

## Programme for Environment and Climate Co-operation (PECC) – Nordic pilot programme for co-operation projects in North-West Russia

# PECC-1

## GUIDELINES FOR APPLICANTS

### *Promoting environment and climate co-operation projects between non-commercial partners from the Nordic countries and North-West Russia*

*Under the “Programme for Environment and Climate Co-operation” (PECC) grant financing can be awarded to a lead Nordic non-commercial partner (public institution and non-profit organisations) for implementation of projects with environment and climate benefits in co-operation with one or more non-commercial partners located in North-West Russia and possibly also in another Nordic country. Selected proposals may receive grant financing from EUR 30,000 to EUR 200,000 subject to certain co-financing requirements. PECC is financed by the Nordic Council of Ministers and the Barents Hot Spots Facility. It is administered by NEFCO - the Nordic Environment Finance Corporation.*

*These Guidelines for Applicants (“Guidelines”) set out the eligibility criteria and the procedure for the pre-screening, evaluation and selection of project proposals to be funded under the first Call for Proposals (“PECC-1”) launched in March 2017. Applications shall be submitted in English by the Nordic Lead Partner / “Applicant” in digital form on the website at <https://applications.nefco.org/>*

## 1. Introduction

### *General information*

The ***Programme for Environment and Climate Co-operation*** (“PECC” or the “Programme”) is a programme supporting Nordic - North-West Russian co-operation between non-commercial partners to implement projects within the fields of environment and climate at regional and local levels. To qualify for funding the projects should aim at facilitating exchange of experience and establishment of sustainable networks between the Nordic countries and North-West Russia.

The Programme is managed by the Nordic Environment Finance Corporation (NEFCO) with its headquarters in Helsinki, Finland ([www.nefco.org](http://www.nefco.org)).

PECC combines funding from two sources: up to DKK 6 million come from the Nordic Council of Ministers (NCM) and up to EUR 300,000 from the Barents Hot Spots Facility (BHSF), which is a fund managed by NEFCO. The total amount of funding under the Programme thus amounts to up to EUR 1.1 million.

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***Purpose of the Programme***

The purpose of the Programme is to contribute directly to creating an improved status of the environment and climate in North-West Russia and to indirectly lead to improvements in the Nordic and Baltic countries and the whole Barents Region by financially supporting the implementation of relevant projects on the regional and local level in North-West Russia, for instance, in the fields of:

- use of renewable energy sources,
- energy savings and improved energy efficiency,
- cleaner production and sustainable consumption,
- sustainable city and land-use planning, and
- protection of nature.

The Programme encourages implementation of projects and other initiatives that, in addition to exchange of experience and establishment of sustainable networks, benefit the environment and climate and seek to:

- prevent and reduce pollution,
- reduce emissions of greenhouse gases and ozone-depleting substances,
- improve biodiversity and protect endangered species,
- increase capacity for dealing with ecological disasters and emergencies.

***Geographic area covered by the Programme***

The Programme will be open to co-operation projects between partners from the Nordic countries and North-West Russia.

The following regions of **North-West Russia** are eligible for participation in the Programme:

- Arkhangelsk Oblast, including the Nenets Autonomous Area (NAO),
- Kaliningrad Oblast,
- Komi Republic,
- Leningrad Oblast,
- Murmansk Oblast,
- Republic of Karelia,
- Pskov Oblast, and
- City of St Petersburg.

The **Nordic countries** are:

Denmark, Finland, Iceland, Norway and Sweden, including the three self-governing areas: Faroe Islands, Greenland and Åland Islands.

### ***Additional aspects and benefits***

In addition to addressing the above listed environment and climate issues applicants are also encouraged to promote additional benefits and to indicate in their applications whether the project proposed will have any (specified) impact on any of the following aspects:

- Health and healthcare,
- Culture,
- Indigenous peoples,
- Connection to Barents Environmental “Hot Spot” (or other defined “hot spots” in the Arctic or Baltic contexts, such as the hot spots defined by HELCOM),
- Connection to any relevant Nordic co-operation programme/environmental priority (in Russia/Arctic/Barents/Baltic),
- Other (to be specified by the Applicant).

## **2. Funding Principles**

Selected proposals may receive grant financing from EUR 30,000 to 200,000. In addition to coverage of costs related to capacity building, exchange of experience and establishment of sustainable networks, the grant funds may be used to cover actual costs related to technical assistance, equipment, works and investments, amongst others. No retroactive costs can be financed.

The maximum project implementation period is 16 months, starting one month after the signing of the Grant Agreement, ending, however, at the latest by 31 December 2018.

The use of grant funds shall be well balanced and the cost share of the Russian partner(s) of the total grant funding must be significant. PECC funding is results-based and grant disbursements will be linked to agreed milestones.

The need for grant funding must be substantiated by the Applicant. To qualify, the projects need to be carried out by one or several relevant Nordic organisations, authorities and/or institutes together with one or several relevant local partners in North-West Russia. PECC funding is not intended to finance the activities of federal or national ministries, multilateral institutions, bilateral financing institutions, aid agencies and development financing institutions, or their affiliates, or other donor-driven initiatives.

### ***Financial framework***

The Programme combines funding from the Nordic Council of Ministers and the Barents Hot Spot Facility for a total amount of up to EUR 1.1 million

The financing from the NCM covers the seven regions in Russia closest to the Nordic and Baltic countries: City of St Petersburg, Arkhangelsk Oblast, Kaliningrad Oblast, Leningrad Oblast, Murmansk Oblast, Pskov Oblast, and Republic of Karelia.

