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**Regional Prosperity Fund Latin America**

**Strategy 2015/16**

**Department Prosperity Directorate**

**Post Mexico City**

**Updated October 2014**

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1. **Introduction to the Prosperity Fund**

The Foreign & Commonwealth Office’s programme funds seek to create real, measurable outcomes in support of the FCO’s policy goals.  Since 2011, the Prosperity Fund has supported the FCO’s Prosperity Priority on opening markets, ensuring access to resources, and promoting sustainable global growth, mainly in the emerging powers.

At the end of 2013, the FCO conducted a refresh of our Prosperity strategy so that we now organise our work around creating the **four Conditions for Global Growth** – Sustainability, Openness, Opportunity and Reputation. We do this by opening up new markets, building the UK’s reputation internationally, delivering energy security and a low carbon future and creating opportunities for British business to strengthen the UK economy.   This combination of economic and commercial diplomacy defines both the distinctive FCO contribution to the government’s growth strategy and the way in which the FCO compliments and works with other government departments such as UK Trade & Investment (UKTI), Business, Innovation & Skills (BIS), Energy & Climate Change (DECC) and Cabinet Office towards the same economic growth goals.

The role of the FCO’s economic diplomacy is to create the long-term economic conditions in which British companies can thrive overseas. This work is designed to be win-win: it helps the host country’s economy but it also creates opportunities for the UK.

**Latin America Prosperity Fund**

1. The Latin America Prosperity Fund aims to create the conditions for global growth, focussing on four thematic areas listed below:
* **Openness**: Promoting transparency; national structural economic reform; and a strong, rules-based international economic system. Promoting British companies in Latin America by reducing trade barriers and bureaucracy and improving the business environment.
* **Sustainability**: Promoting low carbon energy and resilient energy markets; use of science and innovation as solutions to global challenges; and solutions to more sustainable urban development.
* **Opportunity**: Creating opportunities through international partnerships in education, science and research; and promoting innovation as a driver of growth.
* **Reputation**: Promoting the UK as a creative and trustworthy partner; and a world-class destination for business and study.
1. The Latin America Prosperity Fund has supported projects across Chile, Colombia, Argentina, Peru, Panama and Costa Rica. Typical projects range in value from £30,000 to £100,000 and the fund has worked well with organisations from the government (both national and sub-national), civil societies, international organisations and the private sector. Concept note forms can be found here: [1.3. Project proposal form – Concept form](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271193/1.3._Project_Concept_Bid_Form.doc) (MS Word Document, 49.5KB)
2. Given the strategic importance of the region to deliver our prosperity objectives, the FCO will dedicate funds for FY2015/16 for Latin America. The Fund will not cover Brazil or Mexico. (There are separate allocations for these two countries. For further details about the Brazil and Mexico Prosperity Fund, please contact our Embassies in Brasilia and Mexico City.)
3. Chile, Colombia, Peru, Panama and Costa Rica will be eligible for submitting projects that cover the spectrum of the Prosperity Fund aims. **Both, regional/ multi-country and national applications for funding will be considered. Mechanisms for actively share outcomes more widely to gain further impact are encouraged.** For non eligible Lat Am Prosperity Fund (PF) countries there may be opportunity for self-funded participation at a PF funded conferences/seminars, but please contact the relevant Embassy for further information.
4. Regional/ multi-country bids are understood as follows**:** *a project that includes impacts in two or more countries OR; a project in one country that not only clearly shows how it can be replicated in the region but has activities designed to take that forward in some way***.** \* A regional bid must be run from one of the target markets and have the support of all the relevant embassies.
5. **How to bid: General Guidance on Project Proposals**

***\*\* The following guidance is not exhaustive, but is designed to help interested bidders develop proposals in accordance with Prosperity Fund project appraisal criteria.***

**General Guidance Notes**

1. The Regional Prosperity Fund for Latin America looks for practical and high-impact interventions that will lead to a real and timely difference to decision making. Proposals must clearly be a catalyst to transformational changes in public policy and practice in target countries and/or their behaviour in global fora. Proposals focussing purely on research, analysis, reports, seminars or workshops will not be relevant unless they lead to specific and measurable action or behavioural change. Prosperity Funds cannot be used to fund one-off visits either.
2. The fund aims for flexible, strategic regional approach for this fund which encourages the sharing of best practice and promoting the replication of projects where appropriate. Regional projects (describe below) are encouraged, but one-country based projects will not be excluded.
3. Impact of the projects will be measured through:
* Sustainability: Legislative, policy and regulatory change; shifts in international climate/energy policy; opening of markets and business wins in the low carbon sector.
* Opportunity/openness: Opening up of market sectors; business wins and policy change.

