

Questions DFCD between 20 and 27 November 2018

1. As a non-profit organization/ NGO from Rwanda/ Bangladesh/ Tanzania/ Kenya/ Myanmar/ Georgia/ Lebanon, are we granted to apply?
A: Reference is made to the Grant policy framework document, section 7, “who is eligible for a grant?” Dutch¹ and non-Dutch organisations with legal personality (including NGOs², financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance. Furthermore, please notice threshold criteria 1 - 9, which further specify which requirements applying organisations need to meet at least, to be eligible for the DFCD grant.

2. Are universities eligible for the DFCD grant?
A: Reference is made to the Grant policy framework document, section 7, “who is eligible for a grant?” Dutch and non-Dutch organisations with legal personality (including NGOs, financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance. Local governments, intergovernmental organisations and organisations in which the government is the sole shareholder are not eligible for a grant, and cannot therefore be an applicant, lead party or co-applicant.
Furthermore, please notice threshold criteria 1 - 9, which further specify which requirements applying organisations need to meet at least, to be eligible for the DFCD grant.

3. Are private companies eligible to apply for this grant scheme?
A: Reference is made to the Grant policy framework document, section 7, “who is eligible for a grant?” Dutch and non-Dutch organisations with legal personality (including NGOs, financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance.
Furthermore, please notice threshold criteria 1 - 9, which further specify which requirements applying organisations need to meet at least, to be eligible for the DFCD grant.

4. We’d like to know about the eligibility of a UN program (at country level), to apply for this grant?
A: Reference is made to the Grant policy framework document, section 7, “who is eligible for a grant?” Local governments, intergovernmental organisations and organisations in which the government is the sole shareholder are not eligible for a grant, and cannot therefore be an applicant, lead party or co-applicant.

5. Is it possible for a government to submit a proposal?
A: Please refer to section 7 of the Grant policy framework document “Who is eligible for a grant?”: Local governments, intergovernmental organisations and organisations in which the government is the sole shareholder are not eligible for a grant, and cannot therefore be an applicant, lead party or co-applicant.

6. We would like to participate in the call for proposal. Is Afghanistan/ DR Congo / Tajikistan/ Papua New Guinea/ Zimbabwe an eligible country?
A: Reference is made to the Grant policy framework document, section 7, “who is eligible for a grant?” Dutch and non-Dutch organisations with legal personality (including NGOs, financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance. Furthermore, please notice threshold criteria 1 - 9, which further specify which requirements applying organisations need to meet at least.
With reference to the countries in which the applicant wishes to finance climate relevant projects with the DFCD grant, please refer to the Grant policy framework document, section 6 Principles and preconditions for the DFCD, subsection “Country selection”. The grant can be used to finance climate relevant projects in any of the developing countries on the OECD DAC country list. The fund manager should ensure that financing is distributed over the various target country categories such that

¹ ‘Dutch’ means: an organisation established in the Netherlands, subject to Dutch law and having its registered office in the Netherlands.

² ‘NGO’ means: a not-for-profit organisation neither established by a public authority nor connected to a public authority either de facto or under its constitution, which possesses legal personality under civil law in the country where it has its registered office.

- at least 25% of the fund’s resources go towards financing projects in the poorest countries (Least Developed Countries) according to the OECD DAC country list³;
 - and at least 25% of the fund’s resources go towards financing projects in the Netherlands’ development cooperation priority countries (see the letter to the House of Representatives).⁴
7. Is the organization (NGO) which applies for the DFCD grant (the applicant) allowed to work with other NGOs in developing countries where the project will be implemented?
- A: Reference is made to the Grant policy framework document, section 7, “who is eligible for a grant?” Dutch and non-Dutch organisations with legal personality (including NGOs, financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance. Applications may be submitted independently or on behalf of a consortium.
As for the organisations, and their projects, to be supported by the fund manager with the DCFD grant, there is no restriction to the type of these organizations.
8. What is maximum amount that we can apply for?
- A: Please see criterion 15 of the Threshold check: The applicant must apply for the full amount of the grant, i.e. €160 million.
9. When will the information be available in English or French?
- A: The English DFCD site can be found on <https://www.government.nl/documents/publications/2018/11/19/grant-application-dfcd>
No information will be provided in French.
10. On page 7 (page 8 in the English translation) of the Grant policy framework document, a grant period is mentioned of 2019 up to and including 31 December 2037. The grant application however needs to cover the period 2019-2022. What will be expected from the applicant concerning plans for the period 2022-2037?
- A: Please refer to section 5 of the Grant policy framework document, subsections “Duration” and “Requirements at the end of the grant period”: the grant period will be between a date in 2019 (to be determined) and run up to and including 31 December 2037. The period 2019-2022 mark the years in which the minister provides the available funding for the DFCD grant (EUR 160 million). The grant amount will be prepaid in instalments, up to 95%, in the years 2019, 2020, 2021 and 2022, on the basis of the demonstrated liquidity needs. As the financial instruments, which the fund manager will use to finance the projects, may have a longer term and may revolve, the fund manager will manage the fund for as long as there are financial means in the fund, up and to including 2037 at the latest.
The grant decision in which the grant will be awarded will lay down the obligations tied to the grant (see also section 10, sub section “Obligations to the grant”, which will include a.o. an obligation to submit an annual plan and accompanying budget every year for the year to follow. Where necessary, this obligation will be further specified in the grant decision.
11. Could you please explain what “sufficient” means in section 10 (Organisational check), criterion 8: “The extent to which the applicant shows that it can enter into a sufficient number of relevant commitments in 2019 and 2020 in terms of projects to be financed (in line with the objections of this grant policy framework)”?.? How will this be measured?
- A: “Sufficient” in this context may be interpreted as the total of EUR 40 million (the maximum annual instalment, or as closely as possible to this amount) in loans, equity participations, donations and/ or guarantees for climate relevant projects which can be committed in the relevant years. This will be measured as described in the explanatory note to K-O 8 in the application form.

³ http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC_List_ODA_Recipients2018to2020_flows_En.pdf

⁴ ‘Investing in Global Prospects’ <https://www.government.nl/binaries/government/documents/policy-notes/2018/05/18/investing-in-global-prospects/Investing+in+Global+Prospects.pdf> and Letter to the House of Representatives on the development policy focus regions Official letter in Dutch on <https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/kamerstukken/2018/11/13/kamerbrief-focusregio-en-andere-nota-onderwerpen/kamerbrief-focusregio-en-andere-nota-onderwerpen.pdf>

12. The end of the Grant policy framework document contains a subsection on Administrative burden. How does this text relate to the overhead/ indirect costs mentioned in criterion K-V 19 and the explanatory note on this criterion in the application form?
- A: These two concern different matters. The administrative burden relates to a calculation made by the Ministry of Foreign Affairs (“MFA”) to see if there is a reasonable relation between the available means for the DFCD grant and the administrative burden to prepare an application and to comply with the reporting obligations tied to the grant. The costs mentioned in criterion K-V 19 relate to the operational costs to manage the fund (i.e. to implement the activities for which the grant is requested).
13. Concerning the track record, may projects be used that have been implemented by affiliated organisations if an organisation is part of a confederation?
- A: Projects implemented by a legal entity that is not part of the consortium, may not be used for the track record of the applicant/consortium.
In case of an application on behalf of a consortium, projects of co-applicants may be used for the track record; if so, the lead party must make clear which part of the track record belongs to which co-applicant.
14. With reference to the human rights report “UNGP”, as mentioned in section 10, which is defined for companies, could GRI reporting or the relevant ISO-certification qualify in case of an NGO?
- A: Please note that UNGP, GRI and ISO certification are not exactly the same. Independent of the type of organisation, whether the applicant is an NGO or another type of organisation, the fund manager will have to comply with the obligations tied to the grant.
15. Can the applicant, or the consortium, provide a pipeline of own projects for the execution of the fund, as long as it is in line with the assessment criteria and criteria relating to the distribution of the fund?
- A: Reference is made to section 3, Key terms. Project: a climate-relevant investment by an organisation that has applied for finance to the DFCD fund manager.
In your question, the status of ‘own projects’ is unclear. However, the financing of ‘own projects’ does not directly seem to be in line with the character of fund management.
Please see also question 18 and 53 below.