The financing from the BHSF primarily covers the Russian Barents region: Arkhangelsk Oblast, including the Nenets Autonomous Area, Komi Republic, Murmansk Oblast, and Republic of Karelia.

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The two sources of funding have different regulations. Therefore, the following limitations on the total Programme budget of up to EUR 1.1 million apply:

- Maximum of EUR 300,000 can be spent for projects in the following regions: Komi Republic and Nenets Autonomous Area.
- Maximum of EUR 530,000 can be spent for projects in the following regions: City of St Petersburg, Kaliningrad Oblast, Leningrad Oblast and Pskov Oblast.
- Maximum of EUR 300,000 can be spent on investments in technology and infrastructure.
- Minimum of EUR 530,000 has to be spent on projects with not less than 30% Russian co-financing in the following regions: City of St Petersburg, Kaliningrad Oblast, Leningrad Oblast, Pskov Oblast.

The “cascade” principle for allocating the available NCM and BHSF funding to different projects under the Programme is outlined in Appendix 3.

### **3. Eligibility Criteria**

#### *Eligible applicants and partners*

Projects and initiatives financed by the PECC funds should involve at least one partner from North-West Russia (“Russian Partner(s)”, equalling “Local Partner(s)”) and partners from at least two Nordic countries (one of which is the “Lead Partner”/”Applicant”, the other one(s) being the “Other Nordic Partner(s)”). For being eligible for the BHSF part of the available funding, however, the partnership may consist of minimum one (Lead) Nordic and one Russian Partner.

The Lead Partner (“Applicant”) should be from a Nordic country.

A maximum of three proposals may be submitted by the same Applicant and not more than two applications from the same Applicant can be selected for financing (- the two most high-scoring ones).

Eligible Applicants and Partners of the Programme are non-commercial and non-profit organizations such as regional and municipal authorities and entities (including research and educational institutions, nature reserves, etc.), NGOs, associations, unions and indigenous peoples’ organizations. The involved organizations should be registered legal entities and should have the necessary technical, financial and institutional capacity to carry out projects. Russian Regional or Municipal Unitary Enterprises (or similar) are eligible provided they fulfill these general conditions.

The partners are encouraged to involve Russian civil society and NGOs in the project(s).

The Applicant present additional partners in the Application that are somehow taking part in the project, but that are not project partners in accordance with the defined Partners above. Such additional partners are not subject to the limitations indicated above. Naming such additional partners, if any, is not compulsory and will not be specifically addressed at the evaluation of the proposals. If this option is chosen, please do not add other additional partners than those that are of high relevance to the proposed project and will play an active and well-defined role in it.

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Eligible participants (- *i.e.* physical persons representing project Partners or other organizations or communities targeted by the project -) in project activities are civil servants and other representatives of public sector entities implementing projects at regional and municipal levels, as well as representatives of relevant non-profit organizations, associations, unions, NGOs and indigenous people's organizations. The participation of representatives from commercial organizations is welcomed, yet not financed by the Programme.

NCM and NEFCO are committed to comply with each applicable sanction list related to the Russian Federation and they cannot, therefore, make funds available, directly or indirectly, to or for the benefit of a sanctioned person, meaning any individual or entity listed in one or more of the sanction lists of the United Nations or the European Union.

### ***Eligible project activities and components***

Eligible project activities include:

- development of networks and exchange of experience,
- awareness raising,
- technology transfer and development,
- spreading of best practices,
- development of monitoring practices,
- competence building on expert level,
- feasibility studies preparing investments.

Projects might combine development of networks and exchange of experience with investment components, with the limitations described in the section on the financial framework above.

The Programme can finance both new initiatives and build on initiatives previously developed.

All projects are obliged to present equal opportunities for men and women.

## **4. Preparation of the Application**

### ***General***

The Application shall be written in and submitted via the on-line Application Platform. It must thus follow the format of the provided Application Form and take note of the instructions given there. Applicants are encouraged to make themselves familiar with the on-line system and Application Form before they start drafting the actual Application.

The size of the requested grant from the Programme should be in the range from EUR 30,000 to EUR 200,000.

The scheduled timeline for the application procedure is outlined in Table 1 below.

*Table 1. Scheduled timeline for the application procedure*

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<b>Task</b>	<b>Timeline</b>
Applicants' submission of possible questions to NEFCO	12 April 2017
Responses to questions from NEFCO to Applicants	21 April 2017
Possible NEFCO amendments to these Guidelines/(on-line) templates to be used by Applicants	24 April 2017 (or at the latest 10 days prior to the extended deadline for submission of Applications)
Applicants' submission of Applications to NEFCO (via the on-line application system).	By 15 May 2017, 16:00 hrs, Eastern European Summer Time (Finnish time)
Evaluation of Applications	Completed tentatively by 15 June 2017
Negotiations and contracting	Completed tentatively by 30 September 2017 (- for all projects, at the very latest. Most projects are likely be contracted earlier.)

All Applicants must provide adequate general information on their proposed projects (Category B2). They must also specify the expected impact of the project on knowledge sharing, capacity-building and networks (Category B1). The proposed project can be either a project with a direct intended impact on environment and climate (Category A1), or a project with an indirect such impact (Category A2), or - in some cases - a combination of A1 and A2.

