

Market Engagement Webinar

South Africa

June 18, 2020



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Welcoming remarks

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Head of Climate Change & Energy
British High Commission, Pretoria

Introduction to UK PACT

Mike Irwin,
Head of UK PACT
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:

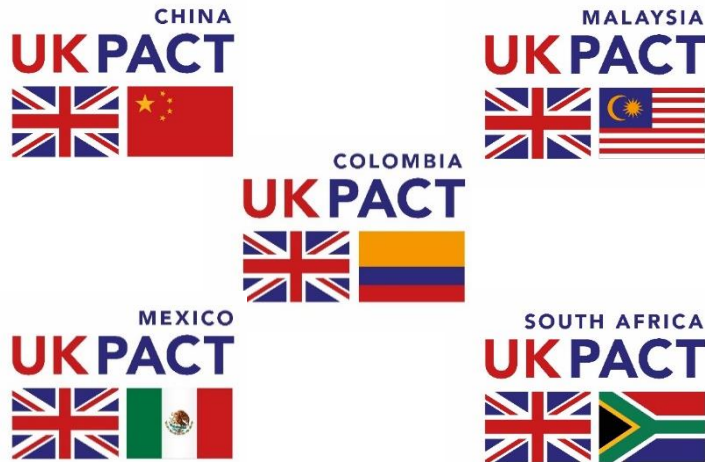
1. Working with partner countries to improve the capacity and capability of key institutions (public, private, and civil society) to reduce emissions and foster inclusive economic growth
2. Addressing barriers and constraints to clean growth
3. Pursuing opportunities for greater climate ambition