Questions DFCD between 28 November and 4 December 2018

16. We are a local NGO in Bhutan. In this regard I was wondering if Bhutan is also eligible to apply.
- A: Reference is made to the Grant policy framework document, section 7, “who is eligible for a grant?” Dutch and non-Dutch organisations with legal personality (including NGOs, financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance. Furthermore, please notice threshold criteria 1 - 9, which further specify which requirements applying organisations need to meet at least, to be eligible for the DFCD grant.
17. Can you confirm that the current call for grant proposals is for a fund, rather than for people / organisations looking for a financial contribution to -for example- scale up operations delivering off-grid solar?
- A: That is indeed correct. Please refer to section 5 “Grant amount and allocation of resources” of the Grant policy framework document.
18. My understanding is that at this stage the Ministry is seeking applications from organisations or consortia to act as a fund manager for the full fund amount (€160 million).
- Should we be looking to join a consortium to apply to be fund manager at this stage?
 - Or is it the case that the fund manager will release smaller amounts of funding for downstream implementing partners later on which would be more suitable for us to apply for?
 - Also, if we were to join a consortium that is acting as fund manager, would this make us ineligible to apply for downstream funding later on?
- A: **Ad a)** It is up to the applying organisation to consider if it applies independently or as part of a consortium. If an organisation wants to apply as part of a consortium, the consortium should be formed before submission of the application since in that case a lead party should apply for the grant on behalf of the consortium as a whole and several criteria in the threshold check and qualitative check apply to consortia. Please see section 10, Threshold check, for the minimum requirements of the consortium. Please see section 9, Timetable: Applications for DFCD grants may be submitted from the date on which this Order enters into force (the day after its publication in the Government Gazette) until 17:00 CET on 22 February 2019.
- Ad b)** It is correct that the DFCD fund manager will provide smaller amounts of financing (donations, loans, guarantees, participations) to organisations that invest in climate relevant projects. With reference to ‘smaller amounts’ of financing per project please see also section 6, sub-section “Distribution of resources”: As a guide, DFCD financing should be in the range of €1 million to €10 million per selected project. It is up to the fund manager to set the precise minimum and maximum amounts. Whether it is more suitable for an organisation to apply at the Ministry of Foreign Affairs for a grant in the role as fund manager (whether or not in a consortium), or as an organisation that invests in climate relevant projects and seeks for financing at the DFCD fund manager, is not for the Ministry to decide.
- Ad c)** Correct, the fund manager finances climate relevant investments of other organisations, not his own projects.
19. We work on plastic pollution, a.o. awareness rising. And we would like to scale this project at a country level as the [LMIC⁵] country faces a major threat by the discarded plastics. Can we apply for Dutch Fund for Climate and Development (DFCD)? We require financial assistance for awareness at wide range and machinery for extrusion process.
- A: No, an application for this kind of projects will not be eligible for the DFCD. Please refer to section 5 “Grant amount and allocation of resources” of the Grant policy framework document and section 6 of the DFCD Grant policy framework document, Principles and preconditions for the DFCD. The DFCD grant is for a fund manager who will use the grant to finance climate projects and contribute to objectives laid down in the Grant policy framework. Please see in section 6 furthermore:
- Sub-section Climate relevance: The projects must have a Rio Marker 2 status.
 - Sub-section Climate return: Projects must result directly in lower or avoided greenhouse gas emissions and/or increased resilience of communities to climate change. While local capacity development in the context of mitigation and adaptation projects is certainly a possibility, projects focusing strictly on an enabling environment and institutional strengthening are not eligible for financing.

⁵ LMIC: Lower Middle Income Countries and Territories

- Sub-section Country selection: at least 25% of the fund's resources go towards financing projects in the poorest countries (Least Developed Countries) according to the OECD DAC country list.

20. Can separate legal entities from a same network organisation be eligible for finance from the DFCD, if one of the legal entities of this network is formally part of the fund manager (in a consortium)?

A: This depends the governance of the network organisation. E.g.:

- If the organisation being part of the fund manager has an influence⁶ towards the affiliated organisation that seeks funding for its climate project from the DFCD; the project(s) cannot be financed by the fund manager, as this would result in a conflict of interest.
- If the fund manager has a strong, independent credit committee, which can make independent decisions and where it is clear that there is no risk of potential conflict of interest, there would be no objection.

In case the applicant wishes to be able to finance its affiliated organisations, the applicant should provide specific information on the governance, at least in questions KO-5 and KV-18.

Please note that question 7 in the 20-27 November 2018 DFCD Q&A's concerns NGO's which are not affiliated in a network.

⁶ or decision making power in

Questions DFCD

- between 5 December and 12 December 2018 &
- handed in before the information meeting of Wednesday 12 December 2018

Eligibility

21. Is the applicant/ Fund Manager expected to be Dutch? Or registered in Netherlands?

A: Not specifically; please refer to the Q&A's of 20-27 November.

Reference is made to the Grant policy framework document, section 7, "who is eligible for a grant?" Dutch and non-Dutch organisations with legal personality (including NGOs, financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance. Furthermore, please notice threshold criteria 1 - 9, which further specify which requirements applying organisations need to meet at least, to be eligible for the DFCD grant.

22. Is Nepal/ the Philippines an eligible country for the Dutch Fund for Climate and Development?

A: With reference to the countries in which the applicant wishes to finance climate relevant projects with the DFCD grant, please refer to the Grant policy framework document, section 6 "Principles and preconditions for the DFCD", subsection "Country selection". The grant can be used to finance climate relevant projects in any of the developing countries on the OECD DAC country list. The fund manager should ensure that financing is distributed over the various target country categories such that

- at least 25% of the fund's resources go towards financing projects in the poorest countries (Least Developed Countries) according to the OECD DAC country list;
- and at least 25% of the fund's resources go towards financing projects in the Netherlands' development cooperation priority countries (see the letter to the House of Representatives).⁷

23. We are an organisation focused on climate mitigation in a specific region in one continent. Could you please clarify if you are seeking global scope fund managers, or would also accept regional ones?

A: We are not necessarily looking for a global fund, as long as the minimum criteria with regard to the countries -please see the answer in the above question- are met. Furthermore, please also refer to section 6, "Principles and preconditions for the DFCD" – Thematic distribution: To ensure that climate change adaptation is sufficiently addressed, a minimum of 50% of the fund's resources – but preferably 65% – must go towards adaptation projects.

24. Under criterion 10.13 of the Grant policy framework, the following activities are not eligible for a grant: "activities which already receive grant funding or a contribution directly from the Ministry of Foreign Affairs budget;".

a. Could you specify this requirement?

b. Some potential applicant organisations have been supported by the Netherlands Ministry of Foreign Affairs in the past through other programmes. Is that an issue?

A: Ad a) This means that the grant should not be used for an activity of an organisation receiving a core grant during the period for which the DFCD is requested, as this would lead to double financing of an activity.

Ad b) In principle that is not an issue, as long as the former grant was for other activities and was not a core grant. If the relationship has already been closed, there is no issue at all.

25. Generally are you only looking for a Fund Manager or there are several technical expertise you are looking for?

A: We are looking for a fund manager with expertise (track record) in financing in developing countries and climate finance. Please see a.o. section 10, Threshold check.

⁷ 'Investing in Global Prospects' <https://www.government.nl/binaries/government/documents/policy-notes/2018/05/18/investing-in-global-prospects/Investing+in+Global+Prospects.pdf> and Letter to the House of Representatives on the development policy focus regions Official letter in Dutch on <https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/kamerstukken/2018/11/13/kamerbrief-focusregio's-en-andere-nota-onderwerpen/kamerbrief-focusregio's-en-andere-nota-onderwerpen.pdf>

26. Do you accept an application of a lead applicant only, after which the lead forms the consortium after he has been honoured the grant.

A: No, in case of an application on behalf of a consortium, the consortium should be formed when the application is submitted. Please see a.o. section 10, Threshold check, second point.

Fund design

27. As mentioned in the Grant policy framework, climate mitigation and adaptation affect nearly every sector in society. The Theory of Change specifies the following four areas: (1) Lower greenhouse gas emissions, (2) Climate resilient land use and ecosystems, (3) Climate resilient water supply and sanitation, (4) Climate resilient food security. Is the fund expected to cover all four areas or can priorities be chosen?

A: The applicant may choose, as long as at least 50% is financed towards climate adaptation – please see section 6, thematic distribution, and threshold criterion 10.12.

28. Can the fund manager use the EUR 160 million to finance the co-applicants of the consortium?

A: No, the aim of the DFCD grant is to finance climate-relevant investments from third party organisations.

29. In the Grant policy framework Section 6: “Principles and preconditions for the DFCD”, the foreseen ticket size of financing and key focus areas are specified. How does the average ticket size relate to the specific focus countries?

A: Please see subsection “Distribution of Resources”; where the range is mentioned as a guide. Within the principles and preconditions for the DFCD it is up to the fund manager to specify the average ticket size and possibly relations with specific countries. Applicants may suggest a different range, as long as this results in a fund that is effective and in line with the objectives of the fund. No distinction has been made on the size of financing between one group of countries over another. Applicants wishing to do so are invited to include this in their application.

30. DFCD financing should be in the 1-10 million range. Can you provide more clarity on this ‘guide’? Does this e.g. allow for a wholesale loan as one project, reaching the million threshold?

A: Yes, in principle, that is allowed. The applicant is invited to elaborate on his proposal. The range is intended as guidance: There should be an certain distribution of available funds across projects; to come to a fund that respects the goals mentioned in the policy framework (including e.g. environmental, social, human rights), the (reporting) requirements and is still manageable.

31. Referring to both criterion D11 of the application form and K-V 12 DFCD, assessment framework, “National ownership guaranteed”. Could you clarify how this is measured / assessed ?

A: The applicant is invited to explain how he is integrating, in his assessment framework, that the fund will finance projects which are aligned with national climate plans (Nationally Determined Contributions).

32. Is there a guideline for which part (percentage) of the EUR 160 million is anticipated to be revolving?

A: No guideline is provided, this should be part of the applicant’s proposal (if any).