➤ *For further reference to Categories A1, A2, B1 and B2 - please see Appendix 1.*

The corresponding selection criteria will be integrated into the web-based application system. The criteria will consist of four categories:

- 1) General criteria concerning the applicants and the sub-projects (B2);
- 2) Criteria concerning the impact of the sub-projects on knowledge sharing, capacity-building and networks (B1);
- 3) Criteria concerning direct impact on the environment and climate (A1);
- 4) Criteria concerning indirect impact on the environment and climate (A2).

Further details and selection criteria are provided in Appendix 1.

The Applicant must clearly indicate the one or several eligible regions in North-West Russia in which the project will be carried out (- or will benefit from it in another way). The Applicant must also state clearly whether the funds applied for are in full or in part are intended for physical investments in any form - and this must also be clearly reflected in the project budget.

It is the responsibility of the Applicant to fully acquaint itself with the tax and excise laws in force which are applicable to the project or to the Applicant's receipt of funding from NEFCO prior to the submission of the Application.

The Applicant and Partners are encouraged to present selected references and/or reference projects in the Application, but this is not compulsory and will not be specifically addressed at the evaluation of the proposals. If this option is chosen, please do not add other references than those that are of high relevance to the proposed project.

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All documents shall be in English. All costs and financing shall be denominated in euro (EUR).

***Filling in the on-line template***

Applications shall be made on-line in the form set out on the indicated website as requested and as applicable. All items in the Application may not be relevant to all project types. All relevant information shall be included in the submitted Application. Applicants are kindly requested to insert 'not applicable' and to state the reason if certain information is not filled in.

With regard to key information required in the Application, it is not acceptable to refer to an appendix or to any other information sources (e.g. a website). Links to additional information sources, however, may be included for clarity. The main principle is that only what is submitted in the Application form will be considered by the evaluators during the Evaluation. Omission of any information that is considered to be of key importance by NEFCO may result in rejection of the Application.

If there is an apparent discrepancy of any kind related to the facts and instructions in the on-line application system and these Guidelines, the Guidelines shall take precedence. However, in such case the Applicant is encouraged to notify NEFCO at [pecc@nefco.fi](mailto:pecc@nefco.fi), and to ask for clarifications in the form of a question as outlined in Section 6 below.

***Project budget***

A realistic and cost-effective budget shall be prepared based on reasonable fees and costs as applicable in Nordic countries and North-West Russia. The budget shall be made using the template provided in the on-line application system.

A contingency reserve of 5-10% of the requested grant shall be included in the budget.

All reasonable duties, taxes and other levies payable by the Applicant in the Nordic countries and in Russia in relation to the implementation of the project, or for any other cause arising from the Application or the Applicant's receipt of NEFCO funding, can be included as a cost in the budget. Value Added Tax (VAT) shall only be included where applicable in Russia, whereas costs incurred in a Nordic Country shall be exclusive of VAT. The Applicant shall clarify its VAT status in the Application, but appropriate tax modifications may be made to the budget during the negotiations phase as agreed separately.

All prices and rates in cost estimates shall be made in Euros (EUR). The Application shall remain valid and open for contracting during a period of 6 months after the submission deadline. After submission of the Application, the Applicant shall notify NEFCO as soon as possible of any changes in the information submitted. Any and all material changes, including but not limited to changes related to the project manager, other key staff, Local and Other Nordic Partner(s), partnership arrangements, costs, financing, local financial contribution, expected environmental or climate benefits and project description and implementation schedule may, at the discretion of NEFCO, result in rejection of the Application and/or adjustment of NEFCO funding.

***Eligible costs***

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Eligible costs are costs related to eligible project activities, including travel and accommodation costs, seminar and conference costs, translation costs, information dissemination and expert costs.

Costs for purchase of equipment, facilities, technology or infrastructure should be specifically justified and explained, as they should be closely linked to the project purpose and may be accepted on a case-by-case basis.

Costs related to any possible partnerships with commercial companies will not be covered. However, eligible non-commercial partners may engage commercial companies to provide adequate technology as well as necessary supplies and services to the project on sound commercial conditions, and if so these costs can then be covered.

To be eligible, all costs must relate directly to the implementation of the project and shall have actually been incurred by the Applicant<sup>1</sup> and/or the Local or Other Nordic Partner(s) during the implementation period (unless otherwise specifically agreed with NEFCO). Also, all costs and co-financing must be recorded in the accounts of the Applicant and the Local and Other Nordic Partners and be identifiable. NEFCO reserves the right to request modifications to the budget. Finally, all project costs and financing shall be subjected to a final audit. The scope of the audit shall be project-specific and defined in the Grant Agreement. Auditing costs shall be included in the budget.

The following costs are not eligible unless otherwise agreed with NEFCO: Debts and provisions for losses, project preparation/application costs, costs already incurred, non-project related costs, interest charges, items already financed or approved to be financed by other financiers, currency exchange losses, credit to other parties or purchases or acquisition of land or buildings, and purchase of vehicles.

### ***Co-financing***

To qualify for funding from the NCM share of the Programme, co-financing from Russian sources is required to add up to minimum 30% of the combined financing from Russian sources and from the NCM. Note that this distribution solely refers to the amount of project financing coming from the NCM and the Russian co-financing combined, and does not take into account financing from other non-Russian sources (including BHSF funding under this Programme) This requirement may however be waived in relation to projects or project components implemented by or together with NGOs.