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

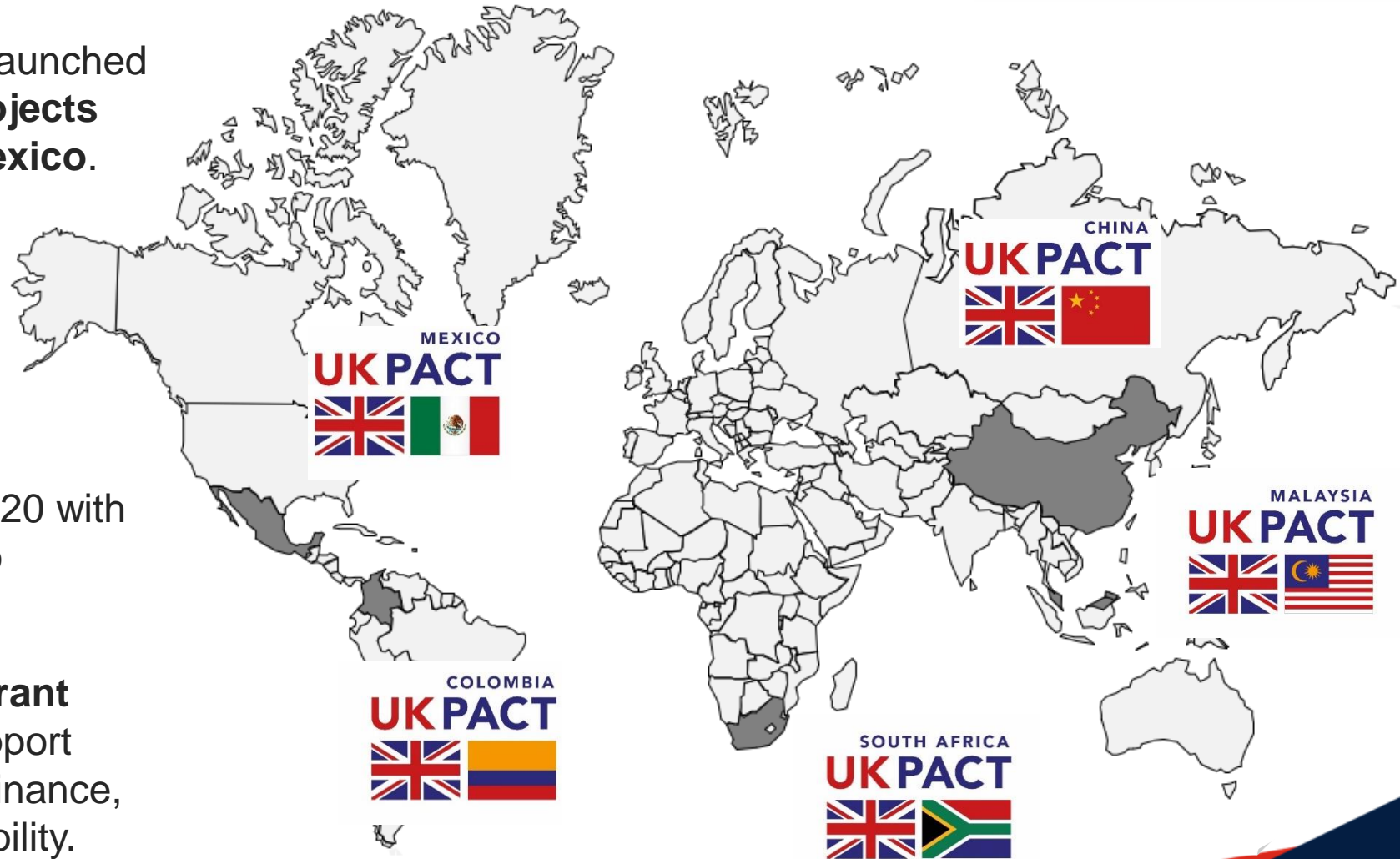


Department for
Business, Energy
& Industrial Strategy

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.



AUDIENCE POLL



South Africa-UK
PACT
Call for Proposals

02

Key parameters for UK PACT South Africa

The 2020 call for proposals will allocate up to £3 million of funds through an open, competitive grant facility



The following key parameters will guide a call for proposals in South Africa:

- Up to **£3 million of grant funds** to be allocated through an open, competitive call for proposals
- Individual project grants in the range of: **£100,000 - £500,000** (maximum ceiling); currently equivalent to
~ R 2,100,000 – R 10,500,000 (based on 1£= R 21.0)
- Maximum project duration of up to **12 months; estimated beginning January 2021**
- Projects should deliver **technical assistance and capacity building** support

Eligible activities – 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 which can take the form of **information sharing, instruction, skills training, transmission of working knowledge, and preparation of technical and financial inputs for policy/project design and delivery**
- 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**



Eligible activities – what is meant by Technical Assistance?

Examples of previous UK PACT Technical Assistance



Energy:

- Capacity building for Renewable Energies and Efficient Energy Management Authority to appraise, select and finance energy access and energy efficiency projects
- Develop policy incentives for PV Solar distributed generation for rooftops of homes at a city level. The project aims to deliver a financial and governing structure for mass adoption of community-based solar energy generation and develop a monitoring, reporting and validation (MRV) methodology.

Sustainable Transport:

- Facilitating the procurement of electric buses in major metro.
- Supporting preparation of a 'Road Map for Urban Mobility' for major metro Secretariat of Mobility, mapping best practices to improve urban freight transport routes, reducing vehicle emissions and air pollution in the metropolitan area.

Sustainable Financing:

- Identifying green investment opportunities, helping scale up green bond issuance at local level, and strengthening the case for closer alignment of green bond standards with international standards.
- Climate Related Financial Disclosure: Building awareness of the importance and benefits of climate-smart investment strategies

Who are the beneficiaries of Technical Assistance?

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



Primary beneficiaries are likely to include:

- National government departments
- Provincial government departments
- Local government (metropolitan, district and local municipalities)
- State-owned enterprises and other state funded agencies, regulatory bodies and policy centres
- Industry Associations

Secondary beneficiaries could also include:

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

These will generally be in partnership with primary beneficiary partners as listed above

Who provides Technical Assistance?

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

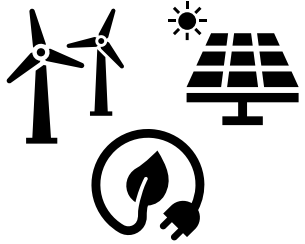


The following types of organisations are considered eligible for UK PACT Grant Funding:

- Academic institutions
- Consultancies and engineering firms (private sector firms)
- Industry or professional associations
- NGOs
- Think tanks

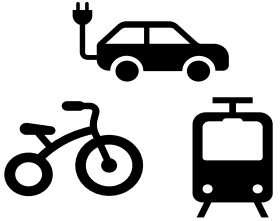
- Organisations that have the knowledge, skills and experience to deliver Technical Assistance projects relating to one of the priority sectors

Priority Sectors for the South Africa Call for Proposals (CfP)



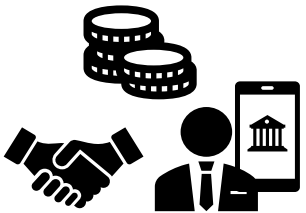
Energy

1) Just Energy Transition Pathways; 2) Renewable Energy and Alternative Fuel Sources Development; 3) Demand-side Management (DSM) and Energy Efficiency.



