



Partnering for Accelerated
Climate Transitions



Market Engagement Webinar Mexico

25/06/2020

Agenda

10:00-10:15	00	Welcoming remarks
10:15-10:30	01	Introduction to the UK PACT programme
10.30-10:55	02	Mexico-UK PACT - Call for Proposals
5 min break		
11:00-11:10	03	Application process and requirements
11:10-11:20	04	Building a strong project
11:20-11:30	05	How we will select
11:30-11:55	04	Q&A
11:55-12:00	05	Wrap-up and next steps

Welcoming remarks

HM Ambassador Corin Robertson
British Embassy, Mexico

AUDIENCE POLL



Introduction to UK PACT

Jenny McInnes, Deputy Director
International Climate Finance
BEIS London

01

UK PACT: Partnering for Accelerated Climate Transitions

UK PACT is a £60 million programme running between 2018 and 2022



- Delivered by **BEIS, the UK's Department for Business, Energy and Industrial Strategy**, through the UK's International Climate Finance (ICF)
- Supporting **achievement of Nationally Determined Contributions (NDCs)** and the long-term goal of the 2015 Paris Agreement to **limit dangerous climate change**
- Contributing to **sustainable and inclusive economic growth**
- **Demand-driven**, adjusting key focus areas based on partner countries' political and economic context and sectoral priorities

It will achieve this by:

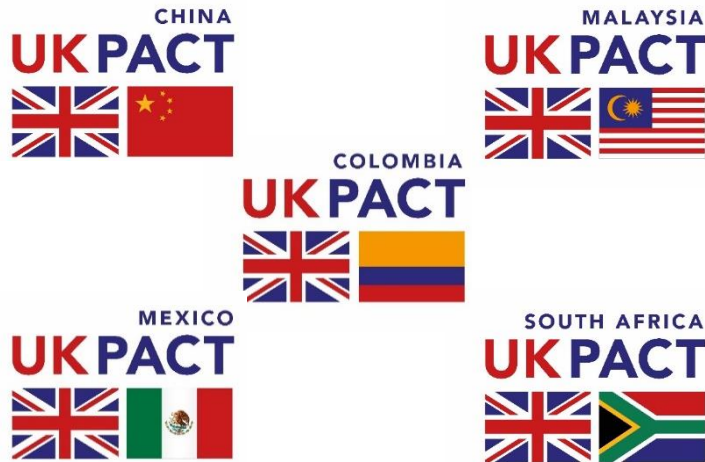
1. Working with partner countries to improve the capacity and capability of key institutions (public, private, and civil society) to reduce emissions and foster inclusive economic growth
2. Addressing barriers and constraints to clean growth
3. Pursuing opportunities for greater climate ambition

UK PACT – Programme Structure

A flexible, demand-driven delivery model to support transformational change

UK PACT is designed to be **flexible and adaptive**, with **3 core components** to its delivery model:

Country Programmes



Support in partner countries for **demand-driven projects providing capacity building** to accelerate low-carbon transitions

Green Recovery Challenge Fund



Support for **innovative capacity building** projects in a **wider range of ODA-eligible countries** to promote emissions reductions and low carbon solutions

Skill-shares and secondments



Short term **skill shares** between UK experts and their country counterparts, and long-term **secondments** into key institutions