Co-financing from Russian or possible co-financing provided by Nordic Lead or Other Partners might be in the form of cash contributions or in-kind. In-kind contributions could be working hours, provision of premises and facilities, transport, printing of materials, etc. The monetary value of the co-financing should be estimated according to the local market value of the contribution.

Costs already incurred, non-project related costs, items already financed or approved to be financed by other financiers and parallel costs or financing (i.e. linked to any possible other on-going activities but not directly linked to the contemplated PECC project) are not eligible as co-financing.

Salary costs:

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<sup>1</sup> The term “Grantee” is used for an Applicant who has signed a Grant Agreement.

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- The monetary value of the working hours of project staff should be calculated on the basis of the actual salary costs, including social contributions.
- Based on the salary costs, the administrator of the project should calculate an hourly rate for the employee.
- The administrator of the project is responsible for ensuring that the working hours of the project staff are registered and documented by using a timesheet.
- The number of hours used for project work should be multiplied by the hourly rate.
- The timesheet should be signed by the employee, the manager of the employee and the project manager.
- If working hours are provided by volunteers, the monetary value should be as estimate calculated on the basis on the local level of salaries.

Only costs that are directly related to the implementation of the project, and which are in addition to the normal running costs of the organization, might be considered as co-financing. Salary costs of staff participating in project events (study visits, conferences, seminars, etc.) are not considered co-financing.

### ***Project duration***

Projects can be implemented starting from 1 August 2017, based on signed Grant Agreements.

Projects should be completed at latest by 30 November 2018. Final reports should be submitted to NEFCO by 31 December 2018 (or as otherwise specified in the Grant Agreement).

Reimbursement of any disbursed but unutilized grant funds and pay-back should be done at the latest by 31 March 2019.

### ***Language***

The co-operation is expected to be carried out in the English and Russian languages. English should be used for all reporting to NEFCO. Command of the Russian language is considered necessary for communication with Russian project partners and participants. However, all the key project documents related to administration, economy and project reporting, including Applications, should be available in English. Project events should as a general rule be held bi-lingually in English and Russian.

➤ *Please note that the submitted Application should be strictly in English only!*

## 5. Submission of the Application

### *Application process*

The first Call for Proposals under the Programme is announced on 30 March 2017. The deadline for submission of the applications is 15 May 2017.

Decisions on selection of projects can be expected within two months after the deadline for submissions.

All Applicants will be informed about the outcome of the selection process. The decisions are not subject to appeal.

### *Deadline for submission*

All Applications shall be submitted to NEFCO using the on-line system no later than 15 May 2017, at 16:00 hrs, in Helsinki, Eastern European Summer Time (EET/"Finnish time").

Any Application submitted after this deadline will be rejected. It is the sole responsibility of the Applicant to ensure that the Application is made in accordance with these Guidelines and is submitted within the deadlines given.

## 6. Questions and Communication

Applicants are kindly requested to include a Contact E-mail Address ("Contact E-mail") in the Application for all communication with NEFCO.

Any questions shall be submitted by e-mail no later than by 16:00 hrs (EET) on 12 April 2017 to NEFCO at: [pecc@nefco.fi](mailto:pecc@nefco.fi). Answers will be provided to the Applicants through the submitted Contact E-mail by 21 April 2017 or by no later than 10 days prior to the extended deadline for submission (if applicable). All questions & answers (Q&A) will be communicated to all registered applicants, and they will also be posted in the on-line application system.

Applicants are kindly requested to channel all communication with NEFCO after submission of the Application and until the Applicants are invited for a possible interview and/or to negotiations via email and to use only the Contact E-mail and the [pecc@nefco.fi](mailto:pecc@nefco.fi) e-mail addresses.

## 7. Evaluation

Evaluation of the proposals will be conducted in two stages: (i) pre-screening, and (ii) scoring and selection.

Upon expiry of the deadline for submission, NEFCO will first determine in a pre-screening whether each application is substantially responsive to these Guidelines and whether the Applicant, the Other Nordic Partner(s) (if any), and the Local Partner(s) as well as the application itself meet the Eligibility Criteria and qualify for NCM and/or BHSF grant financing. If an application is deemed

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by NEFCO not to be substantially responsive to the requirements and/or it is deemed unlikely that the project can be implemented as planned, the project may be rejected for PECC funding.

Evaluation of the applications that have passed pre-screening will be conducted by an Evaluation Committee composed of members representing NCM, IBS and NEFCO based on the selection criteria indicated below.

At the evaluation stage, NEFCO may take into account experiences of previous NCM or NEFCO calls and/or contact external sources to obtain additional information on the qualifications and capacity of the Applicant, the Local or Other Nordic Partner(s) and/or on the proposed project.

During the evaluation phase, NEFCO may request clarifications from the Applicants. Also the Applicants will, if requested by NEFCO, be expected to make the project manager and/or other key staff available for interview by NEFCO at no or negligible cost to NEFCO.

### ***Pre-screening***

The pre-screening will be done based on the completed on-line application forms in order to identify proposed projects that do not fulfil the Eligibility Criteria or are evidently not in line with the general purpose of the Programme, or for any other evident reason lacks potential for implementation. The criteria that must be met to pass the pre-screening are outlined in Appendix 4.