Sustainable Transport

Capacity building for planning, designing and financing low-emission mobility solutions and transportation systems in line with the National Green Transport Strategy and metro/municipal strategies.



Sustainable Finance

1) Greening Practices 2) Greening Investments

Just Energy Transition Pathways

Example Entry Points for UK PACT Support



Areas identified for Potential TA	
Industry Review on RE project performance: to further strengthen the case for JET pathways. Performance should include be measured in terms of energy produced, but also look at jobs created and other socio-economic benefits.	Science and Innovation research to inform JET pathways: Providing further support in commissioning research focused on the role of science and innovation in JET and providing support to co-implement Just Energy Transition pathways together with municipalities.
Alternative analyses for the feasibility of the repurposing of coal-fired power plants due for decommissioning into renewable energy centres	Reskilling to support JET initiatives: providing support to organisations in providing new skills and necessary training and development of employees to further support JET initiatives within the company.
Develop strategic framework and incentives for businesses and investors to adopt Just Transition priorities in corporate strategies and reporting	Climate change plans implementation support: providing implementing support in workstreams identified in metropolises' climate action plans.
Socio-economic studies looking at the creation of green jobs to replace diminishing jobs in the coal sector.	Feasibility studies into the development of green industries in the country's coal mining regions.

Renewable energy and alternative fuel sources development

Example Entry Points UK PACT Support

Potential UK pact TA identified in country strategy

Solar: Support implementation of the South African Solar Energy Road Map

Hydrogen:

- Provide support to development of Hydrogen Roadmap
- Facilitate cross-stakeholder collaboration on Hydrogen Economy at sectoral/municipal levels
- Support feasibility studies/pilots of innovative hydrogen projects on municipal level with a high replication potential

Off-shore wind: Support in determining South Africa's off-shore wind potential and how to develop it.

Skills inventory: developing skills inventory to help prioritizing the skills needed in the RE in the near to long term future.

Support Renewable Energy Flagship programme;
Support in the development of the South African Renewable Energy Masterplan

RE generation at municipal level:

- Support local municipalities in engagement with IPPs, designing tender processes and PPA negotiations
- Research on suitable ownership models for RE generation plants to optimize revenues on municipal level
- Conduct feasibility studies of RE projects with a high potential for replication in other municipalities

Waste-to-Energy: TA to support municipal waste-to-energy (W2E) projects

Biofuel: TA to support operationalisation of South Africa's Biofuels Strategy

Grid stability studies: TA support in producing grid capacity studies to inform grid upgrading and extension required to absorb the new RE capacity coming online in the next few years.

Energy Efficiency and Demand Side Management

Example Entry Points for UK PACT Support

Potential TA

Preferential Planning Incentives: Support in designing Preferential Planning Incentives to be applied when procuring the refurbishment or construction of new buildings.

Green skills development: Provision of Training TA to prioritize and develop the skills required in terms of EE and green building development. Training of energy management experts and practitioners in different sectors..

Green building training: Provision of introductory training on green buildings to understand development and O&M costs and technical training for facility managers on O&M of green buildings.

TA support focused at further developing the energy storage sector at large. This could include:

- Developing financing mechanisms, e.g. tariff structures, incentives or battery-specific lease agreements (PPAs), to reduce the still high upfront costs.
- Development of rules and regulations that would place behind-the-meter energy storage on an equal playing field with large central generators.
- Developing wholesale and retail electricity tariffs that are cost reflective.

TA to enhance data collection on green buildings to enable benchmarking of buildings and set targets for making existing building more energy efficient.

TA to further promote the Rooftop PV bundling to improve the business case for larger investors. TA provided could include the development of standardized PPA contracts and alignment of feed-in and self-consumed energy tariffs to further enabling the creation of standard PPA contracts.

