

**Cooperation to increase Energy Efficiency
SENER and CONUEE**

**Development Engagement Document
Annex D to
Danish Climate and Energy Partnership Program in Mexico
Development Engagement 2**

FINAL

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1 INTRODUCTION

The present Development Engagement (DE) document details the objectives and management arrangements for the development cooperation concerning the support for reaching Mexico's targets for energy efficiency for the period from July 2017 to June 2020 as agreed between the parties specified below. The Development Engagement document is annexed to the Mexican Partnership Programme document with the Implementing Partner and constitutes an integrated part hereof together with the documentation specified below. This DE with CONUEE is part of the support provided through the Climate and Energy Partnership Programme between Mexico and Denmark. The Partnership Programme with Mexico is embedded in the Danish Energy Agency (DEA) Energy Partnership Programme (DEPP) supported by the Danish Climate Envelope focusing on four countries including also China, South Africa and Vietnam.

2 PARTIES

The Danish Energy Agency
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and

National Commission for Efficient Use of Energy (CONUEE) of Mexico
Av. Revolución 1877,
Loreto, Ciudad de México. C.P. 01090

3 DOCUMENTATION

The partner documents that support this intervention are:

1. Energy Transition Law, December 24, 2015.
2. Special Energy Transition Programme (PETE) 2016-2018 – December 2016.
3. National Programme for the Sustainable Use of Energy (PRONASE), first update, December 2016.
4. Annual work plan of CONUEE (last one: Plan Anual de Trabajo 2017).
5. Energy Efficiency Roadmap (Hoja de Ruta de Eficiencia Energética)

4 BACKGROUND

Mexico is known to be an active player in international climate and energy dialogues and has a wide range of climate and energy policies in place, with targets and supported by plans and strategies. Mexico ratified the Paris Agreement in September 2016, and was the first developing country to present its Intended Nationally Determined Contribution (INDC) in March 2015. The INDC does not include any specific target for energy efficiency, but it commits Mexico to reduce unconditionally 22% (below business-as-usual) of its GHG and 51% Short Lived Climate Pollutants (SLCP) emissions in 2030. This commitment implies that net emissions peak starting from 2026, thus decoupling GHG emissions from economic growth, reducing emissions intensity per unit of GDP by around 40% from 2013 to 2030. The 22% reduction commitment on GHG could increase up to a 36% in a conditional manner, subject to a global agreement addressing important topics including international carbon price, carbon border adjustments, technical cooperation, access to low-

cost financial resources and technology transfer, all at a scale commensurate to the challenge of global climate change. Within the same conditions, SLCP reductions could increase up to 70% in 2030. While there are no specific targets for clean energy included in the INDC, given the large role of the energy sector in emissions, the peaking of net emissions will require a significant contribution from mitigation in the energy sector. How the commitment translates into RE and EE is still to be analysed in detail.

The energy sector is a key sector for climate change mitigation as it is the second largest source of GHG emissions, after transport, not least due to high dependency on fossil fuels, the main sources of primary energy supply (91%), and with 80% of the electricity generated from fossil fuels. According to the first Biennial Update Report submitted to the United Nations Framework Convention on Climate Change in 2015, Mexico's emissions reached 665 MtCO₂e in 2013, in which the energy sector (fossil fuels combustion) contributed with 70.8% of the total.

The Energy Transition Law (Ley de Transición Energética, December 2015) aims to regulate the sustainable use of energy and articulate the electricity industry's obligations regarding the country's need to transition to using clean energy and cutting polluting emissions, while at the same time maintaining Mexico's productivity and international competitiveness. The law is now a cornerstone of Mexico's legislation on clean energy and energy efficiency, as it provides a regulatory framework that allows all energy sector stakeholders to engage in long-term efforts.

The Energy Transition Law also states that the National Programme for the Sustainable Use of Energy (Programa Nacional para el Aprovechamiento Sustentable de la Energía – PRONASE - 2014 – 2018, first update, December 2016) will establish Energy Efficiency Goals. For the period 2016-2030, the energy efficiency goal is set at 1.9% annual reduction of the intensity of final energy demand.

