



This document presents responses to the requests for clarification received from potential applicants to the UK PACT Green Recovery Challenge Fund.

UK PACT Green Recovery Challenge Fund

Responses to requests for clarification

September, 2020

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Abbreviations

BEIS: The Department for Business, Energy, and Industrial Strategy

COP26: The 26th session of the Conference of the Parties

DEFRA: The Department for Environment, Food & Rural Affairs

EOI: Expression of Interest

FEC: Full Economic Costing

GBP: Great British Pound

G&I: Gender and Inclusion

GRCF: Green Recovery Challenge Fund

HMG: Her Majesty's Government

ICF Consulting: ICF Consulting Services Limited (the Grant Manager)

NDC: Nationally Determined Contribution

ODA: Official Development Assistance

PACT: Partnering for Accelerated Climate Transitions

UN: United Nations

Introduction

As published on our website and explained during the Regional Webinars, we have taken clarification questions for a period of 2 weeks after the launch of the funding round on 12th August 2020. This period closed on 26th August 2020. This document compiles all the clarification questions received during that period. Any further questions received after this date have not been responded to.

In some cases, clarification questions have been collated and summarised for clarity. Some questions have been edited to remove any identifying information.

What is the UK PACT Green Recovery Challenge Fund?

What is the difference between the UK PACT Green Recovery Challenge Fund and the Defra Green Recovery Challenge Fund?

The DEFRA Green Recovery Challenge fund announced on 30 June, is the £40 million initiative from government for environmental charities and local organisations in England working on conservation and nature-based solutions. This is separate from, and should not be confused with, the BEIS funded UK Partnering for Accelerated Climate Transitions (PACT) Green Recovery Challenge fund which is part of the UK's commitment to International Climate Finance to tackle climate change, and therefore open to countries eligible for Official Development Assistance.

Applications for the DEFRA Green Recovery Challenge Fund should be open in September and the funding will be distributed by the National Lottery Heritage Fund. For more information, the official press release for this fund can be found here: <https://www.gov.uk/government/news/government-announces-40-million-green-jobs-challenge-fund>

What is the UK PACT Green Recovery Challenge Fund process?

Will we be able to receive payments in advance instead of in arrears as stated? It will be very challenging to initiate and implement the project activities or engage the expert without funding/payment in advance.

Our default position is to pay in arrears. Only in exceptional circumstances (for example where upfront investment is required which would be unaffordable for the recipient organisation to manage) if organisations request a payment in advance, we may be able to accommodate this. We will manage any payments in advance on a case by case basis and a robust rationale would be required for any payments in advance to be considered. Any such requests should be flagged at full proposal stage.

Is it possible to change the consortium structure after the EOI stage?

UK PACT does not expect significant changes between the EOI stage and the full proposal stage. A change in a consortium would be considered significant and require strong justification as part of the full proposal. UK PACT reserves the right to not proceed with an assessment of full proposals that contain significant changes.

Do applicants need to submit policy and legal documents?

Projects which are selected for funding will be subject to a thorough due diligence process. This will include a self-declaration form that requires the submission of supporting documents. Amongst others, this will include: policies to control risk and mitigate against fraud and corruption, a certificate of incorporation/ business certificate or national equivalent, insurance certificates (professional indemnity, public liability, employers' liability), staff vetting measures and quality assurance arrangements. A full list of documentation required for the due diligence process will be provided to shortlisted/successful applicants.

Should the cost of the audit be included in the budget?

No. The Grant Recipient should pay for the accountant's reports. This information is included in annex to the Grant Agreement.

What information needs to be included on partners (organisational documents?) and their budgets?

The lead implementing partner will be the sole recipient of the grant funding and will be the signatory of the Grant Agreement. They will be responsible for disbursing the funding amongst consortium members, and as such the budget should include all costs for the project regardless of which partner, they are incurred by. The due diligence process will primarily focus on the lead implementing partner but will also assess their ability to manage downstream partners and cascade relevant policies and processes down the delivery chain.