33. How much private capital is expected to be mobilised with the annual 40 million of DFCD? Referring to the letter to Parliament dated of 19 November 2018:

a) Page 2 of this letter states a targeted 460M private climate finance in total for 2019. Which part of this 460M is envisioned to be leveraged specifically by DFCD?

b) Would leveraging capital on company or household level also qualify?

c) Criterion K-O 7 allows to come up with a definition for private capital. Will this definition then also apply during actual implementation (and reporting on) DFCD?

A: No guideline is provided on how and how much private capital should be mobilised, this should be part of the applicant’s proposal.

Ad a) these figures are an estimate of the total of all Dutch mobilised capital, through a variety of programmes.

Ad b) Please refer to the Application form, KO-7. The applicant is requested to provide his definition of mobilisation of private capital, to have a good understanding of the amounts provided by the applicant.

Ad c) Please also refer to Section 10 of the Grant policy framework, “Obligations tight to the grant”:

Annual financial reporting should comprise (a.o.): Information about the amount of mobilised private climate finance (using the OECD DAC method).

34. Do you have a preferred division between donations (for e.g. technical assistance) and the other financial instruments (loans, equity, guarantees) provided by the fund?

A: See also question 69 below. No specific guideline for division of financial instruments is provided, this should be part of the applicant's proposal. Reference is made to section 6, "Principles and preconditions for the DFCD", subsection "climate return": Projects must result directly in lower or avoided greenhouse gas emissions and/or increased resilience of communities to climate change.

35. Does the Ministry have a particular view on how the technical assistance related to the fund should look like? Section 6 "Principles and preconditions for the DFCD" currently only specifies which technical assistance does not qualify, namely: TA that is solely based on enabling environment activities.

A: Within the principles and preconditions for the DFCD it is up to the fund manager to specify which type of project can be eligible for financial support. Reference is made to subsection "Climate return". The projects must result directly in lower or avoided greenhouse gas emissions and/or increased resilience of communities to climate change. Technical Assistance can be provided as part of these projects and could e.g. be to assist the project in the implementation, or train staff as part of the project. Technical assistance to projects that have no direct climate impact should not be considered.

36. Will projects be implemented in Dutch focus countries only?

A: No, a minimum of 25% should be used to finance projects in the countries of the Dutch focus regions.

Management costs

37. Criterion D.10 in the application form for the DFCD reads: 'The application is aimed at efficient fund management – financially supporting projects in an efficient manner which contribute to the objective set out in this Grant policy framework, namely climate-resilient economic growth. The fund's management is a not for profit activity'.

a. This could imply that commercial companies are not invited to apply.

b. Or do you mean that profits following from investments need to flow back to the fund?

A: Ad a) It is indeed correct that no profit can be made with the activities for which the grant is provided; i.e. the DFCD fund management. The costs involved for the management are covered by the grant. Reference is made to section 7 "Who is eligible for a grant", organisations with legal personality can apply; this is including commercial companies.

Ad b) Repayments from loans and exits from equity investments should indeed flow back to the fund. See a.o. section 5 Grant amount and allocation of resources, sub-section "Requirements at the end of the grant period": The fund may be a revolving fund or may diminish in size over time, depending on the financial instruments chosen by the fund manager.

38. Criterion 10.10 and 10.13 mention "activities aimed at making a profit will not be considered for the grant".

a. Do you mean by this that the fund cannot finance private businesses active in one of the key themes of the fund (climate adaptation, climate mitigation). By nature, investing in such companies would in the end lead to these companies making (more) profit.

b. Do you mean by this that technical assistance that is being conducted, which is directly linked to fund activities (for example, a feasibility study that assesses the soundness of a business model / technology and thereby investment) cannot be profit making?

A: **Ad a)** No, this is not what is meant. Private companies, for-profit organisations can very well be financed from the DFCD by the fund manager. The fund manager may not make a profit from its activities: managing the DFCD.

Ad b) Technical Assistance can be provided in 2 ways: by a third party (consultant) or by the fund manager himself.

- In case the Technical Assistance is provided via to a third party (e.g. a consultant - not being part of the fund manager) and paid via the fund (in the form of a donation to the project); this third party (consultant) may be profit making. In that respect please see also the Annexe DFCD model forecast, Guidance on calculating operational costs / B. *External consultants and advisers*: The costs of hiring external consultants and advisers are based on the hourly rate and number of hours contractually agreed, including office costs if applicable. Contracting takes place after an appraisal of offers stating rates and number of hours.

- In case the Technical Assistance is provided by the fund manager himself, the actual costs are covered by the grant; these may not include a profit margin.

39. Would it be possible to bring in privately owned technical assistance providers?
A: Please see question 38 above: Yes, that is possible.
40. How is it envisaged that the fund manager will be paid for its management?
A: Management costs should be covered from the total grant on the basis of actual costs and should be presented in the budget.
41. Can the fund manager make a reasonable profit out of managing the fund?
A: No, only the actual costs are covered. Please see for details the DFCD model forecast, section Guidance on calculating operational costs.
42. Can the fund manager ask a management fee over net assets, as is customary in investment funds?
A: No, only the actual costs are covered. Please see for details the Model forecast, section Guidance on calculating operational costs.
43. What are the evaluation criteria for the proposed operational costs of fund management? If possible, could this be diversified into TA, donations and investments.
A: Reference is made to KV-19. The applicant should explain how the costs are in reasonable proportion to the fund. No guideline is provided if/ how this may be diversified into TA / donations and investments - this should be part of the applicant's proposal.

Projects

44. The DFCD will provide loans, guarantees, equity, as well as donations. The use of loans, guarantees and equity gives the impression that the majority of the funding aims at private sector that generates social impact. Is this a correct assumption?
A: No guideline is provided, this should be part of the applicant's proposal. Please see section 3 in the Grant policy framework, Key terms, project: a climate-relevant investment by an organisation that has applied for finance to the DFCD fund manager. This could be any type of organisation, public sector projects are not excluded.
45. Should the fund manager on his turn select the projects via a public grant application with the DFCD objectives as selection criteria?
A: The selection mechanism of the fund manager will not be a public grant application on behalf of the Dutch government. The fund manager may choose his own method for project selection, within the principles and preconditions for the DFCD. Please note that the financing provided by the fund manager to the projects could be in the form of a donation, loan, guarantee or equity investment.
46. Can the Fund Manager sub-grant INGO's not registered in the Netherlands?
A: The applicant (or consortium) to which the grant is honoured, becomes the fund manager. The fund manager finances projects in developing countries, irrespective of the legal entity. Hence these may also be NGO's not registered in the Netherlands, as long as they fall within the objectives of the Grant policy framework. It is up to the fund manager to develop its assessment framework in which this can be addressed.
47. We are not interested to apply for a grant, but rather for a guarantee from the DFCD fund. This would be a credit guarantee for a climate mitigation project in a LDC.
a. Kindly clarify whether we would be eligible to apply for such guarantees under the DFCD fund
b. and if so, whether we have to fill out the same application form as for a grant application.
A: The current DFCD grant applications should be for the full amount, with the objective to manage the DFCD. After the selection of the fund manager and the awarding of the grant to him, the fund manager will decide on its own merits and on the basis of his DFCD assessment framework what projects he finances.
Ad a) The fund manager may use all financial instruments, including guarantees.
Ad b) No. Requests for finance should be directed to the fund manager, once the grant is granted to the fund manager. Any requirements on how to submit requests to him will be set by the fund manager.

Application form and other requirements

48. K-O1 criterion requires filling out climate financing data.
- Is it correct that the first rows are meant for the lead applicant, and data of co-applicants are being filled in the rows below?
 - How do we add climate finance when the co-applicant was operating in another consortium? I.e. How is climate finance (transactions) defined here? For example, from a total project /program /fund to be referenced, can the co-applicant only add his share implemented, or can he present the total share of the project /program /fund even if there were other partners implementing on his behalf?
- A: **Ad a)** Yes; that is correct.
Ad b) No guidelines are provided. On the basis of this example, it is difficult for us to judge. However, in case a track record is presented of experience done in cooperation with third parties (not being part of the DFCD application), we advise to describe the project, include in the table and explain the part that was done by the (co-)applicant.
49. What are the reporting expectations especially on financial, social and environmental indicators (quarterly, bi-annually, annually)?
- A: Reporting will be required at least once a year, but the exact requirements will be determined at a later stage, in the decision in which the grant will be awarded, and will take into account the program risks.
50. Is it expected to have a management structure in place for the fund up till 2037?
- A: Please see section 5, "Requirements at the end of the grant period". The fund manager is expected to manage the fund, for as long as there is liquidity in the fund, up till 2037 – unless the fund is extended.

Questions asked during the DFCD information meeting on 12 of December 2018.