**Bidding Process**

* The bidding process is run in two stages: concept and full bid.
* Only bids approved through the concept stage will be considered for full bids. Implementers will be advised if a concept bid has been accepted and called to present a full bid.
* Deadline to submit concept bids is 12 December 2014.

**Time Frames**

1. The Latin America Prosperity Fund is managed by the British Embassy in Mexico City, Mexico. The team coordinates bids for submission to the Latin America Prosperity Fund Board, a virtual Board, which evaluates and approves project bids. It includes members from the FCO, HM-Treasury, DFID, UKTI and Department for Energy and Climate Change (DECC) among other relevant regional organizations.
* The bidding process is in two stages, a concept and full bid stage. Concept bids should be submitted via the relevant Embassy in the principal country of your project proposal and include evidence of support from Host Government, supporting letter, cash or in-kind support.

**What to Include in the Bid Form**

* Overview of project
* Strategic fit to the Latin America Prosperity Fund Objectives
* How the project will lead to transformational change (outline impact and main changes that the project will impulse)
* Rationale for project – Including why the project should take place now
* Why UK is the partner of choice for such project? This might be due to profiling UK commercial or policy expertise, replicating/adapting a British policy, experience of British implementer, link to highest UK policy priority.
* Support from Host Government
* Communication Strategy
* Sustainability once the Prosperity Fund project has been completed
* Demonstrate with supporting evidence that relevant Country Government Ministry(ies) have been consulted and are supportive of the proposal. Or if they have not, the bid should explain how the project has sufficient buy-in from the necessary stakeholders to deliver the expected outcomes
* Demonstrate that local partnerships are already established.

**Regional bids**

Regional/ multi-country bids are understood as follows**: *1) a project that includes impacts in two or more countries OR 2) a project in one country that not only clearly shows how it can be replicated in the region but has activities designed to take that forward in some way.*** \* A regional bid must be run from one of the target markets and have the support of all the relevant embassies.

1. Those bids agreed by the Board at the Concept stage will be invited to submit a full bid. Deadline for submission of full bids with detailed activity based budgets will be February 10th, 2015 [1.1.2 Example of Activity Based Budget.docx](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271225/1.1.2_Example_of_Activity_Based_Budget.docx) (MS Word Document, 51.9KB) ; [1.1.3 Full Project Bid Form Example 13-14 (1).docx](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271233/1.1.3_Full_Project_Bid_Form_Example_13-14__1_.docx) (MS Word Document, 70.1KB)
2. The FCO will sign a standard grant contract with all successful bidders. The terms of the contract and standard grant agreement are not negotiable. The Grant Contract form and other documents can be found here: [1.1.4 Grant Contract Short Form.docx](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271243/1.1.4_Grant_Contract_Short_Form.docx) (MS Word Document, 169KB)and [1.1.5 Services and Goods Contract](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271245/1.1.5_Services_and_Goods_Contract.doc) (MS Word Document, 277KB)
3. The Programme Teams in each of the eligible countries are seeking project proposals for the Prosperity Fund – Latin America Programme.
4. Please read all guidance and ensure that project proposals are designed and submitted in accordance with it. Please check Embassy’s website or contact the Embassies to get information about the priority or thematic areas for that country. Proposals that do not meet the criteria and guidance will be rejected. The following documents are:
	* [1.2. How to complete Concept Bid](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271282/1.2._How_to_complete_Concept_Bid.docx) (MS Word Document, 58.4KB)
	* [1.3. Project proposal form – Concept form](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/271193/1.3._Project_Concept_Bid_Form.doc) (MS Word Document,49.5KB)

**Eligibility**

1. All Proposals should demonstrate where impact for the UK in terms of opportunities to deliver wider prosperity (based on four main pillars explained above) and commercial objectives might exist as a result of the project and are encouraged to identify opportunities for sharing UK best practices. We place strong emphasis on evidence-based results. Proposals must clearly define the indicators of success in the bid form to show incremental gain during the project lifecycle.
2. Projects must trigger further incremental action and gain leverage out of proportion to the money the FCO spends e.g. by leveraging co-funding from co-donors. Projects with strong co-funding are encouraged.
3. Proposals must make clear that they are adding value to, and not duplicating, existing activity of other bilateral / multilateral agencies or Latin American Governments. FCO funding however may be used to leverage co-funding from other donors.
4. Project designs must include strong engagement process with stakeholders and beneficiaries (e.g. governments, business). Host governments must have been consulted and are supportive (if not, the bid must explain how the project has sufficient buy-in from the necessary stakeholders to deliver the expected outcomes). Projects developed in direct consultation with beneficiaries at the concept stage and arising out of strong demand-driven process will be preferred.
5. All proposals must include publicity, dissemination and outreach activities in the budget from the outset. All projects must have a strong communications strategy to disseminate the results of the project. All media work should be directly related to the project proposal. Administrative costs should be no more than 10% of the overall budget.
6. Projects may cover one or several of the above programme themes. For example, a project that promotes energy efficiency would score against both the climate change and low carbon open market objectives.
7. Proposals may be single-year or multi-year, although funding for subsequent years depends on availability of funds and outcomes achieved during the first year of implementation. We would suggest that multi-year projects ideally be prepared on a modular (annual) format so that they will yield clear deliverables even if funding for future years is not available. Please discuss the length of your project with the relevant post before submitting a bid. Approved projects can start from April 2015 and need to be completed by 31 March 2016.
8. Prospective bidders may also want to check the terms and conditions in the programme fund contract, which can also be downloaded from the Mexico’s British Embassy website and other participating countries websites.
9. 100% of Prosperity Fund activity in developing countries (OECD DAC list) should be designed to be eligible for classification as development assistance by the DAC. <http://www.oecd.org/investment/aidstatistics/officialdevelopmentassistancedefinitionandcoverage.htm> Implementers need to specify whether their projects are ODA-eligible or not.
10. The fund encourages applicants to contact the Post(s) involved in the project and/or the Regional Team based in Mexico before submitting the Bid.

