



Department for
Business, Energy
& Industrial Strategy

International Climate Finance:

Colombia Technical Assistance Programme

Call for Proposals – Strategy and Guidelines

July 2018

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1. Context

1.1 BEIS International Climate Finance

At the UNFCCC Conference of the Parties (COP) in Paris, the UK reaffirmed the collective commitment with other developed countries to mobilise \$100bn of climate finance a year by 2020 from public and private sources, to help developing countries mitigate and adapt to climate change. The UK has committed at least £5.8bn of International Climate Finance for 2016-2021, which is managed jointly by the Department for International Development (DFID), the Department for Business, Energy and Industrial Strategy (BEIS), and the Department for Environment, Food and Rural Affairs (DEFRA). The three departments have different allocations from the fund, and different focusses for their spend.

The BEIS International Climate Finance (ICF) team focusses on climate change mitigation primarily in middle-income countries where the largest climate change mitigation opportunities exist.

The BEIS ICF looks to mobilise private finance, towards the Paris \$100bn goal. We look to achieve transformational change, supporting projects and programmes that have a multiplier effect. We aim to *innovate* to overcome critical barriers in the market, *invest with impact* by mobilising private capital at scale, and *inspire* by sharing UK skills to support ambition.

As part of an ongoing portfolio of programmes towards BEIS ICF aims, the ICF is launching support for small-scale technical assistance activities in areas of distinct need.

2. Call for Proposals

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The UK and Colombia are like-minded leaders on climate and green growth that possess a shared ambitious vision and a strong existing relationship, including through forests and land-use programming and climate leadership in the United Nations Framework Convention on Climate Change – UNFCCC.

Colombia has advanced in the prioritisation of sectoral policies and measures towards a low carbon economy in line with its Nationally Determined Contribution – NDC, as well as identifying preliminary technical assistance needs.

Demand-led technical assistance can support Colombia in achieving climate goals and increasing opportunities by:

- **Strengthening crosscutting schemes of coordination and collaboration** amongst all levels of government and non-state actors;
- Developing needed **interventions to overcome market barriers that accelerate mobilisation of private capital** at scale to finance Colombia's NDC targets.
- Building institutional and technical capacities for **innovative and effective policy delivery and enforcement in key areas** at the national, subnational and municipal levels.

In this context, the ICF launches this Call for Proposals (C4P) to invite innovative project ideas that address technical assistance needs in Colombia related to its NDC.

This C4P requests implementation partners to submit **concept bids** for the following **project types**:

1. **Year 1 projects.** Year 1 projects should aim to deliver activities between November 2018 and November 2019.
2. **Skill share projects.** Skill share projects should aim to facilitate skill-sharing between Colombian, UK or international experts (public and private) to share technical knowledge and embed good practice in an identified policy area of specific need. Skill-sharing could range from short-term deployments, thematic conferences, and long-term secondments depending on need.
3. **Early transition activity projects.** Early transition activity projects will be delivered between October 2018 and March 2019 and shall aim to support the new administration's transition period.

The call will run in two phases: a concept bid stage; and a second phase for full proposal bids.

Successful bids will need to contribute towards one or more of the **objectives** and **themes** included in this strategy document, be eligible and meet the selection criteria.

Concept bids must indicate how their projects contribute to ODA (Overseas Development Assistance). Selected concept bidders that are requested to submit a **full proposal** will also be required to demonstrate

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how their project outcomes contribute to ODA development goals – poverty reduction, development benefits and gender equality. Successful bidders will receive grant funding to implement and deliver approved project proposals.

Activities through Colombia's Technical Assistance Programme (TAP) aim to support the following **objectives**:

- **Contribute to the reduction of Colombia's emissions and poverty reduction** by improving the capacity and capability of key institutions (national, subnational, non-state).
- **Support demand-led technical assistance that prioritises implementation and helps raise climate ambition**, by addressing barriers, constraints and areas of opportunity at different levels of government based on the country's political and economic context and sectoral priorities.

The following **themes** should guide the development of concepts bids:

1. Diffusion of non-conventional renewable energy sources to ensure an affordable, resilient, and low emissions energy system.
2. Addressing key policy, finance and technical barriers to scale up the energy efficiency market.
3. Financial and non-financial incentives (existing and new) and better access to innovative finance instruments, combined with a more comprehensive and coherent policy and regulatory framework, to accelerate the deployment of low emission vehicles.
4. Improving energy access through decentralised renewable energy generation models in areas that complement other UK forests and land use programmes¹.
5. Sustainable tourism and scientific research as a strategy to protect forests, ensure sustainable rural development and consolidation of peace in areas that have been affected by conflict.