UK PACT – Country Programmes

Palladium International Ltd will deliver the Country Programmes

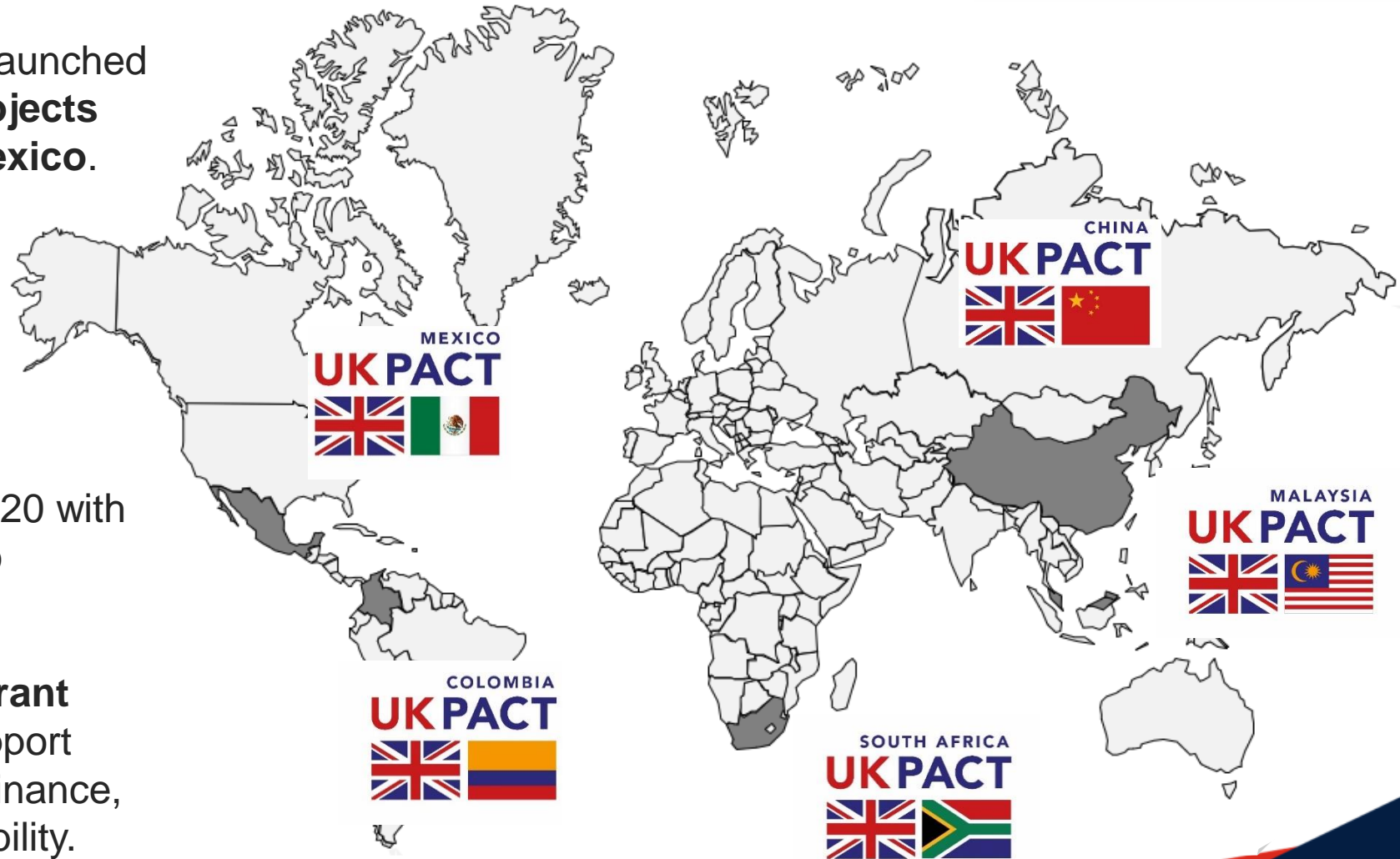


Department for
Business, Energy
& Industrial Strategy

UK PACT

Partnering for Accelerated
Climate Transitions

- The first phase of UK PACT was launched in 2018 and has supported **34 projects across China, Colombia and Mexico.**
- The second phase launches in 2020 with Country Programmes extended to **Malaysia and South Africa.**
- Through an **open, competitive grant facility**, UK PACT will seek to support activities in areas such as green finance, clean energy and sustainable mobility.



History of Mexico-UK PACT

A first phase of projects was launched in 2018

- A first call for proposals was launched in Mexico in 2018, funding 12 projects in areas of **climate policy, energy, sustainable mobility, waste and green finance**
- Projects totalled a funding allocation of around **£2.6 million**
- **Example projects** funded include:
 - Developing policy incentives to redirect Mexico's mainly fossil fuels-based residential electricity subsidy towards an **incentive for PV Solar distributed generation for rooftops of homes**.
 - Delivering a 'Road Map for Urban Mobility', **mapping best practices to improve urban freight transport routes in Mexico City**, reducing vehicle emissions and air pollution in the metropolitan area.
 - Building local-level capacity in municipal and state governments **to access green finance and develop bankable green finance projects**, ranging from electric vehicles, to solar installation and improved waste treatment systems.



Mexico-UK PACT Call for Proposals

02

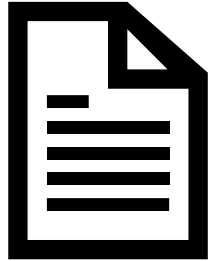
Key parameters for upcoming funding round

The 2020 call for proposals will allocate up to £4.5 million of funds through an open, competitive grant facility



The following key parameters will guide the next call for proposals in Mexico:

- Up to **£4.5 million of funds** to be allocated through an open, competitive call for proposals
- Individual project grants in the range of **£100,000 - £500,000** (maximum ceiling)
- Maximum project duration of up to **12 months**; estimated start date **January 2021**
- Projects should deliver **technical assistance, capacity building** support

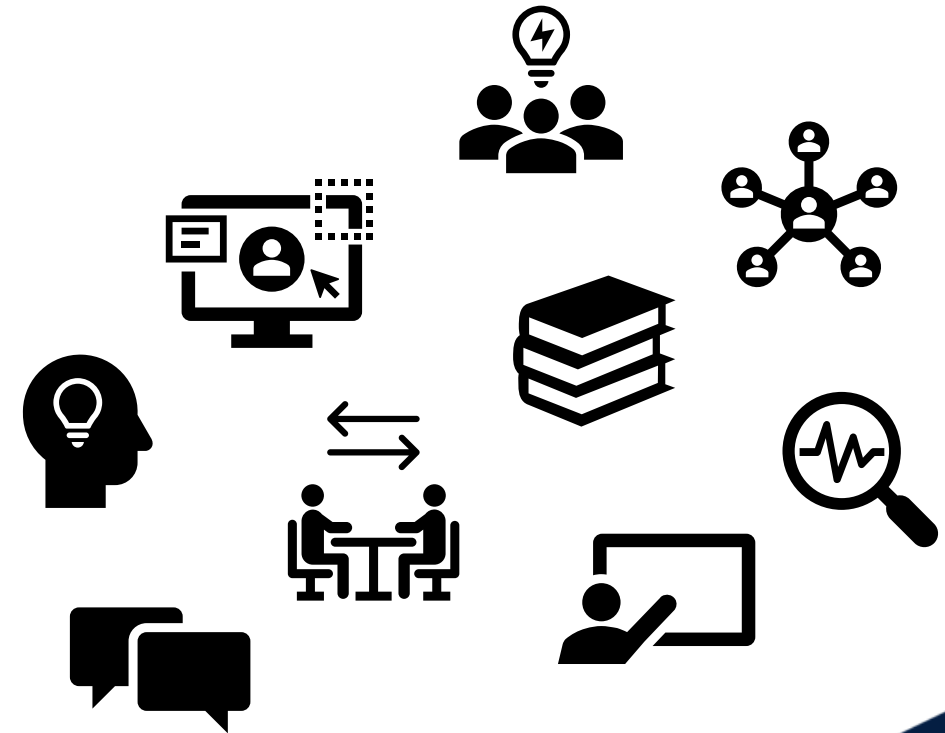


What is meant by Technical Assistance?

UK PACT projects should help build capacity, capabilities and knowledge within key institutions to support low carbon transitions and emissions reductions



- Technical Assistance is defined as non-financial support provided by external specialists
- UK PACT activities may include:
 - research and studies;
 - training;
 - advisory services;
 - convening and facilitation of dialogues and exchanges;
 - development and communication of models, tools and other resources;
 - provision of recommendations and review services
- Activities aimed at building capacities, capabilities and knowledge to support low-carbon transition



Who provides Technical Assistance?

