



# **GRANT SCHEME RULES**

## **NORWAY'S INTERNATIONAL CLIMATE AND FOREST INITIATIVE**

### **FOR GRANTS BY APPLICATION**

**Adopted by the Ministry of Climate and Environment, entered into force on 17 October 2023 (replaces Grants Scheme Rules of 1 October 2018)**

The grant scheme rules contain provisions that regulate the main elements of the grant scheme and operationalise the guidelines set out in the Norwegian Parliament (Storting) appropriations relating to the national budget ch. 1482, item 73: Norway's International Climate and Forest Initiative.

Sustainable development and combating poverty are overarching goals of Norwegian foreign and development policy. Climate policy and development policy shall be mutually supportive. The climate policy objectives govern approaches and priorities, at the same time as the money spent should promote good development and be approved as aid under the guidelines of the OECD Development Assistance Committee (DAC).

The grant scheme is application-based. Applications are considered and granted on the basis of the guidelines and criteria set out in these rules. The grant scheme is announced on the Ministry of Climate and Environment's and Norad's websites.

Grants awarded from the national budget Ch. 1482, item 73: Norway's International Climate and Forest Initiative by agreement with other countries on measures of cooperation are regulated in a separate grant scheme.

No applicants are entitled to grants from this scheme. This applies even if all formal and material conditions are met.

The administration of the scheme or parts thereof can be delegated to governmental grant administrators, see the Provisions on Financial Management in Central Government 6.2.4.1.

#### **1 Objective and target group**

The grant scheme shall contribute to achieving Norway's International Climate and Forest Initiative's (NICFI) main objective; reduced and reversed loss of tropical forests contributes to a stable climate, protects biodiversity and enhances sustainable development. The main objective has two sub-goals; (i) contribute to sustainable land use in development countries<sup>1</sup>, and (ii) contribute to reduced pressure on forests from global markets.

---

<sup>1</sup> Countries approved by OECD/DAC as recipients of Official Development Assistance (ODA).



The annual budget proposals indicate the priorities and changes in priorities for funding under this grant scheme. These priorities are decisive in relation to which projects/applications will be granted funding.

The final target groups for the grant scheme are population groups in developing countries. Specific target groups must be identified for all projects funded under this scheme.

## 2 Performance Criteria

The overall goal achievement of the grant scheme shall be assessed in relation to the initiative's main objective, see chapter 1. Results will be described on the basis of the strategic framework for NICFI, see Appendix 1. Results from initiatives under the grant scheme shall demonstrate how Norwegian support is contributing to effects in line with the main objective and sub-goals.

Outcomes:

- Approved and implemented policies for sustainable forest and land use in tropical forest countries and states
- Improved rights and livelihoods for indigenous peoples and local communities in tropical forest countries
- Effective international incentive structures for reduced deforestation in tropical forest countries
- Increased transparency in land management, land use, value chains and financing
- Commodity markets stimulate deforestation-free production in tropical forest countries
- Financial markets stimulate deforestation-free commodity production in tropical forest countries
- Reduced forest crime
- Global consensus on protecting tropical forest

Indicators/performance criteria for each initiative that receives a grant shall be adapted to the three phases of REDD+. Clear objectives shall be defined and set out in an agreement for each initiative, with baseline data and clear indicators.

## 3 Allocation criteria

### 3.1 Potential grant recipients

Potential grant recipients include various legally registered entities, including public authorities, business and industry, inter-governmental and non-governmental organisations, expert communities/institutions and other actors that can contribute to NICFI's goals being achieved. All these groups can apply for funding from the scheme.

Only those applicants who have documented that they meet the criteria in the grant scheme rules will have their application processed. Applications that do not meet the criteria will be rejected. All applications received will be assessed.

The following criteria must be fulfilled:



- The applicant must be a legal person. The applicant must indicate the legal status of the organisation in the application. It is an advantage if the applicant is able to document previous experience of managing development cooperation projects, their ability to achieve results, and their implementation capacity.
- Potential grant recipients must have a policy in place for combating and counteracting sexual harassment and discrimination and ensure that this policy is implemented in practice.
- The applicant must have safeguards in place against corruption and negative impacts on women's rights and gender equality, human rights and climate and the environment.
- The applicant must hold the necessary technical and administrative competence to carry out the project.

