

BRAZIL
UK PACT



UK PACT – Brazil

Mobilising Green Investment Market Engagement Event Q&A

July 2023

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1. Introduction

This document compiles questions and answers from the Brazil-UK PACT Country market engagement event for the green finance sector (July 2023)

They are divided into five categories:

- [The UK PACT Programme](#)
- [Scope and focus of the CfP](#)
- [Consortia](#)
- [Counterparts](#)
- [Budget and Finance requirements](#)

2. The UK PACT programme

Q. Where can we access the 16 projects that are being developed?

A. To find out more about the UK PACT projects that have been implemented to date, please visit the projects page on the UK PACT website: <https://www.ukpact.co.uk/projects>

3. Scope and focus of the CfP

Q. Is there are an expected number of projects to be awarded in this round?

A. The number of projects awarded will depend on the number and type of proposals received.

Q. Is energy area contribution to reduce EHG emissions eligible for proposals?

A. All proposals must respond to:

Intervention Area 1 - Support public financial institutions to allocate and leverage green finance resources

or

Intervention Area 2 - Support measures for national and subnational governments to mobilize different sources of capital towards green projects.

For more information, please refer to the slides from the Market Engagement Event for this Call for Proposals which was held on the 27th July 2023. You can access these at the following link: <https://www.ukpact.co.uk/brazil-uk-pact-mee-green-finance>. More information will also be included in the terms of reference for this call for proposals which will be available on the website when the call is launched. Please keep an eye on www.ukpact.co.uk/Brazil for details.

Q. Do the projects need to be new initiatives or can they expand or building on top of something that already exists?

A. All projects can build on or follow-on from other activities, but the activities proposed must be additional and cannot duplicate what has already been done. Applicants will be asked to outline this in their proposal.

All proposals must respond to:

Intervention Area 1 - *Support public financial institutions to allocate and leverage green finance resources*

or

Intervention Area 2 - *Support measures for national and subnational governments to mobilize different sources of capital towards green projects.*

Q. For this intervention #1, do you consider GHG emissions of public financial institutions - and from scope 1, 2 & 3 of Paris Agreement's Article 6?

A. We want to see activities that are more ambitious than just working on the GHG emissions from public financial institutions (scope 1). Proposals should explain how activities will have a broader impact on Brazil's financial ecosystem if they consider the sustainability impact of their products and services (scope 2 and 3).

Q. It would be great to know what level of overheads are acceptable on consultancy costs. Is there a specific cap?

A. There is no defined cap for indirect costs/overheads as we understand that there are different types of organisations applying with varying financial structures. However, the amount of overhead that can be funded by UK PACT should be an 'appropriate apportionment' and is calculated as the percentage of core overhead costs deemed necessary to support your organisation's ongoing business or activities.

Depending on the level of overheads your organisation requires, one of the following will apply: Where overhead rates are up to 15% of direct project costs, you will indicate the percentage (%) of overheads required in the 'Overheads' tab in the Country Programmes Budget and Workplan template. No additional information will be required to verify this rate. Please note that UK PACT is an ODA programme funded by UK taxpayers and, as such, ensuring all our projects represent value for money is critical. **Organisations must only apply for the actual overhead percentage (%) they need.**

Where organisations have an overhead rate over 15% or, because their indirect costs are higher, the 'alternative overhead' tab in the UK PACT Country Programmes budget template and workplan must be completed. Overhead rates will then be verified by the

UK PACT team based on the financial audit reports you will be required to submit as part of the due diligence process.

Q. Does the cap apply to project leads and subcontractors?

A. The lead organisation of a consortium will be required to carry out overhead checks on all consortium partners. UK PACT expects lead organisations to apply the overheads methodology (see previous question) and eligibility criteria for calculating allowable overheads for all consortium partners. Consortium partners must complete their overheads on a separate template and provide this to the lead organisation to collate the information. The lead organisation should identify the overheads rate for each consortium partner separately and include that rate in the UK PACT Country Programmes Budget Template in the “Overheads Calculation” tab. We will pay the costs of each partner at their agreed rate.