The point of departure for Mexico's request for support from Denmark related to energy efficiency (EE) is the ongoing transition of the energy sector in Mexico and the high relevance of Danish experience in this regard. Danish experiences in transforming the energy sector rest on thorough research, development, test schemes and continuous development and adaptation of the regulatory framework, as well as reliable and solid long-term analyses and planning. Therefore, DEA support is considered a good match reflecting both the request for support by Mexican counterparts and Danish core competencies that target carefully selected areas where Denmark has long standing skills and experience, and can add value considering also what other development partners offer Mexico. Most of the cooperation builds on results from the previous programme that have proven successful and catalytic in support of changes called for in Mexico's legislation and strategy and planning documents.

This DE is with CONUEE, the National Commission for Efficient Energy Use. CONUEE is an administrative body within SENER, with technical and operational autonomy. CONUEE aims to promote EE and is a technical body on sustainable use of energy, promoting the optimal use of energy, from exploitation to consumption. The Partnership Programme will work mainly with the Directorate of Energy Management Systems (for industry), with the Directorate for Energy Efficiency Norms (buildings), and with the Directorate for Policies and Programmes regarding data on energy end-use and modelling.

The private sector companies are also very interested in the climate and energy agenda in Mexico. Through the cooperation, specific requests for technologies rise sometimes, and the importance of mobilising the private sector, with their competences and technologies will be an underlying part of the Partnership Programme. An improved enabling environment could pave the way for partnerships between the private sector in Mexico and Denmark. Close collaboration with the Danish Embassy in Mexico on issues related to private sector is expected.

5 DEVELOPMENT ENGAGEMENT OBJECTIVE

The objective of the wider Energy Partnership Programme between Mexico and Denmark is that Mexico is in transition to decouple carbon emissions from economic growth through cost-efficient mitigation actions. This objective is in alignment with Mexico's national plans, including the Energy Transition Law. The particular objective (outcome) for this DE is that efficiency in the use of energy is increased, in line with the and energy efficiency targets of the Energy Transition Law.

Results and lessons learned from the previous support have informed the design of the new programme leading to agreement by the parties on the following outputs that will contribute to achieving the DE objective:

Incentive scheme based on voluntary agreements for energy management systems in large energy consuming industries established and used

Scoping on how to create interest in EE through implementation of energy management systems in large companies were initiated in the previous programme period. Through demonstration and pilot projects, actual energy savings possibilities were identified, and energy savings projects initiated. This was shared by CONUEE to the wider industry, which generated interest among other companies to engage in energy management.

A mandate was recently established in the Energy Transition law for Mexico allowing that SENER through CONUEE can now apply incentive schemes in terms of voluntary agreement schemes for implementation of energy management systems. This scheme is based on agreements between a company and authority: A company agrees to implement an energy management system (such as ISO 50001) and is compensated through a benefit such as tax/levy reduction, access to free advice etc. Such scheme is known in a Danish context as a "Voluntary Agreement Scheme" and Denmark has successfully worked with such schemes the last 30 years, set up and administered by DEA.

The Partnership Programme cooperation with CONUEE will focus on supporting the setup of the agreement including development of administrative guidelines and systems. Resources for a first, basic pilot incentive scheme have already been sought at the energy fund FOTEASE, and a grant is expected before summer 2017. The FOTEASE grant will be administered by CONUEE and support industries where specific TA is needed. It is the expectation, that the pilot scheme will be followed by a permanent scheme. The cooperation will include support to implementation of the pilot scheme and design of and preparation for roll out of a long term scheme. Cooperation will also include support to the evaluation (to take place after 1,5 years) and the continuous adjustment of the pilot scheme according to experience. To support the roll out, there will also be education and

training of relevant national business groups to make national experts able to assess energy use in the companies and to verify energy savings. This will be offered through CONUEE and planned in collaboration with relevant business organizations. To further support this, experiences from pilots and demonstrations revealing attractive EE options will be developed and shared. The funding for the scheme itself is handled by CONUEE.

Energy Efficiency requirements for new buildings integrated into building codes and enforced

Many international actors are involved in energy efficiency in the buildings sector in Mexico, and IEA has gathered the actors, including the Mexican authorities, to make a “road map” – a plan for how energy requirements can be introduced. Denmark will continue to contribute to this work.