### 3.2 *Application requirements*

Grants are awarded by application. The application must contain:

- The applicant's name, address, organisation number, account number and contact person. The entity's legal registration documents, i.e., certificate of registration, its articles of association and annual accounts for the past three years must be enclosed with the application.
- The requested amount and budget: The budget must identify the cost of the activities for which a grant is applied for. Overhead costs are normally limited to 5 per cent of the budget, maximum 7 per cent, see MFA's circular R10 concerning indirect costs. For grants to multilateral organisations of which Norway is a member, the provisions on indirect costs set out in the organisations' rules and regulations shall apply. The budget must show the total cost of the project and the proportion for which a grant is applied for, as well as an overview of any other sources of funding.
- A description of the entity's accounts and financial system, including how the project accounts are to be prepared and reported.
- A description of how the project(s) contribute(s) to solve the main challenges identified.
- The project's result framework must indicate the desired and expected effects at societal level (impact). The application must describe the expected effects on the project's target group and include clear indicators with baseline data. The framework must show the link between the project's expected results and NICFI's main objective, one or both sub-goals and one or more outcomes. No results framework is required for short-term and concrete activities of limited scope.
- Information about the project's risk management, including the identification, analysis and mitigation of risks.
- An implementation plan that is linked to the result framework.

There are four cross-cutting issues in Norwegian development policy:



- Human rights, with a particular focus on participation, accountability and non-discrimination
- Women's rights and gender equality
- Climate change and the environment
- Anti-corruption

The application must identify any risk factors that can have a negative impact on the cross-cutting issues. The grant recipient must analyse and mitigate these risk factors throughout the project cycle. The risk assessment must be adapted to the significance of the project, including its scope and duration.

### 3.3 *Assessment criteria for the project*

The project must be relevant to the objectives of the grant scheme, see section 1, and have clearly defined, realistic and measurable objectives that make it possible to assess expected results against one or several of the outcomes in the strategic framework for NICFI.

Grants may be awarded for:

REDD+ phase 1: Grants for planning, assessments and scoping activities, as well as capacity and institution-building such as:

- developing national strategies
- assessments of capacity
- capacity building
- preparing analyses of drivers of deforestation
- assessment of forest resources
- establishment of reference scenarios for deforestation (baselines)
- identification and design of planning tools for measurement/reporting/verification (MRV)
- identification and piloting of anti-deforestation measures
- carrying out consultations

REDD+ phase 2: Grants for capacity building and implementation of plans and projects proposed in phase 1:

- investments in national projects targeting drivers of deforestation
- implementation of political, regulatory and administrative reforms
- to an increasing extent, payment for results (after reaching established milestones as defined in the agreement) through established funding mechanisms

REDD+ fase 3: Grants for results based on verified emission reductions from tropical forest in cases where these are not produced within the framework of an agreement with other countries on measures of cooperation:

- payment in arrears for verified emission reductions from tropical forest (REDD+ phase 3).



- In exceptional cases, and only when the Storting has made the requisite decision (romertallsvedtak or 'Roman numeral resolution'), payments may be made for future, expected, verified emission reductions from tropical forest.

Projects can cover several phases and the phases may overlap as the projects develop.

Projects that are not linked to a specific phase:

- projects that promote collaboration with the private sector and that strengthen the private sector's incentives for investing in sustainable production of raw materials that does not contribute to deforestation. Depending on guidelines and decisions in the Storting's annual appropriation, funding can be granted to reduce the risk associated with investments in sustainable and deforestation-free production of raw materials, in line with the other criteria for the scheme.
- projects that strengthen transparency and participation, that mobilise civil society or that combat forest crime
- global initiatives and national efforts for REDD+ that help to raise the level of ambition for the international climate cooperation under the UNFCCC and nature cooperation under the CBD.
- projects that contribute to the development and dissemination of knowledge that helps to achieve the objectives of NICFI. The projects can target global or national agents of change and agenda-setters, market players and the population of forest countries, donor countries or be globally oriented. Training and knowledge production may be included as part of the project.

Funding under this scheme must:

- comply with the OECD/DAC criteria for ODA
- comply with the principles and obligations set out in the 6 Paris Declaration on Aid Effectiveness, the Accra Agenda for Action and the Busan Partnership for Effective Development Cooperation<sup>2</sup>
- comply with the EEA Agreement's provisions on state aid, see the Act relating to State Aid.

When assessing the project, the grant manager will, among other things, place emphasis on the following elements:

- To what degree the project is suited to achieving the grant scheme's stipulated goals
- Projects based on an existing or planned process for reduced emissions from deforestation and forest degradation that enjoys strong support from the government of the country in question will be prioritised. Such support and a corresponding desire for collaboration with Norway must be documented. Furthermore, priority will be given to civil society projects or other agents of change that are considered to be making an effective contribution to the initiative's goal achievement. Geographical

---

<sup>2</sup> <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm> and <http://www.oecd.org/development/effectiveness/busanpartnership.htm>



and thematic priorities are outlined in the Ministry of Climate and Environment's annual budget proposal (Proposition 1 to the Storting).

- Political guidelines for Norwegian climate-, nature and development policy.

Applications that are considered to most effectively contribute to achieving the scheme's stipulated goals will be given priority over other applications. This could form grounds for rejection. Activities that have no impact or that yield no results beyond project level will not be funded.

When providing grants to fund mechanisms, it is necessary to establish a legal framework and a governance structure that ensures satisfactory management of the funds and that meets the requirement that Norwegian funds can only be used for activities approved as Official Development Assistance (ODA). The fund must have a satisfactory results framework, including a needs analysis and an explanation of the programmes' intended impact.