If a private company is a partner, should applicants follow their own Procurement Policy/ Tender Process? Will UK PACT want to see evidence of this and if so, when?

UK PACT does not have a specific procurement policy in place for organisations to follow. The organisation's procurement approach and/or policy will be reviewed as part of the due diligence process before award to determine suitability to administer project related procurement exercises. Where relevant, and if organisations do not already have a procurement policy in place, UK PACT may provide guidance on appropriate procurement approaches and/or the adoption of a procurement policy.

Would a letter between the Consortium to identify the proposed partnership be sufficient at EOI?

At the EOI stage, proof of the partnership is not a requirement. The consortia organisations are welcome to submit a letter confirming their involvement. At the Full Proposal stage further guidance will be provided for the format of documentation of the consortium.

Can I suggest amendments to the terms of the Grant Agreement?

Grantees are required to accept the terms of the Grant Agreement to participate in the UK PACT Green Recovery Challenge Fund and the grant terms are non-negotiable.

Some clauses in the Grant Agreement are not relevant for my organisation, does this exclude me from receiving funding?

As the GRCF will be funding a wide range of different organisations with different requirements, a number of clauses in the Grant Agreement state that they only apply "where applicable" to accommodate some of these differences. If these clauses do not apply to you then you are not required to abide by them. If you are unable to comply with any of the mandatory clauses in the Grant Agreement (i.e. where is not stated "where applicable") then you will not be eligible to receive funding.

Key eligibility criteria

Does the project team providing technical support to teams on the ground in target countries require employment visas in these countries?

Organisations and consortia need to be sure that they are structured and registered in a way that allows them to deliver the project they have proposed. This does not necessarily mean all team members need to be provided with work visas. It is acceptable for some of the project staff members to be operating on the project remotely, hence having work visas from their country of residence not the project target country. We require organisations and/or consortia to make sure they have confirmed their own ability to deliver their proposed project in-country.

Is compulsory that the lead implementing organisation is legally registered in the respective country(ies) of delivery?

The lead and partner organisations which will be delivering the project must have the legal right to work in all countries where the project will be operating.

Organisations and consortia need to be sure that they are structured and registered in a way that allows them to deliver the project they have proposed. We require organisations and/or consortia to make sure they have confirmed their own ability to deliver their proposed project in-country.

Should documentary proof for the legal right to operate in the country be presented and if yes, what?

Organisations and consortia need to be sure that they are structured and registered in a way that allows them to deliver the project they have proposed. We require organisations and/or consortia to make sure they have confirmed their own ability to deliver their proposed project in-country.

Are UN agencies eligible to apply?

Yes. UN organisations may be eligible to apply. Eligible organisations are those that have the knowledge, skills, and experience to deliver or form part of a consortium delivering capacity building projects in the target country. Government departments and agencies are not eligible to apply to receive a grant. In order to be eligible to apply for UK PACT funding organisations must be separate legal entities from the Government. All organisations applying must be prepared to accept the terms of the grant agreement.

If we are a for profit company, are we entitled to apply to this source of funding which is described as a grant?

Yes. Cost rates can include all normal employment rates and overheads, but profit will not be considered as an eligible cost in budgets.

For projects that may have regional remit - such as transboundary issues and impacts in certain biomes and populations - are non-priority countries eligible?

For the GRCF, projects' primary benefit and main project activities must remain within at least one of the 11 target GRCF countries. Projects which include countries that are part of the UK PACT Country Programmes (China, Colombia, Malaysia, Mexico, and South Africa) and are part of a multi-country or regional initiative are welcome to apply for the GRCF.

Applicants will be expected to demonstrate how the majority benefit of the project is to at least one of the 11 target GRCF countries.

Projects which build upon the experience gained in the UK PACT Country Programmes are encouraged to apply for the GRCF, as long as the primary benefit of the project is to one of the GRCF 11 target countries

What are the eligible costs that can be funded?

What is considered an eligible overhead cost, and can staff costs include an overhead element?