It is part of CONUEE’s mandate to help states and municipalities to improve their EE. The norms for EE in buildings at federal level are active, but their content and provisions have to be incorporated into the municipal building codes for them to be enforced and implemented in practice. The main added value of the Danish cooperation up to now has been in (i) its convening power to “open doors between the federal, state and local levels”, (ii) the focus on enforcement and (iii) the training and information material and tools for compliance check, which have been developed to demonstrate the substantial economic savings and other benefits that would result from implementation.

Mayors in municipalities have shown willingness to engage and participate partly because of the international engagement in the support. In the previous programme period, selected municipalities came close to actual implementation and more municipalities were ready to be included in the cooperation, which has a high potential for replication in every municipality. The cooperation focuses on both the demand side, supply side and regulatory measures. Cooperation is established with the relevant business organizations and through them, sessions of training of trainers are offered. Also, training of the authorities will take place, in order to make them capable of providing building permits according to the NOMs.

While the institutional barriers in the building industry in terms of recurrent costs, human resources, performance and accountability (including corruption) are considerable, the experience gained already provides the DE with an opportunity to address the crucial barriers and bottlenecks with more accuracy and efficiency than any other actor on the EE-scene in Mexico.

End-use EE model established and system for data acquisition in place, in areas where Denmark has a specific and unique knowledge, and which is related to other activities of the Partnership Programme.

CONUEE has a mandate to collect data on end-use energy consumption and every 2 years report on the decrease of energy intensity. At present, very little disaggregated data on the end-use energy consumption of almost all sectors exists, and no reporting on national EE development – an EE Outlook - takes place. Areas where exchange of experience and training is in demand include collection and handling of data as well as modelling using the LEAP model. This DE will contribute to this capacity building exercise as well as contribute to specific reports where necessary. The specific sectors/areas of support will be

based on assessment of needs at CONUEE as well as in relation to activities under the Partnership Programme, and on Danish key competences.

The DEA will base the actual support on progress attained in the implementation of the engagement as described in the documentation. Progress will be measured through the Mexican monitoring framework, the Climate Change Envelope (CCE) indicators, and some specific indicators developed for this DE.

6 THEORY OF CHANGE

This DE intends to strengthen the enabling environment for EE through outputs that focus on energy using industries and the buildings sector, and on by enhancing the capacity to monitor energy consumption and changes in EE. If the outputs are achieved, it will contribute to the outcome that efficiency in the use of energy is increased, in line with the energy efficiency targets of the Energy Transition Law. The DE will thus contribute to reducing the energy intensity of the economy, impacting GHG emissions and supporting the GHG reduction targets stipulated in the NDC.

Increased EE in the industrial and building sectors in Mexico is considered a highly cost-effective approach to decreasing the carbon intensity of the economy. The Theory of Change is that targeted additional measures, including new incentive schemes and regulatory measures backed by enhanced data collection and monitoring instruments, can facilitate change in the sectors towards realizing EE-potentials.

Specifically, the theory of change linking outputs to outcome is that: (i) by targeting the energy use in energy intensive industries through development of incentive schemes, cost effective energy efficiency potentials will be released (ii) by reinforcing a number of show-case municipalities in applying and enforcing the federal EE codes and laws at local level, the benefits of EE will be demonstrated, (iii) by helping disseminate exemplary cases of EE implementation and lessons-learned to a wider audience in the relevant sectors, the activities will attract a larger audience, as EE is attractive also as a way of saving money, (iv) by helping establish local capacity in the private sector to implement EE measures in buildings, the market for energy services will be enhanced toward meeting international standards, and (v) by strengthening the capacity of CONUEE in acquiring data and modelling end-use EE in several sectors, Mexico will be able to track developments and measure actual energy consumption and GHG emissions reductions, thus informing further policy and regulatory development.

The above changes will be achieved by the provision of long and short-term advisory support provided by DEA and external consultants, who will work closely in a peer-to-peer relationship with Mexican government officials and local consultants, through exchange visits to Denmark by key people responsible for EE in industries and buildings; and through targeted workshops to develop the skills of partners and disseminate information to civil society and private stakeholders.