#### *3.4 The size of the grant*

The size of the grant is stipulated on the basis of an assessment of the application's budget. The grant can solely be used to finance actual project expenses. Grants cannot be awarded for the purpose of securing a profit.

For earmarked contributions to UN Organisations funding development-related activities, an amount corresponding to 1 % of the contribution can be paid to fund the United Nations Resident Coordinator System (UNGA Resolution 72/279 of 31 May 2018).

## **4 Monitoring and control**

### *4.1 Awarding of grants and entering into agreements*

If a grant is awarded, a grant agreement will be entered into. The grant agreement shall ensure that the grant is used for the intended purpose and that the grant recipient has safeguarding mechanisms for combating corruption and negative social and financial consequences. The grant recipient shall also have zero-tolerance for, and take all reasonable steps to prevent, detect and respond to sexual exploitation, abuse, and harassment (SEAH).

### *4.2 Rejection of grant applications*

Applications that do not meet the formal requirements stipulated in the rules will not be considered. Applications that do not meet the requirements for receiving a grant or that are not prioritised following a comparison with other applications, will be rejected. Applicants whose grant applications are rejected will be informed of this in a letter giving the grounds for the rejection. Rejections can be appealed. Appeals are considered pursuant to the Public Administration Act.

### *4.3 Disbursements*



Disbursements to grant recipients will be made when there is a need to cover actual expenses over a period that will normally be six months or less, and when the other conditions in the agreement are met. The grant recipient must submit a disbursement request that includes documentation of the need for funding in line with the approved grant budget, as well as up-to-date account information. Proposition No 1 to the Storting from the Ministry of Climate and Environment sets out relevant exceptions from the requirement that grants are paid as needed within a period of no more than six months.<sup>3</sup>

#### 4.4 Monitoring

Monitoring and control of awarded grants will include:

- Progress reports at agreed intervals. The progress report must refer to results in accordance with the results framework. The grant recipient must report in a way that makes it possible to assess the project's effects on the target group, as well as its contribution and results in relation to NICFI's strategic framework. The report must also contain a review of risks associated with the project (including cross-cutting issues), both the risks defined in the application and whether the risk situation has changed.
- Financial reporting against the approved budget for the project at agreed intervals.
- Final report for the project by an agreed deadline.
- The grant agreement shall contain specific requirements concerning financial management and control measures, accounting reports and the use of international auditing standards.

The approach and extent of monitoring and control measures must be adapted to each project's/programme's risk profile and relevance and are stipulated in each grant agreement.

In the case of grants to UN organisations, follow-up and control measures are to be based on each organisation's own rules. If a grant is to be managed in a joint Fund with several contributors, Norway shall endeavour to establish joint management requirements to ensure efficient management.

Awarded grants shall be used as agreed. There is a zero-tolerance policy in relation to financial irregularities such as corruption, fraud, theft, embezzlement, use of funds not in accordance with of the agreement, or failure to account for the use of funds in an acceptable way on the part of a party to the agreement. The zero-tolerance policy applies to all persons, organisations and governments that are awarded funding. The grant recipient is responsible for preventing and detecting any financial irregularities. All notifications and suspicions of irregularities, financial or otherwise, can be reported through the Ministry's whistle-blowing channel, see <https://www.regjeringen.no/no/dep/kld/varsling/id2585167/>

---

<sup>3</sup> Set out in the Storting's decision of 8 November 1984 stating that funds allocated can only be disbursed when needed.



There is also a zero-tolerance for inaction against sexual exploitation, abuse and harassment (SEAH). This obligation applies to all staff members, consultants and other non-staff personnel, cooperating partners and any third parties involved in activities funded by the grant.

The Ministry of Climate and Environment may undertake control measures to verify that the funds are used as intended (the Appropriation Regulations Section 10). The Ministry or a party authorised by the Ministry may carry out field visits and reviews both before making a decision on the grant application and after a grant has been awarded. In connection with such supervisory activities, the Ministry shall be given full access in order to carry out audits or control measures pursuant to recognised auditing standards, and the grant recipient shall provide all relevant information within its limits. The grant recipient must also ensure that such access can also be granted in relation to relevant partners and subcontractors involved in the project.

## 5 Evaluation of the grant scheme

Evaluations are carried out in order to ascertain whether grant schemes are effective in terms of resources, organisation and goal achievement.

Through the Ministry's annual allocation letters, Norad has been assigned the continuous task of evaluating the scheme. The Ministry follows up and reports on the evaluations in accordance with the instructions for evaluation activities.

Other evaluations can also be initiated as required. All reviews and evaluations carried out under the grant scheme are to be registered in the evaluation portal ([Evalueringsportalen.no](http://Evalueringsportalen.no) – Norwegian only).





### Appendix 1 – NICFI's Strategic Framework

