

# Kigali Cooling Efficiency Program Window 3 (Finance)

## Frequently Asked Questions (FAQs)

### *Introduction*

*This FAQs document has two parts. The first responds to general queries about Window 3. The second provides guidance on how to complete the Window 3 Initial Application Form.*

### *Part A: General questions on Window 3*

#### *What is the Kigali Cooling Efficiency Program?*

The Kigali Cooling Efficiency Program (K-CEP) is a philanthropic collaboration launched in 2017 to support the Kigali Amendment to the Montreal Protocol, through support for the transition to energy efficient, clean cooling solutions for all. More details at <http://www.k-cep.org/>.

#### *What is Window 3?*

K-CEP is making available a total of up to USD 10 million under Window 3 to fund programs seeking to support energy efficient, clean cooling finance programs in developing countries. Finance is one of the important barriers to advancing energy efficiency in cooling solutions. Window 3 focuses on addressing finance barriers and complements support provided under other K-CEP Windows.

#### *How does Window 3 relate to other K-CEP Windows?*

Window 3 is open to proposals that scale up work done under existing support from other K-CEP Windows but is not restricted to them. Window 3 complements K-CEP's three other existing Windows which support: capacity building (*Strengthening for Efficiency*); policy (*Cooling Efficiency Policies, Standards, and Programs*); and access (*Access to Cooling*). See [www.k-cep.org](http://www.k-cep.org) for more information.

#### *How does Window 3 funding fit with funding from other sources?*

Window 3 funding will be used to fund technical assistance or the incremental costs of capital finance – but will not provide the main source of capital funding for any underlying financial instruments that are part of the proposed program (e.g. a credit line, capital contribution or budgetary support). Separate funding for the capital component of programs will need to be secured from governments, development banks, private sector banks, climate funds, or other financial institutions. In-principle commitments to provide such funding, or a strong indication of financing availability, will be required.

#### *Who can apply to Window 3?*

Window 3 is open to all types of organisation including development banks, multi-lateral organisations, climate finance institutions, private sector banks and companies, and non-governmental organisations.

#### *What type of support does Window 3 expect to provide?*

Window 3 is open to providing technical assistance (e.g. project identification, energy audits, detailed project preparation and awareness-raising) and finance for incremental cost support (e.g. fees associated with first loss or guarantee facilities, or interest rate subsidies on loans to end customers). Window 3 is not set up to provide the capital funding for a financial instrument and instead aims to play a catalytic role in mobilizing this capital.

### *How will the money be provided?*

Window 3 plans to provide grants.

### *Can programs that Window 3 supports use different financial instruments?*

While Window 3 plans to provide grants to successful applicants, programs selected for support under Window 3 can provide support to their end beneficiaries or participants using a wider range of financial instruments, such as loans, guarantees, or other credit enhancements.

### *Which countries are eligible for funding under Window 3?*

Window 3 covers all developing countries in the fast phase-down group (Article 5, Group 1 – A5G1) of the Kigali Amendment to the Montreal Protocol. The aim is that cooling work in early-adopter countries can catalyze similar work in other countries.

### *What is the size of a potential award?*

Given the size and scale of the cooling industry globally, Window 3 expects to provide USD 2 million to USD 5 million in funding to successful Window 3 applicants. K-CEP does not envisage providing small grants under Window 3 but wholesaling is possible. Organisations supported under Window 3 may themselves provide small transaction size funding to end beneficiaries or participants. We reserve the right to not award any monies under this process if proposals do not meet our criteria or are not deemed to be additional and transformative.

### *How does Window 3 link with the Montreal Protocol?*

The Kigali Amendment to the Montreal Protocol focuses on phasing down HFCs and the formal financial mechanisms associated with the Montreal Protocol do not currently provide funding for cooling efficiency as a primary objective. The Kigali Amendment did however request the Multi-Lateral Fund of the Montreal Protocol to advise on financing energy efficiency (this report is expected at the end of 2018). Practical lessons from Window 3 experiences during 2018 – 2020 will help to inform discussions by Montreal Protocol parties and the ultimate direction of the Montreal Protocol on energy efficiency.

### *What examples are there of finance mechanisms which support cooling efficiency?*

A range of finance mechanisms have been used to support the deployment of energy efficient solutions, some of which have focused on efficient cooling equipment. For examples of these please see the *Cooling Efficiency Financing Case Studies* publication available at <https://www.k-cep.org/insights/resources/>.

### *Over what time period will Window 3 provide support?*

K-CEP focuses on supporting activity up to 2020. Applicants will need to highlight what impact can be achieved by 2020 and show how target markets, technologies, supply chains, and routes to market are all clearly identified.