### ***Scoring and selection***

Project proposals successfully passing the pre-screening will be evaluated for possible selection based on more in-depth analyses that they fulfill all Eligibility Criteria and all other stipulations and requirements in these Guidelines based on the following basic evaluation principles (in no particular order):

- The proposed project shows clear benefits for environment, climate or use of renewable energy and sustainable city planning, or other such benefits that are in line with the purpose of the Programme.
- The application has been submitted in due time and in accordance with the stipulations and requirements in the application form and the Guidelines.
- The activities and the costs of the proposed project correspond with the Eligibility Criteria described above.
- The Applicant/Lead Partner is an entity from one of the Nordic countries that fulfils the Eligibility partner criteria.
- The proposed project includes partners from at least one Nordic country (noting that at least one such partner is needed in addition to the Nordic Lead Partner to qualify for NCM funding) and at least one partner from any of the eligible regions of Northwest Russia.
- The proposed project fulfils the requirements for co-financing.
- The proposed project presents equal opportunities for men and women.

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The qualitative evaluation of all proposed projects will be based on an individual scoring by all members of the Evaluation Committee as outlined in Appendix 2. The combined scoring of the evaluators will form the basis for the selection of projects for grant funding from the Programme, with due consideration to the available funding and the limitations under the headlines *Financial frameworks* above and the cascade mechanism outlined in Appendix 3.

A general scoring principle applies to any qualified evaluation unless some more specific criteria are indicated. This principle is based on a value scale that is generic and independent from the actual substance of what is to be evaluated. The scale is presented in Appendix 2.

Having passed the pre-screening, application will be scored with a maximum of 100 points, as follows (*See Appendix 1 for further definitions and explanations of Project Categories!*):

- 1) Projects with a “Direct environment or climate impact” only: up to 70 points; if there is a Main and a Secondary category they may get up to 50 and up to 20 points, respectively.
- 2) Projects with an “In-direct environment or climate impact” only: up to 70 points; if there is a Main and a Secondary category they may get up to 50 and up to 20 points, respectively.
- 3) Projects with both a “Direct environment or climate impact” and an “In-direct environment or climate impact”: up to 70 points in total; divided into up to 35 points for the Main and 15 points for the Secondary category of the “Direct” project component, and up to 15 points for the Main and 5 points for the Secondary category of the “In-direct” project component, respectively. (However, if the Main category of either the “Direct” or the “In-direct component” scores less than half of the maximum points, the project will be considered and evaluated as an “In-direct” or a “Direct” project, respectively, in accordance with 1) or 2) above!)
- 4) The project’s quality relating to knowledge sharing, capacity-building and networks (Exchange of Knowledge and Expertise, Nordic Synergy, Development of Networks), with consideration also of the project’s additional benefits: up to 30 points.

NEFCO reserves the right to amend the pre-qualification guidelines as deemed appropriate. NEFCO also reserves the right to adjust the approach to the scoring for the selection of projects, up to ten days prior to the final date for submission of applications.

## 8. Negotiations and Contracting

As a result of the evaluation, applications will be ranked based on their scoring. Contract negotiations with Applicants will be conducted starting from the highest-scoring Applicants until the available PECC project funding has been fully allocated or the limitations outlined under the headline “*Financial framework*” above or in Appendix 3 have been reached. Any aspect of the Application/proposed project may be made subject to negotiations, including possible budget and cost/fee reductions. If relevant, independent third-party assessment of the appropriateness of project costs may be requested.

It is expected that Applicants will be able to negotiate and sign Grant Agreements within a time window of approximately 3-4 months after the submission deadline. Specific deadlines will be set by NEFCO during the negotiations for Applicants to clarify any open issues in their applications.

On the basis of the final project information provided in the application and an assessment of the Applicant’s fulfilment of local, national, environmental and other requirements during the evaluation and negotiations, NEFCO reserves the right to request further clarifications and/or assessments from the Applicant and/or that the Applicant agrees on specific measures in the Grant Agreement to ensure that NEFCO’s objectives will be fully met. Also, signing of the Grant Agreement, or alternatively the first disbursement, is subject to completion of a due diligence review to NEFCO’s satisfaction. Should the Applicant not give satisfactory answers to clarification, NEFCO reserves the right not to consider the application any further.

All NEFCO grant disbursements will be made only to the Nordic Lead Partner/Applicant and the Applicant is expected to execute sub-agreements - to be approved by NEFCO in draft form - with all Local or Other Nordic Partners prior to any disbursement.

Project reporting requirements will be specified in the Grant Agreement.

Before entering into negotiations, the Applicant and all Local and Other Partner(s) may be requested to confirm in writing that they have not and are not engaged in any fraudulent or corrupt practices (as defined by the International Financial Institutions Anti-corruption Task Force) in relation to the Application and/or the project, and that they are not suspended or barred by any government (state or local), UN Agency, International Financial Institution or any other international organisation.

After initial successful clarifications, due diligence review and related discussions, each Applicant will be provided with a project-specific draft Grant Agreement based on a template agreement that will form basis for the negotiations. The disbursement schedule and related conditions will be specific for each project and defined in the Grant Agreement. Disbursements may be linked to specific project milestones to be defined during negotiations. Prepayments of grants or grant components may be considered on a case-by-case basis. Besides, Applicants are kindly requested to note that only minor changes to the agreement template and NEFCO’s standard requirements can be expected.

Any material changes in the Application/proposed project during the negotiations and contracting phase may result in rejection of the Application.

Once a Grant Agreement has been signed, it will not, be subject to any adjustments or revisions as a result of potential currency and/or price fluctuations. The total costs and financing may be increased based on increased funding from sources other than NEFCO.