51. What are the roles of the Global Adaptation Centre and FMO in the DFCD?
- A: At this moment neither organisation has any role in DFCD.
52. Is there are a marketplace for networking with regard to the DFCD? Can you send us the contact details of the other participants of the meeting? Or open up a LinkedIn page?
- A: In order to accommodate the request made by several participants during the information meeting to link interested parties to one another, the Ministry will compose a list of organisations wishing to share their details publicly. Please note that this is a service to the (potential) applicants and other interested parties and does not constitute any responsibility whatsoever.
- This list will be uploaded on the DFCD website(s).
 - Parties wishing to share their contact details please send before 15 January 2019 to igg@minbuza.nl:
 - The name of your organisation;
 - Your web address;
 - The name of a contact person and the email-address (in case you wish to disclose);
 - Your written consent to disclose the information publicly.
 - Once the list is uploaded, it will not be altered and will stay on the website as long as the documents remain on the website, or when the website is closed.
53. Can you finance your own projects or pipeline?
- A: The answer depends on the definition of 'your own' projects /pipeline.
- The fund manager cannot finance projects from his own legal organisation (i.e. applicant including co-applicants). The fund manager must finance climate relevant projects from third parties.
 - However, the fund manager can finance projects which are part of his own planning and which are executed by parties that are already part of his network (and where there is no conflict of interest). The fund manager can therefore fund his own pipeline as long as the projects in that pipeline are executed by third parties.
54. Do projects from partners in a network count as track record in climate finance?
- A: Please see also question 7 (20-27 November) and question 20 (28 November – 4 December). The track record of an applicant consists of the relevant projects which have been financed by the applicant (and co-applicants in case of a consortium).

- If the (co-) applicant was directly involved in the financing of a project, these projects count as part of the track record of the applicant.
 - If the (co-) applicant was not involved in the financing of these projects, these projects cannot be part of the applicant's track record.
55. Can projects which have been funded by the Ministry of Foreign Affairs in the past, be funded by the DFCD?
- A: Yes, as long as the funding by the Ministry of Foreign Affairs has come to an end. Activities which already receive funding by the Ministry should not be funded by the DFCD, as this would result in double financing.
56. How do you ensure gender inclusiveness in the fund?
- A: Reference is made to section 4 and 6 of the Grant policy framework, and threshold criterion 10.11, Organisational check criteria 3 and 4 and proposal check criterion 12. We invite the applicant to explain, a.o. in his assessment framework, how he will incorporate gender.
57. Are projects of a local civil society organisation (CSO) eligible for funding from the fund manager?
- A: Once the fund manager has been selected, the fund manager will decide which projects to finance using his own assessment framework, in line with the objectives of the Grant policy framework.
58. To what extent do you require transparency from the fund manager in the selection of projects?
- A: Once the fund manager has been selected, the fund manager will decide what projects he will finance, using his own assessment framework, in line with the objectives of the Grant policy framework. The fund manager can choose whether he will do a call for proposals via his website, find projects by active acquisition in the field or use another process. However, the fund manager must disclose financing proposals before concluding contracts.
59. Can DFCD finance projects in countries subjected to Dutch sanctions?
- A: This cannot be answered in general, as it depends on the specific sanction regime. In the decision in which the grant will be awarded obligations will be laid down concerning implementing the activities in line with Dutch foreign policy.
60. What do you consider a good track record in climate finance?
- A: Reference is made to the Threshold check. The minimum requirements on track record could be found in:
- Criterion D.6 – Size of the organisation
 - Criterion D.7 – Experience in the areas of climate adaptation and mitigation
 - Criterion D.8 – Experience in the poorest countries
 - Criterion D.9 – Experience with financial instruments
- This is the minimum; in the qualitative check the applications will be compared to see which applicant has the most relevant track record (which is one of the parts being considered from the applications) according to the criteria laid down in Section 11, Qualitative check, paragraph Organisational check.
61. What are the requirements with regard to specific technologies in DFCD?
- A: There is no requirements with regard to technologies. We invite the applicant to elaborate, in case he has specific ideas with regard to technologies.
62. Is the DFCD grant directly linked to results with regard to lowering or avoiding GHG emissions?
- A: GHG is one of the indicators as mentioned in Section 4, Scope of the Dutch Fund for Climate and Development and the theory of change. The DFCD grant is not directly linked to GHG-emissions, since the fund manager is required to also finance projects in climate adaptation - which do not necessarily lead to lower GHG emissions.
63. Can you confirm that organisations, including non-Dutch NGO's, can apply for the DFCD grant?
- A: Yes, that is correct, as long as they possess legal personality.

64. What is the role of the Dutch Ministry after the fund manager has been selected?
 A: Please see a.o. section “Obligations tied to the Grant”: The Ministry will supervise, by receiving reports and updates from the fund manager. The fund manager and the Ministry will engage in a dialogue. However, the management of the DFCD will be done entirely by the fund manager.
65. What are your expectations with regard to monitoring?
 A: Reference is made to the Grant policy framework, “obligations of the grant”. The fund manager should monitor the projects on financial and non-financial aspects. Furthermore, the DFCD results, a.o. on appropriate indicators should be monitored and reported.
66. What is your definition of mobilizing private capital?
 A: Reference is made to the DFCD application form, K-O 7 Mobilisation of private capital. An applicant should give his own definition of mobilising private capital. A possible definition can be found in the guidelines of the OECD with regard to mobilising private climate finance.
67. How will the fund manager find organisations with climate relevant projects?
 A: It is up to the fund manager to find/ select the climate relevant projects.
68. Will you announce the fund manager publicly, once selected?
 A: Yes, after the application procedure, the fund manager will be announced publicly. The announcement should take place around May 2019.
69. Do you have a preference with regard to the use of certain financial instruments?
 A: Several financial instruments are possible : donations, loans, equity investments, guarantees. Please see, question 34 above and section 10 “Threshold check”, criterion 9, which states that the applicant should at least have experience with 2 financial instruments. Reference is also made to the Grant policy framework section 5 and 6: All financial instruments can be used by the fund manager; we invite the applicant to elaborate which instrument(s) is/ are chosen, how these instruments will result in a revolving fund (or not) and how additionality to the market is safeguarded. The fund may be a revolving fund or may diminish in size over time, depending on the financial instruments chosen by the fund manager. However, as the grant has a horizon until 2037 in principle, it is assumed that a variety of financial instruments will be used.
70. Should the DFCD be a revolving fund?
 A: Please see also above question 69. Reference is made to the Grant policy framework, section 5: The DFCD is likely to be a revolving fund, but it is not a requirement. Whether or not the applicant’s proposal would lead to a revolving should be clarified in the application.
71. Does the mobilisation of private capital hinder the financing of projects aimed at the poorest populations?
 A: Possibly. Although mobilising private capital is important, the DFCD has no hard target on mobilising, as it could give the wrong incentive with regard to reaching the a.o. poorest populations/ countries.
72. If we want to take part in a consortium to become the fund manager, should we join a consortium now, or can we still join a consortium after the application procedure?
 A: You should join a consortium now; it is not possible to join a consortium as fund manager after the application deadline.
73. Does the fund manager need to repay the funds to the Ministry?
 A: Reference is made to the Grant policy framework, section 5, subsection “Requirements at the end of the grant period”. Whether there will be resources left at the end of the grant period depends on the instruments chosen by the fund manager. Unless the grant period is extended, any resources left in the fund at the end of the grant period will flow back to the Ministry of Foreign Affairs. This will be laid down in the grant decision. At least two years before the end of the grant period, the Ministry and the fund manager will confer on whether, and if so, how and within what time limit, the resources will flow back.

74. Should the 0.2% in the policy documents be interpreted as the maximum fee of the fund manager?
- A: No, the 0.2% is an internal figure for the Ministry, calculating the amount of time (costs) for the applicant to submit the application and the required reports - as a percentage of the total grant.
- With regard to the DFCD management fee: There is no maximum. Please see also the application form, K-V 19 Operational costs: The applicant demonstrates that the operational costs of fund management are in reasonable proportion to the financing disbursed. The applicant should specify the costs for the first 5 years and give a substantiated estimate for the long term. Please also refer to article 14 of the Ministry of Foreign Affairs Grant Decree: Grants are awarded solely to cover costs of the planned activities that are necessary in the light of the objectives and results envisaged, in so far as it cannot reasonably be expected that such costs can be funded from the applicant's own resources or other sources.

