sustainable **development**
- 'Loose' theme for Calls allowing **own ideas** to be proposed
- **Results based** – agreed **milestones** with **reporting/auditing** requirements
- Two phase application process (+negotiations) with detailed evaluation with **multiple criteria** in project selection
  - climate and development benefits, innovativeness, co-financing, gender etc.



## Scope of contracted projects



**Balanced portfolio between mitigation and adaptation**

# Scaling Up Low Carbon Household Water Purification Technologies in the Mekong Sub Region



- Finland Futures Research Centre, Hydrologic Social Enterprise, TerraClear Development Co. Ltd and Nexus Carbon for Development; Cambodia and Laos
- NCF EUR 495,000, total 3,610,000
- Reduction of CO<sub>2</sub> emissions through promotion of ceramic water purifiers
- Improved access to purified drinking water
- Reduced dependency on firewood and conserved forests → decreases erosion and improvement of soil water retention.
- Access to local opportunities, revenue growth, new markets and employment.



## Observations (I)

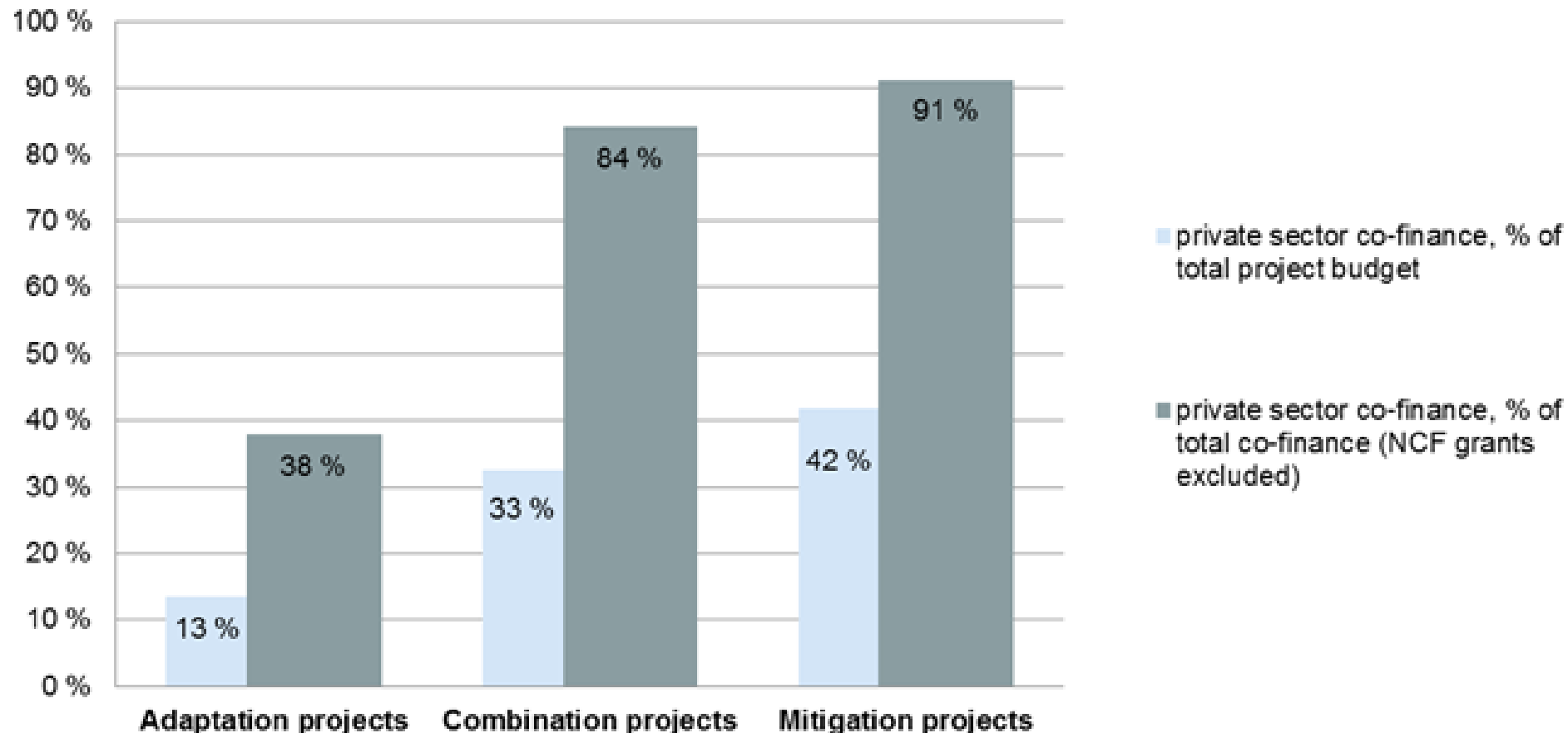
- Tangible small scale climate and development benefits, innovative elements/projects
- CO<sub>2e</sub> reductions typically about 2,000 – 4,000 t/a – up to 16,000 t/a
  - notable potential for indirect emission reductions
- Adaptation:
  - water harvesting, sustainable agricultural, safe water access, tree planting and erosion control activities
  - typically closely linked with development impacts
  - assessing/monitoring adaptation still a challenge
- More than 50% of the projects business oriented
  - long term sustainability

## Observations (2)

- Possible to implement small climate finance projects in 2-3 years
- Partnership, management, competence!
- Multiple criteria used in project selection lead to very different outcomes – diversity a challenge, but also strength of NCF
- Disbursements based on milestones work – fully results based
- Additionality to existing climate financing through support to new project concepts, partnerships and leverage of co-financing
  - Most of the co-financing private
  - Private co-financing also in adaptation projects – especially when combined with mitigation activities
    - **Engaging the private sector financially in adaptation possible**
  - Mitigation and adaptation actions are not mutually exclusive
    - possible to combine



## Share of private co-funding



## Continuation and replication

- Several awards for NCF activities inc. the 2015 Momentum for Change initiative awards:
  - Solvatten Solar Safe Water Heater, Kenya
  - SELF's (Solar Electric Light Fund) Solar Market Gardens, Benin
  - Lifelink Water Solutions, Kenya and Uganda
- Replication on-going
  - GFC scale-up in Malawi





**Thank you!**

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