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NEFCO reserves the right not to start negotiations with any of the Applicants at its sole discretion and not to allocate/contract all available funding under the Programme.

## **9. Additional notes**

All communication and documentation related to the application shall be in English. The Applicant and any Local or Other Nordic Partner(s) shall bear all their own costs incurred in the preparation and submission of the application. NEFCO will not be responsible or liable for such costs, regardless of the conduct or outcome of the application procedure.

Any procurement to be financed by grant funds provided by the Programme shall comply with NEFCO's Procurement Guidelines dated 12 December 2013. The general principles of NEFCO's anti-corruption and integrity policies shall apply at all times. The applicable guidelines, principles and other information are available at NEFCO's website ([www.nefco.org](http://www.nefco.org)).

NEFCO reserves the right to amend these Guidelines and/or the online application system, including the timeline, and/or to extend the deadline for submission of the application. If amendments are made, NEFCO will issue an addendum no later than 10 days prior to the original or extended deadline for submission of the applications.

Also, it should be noted that NEFCO is under no obligation to select any of the timely submitted applications for further evaluation. Likewise NEFCO reserves the right to cancel the entire application procedure for any reason, without incurring liability to any of the organisations involved in submitting an Application. If the procedure is cancelled, all Applicants will be notified accordingly in writing without undue delay.

## APPENDIX 1.

### Project Categories

All Applicants must provide adequate general information on their proposed projects (Category B2). They must also specify the impact of the project on knowledge sharing, capacity-building and networks (Category B1). The proposed project can be either a project with a direct intended impact on environment and climate (Category A1), or a project with an indirect such impact (Category A2), or - in some cases - a combination of A1 and A2.

The corresponding selection criteria will be integrated into the web-based application system and will be clearly stated in the guidelines to applicants. The criteria will consist of four categories:

- a) General criteria concerning the applicants and the sub-projects (B2);
- b) Criteria concerning the impact of the sub-projects on knowledge sharing, capacity-building and networks (B1);
- c) Criteria concerning direct impact on the environment and climate (A1);
- d) Criteria concerning indirect impact on the environment and climate (A2).

#### a) Selection criteria B2: “General Criteria concerning the applicants and the sub-project” (- yes/no basis)

1. **Applicant / Lead Partner** (*The institution has to be from a Nordic country!*) - basic data
2. **Project Manager** - basic data
3. **(Local) Partner from the North-West Russia** - basic data
4. **(Other) Partner from a Nordic country** - basic data
5. **Gender equality** - *Does the project present equal opportunities for men and women?*

#### b) Selection criteria B1: “Criteria concerning the impact of the project on knowledge sharing, capacity-building and networks” (- qualified basis)

To comply with NCM stipulations on ”establishment of networks, exchange of experiences and capacity building and mutually benefitting co-operation in the field of environment and climate”:

##### 6. Exchange of Knowledge and Expertise

*Does the project contribute to knowledge sharing?*

*Does the project provide for exchange of knowledge and experiences?*

*Does the project contribute to capacity building?*

##### 7. Nordic synergy

*Does the project establish long-lasting formats of co-operation between authorities, business and/or citizens in the field of environment & climate and between Nordic and Russian stakeholders?*

##### 8. Development of Networks

*Does the project contribute to development of sustainable networks in North-West Russia?*

**c) A1: Selection criteria concerning direct impact on the environment and climate (- qualified basis):**

The project should fall into one or several of the following categories (with an option for the Applicants to clearly define any additional categories providing a clear argumentation why it might still be relevant for the programme). If more than one category is indicated, the applicant should define the two principal categories that are the ones that subsequently should be evaluated and scored (and these should in turn be listed as “main and secondary”):

ENVIRONMENT AND NATURE

1            **Pollution reduction**

- *emissions to air*
- *discharges to water*
- *reduction of waste flows*
- *reduction of soil contamination*
- *other (to be specified by applicant)*

2            **Reduction of usage of energy and primary resources**

- *energy savings*
- *increased energy efficiency*
- *reduced usage of water*
- *reduced usage of raw materials*
- *recycling*
- *other (to be specified by applicant)*

3            **Remediation of past environmental liabilities**

- *handling or destruction of contaminated materials*
- *clean-up of polluted or contaminated sites*
- *other (to be specified by applicant)*

4            **Environment protection**

- *promotion or enhancement of protected areas (incl. national parks & reserves)*
- *measures for increased biodiversity*
- *management of solid or hazardous waste*
- *protection of endangered species*
- *(establishment of or enhancement of) systems for environmental mapping, analyzing or monitoring*
- *other (to be specified by applicant)*

5            **Environmental damage prevention**

- *(establishment or enhancement of) systems for environmental damage prevention*
- *(establishment or enhancement of) systems for environmental emergencies*
- *other (to be specified by applicant)*

CLIMATE CHANGE (Mitigation and adaptation)

6. **Reduction of emissions of CO<sub>2</sub> and other greenhouse gases (including methane)**
7. **Reduction of emissions of short-lived climate pollutants (including black carbon)**
8. **(Establishment of or enhancement of) carbon sinks**
9. **Adaptation to climate change**
10. **Other (to be specified by applicant)**

**d) A2: Selection criteria concerning indirect impact on the environment and climate (- qualified basis)**

The project may fall into one or more of the following categories (with an option for the applicants to clearly define any additional categories providing a clear argumentation why it might still be relevant for the programme). If more than one category is indicated, the applicant should define the two principal ones that are the ones that subsequently should be evaluated and scored (and these should in turn be listed as “main and secondary”):