*What are the application timeframes?*

An indicative timeline of the application process for 2018 is shown below. K-CEP may reopen for initial applications after reviewing the first group of applications that are submitted depending on various factors including the number and strength of concepts that progress to full proposal and any specific criteria that we may want to focus on for any future rounds.

	Indicative 2018 Window 3 application timings									
	April	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
Window 3 opens for Initial Applications										
Applicants prepare Initial Applications										
Review Initial Applications - Review Committee decides which concepts to ask to complete revised proposals										
Selected Initial Applications revise their proposals - Window 3 may reopen for new Initial Applications										
Review revised proposals and new Initial Applications - Review Committee decides which to progress to contract or ask to refine										

*Why is there a two stage process?*

K-CEP recognises that financing mechanisms take time to set up and that concepts may be at different stages of readiness. The two stage application process aims to balance gathering sufficient information to judge which initial applications to refine while also making Window 3 accessible to apply for. For initial applications which are selected, we expect to seek further details including on the financing arrangements and to respond to issues raised from Review Committee feedback.

*What are the contracting arrangements?*

Further details will be provided to applicants that are selected to refine their initial applications.

*Do I need to partner with other organisations?*

Applicants do not need to partner with other organisations but do need to show who is providing the main capital funding for the program. Applications which have strong and documented collaborations may be prioritized.

*What are the minimum expectations for applicants to be eligible?*

Applicants need to be able to show how their organisation has sufficient experience and capacity to receive Window 3 support. At a minimum, applicants should be able to show 3 years continuous operational history.

*What will score well on Window 3 applications?*

The Initial Application Form highlights a range of characteristics we would ideally like to see. This includes a clear and compelling program concept, significant scale greenhouse gas emissions reductions, the mobilization of significant additional capital, a readiness to implement, transformational long-term impacts, a strong team with relevant experience, and a compelling financial story.

*How will we evaluate Window 3 applications?*

We will evaluate the initial applications against the main criteria in the Initial Application Form. We will give more weight to proposals with stronger commitments or a more compelling story against these criteria. For example, proposals with a stronger financing commitment will receive higher scores than those with less clarity on where capital financing will come from.

*Can applications just focus on improving energy efficiency or do they need to consider the global warming potential of refrigerants too?*

K-CEP focuses on improving cooling efficiency to increase the climate and development benefits of the Kigali Amendment to phase down HFCs. Applicants will need to show how they are improving energy efficiency and using low global warming potential (GWP) refrigerants. High efficiency gains and low GWP refrigerants relative to business as usual will increase the likelihood of concepts progressing to be refined.

*Who is the Carbon Trust and what is its role in Window 3?*

The Carbon Trust is an independent, expert partner of organizations around the world, helping them deliver a more sustainable future through carbon reduction, resource efficiency strategies, and commercializing low carbon technologies. The Carbon Trust is supporting the Efficiency Cooling Office, K-CEP's secretariat, in the delivery of Window 3 including managing the Window 3 application process.

*Who should I direct queries to on Window 3 and the Initial Application form?*

Carbon Trust will collate queries on Window 3 and the Initial Application Form and then share answers to these questions publicly before the application is due so all applicants can benefit from these clarifications. Please send any queries to [coolingefficiency@carbontrust.com](mailto:coolingefficiency@carbontrust.com).

## *Part B: Guidance on Window 3 Initial Application Form*

### *Program and submitter data*

*What is a 'country of implementation'?*

Country of implementation refers to all countries where K-CEP-funded activity will take place.

*What name should be used for 'name of submitter'?*

The name of the legal entity that would receive Window 3 funding.

*What does 'total program funding volume' mean?*

Total program funding volume means all funding that will be used in the program including the applicant's own funding, capital funding from a third party, and funding sought from Window 3.

*What does 'Window 3 funding volume' mean?*

Window 3 funding volume is the amount of total program funding that is requested from Window 3.

### *Program concept*

*How should applicants describe the 'starting situation in the country of implementation'?*

Applicants should describe the baseline level of relevant activity, emissions, or market penetration of technologies relevant to the program concept. For example, a program introducing a new, low-GWP refrigerant technology in efficient cooling equipment should describe to what extent the technology is already present in the market of interest.

*What should be specified under 'target market and technology(ies)'?*

Cooling efficiency programs will typically have a designated target market or group. This group could be defined in terms of geography (e.g. Mexican state of Jalisco), and/or economic sector (e.g. industrial sector), and/or size of organisation (e.g. businesses employing fewer than 250 employees). The potential size of the target group or market should also be specified. Target technologies refers to the high-level cooling technology groups that the cooling efficiency program may be aimed at (e.g.

air conditioning, refrigeration, or district cooling). Cooling efficiency programs may encompass more than one target technology.