Crosscutting themes are:

1. Implementation of Colombia's Green Growth Policy to consolidate long-term GHG emission reduction and sustainable economic development.
2. Improved understanding of investment opportunities and risks in green growth and support implementation of Colombia's roadmap to establish a green bond market.
3. Operationalisation of Colombia's MRV system for mitigation action, including a transparent registry, to track progress and ensure NDC implementation.

2.1 Eligibility

- I. **Strategic fit.** Proposals must meet one or more of the objectives and themes listed in section 2 above. Please speak to the TAP team before you submit concepts to ensure:

¹ ICF Forest and Land Use programmes (Amazon Vision, BioCarbon Fund, Sustainable Cattle-ranching programme, Partnerships for Forests) focus on the promotion of sustainable production landscapes and the sustainable use of natural resources, while reducing deforestation. Given that many of these areas are located in remote places of Colombia, access to public services (including energy) are limited, preventing them from advancing effective sustainable development models. Hence, guaranteeing energy access in areas such as Amazonas, Orinoquia and Pacific regions is essential to enable the necessary conditions to achieve sustainable development.

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- a) That a project is additional and complementary to other programmes sponsored by Her Majesty's Government (HMG) across priority sectors and amongst other international cooperation agencies.
- b) That a project does not duplicate activities taking place under other sources of funding.

Equally, not selected bids under TAP Colombia, where suitable, will be referred to other Funds if they are better-matched with such sources of funding; or to joint-fund activities with other HMG funds (or, if appropriate, to other international funders operating in Colombia).

II. Funding range. Based on their type, projects can have the following ranges of funding. All concept bids (for all projects) should clearly state and justify the budget required; the budget ultimately awarded will be at the discretion of the TAP team, dependent upon the scale and likely outcomes of the project.

1. **Year 1 projects** should require funding from the ICF of between £250,000 - £500,000 (indicative), **for up to one year** of activity from the point of signing the grant agreement. The total project budget may exceed the amount requested from the ICF with co-funding and exceed the timescale of one year, if the activity applied for is an initial phase or component within a larger multi-year project. Also, see '**Co-funding**', and '**Multi-year projects**', below.
2. **Skill share projects** should require funding from the ICF of between £25,000 - £100,000 (indicative), for up to one year of activity from the point of signing the grant agreement.
3. **Early transition activity projects** should require funding from the ICF of between £25,000 - £100,000 (indicative), for up to six months of activity from the point of signing the grant agreement.

III. All projects must be compatible with Official Development Assistance (ODA) criteria and must demonstrate how they will support the economic development and welfare of eligible developing countries. See the following link for more detail on ODA compatibility:

<http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>.

2.2 Selection Criteria

Eligible concept bids will be assessed based on the following criteria:

- **Strategic fit.** How well the project fits with the objectives and themes listed in section 2 above.
- **Potential for transformational impact.** How well the project effects, catalyse further change.

Indicators for this are:

- Improved political will and local ownership
- Increased capacity and capability
- Innovation
- Evidence of effectiveness is shared
- Leverage – that the activities incentivise others to act

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- Replicability
 - Scale that interventions have: sufficient reach to achieve reform
 - Sustainability beyond the support provided by the ICF
- **Value for Money.** How the project ensures an efficient allocation of resources for maximum effect.
 - **Additionality.** Evidence that the proposed project would not go ahead, or not go ahead at sufficient scale to achieve desired demonstration effect/critical mass, in the absence of funding from the Colombia Technical Assistance Programme (TAP).
 - **Deliverability.** Expertise and track record of delivery partners; in-country presence; local buy-in from government and civil society; risks are continuously reviewed; project is sufficiently resourced to deliver/oversee and; project is deliverable with budget. This includes as a core component the extent of key stakeholder(s) buy-in.

2.3 Implementer Requirements

Implementers. Technical Assistance projects allow exchange of expertise and best practice amongst Colombian, UK or international stakeholders. Proposals must demonstrate substantial collaboration and involvement on implementation between Colombian, UK or international partners. The grant agreement will only be signed with one implementing partner, who must be nominated as the lead implementer. Implementing partners will be required to submit curricula vitae (CVs) for their project team and seek agreement to any changes of the project team.