1. **Education on environment or climate (related to any topic under A1 above)**
2. **Research on environment or climate (related to any topic under A1 above)**
3. **Development of policies, organisations etc. (related to any topic under A1 above)**
4. **Awareness rising and outreach; development of information channels, campaigns etc. (related to any topic under A1 above)**
5. **Promotion of innovations and innovativeness (related to any topic under A1 above)**
6. **Sustainable city development**
7. **Sustainable land-use planning**
8. **Other (to be specified by applicant)**

**Additional aspects**

Applicants are encouraged to promote additional benefits and indicate whether the project proposed will have any (specified) impact on any of the following aspects:

- a) Health and healthcare
- b) Culture
- c) Indigenous peoples
- d) Connection to Barents Environmental "Hot Spot" (or other defined “hot spots” in the Arctic or Baltic context, such as the hot spots defined by HELCOM)
- e) Connection to any Nordic co-operation programme/environmental priority (in Russia/Arctic/Barents/Baltic)
- f) Other - please specify

## APPENDIX 2

### Evaluation and Scoring

The submitted applications that pass the pre-screening will be evaluated by an Evaluation Committee (EC), in the first instance by each member of the committee evaluating and scoring every sub-category in accordance with the general scoring principle as well as any particular guidelines for that particular sub-category.

The members of the Evaluation Committee will perform the evaluation of each applicable category independently based on their unbiased and best personal judgement, while taking into consideration all relevant information and parameters provided by the Applicants, to the extent possible related to actual data in measurable terms, for instance related to tonnes of carbon dioxide emissions reduced. General aspects to be considered that may apply to most projects concern matters such as geographic coverage (- for instance whether the effects of the project are global, cross-border, regional or local only?), Nordic/Baltic/Barents/Arctic relevance, potential for replicability/reproduction, and community outreach. The evaluators should also consider the risk for unintended side-effects or other potential adverse consequences of the proposed projects.

The general scoring principle applies to any qualified evaluation unless some more specific criteria are indicated. This principle is based on a value scale<sup>2</sup> that is generic and independent from the actual substance of what is to be evaluated:

- 0 — The proposal fails to address the criterion or cannot be assessed due to missing or incomplete information (unless the result of an ‘obvious clerical error’)
- 1 — Poor: the criterion is inadequately addressed or there are serious inherent weaknesses
- 2 — Fair: the proposal broadly addresses the criterion but there are significant weaknesses
- 3 — Good: the proposal addresses the criterion well but with a number of shortcomings
- 4 — Very good: the proposal addresses the criterion very well but with a small number of shortcomings
- 5 — Excellent: the proposal successfully addresses all relevant aspects of the criterion; any shortcomings are minor.

The correspondent scoring point is inserted by the individual evaluator, whereby the web-based system itself will calculate the final scoring according to the stipulated weight of the category in question.

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<sup>2</sup> The scale is identical to the one used by the European Commission in its ”Grant Manual - Section on: Proposal submission and evaluation (Version 1.4, 28 May 2015,” 3. Award criteria - Scoring -Thresholds”)

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During the application process, not yet submitted as well as finally applications nor finally submitted applications, which are in the on-line system, will not be accessible to NEFCO or the Evaluation Committee.

Once the Evaluation Committee has concluded its evaluation and selection process, the selected projects will be submitted by the Evaluation Committee to NEFCO's investment committee (M-IK) for consideration, and if also supported by M-IK, selected projects will thereafter be submitted by M-IK to the Programme Steering Group (NEFCO's Board of Directors) with a recommendation for final approval.

APPENDIX 3

## Cascading between NCM and BHSF funding

The actual selection of the projects will take place according to the scoring that is the outcome of the evaluation process for each “basket” (see Fig. 1 below) representing the funding provided for the Programme by NCM and BHSF, respectively. If a proposed project is deemed to have too low environmental or climate impact or, as for NCM funding, too low a performance related to capacity building, knowledge exchange and network building, the project in question may not qualify even if the available funding would not be exhausted. This means that the proposed project should attain at least the Score 3 (“Good: the proposal addresses the criterion well but with a number of shortcomings”) on the value scale presented in Appendix 2, for each respective category.) It is not foreseen that such applications that do not match the criteria for either NCM or BHSF funding will get a “second chance” during the evaluation process. However, NEFCO might contact unsuccessful Applicants if there is a deemed potential for other funding of the proposed projects outside this Programme.