**Ensuring value for money, financial accountability and transparency**

* 1. Project proposals must be presented along with a detailed project budget **(Activity Based Budget example).** FCO Project Management Procedures require the delivery of the budget using the Activity Based Budget form (see an example in Annex 2). Budgets should list the activities needed to deliver the outcomes (results) of the project. Outcomes should be aimed at promoting transformational change.
	2. Ensure the Activity-based Budget gives sufficient detail. The unit cost of activities should be clear and sufficient detail provided to enable you to understand how figures have been arrived at. We strongly encourage a breakdown of each of the budget’ lines is included. We will not accept a budget line that quotes for example a cost of £35K for a workshop. The breakdown of this cost should be listed (e.g. cost of room hire, interpreters, catering etc). The same exercise should be applied for all of the budget lines.
	3. Budget consistency will be questioned. Therefore we strongly encourage the implementers perform benchmarking on costs to include the more realistic estimation for each of the activities contained in the project. Within FCO Project Management Procedures all services (consultancy/ personnel services, venue, printing services, translation services, etc.) must be subject to a tendering process in which at least 3 vendors present their proposals. The selected service must assure Value for Money (VFM). VFM means paying a fair price for the service we are procuring.
	4. Personnel costs - we can legitimately pay for the time of implementing agency staff genuinely devoted to a project. We strongly encourage you can assure:
	+ You get a breakdown of staff costs so you know what staff will be assigned to the project and consider whether this is reasonable;
	+ We’re not over-paying /paying inflated salaries;
	+ Number of staff identified will genuinely work on the project
	+ The time allocated for activities are reasonable and not inflated. We should not be paying for 2 months work if 2 weeks would suffice;
1. It may be reasonable to purchase some small items of capital equipment (e.g. a laptop) to help smaller implementing agencies run a project. But question whether any such costs are reasonable. We should not be paying for equipment they would have bought anyway. Consider whether any such items should be returned at the end of the project or sold with the proceeds returning to the Embassy where the project is delivered. It is not possible to recover capital equipment purchased as an integral part of a project i.e. it is something the beneficiary - rather than the implementing agency - needs;
2. Management Fees, Administrative Costs or Overheads: Any management fees should be expressed as a fixed sum and not as a percentage of the budget - otherwise there is a risk to push up costs. Overheads should not normally exceed 10% of the value of the project. Implementers should assure their project proposals are sustainable going forward.
3. For example on the Activity Based Budget please consult Annex 2 at the end of this document.
4. Delivering value for money and building in sustainability are essential. Projects bids must provide evidence of how value for money will be achieved and costs incurred kept to reasonable and defendable levels.
5. Project proposals that present a co funding scheme (using funds of the implementer’s own or another funding entity) will be likely to have a strong appraisal since and preference assuring continuity of project results is key as one of the evaluation criteria used to evaluate an initiative.
6. Proposals must make clear that they are adding value to, and not duplicating existing activity of other bilateral / multilateral agencies or Government of Mexico. FCO funding however may be used to leverage co-funding from other donors.
7. It is understood that different organisations have different accounting timetables and practices but any successful bidder will need to confirm explicitly that they can and will be able to comply with specific financial requests and timetables.
8. **Priorities For Fiscal Year April 2015-March 2016**

The Regional Prosperity Fund – Latin America, supports projects that aim to have an impact on public policy on **openness, reputation, sustainability** and **opportunity**. Topic priorities are outlined below:

Openness

* Promote competitive markets and competition policies (e.g. tackling Collusion in Public Procurement)
* High-Level Reporting Mechanism (HLRM) for Accusations of Corruption and Bribery
* Fraud risk management initiatives for legislation
* Support the development of anti-bribery/corruption legislation (promoting UK Anti-Bribery Act) and the ability to prosecute those crimes
* Enhance Transparency, particularly in the extractive industries
* Support regulation/legislation for competitive productive sectors (e.g. mining)
* Generation of fiscal regulations for competitive markets.
* Public private partnerships PPPs (promoting using the UK PFI model) in the infrastructure, education, health and justice sectors
* Capacity building specifically around developing financing options and programme management expertise for major infrastructure projects
* Promote open government initiatives
* Infrastructure and technology for economic growth and enhance competitiveness and development transformation
* Management of ‘big data’ to solve key urban challenges in developing country contexts
* Policy or programmes that make private sector and academia work together in Technology Transfer and Property Rights

Sustainability

* Support creation of Green Growth policies through latest evidence (as the New Climate Economy) to demonstrate the wider economic case and co-benefits of climate action
* Urban sustainable development initiatives including:
	+ Low carbon transport policies (reduction in congestion, car use reduction strategies, etc.)
	+ Low carbon buildings (creation of urban codes, building certifications –including promotion of BREEAM criteria in regulation)
	+ Master-planning and urban design for transport and buildings
	+ Integrated public transport systems
	+ Activities that enhance the Future Cities Initiative
	+ Waste and water management programmes
* Generation of clean energy solutions (eg. up scaling of renewable energies and renewables finance policies)
* Energy efficiency in infrastructure, SMEs and productive sectors –development of policy and regulation tools contributing for open markets
* Domestic climate change legislation to support a global climate deal to be reached in Paris 2015
* Energy security and competitiveness in the energy sector

Opportunity + Reputation

Projects will be particularly welcome across the region on the above criteria. Bids can include input regarding **reputation** and **opportunity** criteria; bids that relate to one criteria can include elements of others.

**Contacts**

The project proposal in the bid form (including an **Activity Based Budget**) should be submitted in English with the title “Prosperity Fund 2014: XXX name of the implementer – XXX Country”, to both the appropriate Embassy contact listed below for where the project will take place, and cc’d to Regional Mail prosperityfund.latam@fco.gov.uk

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| --- | --- |
| **Latin America Programme Office in Mexico** | Rogelio.quintero@fco.gov.uk; evelyn.amaro@fco.gov.uk  |
| **Chile** | Prosperityfund.chile@fco.gov.uk  |
| **Colombia** | stuart.clapham@fco.gov.uk; Juliana.arregoces@fco.gov.uk  |
| **Costa Rica** | Ben.myers@fco.gov.uk  |
| **Peru** | BEProjectsPeru@fco.gov.uk  |
| **Panama** | Ben.myers@fco.gov.uk; Alfredo.castillero@fco.gov.uk  |
| **For RUBIES (Rules Based International Economic System projects)** | Caterin.Wall@fco.gov.uk  |
| **Regional Prosperity Fund Email**  | Prosperityfund.latam@fco.gov.uk  |

**Annex 1: Latin America Proposed Programme Board**

**Chair:** First Secretary for Climate Change Mexico

**Board Secretary:** Programme Manager - Head of Regional Prosperity Fund Team

**Members**

* Prosperity Officers – from all Regional Posts
* Commercial Officers – from all Regional Posts
* Press and Communication Officers from all Regional Posts
* Economists – from all Regional Posts
* UK Programme Team representative
* DECC representative
* Americas Directorate Representative
* External Board Members (Regional organizations as UN, World Bank, IADB, CAF)
* Representative from Argentina/Venezuela Posts

**Annex 2: Activity Based Budget Example**

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**Annex 3: Indicative timetable for Regional PF Latin America**

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| **First Bidding Round Timeline FY 2015-2016** |
| **Dates** | **Activity** |
| **Week of 11 November 2014** | Announce request for submission of **Concept Bids** |
| **12   December** | Deadline for Implementers to submit Concept Bids to Programme Team |
| **15 December – 09 January**  | Regional Programme Team and Posts review Concept Bids |
| **12 January**  | Internal (Virtual) Programme Board Meeting  |
| **13 January** | Regional Programme Team notification to Implementers announcing results of Concept Bids  |
| **10 February 2015** | Deadline for Implementers to submit **Full Bids** (including a final **Activity Based Budget**) |
| **11 – 17 February** | Regional Programme Team at Post reviews Full Bids in close contact with Posts |
| **18 February** | Regional Programme Team finalizes full bids review and sends to Latin America Programme Board for Appraisal Preparation |
| **24 February** | Regional Programme Board (Latin America) meets Virtually  |
| **27 February** | Programme Team notification to Implementers announcing results of first bidding round  |
| **2-31 March** | Contracts and financial arrangements completed |
| **1 April 2015** | Planned Start of Projects |