Types of organisations eligible for UK PACT grants (UK PACT Implementing Partners)



The following types of organisations are considered eligible for UK PACT Grant Funding:

- Academic institutions
 - Consultancies and engineering firms (private sector firms)
 - Industry or professional associations
 - NGOs
 - Think tanks
-
- Organisations that have the knowledge, skills and experience to deliver Technical Assistance projects relating to one of the priority sectors

Who are the beneficiaries of Technical Assistance?

As a demand led programme, demonstrating strong beneficiary relations and buy-in is key



Primary beneficiary partnerships must include:

- Government:
 - Central Government / Ministries
 - Regional / State / City / Community
 - State Enterprises and other state funded agencies, regulatory bodies and policy centres

Secondary beneficiaries could also include:

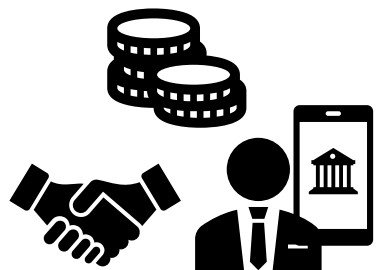
- Industry Associations and Labour Organisations
- NGOs and Community Organisations
- Private Sector Enterprises

Generally in partnership with primary beneficiary partners as listed above.

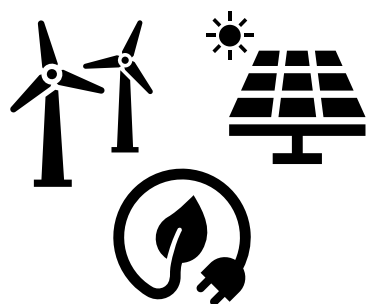


Priority sectors for the next Call for Proposals (CfP)

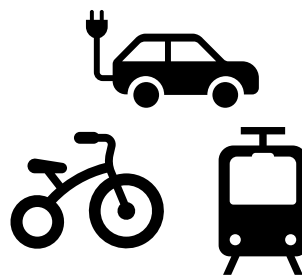
UK PACT has selected five priority sectors for the next CfP



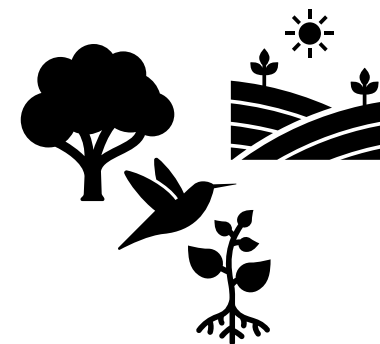
**Green
Finance**



Energy



**Sustainable
mobility**



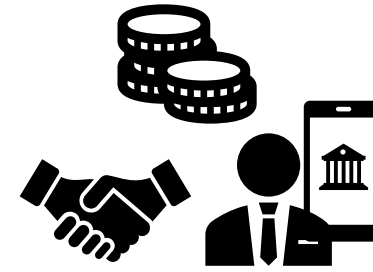
**Forests and
Land Use**



**Climate
Policy
Support**

Green Finance

Supporting consolidation of and further growth in Mexico's achievements as a Green Finance leader in Latin America



Mexico is a leader in the region when it comes to green finance, with a well-developed stream of activities, led by both private and public sector actors. Further, Mexico has pioneered instruments and protocols that create an enabling environment for sustainable finance.

Potential UK PACT interventions in green finance in Mexico are anticipated to take two forms: the greening of standard practices (*greening finance*) and the greening of investments themselves (*financing green*).

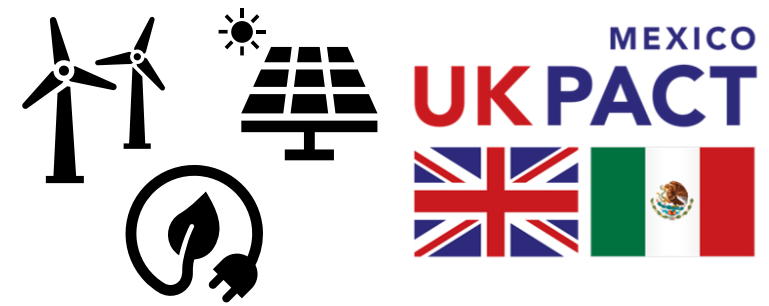
The types of projects include:

- Assist the financial sector to incorporate green standards, including ESG and climate risk, and adopt international best practices to fit the Mexican context;
- Support preparation of bankable green projects and mobilise further investment;
- Incentivise green bond issuance and development of blended finance models to further green investments;
- Further institutionalise green finance through development of new facilities, networks and partnerships.

These are example interventions and we also welcome innovative proposals that align with core UK PACT objectives and criteria – including green recovery and poverty alleviation

Energy

Strengthening energy security and a just transition through improved energy efficiency measures and diversification of supply



Mexico has potential to achieve significant emissions reductions through improved energy efficiency practices and the diversification of energy supply.

Though energy efficiency legislation and standards have been developed, more support is needed to ensure implementation and enforcement.

There are also opportunities for small scale or community based RE installations in areas not covered by the electricity network, which can provide useful demonstration projects due to their social value in reducing energy poverty and strong potential for job creation.

The types of projects include:

- Support implementation of and enforcement of energy efficiency measures, especially in the construction, public building and infrastructure, and transport sectors;
- Disseminate capacitation and awareness to owners, operators, public workers and the general public on the economic and environmental benefits of energy efficiency;
- Demonstrate potential for small-scale distributed energy and off-grid (local or community) supply, creating social value in the energy sector (note that proposals here will need to present strong evidence of potential for further replication and scaling to align with UK PACT impact objectives).