Strong engagement and support of the host government or other key beneficiaries and stakeholders is essential. Proposals must demonstrate alignment with the thematic areas that the TAP aims to support. The bid should also explain how the project has sufficient buy-in from Colombian stakeholders to deliver the expected outcomes.

Evidence-based policy outcomes. All proposals should demonstrate how they will achieve real, measurable policy outcomes. BEIS ICF places strong emphasis on evidence-based results clearly defined and tracked through project indicators of success. BEIS ICF is unable to consider proposals that solely focussed on basic or scientific research or whose primary goal is to increasing public awareness or benefitting business interest.

Proposals for **skill share projects and early transition activities** will only be considered if they have a realistic chance of achieving significant and measurable outcomes in the context of the project indicators of success.

Co-funding. Projects may operate with co-funding from other stakeholders. Implementers must demonstrate how the funding from the ICF is additional and necessary, and not duplicative. The funding portion received from the ICF must be for activities with distinct, measurable outcomes.

Value for money and additionality must be demonstrated in project proposals. Proposals must make clear how they will ensure an efficient allocation of resources for maximum effect, and that the project would not

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take place without funding from the ICF team. Proposals should also demonstrate how projects are adding value to, and not duplicating, existing activity.

Budgets should be inclusive of all activities required to fully achieve the project's stated goals, including dissemination and translation activities. Any significant additions or changes to the budget will need to be approved by the BEIS programme team before payment. Unless approved by the BEIS programme team, the fund cannot be used to pay for the costs/time of any other organisation/expert other than the implementer or sub-contracted organisation. The funds cannot be used to pay for Government Officials' time involved in the project.

Administration costs of implementers must be incorporated into the original project budget and should aim to be no more than 5% of the overall budget. In some cases, higher administrative costs may be considered, provided this is deemed to be appropriate and necessary by the Colombia TAP team.

Multi-year projects. Project proposals shall only be funded for up to one year of activity, though implementers shall give detail of intended multi-year activity which may be possible either through co-funding or by further funding from the Colombia TAP. **Multi-year project outcomes must include intermediate stand-alone outcomes for the single year one activity.**

Monitoring and evaluation. BEIS ICF places a strong emphasis on project monitoring and evaluation. Project implementers must submit quarterly progress reports and relevant financial reports for the duration of the project and submit a project completion report within three months of project completion. In addition, depending on the scale of the project, an independent evaluation may be required.

3. Indicative Priority Themes

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3.1 Rational for prioritisation

Initial prioritisation of themes for Colombia TAP activities is based on the following:

1. **Research commissioned by ICF/BEIS and carried out by an independent third party.** The scope of such research covered national priorities, demands for technical assistance at different government levels and across different sectors, as well as opportunities for UK support to climate mitigation in Colombia. The research drew on work coordinated by Colombia's Ministry of Environment and Sustainable Development (MADS) and National Planning Department (DNP), with support of the NDC Partnership (NDCP) where Colombia participates as one of its first country members.
2. **Experience from previous collaboration between Colombia and UK on climate change** through ICF programmes and Embassy activities.
3. **Understanding of other international cooperation models and activities** in Colombia through ongoing engagement and initial coordination.

Further details on the initial themes are included in Annex 1.

It is important to note that this CAP is open to considering proposals in other themes, if the need can be demonstrated with strong evidence.

4. Bidding Process

4. Bidding Process

The British Embassy in Colombia coordinates the Colombia Technical Assistance Programme (TAP). Information regarding bidding rounds in Colombia is published on the British Embassy's website.

4.1 Concept Bid Development

Implementing organisations should develop bids in consultation with the Embassy: organisations looking to submit a concept bid should contact the Colombia TAP team to ensure it is eligible and meets the programme objectives and themes described in section 2 above. Contact details are given in Section 4.5 below. We also recommend that in advance, prospective bidders check the terms and conditions in the Grant Agreement which can be downloaded from the Embassy's website.

Implementers whose bids are successful at the concept stage will be invited to develop full proposal bids.

4.2 Development of Full proposals

If a concept bid is selected, the implementer will be provided with templates and instructions to develop a full project proposal bid, which will involve a detailed project plan and an activity-based budget. Only bids selected at concept stage will be invited to submit full bids. Implementers will be informed of selected bids.