Q. Besides capacity building, will implementation of case studies will be supported?

A. All proposals must respond to:

Intervention Area 1 - Support public financial institutions to allocate and leverage green finance resources

or

Intervention Area 2 - Support measures for national and subnational governments to mobilize different sources of capital towards green projects.

Pilot projects/case studies may be eligible if they respond to one of these areas and some suggestions for this were included in the scope for each intervention area outlined during the market engagement event.

For more information, please refer to the slides from the Market Engagement Event for this Call for Proposals which was held on the 27th July 2023. You can access these at the following link: <https://www.ukpact.co.uk/brazil-uk-pact-mee-green-finance>. More information will also be included in the terms of reference for this call for proposals which will be available on the website when the call is launched. Please keep an eye on www.ukpact.co.uk/Brazil for details.

Please note, UK PACT does not fund any tangible capital expenditure (CAPEX). However, applicants are free to seek co-funding for capital expenditure costs that will complement UK PACT funded activities.

4. Consortia

Q. How does UK PACT consider private institutions, blended finance mechanisms (where public institutions already participate) and innovation for Brazil?

A. Organisations operating on a for-profit basis can only participate as a partner within a consortium and are not eligible to apply as the lead implementing partner of a proposal. We consider blended finance as a key mechanism to support climate action in Brazil. But UK PACT is government led, so we need to work with public institutions.

Innovation is welcome on project proposals but is not a key selection criteria to determine the success of the bid. Please refer to Terms of Reference that will be published on our website soon.

Q. Will you have consortium building workshops?

A. No, consortium building workshops are planned as part of this selection process.

Q. Is it necessary for a local partner to lead or is it ok for a local partner to be simply a partner in the consortia?

A. All consortia must have at least one local partner. A local partner may be the lead of a consortium or participate as a member of the consortium. A local partner is defined as an organisation that operates in Brazil under a National Register of Legal Entities (Cadastro Nacional de Pessoa Jurídica – CNPJ).

5. Counterparts

Q. Can a public authority apply for the funding?

A. Only non-profit organisations are eligible to be the lead Implementing Partner of a proposal/consortium when applying for UK PACT funding. For-profit organisations can participate as delivery partners within a consortium. Eligible organisations must have the knowledge, skills and experience to deliver eligible technical assistance/capacity building projects. Government agencies and/or departments are not eligible to apply either as a lead organisation, or as a partner organisation within a consortium.

Q. How can public sector organisations and government agencies contribute?

A. Government agencies and/or departments are not eligible to apply either as a lead organisation, or as a partner organisation within a consortium. All applications must be made by a not-for-profit organisation. For-profit organisations can participate as delivery partners within a consortium.

UK PACT is a demand-led programme and in order to demonstrate that the project will be successful, each project must have a key counterpart. Key counterparts of UK PACT projects will be in receipt of UK PACT outputs. They are usually national or sub-national government institutions and bodies, state-owned enterprises and other state funded agencies, regulatory bodies and policy centres.

For this call for proposals the key counterparts must be as follows:

- Intervention Area 1 - Support public financial institutions to allocate and leverage green finance resources

- Key counterpart = public financial institution(s)
- Intervention Area 2 - Support measures for national and subnational governments to mobilize different sources of capital towards green projects.
 - Key counterpart = Federal and/or State Government Departments for

Applicants must name the key counterpart or counterparts for their project in their proposal.

6. Budget and finance requirements

Q. Is there any match funding requirement for this call?

A. Projects may operate with co-funding from other donors. Implementers must demonstrate how the funding from UK PACT is additional and necessary, and not duplicative. The funding portion received from UK PACT must be for distinct activities with distinct, measurable outputs and outcomes. Implementers must also be able to separately track and report on spending against UK PACT funding.

Q. Will the grant be disbursed before the work is carried out? Or will the lead agency be expected to invoice after the work is carried out? This can be a barrier to applying for local organisations.

Payments are typically made in arrears based on quarterly and financial reports submitted, reviewed and approved by the Grant Manager. Only in exceptional circumstances (for example where upfront investment is required which would be unaffordable for the recipient organisation to manage) would we consider accommodating a request for payments in advance. We will manage any requests for payments in advance on a case-by-case basis and a robust rationale would be required for any payments in advance to be considered.