*What is meant by ‘target outcome’?*

This is the overall program goal that is being sought. Longer-term goals may also be described (e.g. shift the Brazilian industrial sector towards greater use of energy efficient cooling equipment using natural refrigerants). Multiplier effects through demonstration should also be identified, if any are expected.

*What is meant by ‘target outputs’?*

These are the specific program deliverables that will be produced (e.g. provide an interest rate rebate on USD 10 million in loans to approximately 500 companies in the South African tourism sector for air conditioning efficiency upgrades).

*What are planned ‘measures and activities’?*

These are the measures and activities that will be carried out under the program (e.g. draft bidding documents for a bulk procurement scheme for high efficiency air conditioners; provide specialized assistance to improve technical specifications for industrial cooling). Measures and activities should have a special regard for ensuring the cooling efficiency program is simple and straightforward for end users to access.

*How is ‘additionality’ of measures defined?*

Measures will be considered additional if in the absence of the program they would not have happened or not have happened to the same extent. The additionality effect is the determination of the impact of the program relative to a baseline of activity.

*Expected long-term results (impact)*

*What is meant by ‘contribution to emissions reductions’?*

Programs are expected to contribute to reducing emissions by introducing or accelerating the deployment of cooling equipment that is more energy efficient than the market average and by introducing or accelerating the deployment of equipment that uses low GWP refrigerant. Emissions reductions estimates should be given in tCO<sub>2</sub>e per annum and over the equipment’s lifetime with a clear explanation of how the estimates were derived and associated uncertainties. In the event that such estimates are not readily available, proposals should describe expected reductions qualitatively and describe how applicants plan to measure or model emissions reductions in the event that the program is funded.

*What is meant by ‘contribution to unlocking additional (especially private) capital’?*

K-CEP aims to magnify and accelerate the impact of its funders’ contributions to the efficient clean cooling challenge by unlocking significant additional capital. Private capital is particularly relevant because ultimately efficient clean cooling will need to be sustained by the private sector if it is to have the necessary impact and scale to meaningfully reduce emissions at a global scale. Recognizing that this mobilization can be achieved in different ways, Window 3 funding can be used for Technical Assistance and other support to develop projects as well as support that unlocks deal execution. Applicants should specify as quantitatively as possible the expected additional capital, particularly private capital, which they expect the Window 3 contribution will unlock. Recognising that this will in some cases be difficult, forecast or expected contributions can also be described qualitatively.

*What is meant by financial sustainability post-Window 3 funding?*

Window 3 funding is intended to be highly catalytic, unlocking additional capital well beyond the K-CEP contribution. The initial application should show how the activities catalysed by Window 3 support will be sustained post-Window 3 funding, and indeed, post completion of the supported program. For example, private capital could be secured by the program demonstrating a sound business case for efficient, clean cooling to private investors such that the market continues to support the program's activities.

*What does 'replicability of results' mean?*

Results will be replicable if they are able to be scaled up from the direct impacts supported by the program or applied to different sectors or geographical areas.

*How can a program be integrated into a target country's strategy?*

Most target countries will have government strategies that are relevant to cooling efficiency programs (e.g. Nationally-Determined Contributions or NDCs, and Minimum Energy Performance Standards or MEPS). The integration of a program with these strategies could be demonstrated at a minimum by showing that the goals of the program are consistent with the government's strategy or more comprehensively by indicating the program was a collaboration with government stakeholders that have responsibility for the relevant government strategy.

*What are 'mechanisms to ensure the impact achieved will not be offset by rebound effects'?*

Rebound effects occur in efficiency programs when efficiency savings are offset by higher overall consumption (e.g. more efficient equipment reduces a factory's energy bills, which then allows the company to increase its energy consumption for a given energy spend). Mechanisms to avoid these effects could include ensuring programs also include a strong outreach component such that end-users are made aware of the benefits of reduced energy consumption (e.g. cost savings, emissions savings) and the negative impact rebound effects have on these benefits.

*Readiness to implement*

*How can political support for the program be demonstrated?*

Applicants could demonstrate political support for their program in a variety of ways but most directly by citing institutions within the country of implementation that have been consulted and indicated that they support the program. Such support could be evidenced by attaching, for example, emails, letters, or newspaper articles.