Questions DFCD between 13 and 19 December 2018

75. If an applicant is a fund manager that already manages existing funds with financing strategies in eligible sectors and countries, can DFCD funding be used to finance existing funds (managed by the fund manager) alongside other financiers, where the DFCD funding will ultimately be financing new eligible projects under these funds?
- A: From this question, it is difficult to understand what you mean with existing funds (e.g. would that be “projects” as described in the key definitions, or is this a fund in fund structure?)
The legal form of the DFCD is free, however providing the grant to an existing fund may give some legal, governance and/or financial complications - which should all be addressed in the application. For example:
- Activities should not be double financed,
 - the projects to be financed should be selected with an assessment framework which is in line with the objectives of the DFCD,
 - it should always be clear what projects are financed with the DFCD grant,
 - the attribution of the results to the DFCD grant should always be clear,
 - The DFCD grant should be used for new projects. I.e. it cannot be used to reduce the risk of projects previously financed in the existing fund, nor improve the risk profile for existing funders that provided financing to the fund before the DFCD grant was added.
76. If an applicant is a fund manager that already manages existing funds with financing strategies in eligible sectors and countries, can DFCD funding be used to provide (partial) credit guarantees to the existing funds with new commercial fund investors as beneficiaries, in order to mobilize new private capital to be invested into these funds for disbursements into eligible projects?
- A: Please refer to Section 5, “Grant amount and allocation of resources”, the example on page 8 (English version). The DFCD grant can be used to provide (partial) guarantees to parties to mobilise commercial finance. Whether this can be done via an existing fund, depends on the governance structure: e.g. it should be clear that (in the end) the DFCD grant is used to finance for new projects (after a selection process following an assessment framework in line with the DFCD objectives) and is not used to improve the risk profile of the existing fund/ improve the risk for existing commercial parties.
77. The instalments will be EUR 40 mln per year from 2019 to 2023, based on demonstrated liquidity needs. Does the liquidity need include future planned disbursements for projects to be initiated after 2023?
- A: Once the fund manager is selected, the grant will be paid out in tranches to the fund manager. Payment of the instalments will be part of the grant decision and be determined a.o. on the basis of liquidity requirements as presented in the grant application. The frequency of instalments will also be determined on the basis of a risk analysis of the proposal. Moreover, at the moment the fund manager requests the instalment the liquidity need should be demonstrated by the fund manager at that moment –depending the pipeline. For the application, please refer to the DFCD model forecast which requests a budget till 2023 – the applicant may provide a budget with a longer period.
78. With reference to K-O 2, is the past track record in financing in LDCs based on the latest LDCs list, or the previous LDC list at the time of the investment?
- A: Yes, for the track record you can use the list at the time of the investment. For the proposal the latest list should be used. If there are (important) differences in the application, we kindly request the applicant to specify.
79. Is there a reference list for eligible climate change adaptation projects to understand what can be exactly qualified as an adaptation investment?
- A: The applicant is requested to provide this definition. Please refer to the application form, K0-1, Climate: Please describe which method was used to distinguish between climate adaptation and mitigation, and how the financing of these projects relates to the DFCD's theory of change.
80. *Je voulais demander le dossier de soumission est rédigé dans quelle langue* (I would like to ask in which language the application can be submitted).
- A: Applications can be submitted in Dutch or English. Please see page 18 (English version), section 11, Application procedure, of the Grant policy framework.

81. Who can apply?
- As an Egyptian NGO, we want to apply for the grant and work in Egypt. Are we eligible or we need to partnership with an Organisation that is based in the Netherlands?
 - is a Civil Society Organisation from Pakistan eligible to apply?
 - is a knowledge institution in Tanzania legitimate to apply for DFCD contributions?
 - are UN-entities eligible for this grant?
- A: Reference is made to the Grant policy framework document, section 7, “who is eligible for a grant?” Dutch and non-Dutch organisations with legal personality (including NGO’s, financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance are eligible. Local governments, intergovernmental organisations and organisations in which the government is the sole shareholder are not eligible for a grant, and cannot therefore be an applicant, lead party or co-applicant. Intergovernmental organisations includes UN-organisations. Furthermore, please notice threshold criteria 1 - 9, which further specify which requirements applying organisations need to meet at least, to be eligible for the DFCD grant.
82. My organisation -which is local development and non-governmental organisation- wants to apply for the DFCD grant. We want to work also on single thematic area which is described under the document. Can we apply for single thematic area (e.g ecosystem) so that we can secure a part of the DFCD grant of Euro 160 million?
- A: Please note the Grant policy framework, threshold requirements. The applicant must apply for the full amount of the grant, i.e. €160 million. Once selected, the fund manager will use his own assessment framework in line with the objectives of the DFCD to finance projects.
83. We are a consortium from Indonesia consisting of NGOs (international and local). We are considering to submit a proposal for a project that will consist of research, and capacity building to local actors and local state actors. Are we eligible for this grant?
- A: The DFCD grant is meant for fund managing activities. With the grant, climate relevant projects will be financed on the basis of the assessment framework of the fund manager, which should meet the principles and preconditions for the DFCD. Concerning projects to be financed by the fund manager with the DFCD grant please refer to section 6, subsection Climate return: Projects must result directly in lower or avoided greenhouse gas emissions and /or increased resilience of communities to climate change. While local capacity development in the context of these mitigation and adaptation projects is certainly a possibility, projects focusing strictly on an enabling environment and institutional strengthening are not eligible for financing.
84. Can the Ministry provide more details on the technical assistance role of the fund manager? Is the fund manager expected to provide project implementers with technical guidance during the program design and implementation, or is the role of the fund manager expected to be purely financial?
- A: The fund manager may provide technical assistance, but there is no requirement for the fund manager to do so. In case the fund manager wishes to provide (substantial) technical assistance, we kindly request the applicant to elaborate on this, in the application.
85. Would the fund manager be expected to be deeply involved in the Monitoring and evaluation for the individual investments?
- A: Monitoring and evaluation will be done on 3 levels:
- The fund manager will manage the fund throughout the lifetime of the fund (in principle 2037) and hence monitor all the projects it has financed.
 - Reference is made to the “ Proposal check, point 17”, which asks the applicant’s proposal for a system of planning, monitoring and evaluation.
 - The ministry will carry out external evaluations from time to time – at least every five years.
86. Can the Ministry provide an optimal breakdown in the type of financial instruments between donation, loan, equity investment and guarantees?
- A: Please see questions 34 and 69 above.

87. Can the Ministry provide more detail on the indirect cost recovery rules for this grant? What is an acceptable percentage to include to cover indirect costs?
- A: Reference is made to the model forecast, Guidance on calculating operational costs, section 3.2. indirect costs.
88. In a consortium, is a sub-partner allowed to charge a management fee?
- A: The co-applicant in the consortium is part of the fund manager (in case the grant is awarded to the lead party of a consortium). Only actual costs for the management of the fund can be paid from the grant.
89. Throughout, the application form refers to experience “financing” projects. Can the Ministry clarify whether “financing” refers to actual implementation of projects, providing funding for others to implement projects, or a combination of the two?
- A: In principle financing refers to providing a donation, loan, equity, a guarantee or a hybrid form of these financial instruments to projects of a third party. Implementing projects (with own staff) should not be the core of the fund. It is allowed to assist projects with staff of the fund manager (technical assistance).
90. On page 9, it says “Grant funding is made available for climate-relevant financing of activities that would not otherwise be possible”. Can the Ministry elaborate on the intent behind this statement?
- A: DFCD finance should be additional to the (financial) market: If a commercial party is able to provide the same financial product to the project, the DFCD should withdraw from financing.
91. On page 10, it is noted that the fund manager will be responsible for conducting contextual analysis of projects to ensure no negative social or environmental impacts. Can the fund manager expect to have these costs covered by the grant?
- A: Yes, actual costs are to be covered. Reference is made to the DFCD model forecast, Guidance on calculating operational costs.
92. The grant amount of EUR 160 million is provided in the period 2019-2022 (4 years x EUR 40 million); while the period of the activities (the fund management) can last until 2037. How are the costs for fund management paid after 2022; i.e. in the period 2023-2037?
- A: These costs should be covered by the DFCD (the grant and the repayments to the fund). Applicants should give an estimation of their operational costs. Reference is made to the DFCD model forecast and question K-V19 of the application form.
93. Is a fund manager with a cooperative structure and a credit committee independent from its own members, eligible to include in the pipeline for financing from the DFCD, projects which will be co-financed with the money of its member organisations?
- A: Yes: A cooperative is part of the organisations as mentioned in section 7, type of organisation, 1st bullet, if it possesses legal personality. There are no guidelines with regard to the fund manager’s approval structure: The fund manager’s credit committee may be internal or independent. Projects may be co-financed with money from the member organisations provided there is no conflict of interest. The applicant is invited to elaborate on the structure and the governance. Please also elaborate on the additionality of the DFCD funding in these cases.
94. Can the projects in the pipeline for financing from the DFCD be implemented or partially implemented by the consortium partners and /or the fund manager, e.g. blending/ leveraging the DFCD money with their investors’ money?
- A: Please note that the applicant and the co-applicants become the fund manager, in case the grant is awarded to them. Implementation and blending are two different things. In principle, the goal of the DFCD is to finance projects, rather than implementing projects. In case the applicant and/ or the co-applicant(s) has/ have other sources of finance, it can be used to co-finance a project. Please see also the graph/ example on page 8 of the Grant policy framework (English version).

95. In the DFCD Grant policy framework document, at the end of section 7, page 12, is stated that “the applicant must disclose the proposal for financing from the DFCD before concluding contracts”: to whom the proposal should be disclosed?
- A: Reference is made to the application form, K-V 20 Communication, where the applicant is requested to describe the way in which announcements about DFCD financing will be disclosed (what information, at which point in time etc.) before contracting. Please see also section 10 in the Grant policy framework, subsection “Obligations to the grant”; the anticipated financing/ projects should be disclosed to the public by presentation on the fund manager’s website.

Questions between 19 December 2018 and 9 January 2019

96. We are a Burkinabe organisation/ an Albanian NGO / an NGO from Ghana/ the Kyrgyz Republic . We want to know if organisations from these countries can apply for this call for the grant and/ or if these countries are part of the DFCD's current intervention countries?

A: Reference is made to question 1, 6, 22 and 81 above.

97. I'd like to understand better the range of the budget proposal, is it between 1 million of Euro and 10 million of euro or should we apply for the full amount of the grant, 160 million of euro.