Capacity building to support the **National Energy Efficiency Strategy**

Implementation of Green Transport Strategy

Example Entry Points for UK PACT Support

Potential Areas of Support

MRV support (methodology/systems etc.) for transport related GHG emissions

Cost/benefit analysis of particular green transport solutions at municipal level

Development of **green standards and guidelines** for construction of low-carbon climate resilient road infrastructure, including bus lanes, EV charger points, Biogas/CNG/LNG stations.

Provide support in further developing methodologies to track environmental impact of municipal travel plans and transport fleets and to foster collaboration between energy/carbon and transport modellers to ensure dataset collection and analysis of these are complementary.

Assist municipalities in calculating their carbon footprint across their entire organisations, given that data collection on this is currently fragmented and spearheaded by individual departments. This data collection will assist municipalities in target setting for greening their transportation.

Support municipalities **in integrating Transport impact assessment and green transport plan requirements** and designing incentives for green transport as part of land development application process and build capacity on municipal level on how to assess such requirements.

Sustainable Finance

Potential Entry Points for UK PACT TA

Greening Practices

Build capacity for applying methodologies for GHG calculation and reporting; training for Climate Risk Assessment

Build capacity and inform policymakers on developing standards and incentives for sustainable development planning;

Build expertise in the investment community on ways to define green projects and build green portfolios; Build expertise knowledge among service providers (engineers, financial analysts) about green standards

Greening Investments

Build expertise at financial intermediaries to define and assess opportunities to incorporating green design into traditional grey infrastructure planning

Support metros to model and subsequently launch green municipal bonds into the domestic capital market through bespoke advisory services and peer-to-peer learning

Facilitate the dissemination of experience in green banking to the rest of southern Africa to inspire replication by South Africa's peers

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



5 Minute Break



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



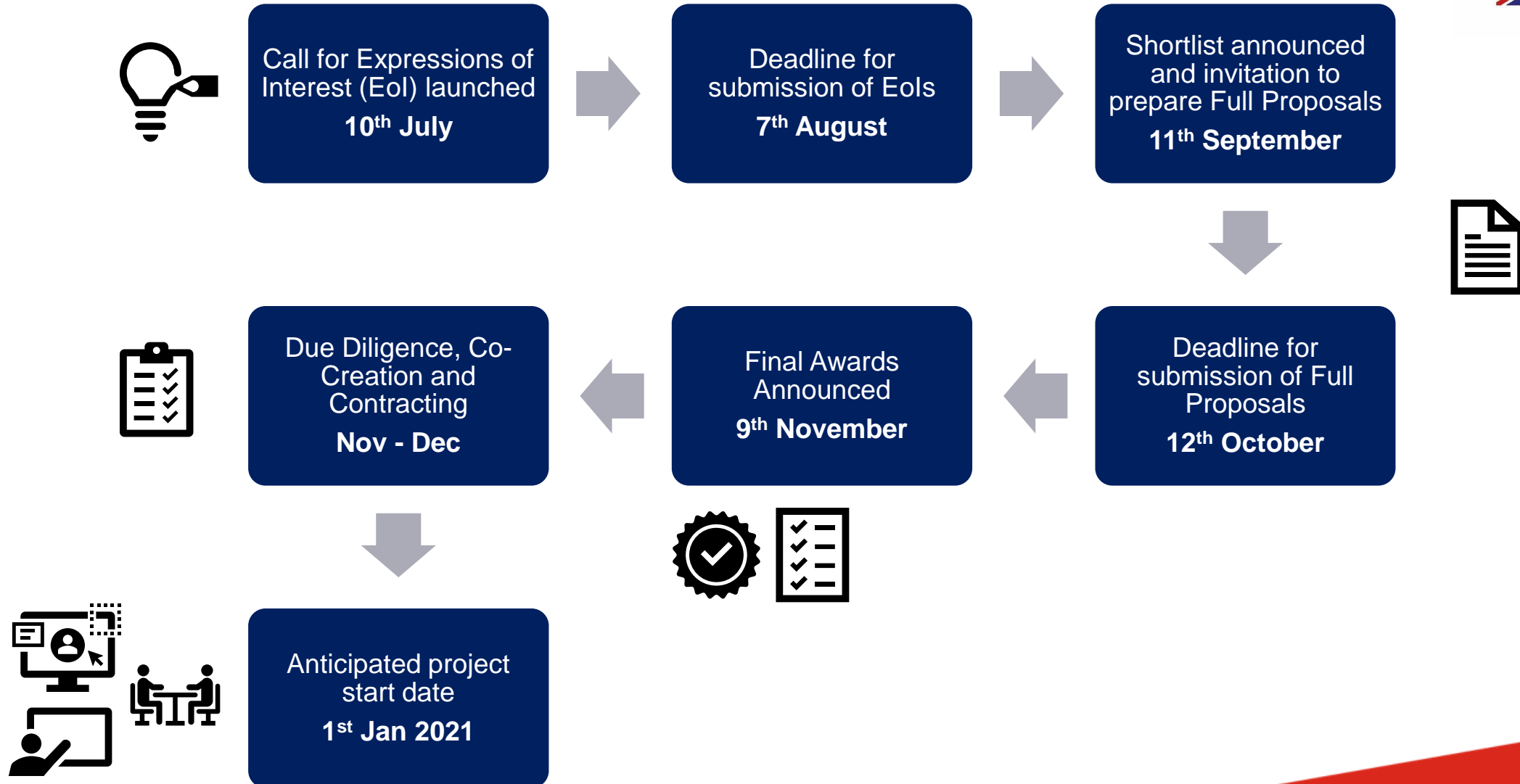
- More detail provided on full project scope, activities, management, risk and reporting
- Detailed budget