If necessary applicants may request funding to support the development of a full proposal. Decisions on whether to provide such funding will be taken on a case-by-case basis, drawing on evidence supplied by the applicant, and will be at the sole discretion of the Colombia TAP team.

4.3 Approval of Full Proposals

Full project proposals will be assessed by a Programme Board consisting of senior officials from the British Embassy Colombia, BEIS ICF London, and input from external sector experts. Proposals will be assessed on the selection criteria listed under 2.2, above.

Successful projects will start from:

September 2018 for **Early transition activity projects**; and
November 2018 for **all other projects**.

4.4 Submission

Concept proposals must be submitted in English only. Submission should include:

4. Bidding Process

- The completed Project Concept Bid Form
- The complete Project Concept Bid Checklist
- The CVs of key staff leading the delivery of the project at the implementing organisation(s)

Submissions should be made to ICF.Colombia@fco.gov.uk and ICF.Colombia@beis.gov.uk.

Deadline of concept bids for **Early transition activity projects** is **August 8, 2018 - 23:59 (GMT)**

Deadline of concept bids for **Year 1 projects** and **Skill share projects** is **August 22, 2018 - 23:59 (GMT)**

4.5 Contact Details

For enquiries please contact:

Colombia Technical Assistance Programme Team

ICF.Colombia@fco.gov.uk and ICF.Colombia@beis.gov.uk

Annex 1

1. Diffusion of non-conventional renewable energy sources to ensure an affordable, resilient, and low emissions energy system.

Colombia has high potential for renewable sources of energy, and the Government intends to increase the share of NCRE sources to 15% by 2028. The potential for renewable energy includes wind energy in the north of the country (in particular in La Guajira); high solar irradiation levels in the Caribbean region and Orinoquia; significant geothermal resources in the central Cordillera, and substantial potential for biomass energy throughout the country from agricultural and forestry waste.

As key barriers, on-grid renewable energy generation struggles to secure the capital required for the high upfront costs and the long payback periods. Moreover, reforms are needed to energy and electricity market policy and regulations to make investment in renewable technologies more attractive. These are recognised in the Energy Plan Colombia 2050, which identifies the lack of flexibility in the current, centralised energy system. Investment is needed in physical infrastructure (such as transmission lines) and energy systems to integrate variable, renewable energy into the system. Mechanisms for demand management are also required to balance supply and demand, including the use of smart grids and meters.

2. Addressing key policy, finance and technical barriers to scale up the energy efficiency market.

The main energy inefficiencies relate to the use of old technologies in thermal and electric equipment and inefficient operational practices. The Energy Planning Unit (UPME) estimates that energy savings at a national level of 25% may be achieved by using more efficient technologies, and an additional 8% - 15% with improved operations. Industry is one of the major opportunities for international technical assistance, with a high demand for support in developing bankable projects and raising awareness of energy efficient technologies, but limited support has been received to date. Many of the needs relate to the inability of smaller companies to structure bankable projects with clear business models and effective MRV systems.

Financial institutions also require support in identifying opportunities and designing effective green energy efficiency products. Technical assistance to financial institutions to help them design financial products that can support energy efficiency projects would be beneficial. Transaction costs are high, and standardised contracts and effective MRV systems may lower these. It is also critical to coordinate with local authorities and stakeholders to identify how to overcome specific challenges related to energy efficiency in non-industrial buildings (e.g. hospitals, commercial, housing).

3. Financial and non-financial incentives (existing and new) and better access to innovative finance instruments, combined with a more comprehensive and coherent policy and regulatory framework, to accelerate the deployment of low emission vehicles.

Transport remains a major priority for Colombia, especially given the co-benefits of improved air quality. There are specific barriers to accessing the large-scale finance required by the sector. These

relate to the long payback periods, large number of stakeholders involved, and in some cases, projects are not expected to generate revenue sufficient to cover individual project costs.

On the private vehicle side, a review of the incentives for the use of more fuel efficient or zero emission vehicles is required. Some tax incentives have been put in place, but these are limited in ambition and could be complemented with other types of incentives. This is particularly true for cargo transport, where attempts to reduce carbon also encounter resistance amongst transport associations. Plans for energy systems that combine non-conventional renewable generation with the potential demand from electric vehicles need to be developed, with a need for whole energy systems modelling.

4. Improving sustainable energy access in areas that complement other UK forests and land use programmes; strengthening sustainable tourism and scientific research as a strategy to protect forests, ensure sustainable rural development and consolidation of peace in areas that have been affected by conflict.