These are example interventions and we also welcome innovative proposals that align with core UK PACT objectives and criteria – including green recovery and poverty alleviation

Sustainable Mobility

Expanding sustainable mobility solutions across Mexico at the sub-national and city level



Mexico's NDC set the unconditional target of reducing transport sector emissions by 18% in relation to the baseline in 2030. Furthermore, Mexico has announced the target of achieving zero emissions from new motorcycles, cars and buses by 2050.

At the federal level, significant policy and legislative reforms have been in development to further promote electromobility and sustainable urban planning to help achieve these targets.

At the subnational level there has been sustained interest from governments to promote and implement alternative sustainable public transport systems, and this is expected to grow in the post-COVID19 green recovery efforts. However, more support is needed to build capacity and mobilise resources to develop 'bankable' project proposals.

The types of project include:

- Strengthen and accelerate design and management of local public policies that promote modal change to sustainable transport systems and promote metropolitan coordination between municipalities and states aiming at integrated transport systems;
- Support sub-national actors to structure bankable project proposals in sustainable mobility and explore alternate financing sources to fund new developments;
- Support in the design of financial and non-financial incentives to encourage uptake of sustainable mobility solutions amongst the general public.

These are example interventions and we also welcome innovative proposals that align with core UK PACT objectives and criteria – including green recovery and poverty alleviation

Forests and Land Use

Supporting Mexico to realise the significant emissions reduction and socio-economic potential of its forest and land use sector



Forests in Mexico are home to more than 12 million people, most of whom live in poverty and directly depend on local natural resources for their livelihood. However, despite ambitious restoration targets and efforts to enhance the value of standing forests, deforestation and forest degradation levels are on the rise.

Support is needed to prove and capitalise on the commercial potential of community forests and alternative land use models (current policies favour extensive production models related to agriculture and livestock), as well as to develop restoration models that are sustainable, economically viable and can go to scale.

The types of project include:

- Provide research and analysis that can support longer term policy reform, programming and investments in the sector (aligned with UK PACT grant timeframes);
- Compile lessons learned on past restoration initiatives to identify scalable and replicable strategies, tech packages, business potential, market access and incentives;
- Strengthen the capacity of local communities and ejidos to generate income from forest goods and services, and sustainable agricultural models, for example through training and capacity building on how to incubate and accelerate community forest enterprises and access necessary investments for sustainability.

These are example interventions and we also welcome innovative proposals that align with core UK PACT objectives and criteria – including green recovery and poverty alleviation

Climate Policy Support

Supporting implementation and coordination of Mexico's NDC at the federal and sub-national levels



Mexico has been an early trailblazer in establishment of climate policy, though progress has slowed in recent years and more support is needed to ensure implementation of commitments at both the national and subnational levels.

Capacity building support at the subnational level, coupled with strengthening of institutions and frameworks to analyse, plan, implement, monitor and evaluate climate actions, could hold significant acceleration potential to support progress against NDC targets. Furthermore, more efforts are needed to improve coordination and coherence of climate policy across key sectors (energy, mobility, construction, waste, land use, etc.).

The types of project include:

- Support the development and strengthening of climate policy frameworks at the national and subnational level (legislation, institutional frameworks, local level mitigation actions, tools and MRV systems) – especially those aligned with other UK PACT priority sectors;
- Provide capacity building at subnational level to understand and adopt national targets on GHG emissions reductions, and to align local climate policy and actions to these – focusing on states and cities with the greatest need;
- Support federal and state governments in establishing carbon budgets to achieve national emissions reductions targets (aligned with green finance sector).

These are example interventions and we also welcome innovative proposals that align with core UK PACT objectives and criteria – including green recovery and poverty alleviation

Ensuring projects deliver sustainable social impact

Poverty alleviation, inclusive economic growth and gender and social inclusion are all key criteria and objectives for UK PACT projects



- UK PACT projects should match emissions reductions ambitions with a clear pathway to delivering **sustainable social and economic benefits**
- We will be looking for evidence of how projects align with these **broader national objectives to address poverty and inequality** and **ODA eligibility criteria** as part of the selection process
- This may include aligning projects to key national agendas such as the **Agenda 2030** and SDG ambitions

Adapting to COVID-19 – Supporting a ‘green, clean & resilient recovery’

UK PACT aims to deliver sustainable change and should play a role in supporting green and inclusive economic recovery efforts for Government, businesses and civil society



- UK PACT has an important role to play in contributing to a ‘**green, clean and resilient recovery**’ and supporting new policy, planning, investment and action remains aligned with climate ambitions
- As part of our assessment criteria for the next phase of UK PACT, we will be looking for evidence of how project proposals can contribute to **both emissions reductions and economic recovery** objectives
- We will also be looking for **robust risk assessments and mitigation strategies** to ensure projects have the necessary built-in flexibility and adaptability to prepare for continued uncertainty and change within the operating environment



AUDIENCE POLL





Break – We are
on break for 5
minutes



Application
process and
requirements

03

Two key application stages: Eol and Full Proposal

What are the main components of each stage?



STAGE ONE: Expression of Interest (Eol)



- Capturing initial concepts: assessing eligibility, strategic fit and early planning
- High level budget