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 South Africa
- ✓ 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 South Africa
- ✓ 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)

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**

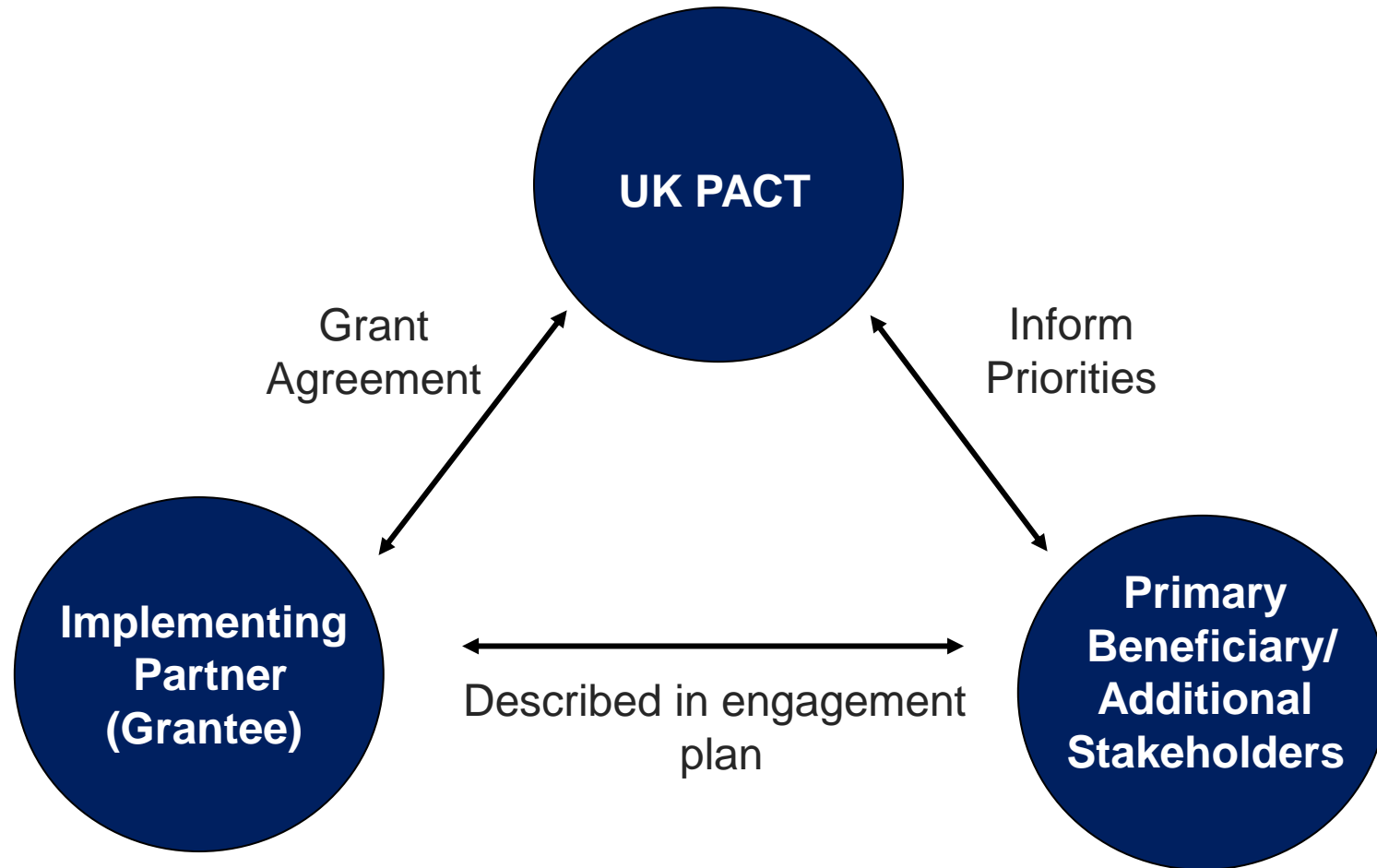
- **Skills enhanced**
- **Recommendations proposed**
- **Knowledge and communications products developed/ disseminated**
- **Networks and partnerships established**