*How should stakeholder interest in the concept be demonstrated?*

Applicants should describe what consultation or market testing/analysis (if any) has been done to demonstrate stakeholder interest in the proposed concept. Examples could include market surveys, interviews, or analysis of sales of/interest in similar products. Applicants should also detail what further stakeholder consultation may be required to validate interest.

*What does 'supply chain readiness' mean?*

In order to effectively implement their proposed activities, cooling efficiency programs will need a suitable and reliable supply chain in place in their target market(s). For example, if the program includes providing subsidised energy audits, there will need to be sufficient high-quality energy auditors available in the target market.

*What are 'key implementation barriers and risks'?*

Applicants should assess barriers and risks to successful program execution. For example, the following general categories may be useful to consider: awareness and commitment to change;

market demand; technical capacity; and financial resources. Applicants should identify how key barriers and risks can be mitigated. The discussion of key barriers and risks should be made as specific as possible to the particular market the program is targeting.

### *Team and experience*

*What description should be given of team experience in target countries and program activities?*

The team experience described should be in terms of activities performed and responsibilities held in the relevant geographies and should be described in sufficient detail to make the relevance of the experience to the current program proposal clear to anybody reading it.

### *Funding requirements and financing*

*What is an appropriate high-level breakdown of planned funding requirements?*

The breakdown could specify major cost groups such as personnel costs, travel expenses, licences or it could specify activity costs (e.g. marketing, training, analysis, concessions on finance).

*What should be provided under planned use of Window 3 funding?*

This section should specify what Window 3 funding will be used for (e.g., to finance technical specification documents, or to design a rebate program for efficient air conditioner replacement) and how it will be deployed (e.g., through contracts with specialized technical consultants).

*What is substantiation of financial commitment towards program implementation?*

This section should substantiate how the planned financing will be completed. This could include in-principle commitment from an investor, private sector bank, or financial institution, a budgetary allocation of funds, or letters of interest or documented indications of support. Recognising that this will in some cases be difficult, forecast or expected contributions can also be described.

*What is planned financing?*

The overall financing plan for the program should be provided here. This includes all sources of finance – Window 3 funding, submitter equity/contribution, grants/budgetary contributions, credit/loans, and/or financial resources from any other source that will be deployed towards the program.

*What is planned allocation of funds?*

This section should break down the financing plan above by ultimate recipient of the funding, be it an implementing partner, or a subcontractor, or other program party, and should show clearly how Window 3 and other resources will be allocated.

# Kigali Cooling Efficiency Program (K-CEP)

## Window 3 (Finance)

### Initial Application Form

K-CEP is making available a total of up to USD 10 million under Window 3 to fund programs seeking USD 2 million to USD 5 million to support energy efficient, clean cooling finance in eligible developing countries. Separate funding for the capital component of programs will need to be secured from governments, development banks, private sector banks, climate funds, or other financial institutions (in-principle commitments to provide such funding, or strong indication of financing availability, will be required).

Anyone wishing to apply to the Kigali Cooling Efficiency Program Finance Window (Window 3) must complete this form. Applicants best meeting our screening criteria will be invited to submit a revised proposal and/or provide further details. Please fill out the form according to the guidance given under each heading, ensuring that you provide clear, concise answers for each and every part of the question (bullet point format is acceptable).

We urge you to refer to the K-CEP Window 3 *Frequently Asked Questions* (FAQs) document for further information on Window 3 and on how to answer questions in this form.

You may attach short documents (preferably under 10 pages) with your submission and refer to these in answers to questions (where relevant). The word limits are not a target and we value concise answers. Please heed the word limits for each question as we will stop reviewing answers beyond these limits.

The Carbon Trust is supporting K-CEP in the implementation of Window 3. If you would like to submit queries on Window 3 or this application form, or to submit your completed application form, please email [coolingefficiency@carbontrust.com](mailto:coolingefficiency@carbontrust.com).



Program and submitter data	
<i>Program title</i>	
<i>Country/ies of implementation</i>	
<i>Program start</i>	MM/YYYY
<i>Program end</i>	MM/YYYY
<i>Total program funding volume</i>	USD million
<i>Total Window 3 funding volume</i>	USD million
<i>Name of submitter</i>	
<i>Legal form/organisation type</i>	Private company/ NGO/ development bank/ other
<i>Year established</i>	
<i>Total staff</i>	
<i>Average turnover of the last three commercial years in USD</i>	
<i>Contact</i>	Name
<i>Telephone</i>	
<i>Email</i>	
<i>Website</i>	