STAGE TWO: Full Proposal



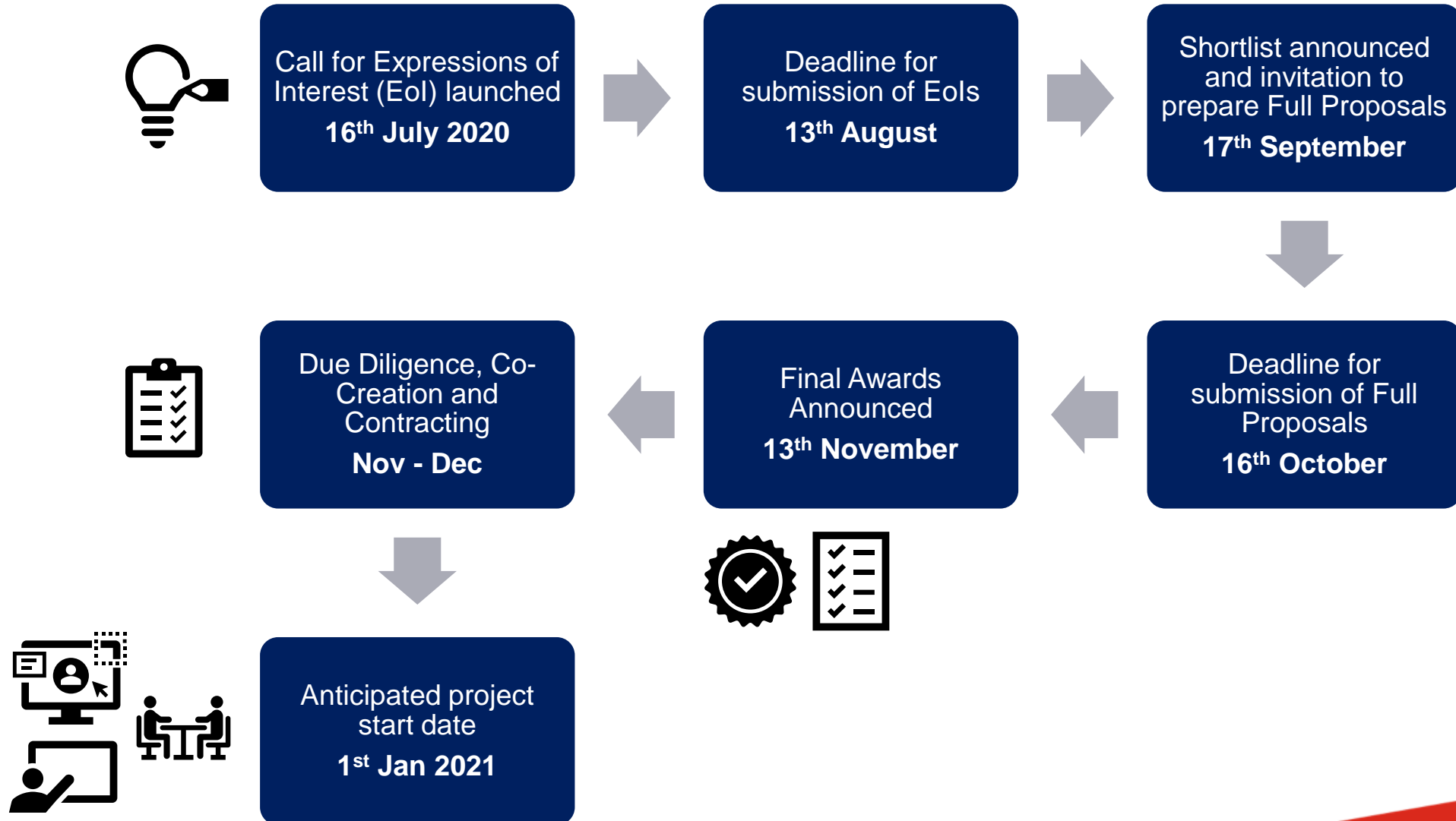
- More detail provided on full project scope, activities, management, risk and reporting
- Detailed budget



Applicants successfully selected following Expression of Interest stage will be provided further guidance during the selection process

Overview: application key steps and timeline

Indicative timeframe for CfP process:



What's required? Eligibility requirements



Organisation eligibility

- ✓ Think tanks, consultancies (private sector firms), academic institutions, NGOs, professional associations or similar organisations that have the knowledge, skills and experience to deliver Technical Assistance projects relating to one of the priority sectors outlined
- ✓ Registered to lawfully conduct activities in Mexico
- ✓ Experience of delivering similar projects
- ✓ Consortia welcome

Project Eligibility

- ✓ Strategic fit with the UK PACT priorities outlined
- ✓ Demonstrate clear pathway and plan to engage intended beneficiaries in Mexico
- ✓ Up to 12 months duration (including delivery of intermediate outcomes)
- ✓ Between approximately £100k and £500k
- ✓ ODA Eligible (Economic Development and Social Welfare)
- ✓ Incorporating opportunities for Gender Equality and Social Inclusion (GESI)



Building a
strong project

04

Project Building – Developing a successful project

The importance of developing a “Theory of Change” (project logic)



- Clearly outlined activities
- Clearly outlined outputs that address key constraints to UK PACT objectives
- A causal link between the proposed outputs and intermediate outcomes

Applicants should explain how outputs will lead to enhanced capacities and capabilities amongst target stakeholders, and how this in turn will contribute to enhanced and sustained action on emissions reductions.

Further Monitoring, Evaluation and Learning (MEL) Guidance will be available during the application process.

Project Building – Developing a successful project

UK PACT aims to work through four key outputs. Others are eligible.



Problem:

Greenhouse gases cause climate change, which reduces prosperity and undermines security.

The rate of emissions reduction is still inadequate for curbing climate change impacts, which disproportionately affect the poorest and most vulnerable.

Constraints:

to addressing the problem

Competing priorities and interests

Lack of capacity

Lack of financial resources

Inputs:

Coordination & engagement

Technical expertise

Country & thematic funding windows

Programmatic learning

Outputs:

1. Skills enhanced

2. Recommendations proposed

3. Knowledge & communication products

4. Network links established

Intermediate Outcome:

Stakeholders adopt programme outputs, improving the political economy for accelerated climate action