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

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

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**:

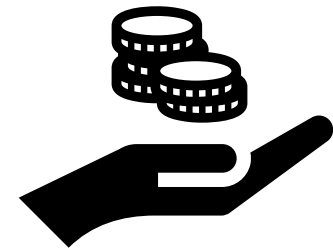
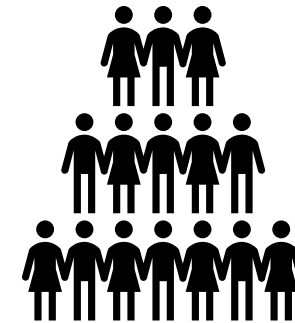
- For policy and capacity building activities:
 - how the project **could** lead to incentivised action (for example producing evidence making acting on climate change a sensible decision for public agencies, commercial firms, and private individuals) and then **how the applicant will carry out activities** 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



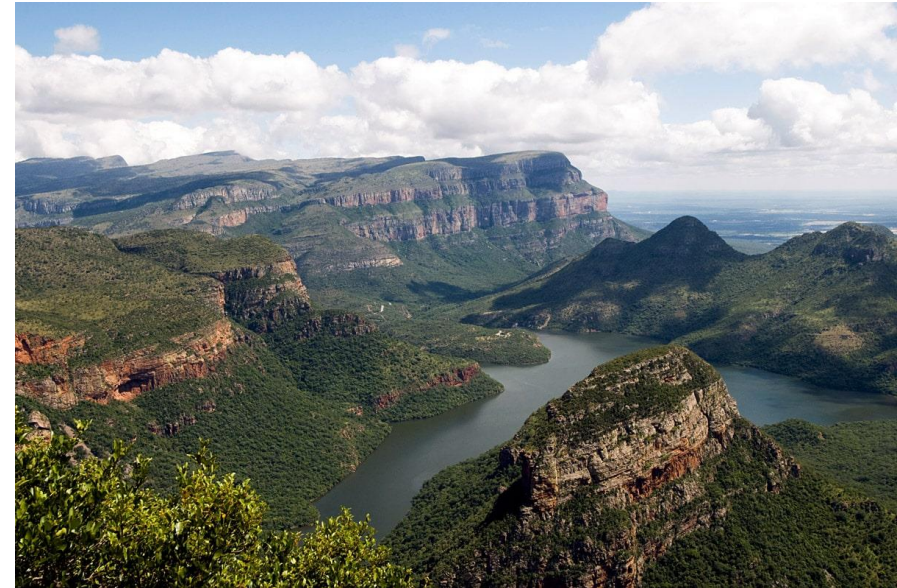
Projects will be assessed to ensure:

- 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 South African, International and UK based partners
- Strong networks in country are required