Overheads are those costs incurred by an organisation that are not specific project costs but that support the delivery of the project and other projects that the organisation is delivering. For example, human resources, space and premises costs and other costs that are not project specific, but which are required to keep the organisation functioning.

We are expecting applications from a wide variety of organisation types with different financial structures, and we will allow organisations to submit budgets including overheads that are well constructed and represent good value for money. This means that costs are reasonable; that costs which should be included as direct project costs are not included in overheads; that overheads can be linked back to an organisation's financial accounts, and that organisations are transparent in demonstrating how overheads have been constructed. Contingency and exchange rate fluctuations are not eligible overhead costs.

If staff costs include an overhead element, would that be considered separate to the overall administrative/overhead costs for the project?

Where possible administration or overheads should be split out and included as a separate line in the budget. However, if operating costs relating to these categories are already included in day-rates, this is also acceptable although a breakdown of the overhead and salary cost will need to be included in the notes so that we can see what the overall indirect cost charged to the project is when submitting the full budget at full proposal stage.

Do overheads have to be supported by relevant documentation for audit purposes?

Yes, an explanation of how overheads are calculated, and any relevant documentation to support this, will need to be made available to the authority on request for assessment of Value for Money or for audit purposes.

Can you provide benchmarked rates to help assess the financial feasibility of the project?

Applicants must ensure the rates they are proposing are competitive for the market within which they are operating. For awarded projects, UK PACT may ask applicants to demonstrate how the rates they have proposed have been benchmarked and/or carry out our own internal benchmarking to assess whether the rates proposed offer value for money.

Budgets, including day rates, will be assessed as part of the call for proposals process. Day rates should be in line with local market rates and should also provide value for money – allowing projects to hire the right staff, with the right skills, at the right price. Please bear in mind that this is ODA funding so value for money will be subject to high levels of scrutiny. Prices must reflect the accurate costs of delivering particular outputs or activities and costs must be able to be evidenced and justified.

Guidance on cost ranges will be provided for applicants shortlisted to the Full Proposal stage.

Can overhead expenses such as office cost, IT cost, central functions cost, depreciation, training, and development etc. be included on a proportionate basis as overheads for team members to estimate day rates?

The ineligible expenditures quoted in the Grant Agreement and Guidance Document, such as office rental, IT and equipment costs etc. refer to new purchases for the purpose of the project. Normal operating costs relating to these categories are allowed to be included as overheads. Where possible, administration or overheads should be split out and included as a separate line in the budget. If operating costs relating to these categories are already included in day-rates, this is also acceptable although a breakdown of the overhead and salary cost will need to be included in the notes so that we can see what the overall indirect cost charged to the project is.

What does 'administrative costs' refer to? Can this include expenses to the programme such as project material and local travel?

Administration or overhead costs can include those costs incurred in the day-to-day delivery of the proposed project (normal operating costs) that have not already been detailed separately in the budget (such as personnel costs and expenses). Examples include office supplies. Where possible administration or overheads should be split out and expensed. If operating costs relating to these categories are already included in day-rates, this is also acceptable although a breakdown of the overhead and salary cost will need to be included in the notes so that we can see what the overall indirect cost charged to the project is.

Is it correct that any overhead / normal salary on-cost must not be more than 5% of total budget?

Administrative costs / overhead should be minimised and no more than 5% of the total budget. Below this level, organisations can submit budgets including overheads that are well constructed and represent good value for money. This means that costs are reasonable; that costs which should be included as direct project costs are not included in overheads; that overheads can be linked back to an organisation's financial accounts, and that organisations are transparent in demonstrating how overheads have been constructed. Contingency and exchange rate fluctuations are not eligible overhead costs.

Is the funding 100% full economic costing (FEC)?

We are aware that different types of organisations will be applying for UK PACT funding and this will mean organisational costs need to be structured in different ways. In principle, the full economic costing (FEC) recovery model may be a reasonable approach, although this will be determined on a case by case basis depending on the project and type of organisation applying. The key principle is that consortia and/or organisations applying should be able to clearly articulate how their project and proposed budget demonstrates value for money.