A: Please see also question 8 and 18 above.

Reference is made to the Grant policy framework, section 5 "Grant amount and allocation of resources". Please see the example/ chart on page 8 (English version). The grant application is for the full amount of EUR 160 million. The applicant (which can be on behalf of a consortium) to whom the grant will be awarded, will provide financing to climate relevant projects, in line with the objective and criteria as described in the Grant policy framework. The guideline for the financing of these projects is in amounts between EUR 1-10 million per project.

98. What is the exact deadline for submitting this proposal?

A: Please see the Grant policy framework, section 9 "Timetable": Applications for DFCD grants may be submitted from [20 November 2018] until 17:00 CET on 22 February 2019. Applications should be *received* at the Ministry before this deadline.

99. Criterion D.6 -Size of the organisation“ defines a minimum annual expenditure for each past three financial years of €80 million for the applicant’s operations. Expenditure is defined as “operational costs, cash expended on shares, loans and donations [...] and/or commitments in the form of guarantees”.

a) We understand this requirement to aim to ensure that the applicant manages sufficient business volume to be able to handle the sizeable grant funding in question.

b) Is it therefore correct to assume that the applicant meets this threshold criteria in case it manages and disburses grants, loans, guarantees and other financial instruments exceeding this amount on behalf of donors and investors independent whether such amounts are managed or spent directly via the applicant’s balance sheet or via other ring-fenced special accounts or separate legal entities whose management has been entrusted to the applicant.

A: **Ad a)** The understanding is correct.

Ad b) The assumption is correct: the threshold criteria is also met in case an organisation has a proven track record as fund manager, managing one or more funds -or ring-fenced accounts/ funding on behalf of other legal entities or natural persons where the fund management has been formally entrusted to the applicant - with a minimum of EUR 80 million per annum for the financial years 2015, 2016 and 2017. In case the applicant uses different funds / ring-fenced accounts, please specify in the table and provide the audited annual accounts presenting the information of both the applicant and the funds which are used for the track record.

Questions DFCD between 10 and 16 January 2019

100. We are an organization working with smallholder farmers and look to multiple initiatives to fund the farmer communities. One of these includes the planting of managed hardwood forests for longer term support of the communities. We also establish infrastructure for the communities, including solar power systems, as well as automated water management systems. Would the collection of the farmer communities and the forests qualify under the DFCD program?

A: Please refer to section 5 “Grant amount and allocation of resources” of the Grant policy framework document, plus section, “Principles and preconditions for the DFCD”. The DFCD grant is for a fund manager who will use the grant to finance climate projects and contribute to objectives laid down in the Grant policy framework. Please see in section 6 furthermore:

- Sub-section Climate relevance: The projects must have a Rio Marker 2 status.
- Sub-section Climate return: Projects must result directly in lower or avoided greenhouse gas emissions and/or increased resilience of communities to climate change.
- Sub-section Country selection: at least 25% of the fund’s resources go towards financing projects in the poorest countries (Least Developed Countries) according to the OECD DAC country list.

101. We are funded by the HGIS (Homogeneous Group International Development). Does this hamper us to apply for the DFCD grant?

A: If the funding was awarded by the Ministry of Foreign Affairs by means of a core grant you are not eligible for the DFCD grant.

102. We are in the process of begin established as an organisation; hence we currently do not yet have a legal entity. Can we apply for the DFCD grant?

A: The organisation should be established, in order to possess the required legal personality, at the moment of handing in the application (i.e. 22 February at latest). Please also refer to section 10, ‘Threshold check’, please also note that the applicant (which may be in the form of a consortium) must have a track record of at least 4 years (at least 2015 onwards).

103. With regards to Criterion D.7

- a) Do the projects that serve as track record need to have had measurable outcomes (as defined in the TOC) in order to qualify as relevant experience?
- b) What else may need to be demonstrated beyond listing the projects in the table? Are there any underlying documents you require?

A: **Ad a)** For the track record as mentioned in Criterion D.7 – ‘Experience in the areas of climate adaptation and mitigation’, the projects should qualify as climate mitigation or adaptation. The outcomes may differ from the ones mentioned in the DFCD Theory of Change.

Ad b) Filling out the table is sufficient here; no other underlying documents are needed for criterion D.7 specifically. In other parts of the Grant policy framework/ application form, e.g. case studies and annual reports are requested, as well as an appendices with the track record– which may substantiate the information provided.

104. I am an PhD student and would like to submit a request a small grant (USD 10,000) to finance my dissertation. Would this qualify?

A: No. Reference is made to the Grant policy framework sections 7, “Who is eligible for a grant?” and section 10 “Threshold check” and “Qualitative check”.

1. There is a possibility to submit our bid 2 weeks before the deadline so an initial review by the Ministry can be done: could you please clarify if you will conduct a check on administrative requirements only, or both on the administrative requirements as well as the technical elements of the application?

A: As a service to the applicant the ministry will check applications that are handed in before the deadline on completeness – if the Ministry has sufficient capacity to do so. This will be done on a first come first served basis. A check will be done on the completeness of submission of the documents and whether the questions of the Threshold check have been filled out. Please note that (i) as towards the deadline, more applications may be handed in and not all applications can be checked any more, due to restricted capacity and (ii) the check is an indication and has no legal authority nor does it give any guarantee whatsoever.

105. K-O 1 is not entirely clear on how mutually exclusive the rows in the table are related to “fit within ToC budget and share “fit with mitigation” and “fit with adaptation” as that could also mean a double count in terms of percentages (for instance, an adaptation project / investment example could be counted as “fit with ToC”, as well as “ fit with adaptation” - and some project and investment examples might even fit all three). Could you please clarify how you would like us to approach this requirement ?
- A: Guidance is provided via the Rio Markers. However, we understand if applicants have not (yet) administered their projects in line with the Rio Markers. We kindly request the applicant to elaborate on the figures as presented in the table and to specify in case of double counting, explain where projects which can be categorised both as mitigation and adaptation. We are indeed aware that the projects which fall within the ToC are (per definition) the same projects as mentioned under climate mitigation or adaptation. It’s not the intention that the figures in the table need to add up.
106. The budget form (also explained further in document DFCD model forecast) allows to budget for Indirect costs, of which one of the sub-lines is “Other non-attributable costs” (Costs necessary to provide a good, clean and safe working environment consistent with the standards an employer may be expected to satisfy, such as: General costs and in-house emergency personnel costs/ Utilities/Building maintenance costs/Cleaning and security costs/Communication costs/Office supplies / Other organisational costs.) Could you please clarify what you would categorize as “other organization costs?”
- A: This list is provided as an indication of what can be categorized under “Office costs”; the last bullet can be read as ‘other office costs’; i.e. in case the applicant has other office costs which cannot be categorized under one of the previous bullets, he may categorise them under ‘other’ while specifying what type of costs these are.

Questions DFCD between 17 and 23 January 2019

107. Our organisation provides both donations, where we transfer cash to a project which is used for climate relevant expenses/ investments, as well as Technical Assistance in form of consultancy services and training provided by our own staff. Would any of this qualify as a financial instrument/ financing of climate projects for the track record as mentioned in K-O1 and K-O2?
- A: Donations to projects qualify as financing projects. Training provided by staff of the applicant in kind, to the same project, does not qualify as financing. Please see also section 3, 'Key terms'. Project: a climate-relevant investment by an organisation that has applied for finance to the DFCD fund manager.
108. Kindly confirm the mode of submission and if email, kindly specify.
- A: Submission by email is one of the possibilities, please refer to section 11 of the Grant policy framework for information on the submission procedure.
109. It is our understanding that applicants for the fund manager role can only be included in one application.
- a. In other words, applicants for the fund manager role cannot be part of multiple bids for the fund management role.
- b. Does the same rule apply to the projects under the fund? In other words, in case the applicant includes the names of the projects it wishes to finance, if selected (with financing in the 1-10M Euro range), will these same projects still be eligible for financing in case a different fund manager is selected?
- A: **Ad a)** Correct.
Ad b) The same does not apply for projects. The fund manager will select which projects he wishes to finance on the basis of his own assessment framework (in line with the objective and criteria of the DFCD grant). If projects are named by an applicant that is not selected, these projects could be financed by the fund manager (the applicant which is selected as fund manager), if the fund manager decides to approve the financing request.
110. It is mentioned that "To ensure that climate change adaptation is sufficiently addressed, a minimum of 50% of the fund's resources – but preferably 65% – must go towards adaptation projects". We are looking to apply for a climate adaptation project, in case we are eligible, will this be one of the projects that would be awarded from the pool of Euro 160 million? Or is it necessary to do both, mitigation as well as an adaptation?
- A: Please note that there is no pool available for the DFCD grant: the applicant for the DFCD grant applies for the full amount; please see also above questions 8, 10, 18, 82 and 97. No information can be provided on the application procedures and eligibility of the projects at this point of time, as the fund manager will be the one selecting the projects on the basis of his own assessment framework – after the conclusion of this grant procedure.
Having said this, the 50% minimum / preference of 65% of finance for climate adaptation projects may be exceeded – there is no minimum requirement for the financing of climate mitigation projects. Please see also question 23 and 27 above.
111. We are looking to apply for the implementation of a project in India but it is said that we need to fund at least 25% of the resources to LDCs. Is this a compulsory criterion?
- A: Please note that the DFCD grant is not meant for applications for single projects. The current grant application is to select a fund manager for the DFCD. The fund manager will manage the full amount of EUR 160 million. Please see also above questions 8, 10, 18, 82 and 97.
With regard to the question whether the minimum 25% LDC's criteria is compulsory: Yes, for the fund it is. As stated in section 8 of the DFCD Grant policy framework: To be eligible for a grant, an application must satisfy all the threshold criteria. Applications that do not satisfy all of the criteria will not be considered further. Please see Threshold criteria in section 10 (criterion 12 more specifically). Reference is also made to question 6, 19, 22 and 100.