Impact: Accelerated emissions reductions in target countries



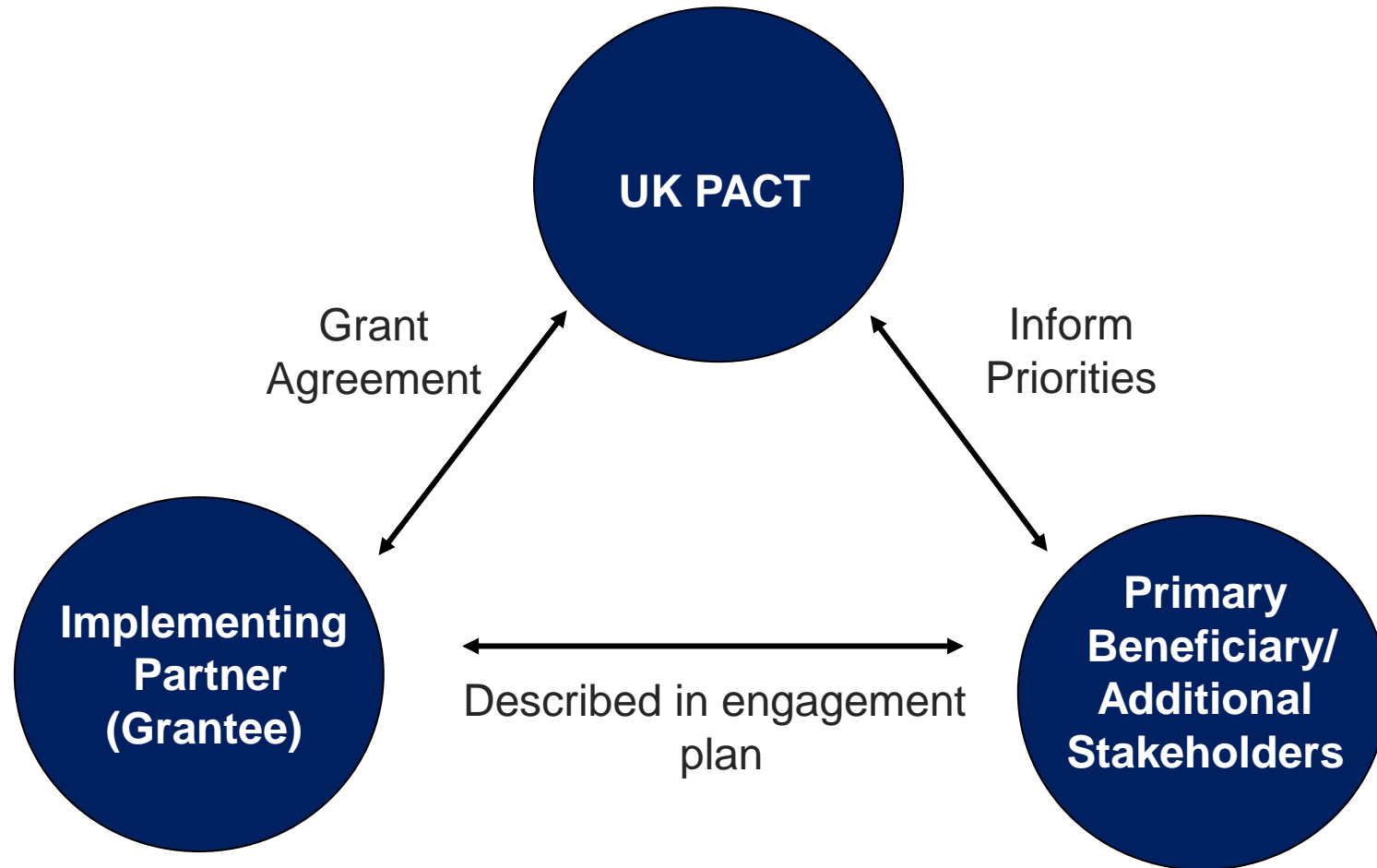
Outcome:

Enhanced and sustained action on emissions reduction (implementation and use of outputs)

**UK PACT
KEY
OUTPUTS**

Project Building – Developing a successful project

Demonstrating a close collaboration model



Project Building – Beneficiary engagement

What do we expect to see at each stage?



Expression of Interest (Eoi) Stage:

Identify primary beneficiary partnerships and additional stakeholders.



Full Proposal Stage:

Shortlisted applicants will be asked to develop proposed engagement plan with beneficiaries as appropriate to the project. This could include:

- Informing beneficiaries through regular communications,
- Establishing joint working groups,
- Agreeing to more specific project Terms of Reference if appropriate

Budgeting for UK PACT

Submitting a proposal that includes eligible costs



Eligible costs include:

- Consultancy and staff time required to deliver activities
- Marketing and communications costs directly related to project delivery or to promote the project(s) delivered under UK PACT. Wider marketing and communications costs linked to other work delivered or to the organisation receiving the grant are not eligible
- Travel and subsistence costs for staff or consultants working on the project when delivering project activities
- Other delivery costs directly related to activities and outputs (workshops, seminars, production of outputs, translation etc.)
- Reasonable administration costs/overheads.

Budgeting for UK PACT

Submitting a proposal that includes eligible costs



- UK PACT **does not fund** the purchase or maintenance of any assets (capital expenditure or CAPEX)
- Unless approved by the UK PACT programme team, the funds **cannot be used to pay for the costs/ time of any other organisation/ expert** other than those approved and indicated during the Call for Proposals process
- The funds **cannot be used to pay for Government Officials' time** involved in the project
- Applicants should note that **UK VAT is not eligible** as a cost in the budget however, **local taxes** can be included

Reporting and monitoring, evaluation and learning (MEL)

Developing a robust MEL framework will be essential for capturing project impacts and building the evidence base for UK PACT interventions



- Full proposal stage – initial, fully costed, project plan will be developed, including indicators and verifiers to track progress against expected outputs and intermediary outcomes
- Further guidance on UK PACT's programme level MEL framework, including ToC and logframe, will be provided alongside the application process to facilitate project MEL development
- Projects will be expected to report on a quarterly basis on MEL, alongside technical, financial and risk reporting
- Projects will be encouraged to identify opportunities for developing case studies



Grant Payments and Reporting

What payment mechanisms do you offer?