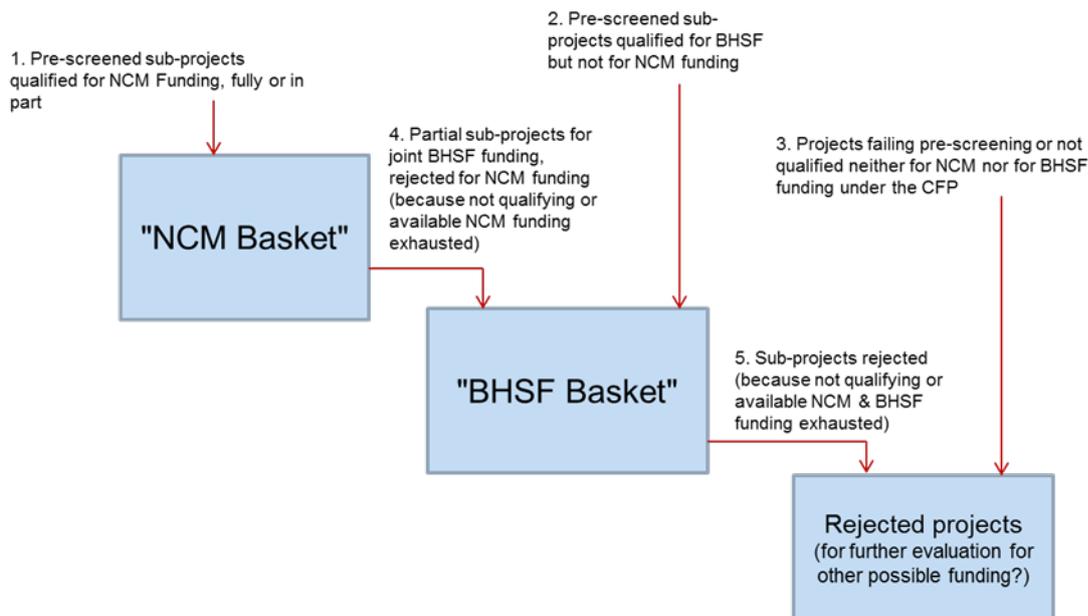


Figure 1. Cascade scheme for allocation and evaluation of submitted projects (*Note: “sub-projects” in the Figure should be read as proposed projects!*)

## APPENDIX 4

### Pre-screening criteria

The following criteria must be met by Applicants and project proposals in order to pass the pre-screening and proceed to evaluation:

1) The Applicant must be a currently active and relevant non-commercial Nordic institution, organisation, and/or authority holding a registered place of operations in Denmark, Finland, Iceland, Norway or Sweden and possess the necessary technical capacity to act as the Lead Partner. Eligible Applicants/Lead partners are non-commercial or non-profit organizations such as authorities and entities (including research and educational institutions, nature reserves, etc.), NGOs, associations, unions and indigenous peoples' organizations. National ministries or other state-level authorities are not eligible. (However, organs and authorities representing the state on a sub-state level with their bases in a region rather than in a capital are eligible.) Multilateral institutions, bilateral financing institutions, aid agencies and development financing institutions, or their affiliates are also not considered eligible. The Applicant shall have a substantial and well-defined role in the implementation of the project.

It should be noted that to qualify for NCM funding under the Programme there must be at least one Other Nordic Partner, as defined in the Eligibility Criteria. The Applicant may have more than one Other Nordic Partner. The core partnership must be between minimum one lead Nordic partner and a Russian partner, while the Other Nordic Partner(s) may play a supporting role in the project, *i.e.* by providing expertise or hosting study visits. However, partnerships consisting of minimum one Nordic Applicant/Lead Partner and one Russian partner may still qualify for BHSF funding under the Programme.

2) The Applicant shall have one or several Russian Partner(s) (equal to Local Partner(s)) with relevant capacity in the region(s) in North-West Russia where the proposed project is to be implemented. Eligible Russian Partners are non-commercial or non-profit organizations implementing projects at the regional and municipal level such as authorities and entities (including research and educational institutions, nature reserves, etc.), NGOs, associations, unions and indigenous peoples' organizations. Federal and national ministries are not eligible to apply. Multilateral institutions, bilateral financing institutions, aid agencies, development financing institutions, or their affiliates, donor agencies, donor-driven initiatives and trust funds, or project implementation units set up for other projects are not considered eligible as Russian Partners. The Russian Partner shall be a regional or local authority or registered locally in North-West Russia. Also locally-registered branches of international charitable and equivalent institutions may be eligible as Russian Partners. Russian Regional or Municipal Unitary Enterprises (or similar) are eligible provided they fulfill the general conditions. The Applicant may have more than one Russian Partner. The Russian Partner(s) shall have a substantial and well-defined role in the project implementation.

3) The Applicant/Lead Partner, the Russian Partner(s) and any Other Nordic Partner(s) shall not have been debarred by any international finance institutions party to the Agreement for Mutual Enforcement of Debarment Decisions dated 9 April 2010. NCM and NEFCO are committed to comply with each applicable sanction list related to the Russian Federation, and therefore any sanctioned persons, meaning any individual or entity listed in one or more sanction

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lists of the United Nations or the European Union, are not eligible. The general principles of NEFCO's anti-corruption and integrity policies shall also apply.

- 4) The intended project must be implemented in one (or several) of the following Eligible Regions: Arkhangelsk Oblast, including the Nenets Autonomous Area, Kaliningrad Oblast, Komi Republic, Leningrad Oblast, Murmansk Oblast, Republic of Karelia, Pskov Oblast, and City of St Petersburg.
- 5) The Project Manager shall have adequate competence and experience.
- 6) The project shall present equal opportunities for men and women.
- 7) Relevant information should be provided on the impact of the project on knowledge sharing, capacity-building, Nordic synergies and networks
- 8) The project shall fall into one or several of the pre-approved categories (as per Appendix 1) concerning (direct and/or indirect) impact on the environment and climate - or within an acceptable additional category as defined by the Applicant.
- 9) All information should be provided in the English language (only).
- 10) The proposed financial contribution (grant) from the Programme shall be in the range between EUR 30,000 and EUR 200,000. The use of grant financing shall be well balanced, taking into account the type of the project, and the share of the Local Partner(s) of the total budget must be significant.
- 11) The proposed implementation period shall be within the stipulated period.
- 12) The verifiable co-financing requirements (as applicable) must be met.