112. In the application form, it is asked to mention at least 10 projects on climate change mitigation and adaptation.
- Is this a compulsory criterion?
 - and can we include global projects or should they have been implemented in our own country only?
- A: Reference is made to the section 8 of the DFCD Grant policy framework: To be eligible for a grant, an application must satisfy all the threshold criteria. Applications that do not satisfy all of the criteria will not be considered further.
- Ad a)** Reference is also made to section 10, Criterion 7 – Experience in the areas of climate adaptation and mitigation: The applicant or, in the case of a consortium, the consortium members together gained experience over several years in the 2010-2017 period in financing at least 10 projects aimed at climate adaptation and mitigation in developing countries as defined by the OECD DAC. At least five of these projects should have been focused on climate adaptation.
- It is compulsory to list at least 10 climate relevant projects, of which at least 5 projects are adaptation. There is no minimum requirement in this criterion on the financing of mitigation projects.
- Ad b)** Regional/ Global projects may be included for this Criterion D 7 – as long as the participating countries are all on the OECD DAC country list.
113. In the application form, it is asked to mention at least 5 projects LDCs.
- Is this a compulsory criterion?
 - and can we include countries from other continents as well where our company has a presence?
- A: Reference is made to the section 8 of the DFCD Grant policy framework: To be eligible for a grant, an application must satisfy all the threshold criteria. Applications that do not satisfy all of the criteria will not be considered further.
- Ad a)** Reference is made to section 10, Criterion 8 – Experience in the poorest countries: The applicant or, in case of a consortium, the consortium members together gained experience over several years in the 2010-2017 period in financing at least five projects in least developed countries (LDCs) as defined by the OECD DAC.
- Ad b)** All financing experience in LDCs may be included, presence by means of a (local) office is not obliged.
114. Is it correct that K0-1 and K0-2 requests shorter eligibility periods (2015-2017, and in 2018 if demonstrable and relevant) than projects mentioned under D7 and D8 (2010-2017) ?
- A: Correct; for the Threshold check 'older' experience is allowed; for the Qualitative check recent experience is sought. Please note that the applicant may state the same projects for the Threshold check and Qualitative check if he wishes.
115. For K01-1 and K0-2: Is it correct, that all projects (both the summary in the list, as well as the detailed project descriptions) should fall within the period 2015-2017, and in 2018 if demonstrable and relevant?
- A: We prefer if the experience is relatively recent, but relevant older projects can be mentioned.
116. The number of projects that we can provide differs between D-7/ D-8 and K-01/K-02. We would like to clarify the following items:
- D7 : List/ table only. At least 10, correct that there is no maximum?
 - D8: List / table only. At least 5, correct that there is no maximum?
 - K0-1: Summary table/list: no maximum. Full project descriptions: 5-10. Correct?
 - K0-2 : Summary table/list: no maximum. Full project descriptions: 2-5. Correct?
- A: **Ad a** and **b)** Correct; for the Threshold checks only a list/ table. There is no maximum in number of projects, but providing more projects for the Threshold check does not provide an advantage.
- Ad c** and **d)** Not correct: Please note the tables of KO-1 and KO-2 do not request the number of projects, but request volume; i.e. the amount of financing provided – in EUR and as a % of total financing. With regard to the cases: correct. For KO-1, 5-10 cases and for KO-2, 2-5 cases. With regard to “full” in your question: Applicants are requested to elaborate and substantiate – however, please keep the information relevant. The application should preferably not exceed 100 pages – excluding the annexes.

Element	Eligible Topics / themes summarised	What can be provided for this criterion	Number of projects that need to be provided	Eligible years / project period
Criterion D.7. climate adaptation and mitigation	Financing climate adaptation and mitigation projects in developing countries. At least five of these projects should have been focused on climate adaptation.	The required table with name, type of financial instrument - etc. No need to elaborate with project reference descriptions.	at least 10 no maximum, but providing more examples does not serve the applicant.	Starting date of the financing between 2010-2017
Criterion D.8 – Experience in the poorest countries	Financing projects in LDCs	The required table with name, type of financial instrument, etc. No need to elaborate with project reference descriptions.	At least 5 no maximum, but providing more examples does not serve the applicant.	Starting date of the financing between 2010-2017
K-O 1 Climate	Financing climate projects in developing countries, relevant to ToC DCFD	The table should state the volume of finance provided, in EUR and as percentage of the total finance provided in the respective years. Separately by the applicant and by each of the co-applicants, With subdivision in mitigation / adaptation and (an estimation of) relevance to the DFCF ToC	The table should provide the total volume of climate relevant financing in the applicable years, of both the applicant and the co-applicant(s)	Preferably 2015-2017 (and in 2018 if demonstrable and relevant).
		AND Project / case descriptions to substantiate the experience.	Minimum = 5 maximum= 10	Preferably 2015-2017 (and in 2018 if demonstrable and relevant).
K-O 2 LDCs	Financing in LDC's	In the first row of the table please state the volume of finance provided to projects in LDC's in EUR and as percentage of the total finance provided in the respective years.	The table should provide the total volume of climate relevant financing in the applicable years, of both the applicant and the co-applicant(s) and show the top five countries.	Preferably 2015-2017 (and in 2018 if demonstrable and relevant).

Element	Eligible Topics / themes summarised	What can be provided for this criterion	Number of projects that need to be provided	Eligible years / project period
		<p>Please separate the information of the applicant and of each of the co-applicants.</p> <p>In the rows country 1 – country 5, state the top 5 LDC's; the countries of which the sum of projects in that year received the highest amounts (if less than 5 LDC's, please state all), where country 1 received most and country 5 the least.</p>		
		<p>AND Project / case descriptions to substantiate the experience.</p>	<p>minimum = 2 maximum = 5</p>	<p>Preferably 2015-2017 (and in 2018 if demonstrable and relevant).</p>

117. I would like to receive clarification on the terminology “own income” in question: Criterion D.3 – Extent to which the applicant is financially independent from the Ministry of Foreign Affairs.

- Total annual income in [CURRENT YEAR]: € amount of which NON-Ministry Foreign Affairs (“MFA”): € amount, i.e. percentage %.
- Total annual income in [CURRENT YEAR-1]: € amount of which NON-MFA: € amount, i.e. percentage %.
- Total annual income in [CURRENT YEAR-2]: € amount of which NON-MFA: € amount, i.e. percentage %.
- Average own income per year in the period year-year: € amount
- Average total income per year in the period year-year: € amount
- a. Do we understand correctly, that in the case of organisations receiving grants (subsidies), own income would refer to the non-grant part (non-subsidies part)?
- b. For organisations that do not receive grant funding, own income equals total income?

A: **Ad a)** Correct. Own income refers to income that came from other sources than grant funding / commitments from the Ministry of Foreign Affairs. It may be in the form of financing (donations, loans, etc) from all other parties.

Ad b) Correct.

Note: please be aware that questions can be handed in until 1 February 2019 – questions handed in after 1 February will not be answered.

Questions DFCD between 24 and 30 January 2019

118. ORIA form, question 3.4.7 requests annexes: Auditor's reports and management letters of the last 3 years. The management letters are provided by our external auditor for internal use. Could you please provide us with a "Hold Harmless letter" for the management letters?

A: No, we are not in a position to provide a "Hold Harmless letter" for management letters issued by an external auditor. As laid down in the government's Accounts Act, it is a formal requirement to exercise control on the management of financial means issued by the Minister. An assessment on the organisational capacity of legal entities that request financial resources from the Minister is in line with this formal requirement and this includes the request to submit, and to review, Auditor's reports, statements and management letters.

119. We have an overheads policy as an organisation, and to ensure fair cost recovery we usually budget a fixed % in each grant budget to contribute to these overheads. We have followed this approach in other MoFA grants. Can we follow this approach for the DFCD budget so that we show a fixed % to cover overheads but do not need to provide specific details/line items?