- Payments to recipients to be made in arrears upon the achievement of pre-agreed milestones (**Milestone cost reimbursement**).
- Once pre-agreed milestones have been achieved, recipients may request reimbursement for any eligible costs incurred undertaking grant funded activities.
- Applicants should consider whether they are able to cashflow the project they are proposing to deliver.
- Payments will be made in **GBP (£)**. Applicants will be expected to manage exchange rate fluctuations.



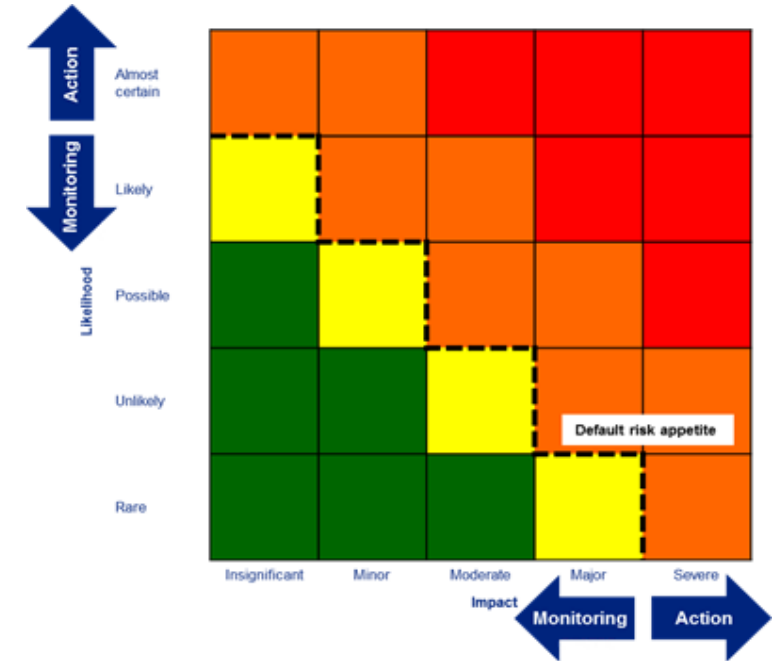
Milestone cost reimbursements

- Evidence of achievement of pre-agreed milestones is required to trigger payment
- Reporting takes place at least quarterly
- Payment is made on the basis of actual amount spent up to the point of milestone achievement.
- All expenditure is evidenced throughout implementation as standard.

Risk Management

Ways in which we will monitor and manage risks at project level:

- **Regular check ins** – we monitor and update our live risk register regularly and will arrange monthly meetings with you to discuss your risk register
- **Field visits** – depending on the nature of the contract we will conduct site visits throughout the project to conduct routine assessments
- **Technical & financial reporting / milestone management** – as part of the quarterly reporting we will take more of a formal look back at the risks to see how/ if they have escalated, also noting any new risks
- **Budget tracking** – underspend / overspend – as part of the quarterly reporting you will be required to report on any variances to the budget/ expected spend to date





How we will
select

05

Key principles of selection

Project selection criteria designed to ensure a strong portfolio of relevant projects



Transformational change:

- Far reaching interventions interventions that can overcome widespread behavioural inertia
- Encouraging others to adopt, replicate and scale-up successful activities
- Facilitating substantive institutional and policy change towards a low-carbon future

Demand led:

- UK PACT objectives and local and national priorities
- Beneficiary and stakeholder interest

Deliverability:

- Skills, knowledge, experience to deliver the project
- Technically sound delivery model

Value for Money:

- The Four Es (Economy. Efficiency, Effectiveness and Equity)

Key principles of selection: Political Will and Buy-In

Responding to demand, evidencing political will and support for the project



- ✓ Need for the project and level of demand for the project
- ✓ Strong understanding of the context
- ✓ Primary beneficiary engagement in the development of the project proposal
- ✓ Plan for working with beneficiaries to deliver
- ✓ Identification of other stakeholders and their type and level of interest.
- ✓ Broad support from across societies, cultures, and interest groups
- ✓ Clear plan for maintaining support as the project progresses
- ✓ Impact of COVID -19



Key principles of selection: Incentivising Action

Ensuring we support projects that will incentivise action and ensure uptake of outputs



How will the project **incentivise others to act on climate change**:

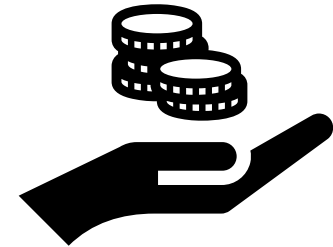
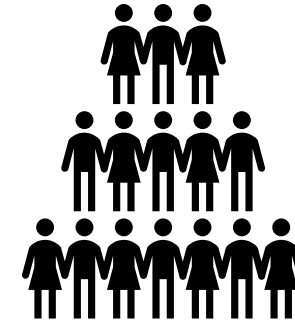
- For policy and capacity building activities:
 - how the project **could** lead to incentivised action (for example producing evidence making acting on climate change a sensible decision for public agencies, commercial firms, and private individuals) and then **how the applicant will carry out activities** that encourage that uptake.
- For project level interventions (initiatives in sub-national energy efficiency or city level sustainable mobility):
 - a strong understanding** of the **replicability** and the **scalability** of the project activities and results. This includes **outlining who might replicate project activities** and results and how, and **identifying pathways to scale**.