Can universities claim overheads?

The budget constraints are the same for all eligible organisations.

At the Full Proposal stage, the overall budget will be reviewed for value for money, taking into account the proposed approach, rationale for the proposed activities for each member of the consortium, and quality assurance of the consortium performance.

What is the rationale for the requirement of max 5% overhead?

The GRCF has assigned a maximum level of overhead to ensure application comparison can be made purely on merit and the value for money offered for direct delivery of the project outputs.

Is the 5% overhead limit specific to the GRCF or will it be applied as a blanket requirement in the future? If so, starting when?

All ODA funding is subject to a high level of scrutiny to ensure Value for Money is being delivered. As such it is a requirement that all HMG funded projects construct overheads that are reasonable and justified. The cap of 5% is specific for the GRCF and does not reflect on any other ODA funding.

Is there any flexibility to negotiate the 5% overhead limit?

The 5% overhead limit is non-negotiable.

Is there a percentage of the funding that needs to be spent within countries?

No. However, the budget must be targeted towards the overall UK PACT objectives of supporting emissions reductions in the target country(ies).

What is the percentage of movement between budget lines is allowed without authorisation?

Movement that is more than 10% of the total budget line (over or under) must be discussed with the Grant Manager as soon as the Grant Recipient is aware of the variance.

If we do not procure new day basis experts but share the eligible labour cost within existing project staffs day/work hour basis need to implement the project, will it be accepted? Does the GRCF allow such sharing of salary?

It is not required to procure new day basis experts. Each member of existing staff who is to be involved with the project should be assigned a day rate and should be expensed on an hours worked basis.

Does the GRCF allow procuring day basis labour for a twelve-month period without charging other costs such as rent?

If external contractors are procured on a day basis, it is at the discretion of the applicant to decide how to structure the associated overhead costs.

Is a deviation permitted in the budget estimates from EOI to the full proposal stage?

UK PACT does not expect significant changes between the EOI stage and the full proposal stage. Minor variations are acceptable, however larger changes would require strong justification as part of the full proposal. UK PACT reserves the right to not proceed with an assessment of full proposals that contain significant changes.

Please bear in mind that this is ODA funding so value for money will be subject to high levels of scrutiny. Prices must reflect the accurate costs of delivering particular outputs or activities and costs must be able to be evidenced and justified.

How do I apply?

In Annex 1 (Eligible costs) of the Guidance Document, is it permissible that our nomenclature for project implementers is different from yours (e.g. "senior expert," "project manager," etc.)?

Applicants shortlisted to the Full Proposal stage will be required to submit a budget using a prescribed template. This will require detailing personnel using the nomenclature in Annex 1 of the Guidance Document and must match the CVs provided as part of the application.

How will applications be assessed?

Will a program application be favoured if it aligns with priorities from HMG or COP26 objectives?

The themes and scope of each of the funding rounds have been designed to align with wider HMG and COP26 objectives and strategies, and the degree to which a project is relevant and in-keeping to the theme will be assessed.

All projects will be scored against the criteria of potential to create transformative change, deliverability (the likelihood of successful delivery of the project) and value for money.

In addition to scoring against criteria, projects will be carefully selected to ensure a balanced and complementary portfolio balanced in theme, region, and levels of novelty. Distribution across countries will also be considered.

Full details of the scoring criteria and assessment method can be found in the Guidance Document.

How important is the question on Gender and Inclusion?

Guidance on answering this question and details of how it will be assessed can be found in the Guidance Document. All sections, including Gender and Inclusion, must be answered fully.

Should we focus more on gender or other aspects of social inclusion?

Gender equality and social inclusion are distinct but overlapping concepts. For some groups, exclusion is based on gender while for others, it is based on other factors, such as age, disability, ethnicity, caste, or migrant status. However, for most people, exclusion is based on several factors across various relationships and settings. Therefore, all aspects of social inclusion which you have considered when developing your project and assessing your operating context should be included in your proposal.