A: The budget guidelines need to be followed; this means that a specification of all costs and line items need to be provided. Please see specifications in the DFCD model forecast (in Dutch: "*DFCD format prognose balans en prognose resultatenrekening incl. begroting operationele kosten*") as uploaded on this webpage)

120. We understand that there is a cap on salaries for non-profit executives in the Netherlands, in line with the public and semi-public senior officials (standard remuneration) Act. We would like to know if this applies:

- a. to any non-profit applying to the DFCD and whose staff will be funded by the DFCD, and,
- b. to for-profit entities whose staff will be funded by the DFCD

A: **Ad a)** If an organisation applies for the DFCD grant and it is a not-for profit organisation, the maximum remuneration of the Standard Remuneration Act might be applicable, see article 1.3 of this Act. More information about this Act can be found on:

<https://www.rijksoverheid.nl/onderwerpen/beloningen-bestuurders/topinkomens-overheid>

<https://www.topinkomens.nl/vraag-antwoord>

<https://forum.topinkomens.nl/>

Ad b) In case a project (please see key terms in the Grant policy framework⁸) applies to the DFCD for financing, the DFCD fund manager analysis the financing request on the basis of his own assessment framework (in line with the goal and criteria of the DFCD Grant policy framework). Part of a project, or the full project, may contain project staff remuneration. There is no cap required on the income level. Whether the project is a for-profit or a non-profit organisation does not matter: the fund manager decides whether or not to finance the project.

121. Considering that the total grant is EUR 160 million, is there a given amount that must be added to that that must be co-financed by the organisation or consortium applying for the grant? As an example, if the grant is EUR 160 million and the applicant must co-finance, say, at least 25% next to the grant, the total fund would be EUR 213 million (with EUR 160 million from the Ministry and EUR 53.33 million from the applicant). Any clarification on minimum co-financing amount would be appreciated.

A: No, although it is required to show criteria relating to the mobilisation of private capital (threshold criterion 12). Moreover, the mobilisation of private capital plays a role in the qualitative check, for example in criterion KO-7, KV-14 and KV-16, there is not a given number or minimum. The applicant is invited to elaborate on the amount and way he anticipates that co-finance (mobilising) will be established (if any). Please see also question 33 and 76 above and section 5 of the Grant Policy Framework "Amount and allocation of resources", and specifically the example on page 8 (English translation).

⁸ Project: a climate-relevant investment by an organisation that has applied for finance to the DFCD fund manager.

122. Can you kindly please

- a. elaborate what is defined as a “local implementing organisation that are involved with [the] application, but are not participating as a co-applicant” as referred in section 1(i) of the application form.
- b. clarify information about the “local implementing organisation that are involved with [the] application, but are not participating as a co-applicant” does not count towards the threshold criteria.
- c. clarify whether “local implementing organisation that are involved with [the] application, but are not participating as a co-applicant” would be ineligible to receive financing from the Fund Manager, or to be indirectly receiving funds for project design and structuring from an applicant that receives funds from the DFCD fund manager.

A: Please note that this general part is a standard table (page 3 and 4) in the application form and some sections may not be applicable for each and every applicant. Please disregard section i in case the question does not seem logic in your case.

Ad a) What could be read under local (implementing) organisations involved in the application, but are not acting as co-applicant, are the local organisations within the network of the applicant (e.g. sister-organisations with a separate legal entity) which have assisted in writing the application or will be assisting in the activities of the fund management but do not form part of a consortium.

Ad b) For the Threshold criteria, only information from the applicant and co-applicants should be provided.

Ad c) Whether the fund manager can finance a local organisation that has assisted in the application or will assist in the fund management activities but is not a co-applicant, depends on the structure and the governance of the fund manager. In case the local organisation is requesting financing for a climate relevant project and the local organisation has a separate legal entity and if the fund manager can make an independent decision, it should in principle, be possible to finance the local organisation. Please see also question 7, 20 and 53 above.

Questions DFCD 31 January and 1 February 2019.

123. D1/General: The DFCD application is aiming to select a fund manager/consortium. The general layout of the application form and structure however seem to be mainly tailored towards the model of internally managed investment firms such as Development Finance Institutions (DFI's). Does this mean that fund managers that manage funds through fund structures that are normally preferred by institutional investors (Limited Liability Partnerships or other externally managed fund structures) are less eligible for obtaining the fund mandate and that the ministry would in fact favour a traditional DFI to be the main applicant?
- A: Reference is made to section 7 of the Grant policy framework, "who is eligible for a grant?": Dutch and non-Dutch organisations with legal personality (including NGOs, financial institutions, knowledge institutions, companies and service providers) and a good track record in the area of climate change and international finance. This includes externally managed fund structures.
NB: For your information, the fund manager will not manage the fund on behalf of the minister. He will not be granted a mandate to act on her behalf but will manage the fund on his own responsibility.
124. D6: How is the threshold expenditure criteria measured, is this an average of EUR 80 million per year over the 2015 – 2017 period or must the consortium have expenditure of at least EUR 80 million in each individual year?
- A: The consortium must have a expenditures of at least EUR 80 million in each individual year.
125. D6: Are we able to include 2018 expenditure to the extent there is a shortfall in any individual year of measurement between 2015 – 2017?
- A: Please note that for the Threshold criteria/ question D6, the years 2015-2017 are requested. Any shortfall in one of the years cannot be compensated by another year, or by 2018.
126. D13: The following activities are not eligible for a grant: Partially answered in Q37 attached, but I don't think it is clear in terms of the basis of re-charging or whether we can charge fees on private capital mobilised? The activities carried out to generate a profit for the applicant.
- a) To the extent the Fund Manager raises private capital to leverage the DFCD, will the Fund Manager be entitled to charge management and performance fees on this private capital tranche on a for-profit basis?
- A: The "activities" in the Threshold criteria 13 (D. 13) refer to the execution of the DFCD grant: the costs for managing the grant. No profit is to be made on execution/management of the grant (which will contain of mainly staff and indirect costs); only the real costs are covered under the grant. Please note that the financial instruments provided by the fund manager may have a commercial pricing (and should be additional to the market) and the income of these instruments flows back to the DFCD. Fees may be charged on mobilised private capital.
Ad a) Yes, the applicant may charge fees on a for-profit basis to third parties, for activities carried out next to the management of the DFCD grant, like activities to mobilise private capital. The applicant is invited to elaborate how he will make the division and administer this.
127. The administrative burden (per pg 19 of the Policy Framework) suggests that reporting / admin costs will be limited to 0.2% (EUR 80 k per annum) for the first 4 years. What is included in this measurement and is this expected to be demonstrated by the Fund Manager or is in an internal Ministry of Foreign Affairs ("MFA") calculation?
- A: Please see also question 74 above. Please note that this is an *internal figure for the Ministry*. Applicants do not need to take this figure into account for their application.
128. D.14: The activities must start no earlier than the date on which the grant is awarded and no later than 1 November 2019. Is the intention that the DFCD will already start making drawdowns and investments in 2019, or merely that the fund management activities, structures and pipeline development will commence in 2019 post the announcement? The proposed timing may make deployment challenging for 2019.
- A: If possible, we indeed would like to see that drawdowns and the financing of projects is done already in 2019. We are aware this is challenging and we request the applicant to elaborate via the Qualitative check, question K-O8. Please note that in the Threshold check (which should be met at a minimum), D 14, concerns the start of the fund management activities.

129. Is the expectation that the fund will be drawn down in equal instalments of EUR 40 million in each of 2019, 2020, 2021 and 2022 or will this merely be the timing for commitments from the Ministry?

A: Please see also question 77 above. The Ministry will transfer the grant to the fund manager on the basis of the fund manager's liquidity needs. It is indeed the intention for the Ministry to transfer EUR 40 million per year, but the transfer will only be possible if the pipeline substantiates the liquidity need at the time of the transfer request. For the grant application the applicant is requested to present a forecast of the portfolio and an indication of the first year's liquidity needs (via the annexes budget/ forecast balance sheet and liquidity planning, first 12 months).

130. Extract of Grant policy framework (p.13): "In the 2015-2017 financial years, expenditure by the applicant or, in the case of a consortium, all the consortium members together must have been at least €80 million per year. 'Expenditure' means: operational costs, cash expended on shares, loans and donations (or a combination of these) and/or commitments made in the form of guarantees."

Our question is:

If we understood it well, only organisations with annual expenditures of EUR 80 million or more are eligible to apply. This excludes any small organisation from applying to receiving this grant - if a small organisation does not take part in a consortium. Is it indeed the case? Applicants having annual expenditures of less than EUR 80 million will automatically be excluded?

A: That is correct. The reason for this is that if the fund manager currently has expenditures (provides finance to projects plus the costs) of EUR 80 million per annum, and the grant of EUR 40 million per annum is added, that will be a significant increase in funds to manage.

131. We would like to confirm that the criterion with regard to the 25% 'Netherlands' development cooperation priority countries' refers to all 4 categories of priority countries as mentioned in the "*Kamerbrief Focusregio's en andere nota onderwerpen*" (English "Letter to the House on development policy focus regions"), including those with a role in the broader foreign agenda, limited to specific themes, and phase out countries? Would that imply that Indonesia and Ghana would be considered within this 25% until 2020, and Rwanda until 2022, and afterwards not?

A: No, that is not correct. In alphabetical order, please find the eligible focus region countries:

- Algeria
- Burkina Faso
- Chad
- Egypt
- Ethiopia
- Iraq
- Jordan
- Kenya
- Lebanon
- Libya
- Mali
- Mauritania
- Morocco
- Niger
- Nigeria
- Palestinian Territories
- Senegal
- Somalia
- South Sudan
- Sudan
- Tunisia
- Uganda
- Yemen