Forestry remains the single biggest area for climate mitigation in Colombia and is expected to contribute 42.7% of the total reduction in GHG emissions. The existing UK programmes on forests and land use cover different areas where there is need for support. However, there are some gaps related to improving access to sustainable energy and to promote sustainable livelihoods in areas with high deforestation risk.

A low-carbon vision, which engages key stakeholders at the local level involved with production, transport and marketing of agricultural products, could help ensure implementation of the sectors' identified priorities, considering access to sustainable energy as a pillar. Moreover, Colombia has enormous opportunities to develop sustainable tourism and scientific research as strategy to reduce deforestation. There are already relevant experiences under the Colombia-Bio expeditions, as well as on birdwatching that could be scaled up.

In relation to crosscutting themes:

1. Implementation of Colombia's Green Growth Policy to consolidate long-term GHG emission reduction and sustainable economic development.

Colombia's Green Growth Mission has recently launched a set of ambitious goals and targets that have been determined in consultation with policy makers, industry and the financial sector. It is expected that such results will be put into a new green growth policy document, including new governance structures to improve coordination among relevant Ministries, the private sector and civil society organisations – and will need donor support to do so. The lack of appropriate governance, and long-term strategy to effectively implement the NDC have been raised as a key issue through research commissioned by ICF/BEIS and the work facilitated by the NDCP.

2. Improved understanding of green investment risks and implementation of Colombia's roadmap to establish a green bond market, to mobilise more public and private climate finance across key sectors in Colombia.

Colombia has made significant progress on policy and governance on green finance. There is still a need to mobilise private and public resources to advance mitigation targets. Colombia's Climate Finance Strategy identifies the need to increase mitigation annual investments by approximately £575 million (0.27% of 2016 Colombia's GDP) to meet the goal of reducing emissions by 20% by 2030.

In this context, there is a need to further leverage finance resources from the public sector, including with support from national development banks, to attract the participation of private sector finance by utilising resources to overcome financial barriers. A useful pathway to achieve this could be through establishing a green bond market.

Research commissioned by ICF/BEIS also found there is the lack of capacity inside the public and private finance sector to appropriately appraise and assess the risk associated with 'green' projects (e.g. renewables, energy efficiency); relevant organisations could be interested in learning from the UK's experience in this context. Improving public-private dialogue (including the financial sector), through an approach similar to the Climate Finance Accelerator, could be a useful approach to address this barrier.

3. Operationalisation of Colombia's MRV system for mitigation action, including a transparent registry, to track progress and ensure NDC implementation.

Colombia has a national MRV system, including recent regulation to establish a public registry for private and public mitigation action. MADS and the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM) currently face key barriers to improve the quality of the technical inputs that they prepare for this system, the National Communications and BUR's submitted to the UNFCCC. At the project level, measurement mechanisms can improve to have more certainty around the potential mitigation impacts of projects. This could drive further access to green finance in certain sectors.

Annex 2

1. Strategic Framework for follow-up to the Climate Finance Accelerator project.

The Colombian Climate Finance Committee has identified that Colombia must enhance its work on engaging with the real economy sector to identify and speed the up the implementation of a private sector driven portfolio of bankable projects as one of the key elements to secure implementation of its NDC. This work aims to complement the existing and valuable work done through several active platforms such as the Pilots for Financial Innovation led by Protocolo Verde (under the umbrella of the Colombian Banking Association - Asobancaria), the Development Banks commitments on the green growth policy (Action plan of policy document CONPES 3934) and the CFA event held in 2017.

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In this regard, and while also acknowledging that there are already private sector companies taking initiatives aligned with the Colombian NDC, a “CFA 2.0” project could provide an opportunity to accelerate this work by broadening the number of real sector companies undertaking ambitious climate projects and investments.

Henceforth, the CFA 2.0 could target companies that are currently conducting prefeasibility and feasibility assessments of climate change projects that need additional technical and financial expertise to fully structure bankable proposals able to gain access to finance. The identification of these companies should be done together with business associations and the existing platforms working on mobilizing climate finance and business associations (i.e. Climate Finance Committee of the SISCLIMA, Protocolo Verde, NDC partnership, ANDI, Global Compact, System B companies, CECODES).

The Colombian Climate Finance Committee is a forum to build on the outcomes of this experience as a means to secure impact beyond the implementation period.