Program concept	
<p><i>Brief description</i> (Limit 200 words)</p>	
<p><i>Starting situation in the country of implementation/ target region</i> (Limit 200 words)</p>	
<p><i>Target market and technology(ies)</i> (Limit 200 words)</p>	
<p><i>Target outcome (overall program goal)</i> (Limit 200 words)</p>	
<p><i>Target outputs (specific program deliverables)</i> (Limit 200 words)</p>	
<p><i>Planned measures and activities</i> (Limit 400 words)</p>	
<p><i>Additionality of planned measures and activities</i> (Limit 200 words)</p>	

Expected long-term results (impacts)	
<p><i>Contribution to emissions reductions</i> (Limit 200 words - indicate the program contribution to direct or indirect emissions reductions and how this could be verified).</p>	
<p><i>Contribution to unlocking additional (especially private) capital</i> (Limit 200 words)</p>	
<p><i>Financial sustainability post-Window 3 support</i> (Limit 200 words)</p>	
<p><i>Replicability of results, potential multiplier effect</i> (Limit 200 words)</p>	
<p><i>Integration of program in strategies of target country(ies), especially in adoption or increase of MEPS, links to national plans and/or faster reduction in F-gases.</i> (Limit 400 words)</p>	
<p><i>Mechanisms to ensure the impact achieved will not be offset by rebound effects</i> (Limit 200 words)</p>	

Readiness to implement	
<i>Policy environment and political support for the program in the country(ies) of implementation (Limit 200 words)</i>	
<i>Stakeholder interest in this concept (Limit 200 words)</i>	
<i>Readiness of the supply chain to deliver (Limit 200 words)</i>	
<i>Key implementation barriers and risks, and how these will be mitigated or overcome (Limit 400 words)</i>	

Team and experience	
<p><i>Proposed team (names of key personnel, position in program, and brief bios summarising experience)</i> (Limit 400 words)</p>	
<p><i>Team experience in target country(ies) (description and number of years)</i> (Limit 200 words)</p>	
<p><i>Team experience in program activities (description and number of years)</i> (Limit 200 words)</p>	
<p><i>Implementing partner(s) / sub-contractors (summary of relevant experience and role in program)</i> (Limit 400 words)</p>	

Funding requirements and financing			
<i>Planned funding requirements (overall program costs and high-level breakdown)</i>			
<i>Planned use of Window 3 funding</i>			
<i>Substantiation of financial commitment towards program implementation (Limit 200 words)</i>			
<i>Planned financing (overall program)</i>	<i>Window 3 funding volume</i>	USD million	
	<i>Own funds provided by submitter/ implementing partners</i>	USD million	
	<i>Third party grants/other external funding</i>	USD million	
	<i>TOTAL</i>	USD million	
<i>Planned allocation of Window 3 funding and own funds to program implementing partner(s)</i>	<i>Final recipient</i>	<i>Window 3 funding (USD, million)</i>	<i>Other funds (USD, million)</i>
	<i>Submitter</i>		
	<i>Implementing partner/ subcontractor 1</i>		
	<i>Implementing partner/ subcontractor 2</i>		
	<i>Other implementing partner/ subcontractor</i>		
	<i>TOTAL</i>		

# Kigali Cooling Efficiency Program (K-CEP)

## Window 3 (Finance)

Evaluation form for [insert program name]

Criteria	Brief description	Rating	Summary Comments
<b>Program concept</b>	Target country/region starting situation clearly specified	Choose an item.	
	Target market and technologies clearly specified	Choose an item.	
	Target outcomes and outputs are clear and compelling	Choose an item.	
	Planned measures and activities are clear and compelling	Choose an item.	
	Demonstrates clear additionality	Choose an item.	
<b>Expected long-term results (impact)</b>	High emissions reductions per USD invested (low GWP refrigerant and high energy efficiency)	Choose an item.	
	Significant capital leverage secured or likely to be delivered	Choose an item.	
	Activity is sustainable beyond Window 3 funding	Choose an item.	
	Results are replicable	Choose an item.	
	Program is integrated in local strategies	Choose an item.	
	Includes measures to mitigate rebound effects	Choose an item.	
<b>Readiness to implement</b>	The policy and political environment is supportive	Choose an item.	
	There is stakeholder interest in this concept	Choose an item.	
	Evidence has been presented that supply chains are ready	Choose an item.	
	Strategies for overcoming key barriers are clearly specified	Choose an item.	
<b>Team and experience</b>	Sufficient high-quality, relevant country experience demonstrated	Choose an item.	
	Sufficient high-quality, relevant subject experience demonstrated	Choose an item.	
<b>Funding requirements and financing</b>	Funding is appropriate relative to impact	Choose an item.	
	Appropriate financing secured from third parties	Choose an item.	