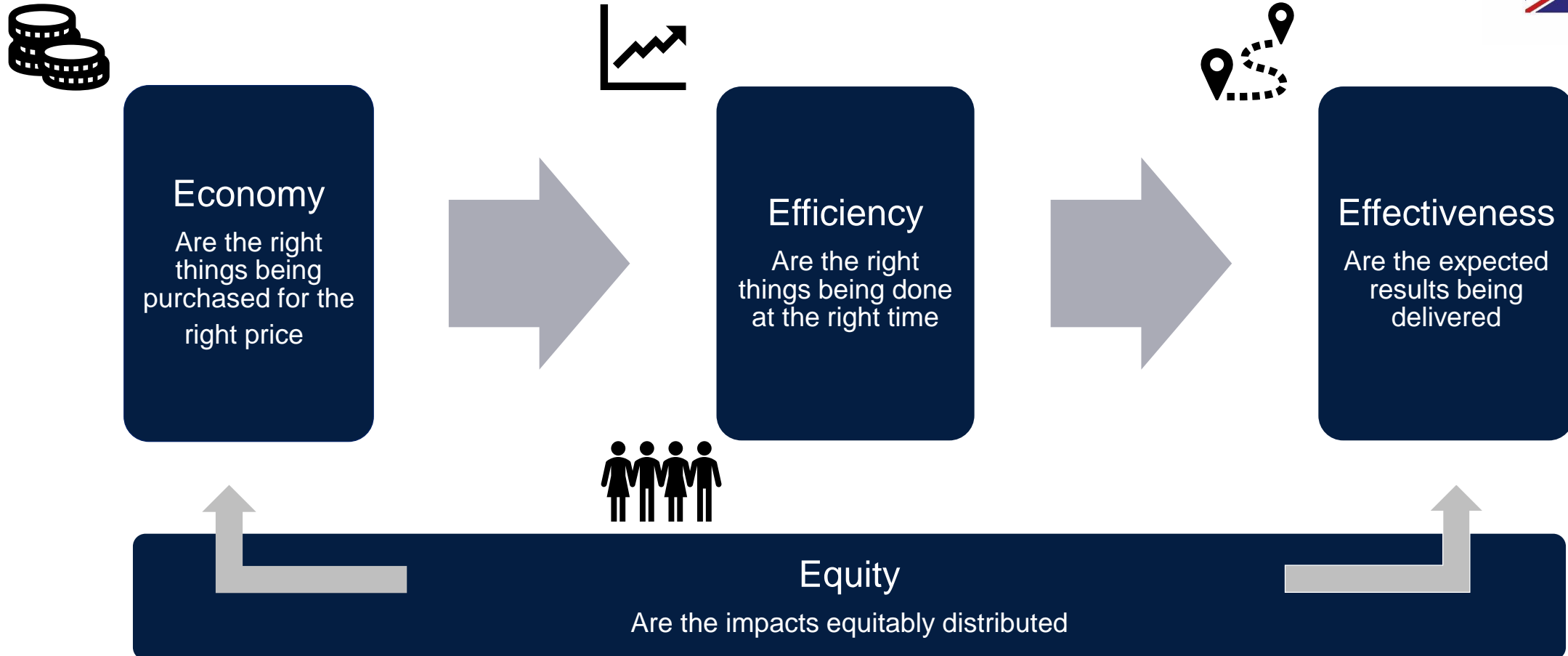
Key principles of selection: Commercial Viability



- Budget within the available funding range
- Costs indicated are eligible and clearly linked to the activities and outputs outlined
- Cost reasonableness:
 - Rates of staff; benchmarking; procurement approach and policy
- Project Management
- Financial management
- Risks management
- Environmental impact



Key Principles of Selection: Value for Money



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.
- UK PACT **does not fund** the purchase or maintenance of any assets (capital expenditure or CAPEX).

Budgeting for UK PACT

Submitting a proposal that includes eligible costs



- 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
- UK PACT **does not fund** infrastructure or construction.
- 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 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.

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: 10th July 2020
- Application portal: www.UKPACT.co.uk
- 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

AUDIENCE POLL



Q&A



Wrap-Up

05

Wrap-up and next steps



- 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 **23rd June**)
- Window for further Q&A open until **23rd June** (contact us section of UK PACT website - www.UKPACT.co.uk)
- FAQ will be consolidated and published alongside the CfP on **10th July**