Key principles of selection: Economic Development & Poverty Alleviation

Delivering positive economic and social outcomes across society



- All UK PACT projects must be focused around economic development, poverty alleviation and welfare objectives
- Applicants will be asked to describe how the project could lead to improved economic outcomes across society
- This includes **identifying both potential positive and negative actions and outcomes**



Key principles of selection: Gender Equality and Social Inclusion

Delivering positive outcomes for all



Gender Equality and Social Inclusion (GESI) will be mainstreamed into the Grant Selection process:

- Identify possible positive and negative outcomes or unintended impacts
- Identify activities that offer opportunities for inclusion
- Identify how they will monitor and evaluate specific GESI related impacts during project implementation

Social inclusion:
improving the
conditions of
disadvantaged
individuals and groups

Equality: distribution
of opportunities,
choices and resources

Key principles of selection: Skills, knowledge and experience



Projects will be assessed to ensure:

- The proposed consortium has **relevant knowledge and experience** in the subject area and the **skills in the team to deliver the project**. This might include:
 - Staff members with a relevant background
 - Experience delivering similar contracts
 - Appropriate blend of partners within consortium
- We welcome applications from consortia involving international, UK based and local partners
- Strong networks in country are required

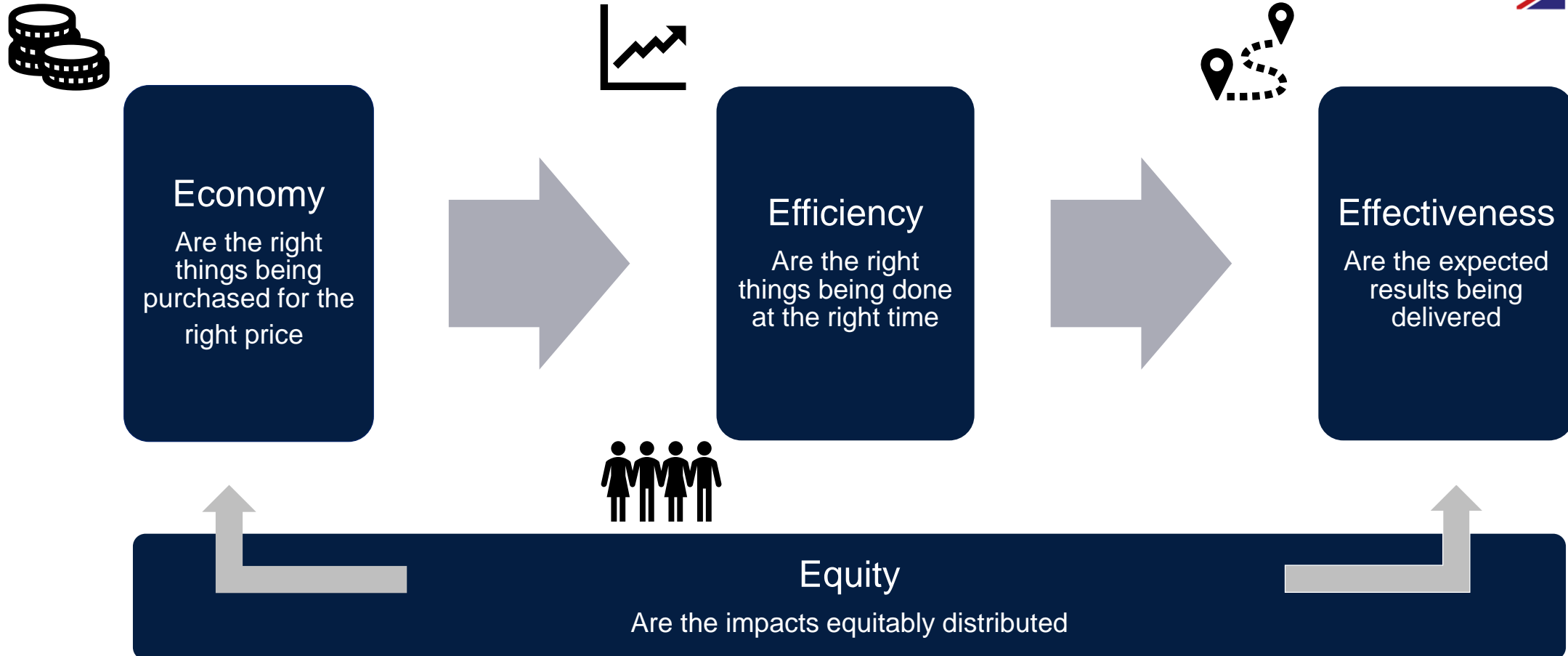
Key principles of selection: Commercial Viability



- The value of the budget is **within the available funding range**
- The costs indicated are **eligible and reasonable** for the market, are clearly linked to the activities and outputs outlined.
- There is a robust **approach to ensuring cost reasonableness**. This includes: benchmarking of staff rates; appropriate procurement processes or policies; no contingency included in overheads.
- There is a **clear plan for managing the project**, to ensure activities stay on track and deliver project results. That includes a plan for collating evidence of activities and reporting on project outputs and outcomes.
- **Risks are managed**, with clear plans for mitigating and understanding impact of each risk.
- **Environmental impacts of the project are managed** and reduced. For example through reducing travel, tracking emissions, carbon off-setting, environmental policies etc.



Key principles of Selection: Value for Money



We will conduct due Diligence - Pre and Post Award



- Financial Health, Financial Governance, and Fraud Control Policies
- Governance (including good conduct)
- Conflict of interest
- Data security
- Procurement
- Recruitment and employment practice
- Safeguarding practices
- Environmental Safeguards
- Sub-subcontractors
- Any additional disclosures
- Self-certification
- Palladium will request and review basic due diligence information at EOI stage and a more in depth due diligence review post award
- Palladium will support organisations with training and other forms of ad hoc support to help grantees through the process
- Assessment of the due diligence information will respond to specific risks relevant to the programme

How to apply?

Applications should be made through UK PACT's online application portal



- Launch date: **16th July 2020**
- Language of application: ENGLISH
- Online EOI form
- All sections completed, within word limits
- Eligibility and due diligence checklist completed
- Further guidance, including consolidated FAQ, will be made available to accompany the application process
- Application portal: www.UKPACT.co.uk

AUDIENCE POLL



Q&A



Wrap-Up

Next steps

Reminder on upcoming timeframes for application



- Presentation will be published on UK PACT website in coming days
- Survey to be sent out to participants to gather additional feedback on webinar, call for proposals and preparing for green economic recovery (please reply by **30th June**)
- Window for further Q&A open until **30th June** (contact us section of UK PACT website)
- FAQ will be consolidated and published alongside the CfP on **16th July**

Thank you