Realizing the defined outcome of increased efficiency in the use of energy depends not only on this DE but on other factors as well that are beyond the direct control of this DE. Successful achievement of the outcome from DEA's support thus rests on a set of assumptions: (i) the Government of Mexico retains its commitment to climate change

mitigation and related targets on energy, most particularly on energy efficiency also after the elections to be held in 2018, (ii) the partner institutions have ownership of the cooperation; (iii) staff of CONUEE remains in posts long enough to take up results from the cooperation and to carry out change; (iv) industries are willing to adopt Energy Management System (EMS) to international standards and to invest in EE-improvements emerging from the EMS implementation; (v) states/municipalities retain commitment to implement and enforce building regulation and the building construction sector is capable and willing to comply with the building code; (vi) sufficient local capacity exists in the private sector to address the increased demand for EE services; (vii) end-use information on EE in several sectors is available and this information can be processed and aggregated in order to be able to report on the changes of energy intensity of the economy; (viii) DEA makes available adequate staff resources, and other expertise and technical assistance are procured in a timely manner.

7 RESULTS FRAMEWORK

For Danida's reporting purposes the following key outcome and output indicators have been selected to document progress. Detailed indicators for each output will be revisited and potentially refined as part of the inception, where the baselines and targets, will be adjusted with reference to prevailing knowledge and the Climate Change Envelope guidelines for monitoring:

| | | | |
|-------------------|------|---|--|
| Outcome | | Efficiency in the use of energy increased In line with the energy efficiency targets of the Energy Transition Law. | |
| Outcome indicator | | 1.9% annual reduction of the intensity of final energy demand is reached. | |
| Baseline | Year | 2017 | Efficiency not measured as per the defined baseline |
| Target | Year | 2020 | Expertise at CONUEE, initiatives, plans and agreements in place and support the target for EE. 1.9% annual reduction of the intensity of final energy demand is achieved. |

| | | | |
|--------------------|----------|---|---|
| Output 1 | | Incentive scheme based on voluntary agreements for energy management systems in large energy consuming industries established and used CONUEE has approved voluntary agreement scheme for energy management including incentives for its wider scale implementation - and administrative setup in place | |
| Output indicator 1 | | Voluntary agreement scheme for energy management developed and functioning and incentives agreed for long term scheme | |
| Baseline | Year | 2017 | <ul style="list-style-type: none"> • Pilot scheme not yet rolled out • Little capacity to develop and administrate a Voluntary Agreement scheme at CONUEE • Information about the benefits of EE not adequately disseminated. • Limited know-how on international energy management systems among Mexican verifiers |
| Target | Year 1.5 | 2018 | <ul style="list-style-type: none"> • Pilot scheme tested and evaluated • Long term scheme under development • Fiscal incentives analysed and agreed by key stakeholders. • Information about the benefits of EE adequately |

| | | | |
|--------|--------|------|---|
| | | | disseminated. • Training of relevant verifiers and business organizations well underway |
| Target | Year 3 | 2020 | • Long term scheme designed and in place and set up approved by CONUEE • Voluntary agreements signed with at least 40 companies • Access to capable Mexican verifiers and businesses • Fiscal incentives in place. |

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|----------------------|----------|--|--|
| Output 2 | | Energy Efficiency requirements for new buildings integrated into building codes and enforced. At least three states/cities enforce the building code | |
| Output indicator 2.1 | | At least 3 states/ cities have adopted EE standards in building codes after participating in workshops and training | |
| Baseline | Year | 2017 | • A limited number of states and municipalities are well in the process of implementing the federal standards at local level. • Limited dissemination of experiences with EE in buildings. |
| Target | Year 1.5 | 2018 | • Two additional states and/or municipalities are well in the process of implementing the federal standards at local level. |
| Target | Year 3 | 2020 | • A total of four states and/or municipalities are well in the process of implementing the federal standards at local level. |
| Output indicator 2.2 | | At least three states/cities enforce the building code | |
| Baseline | Year | 2017 | • Local enforcement of building codes still weak. • Not enough architects and engineers aware of EE potential in buildings. |
| Target | Year 1.5 | 2018 | • Local enforcement of building codes in the municipalities that participated in previous programme is in place. • Training of trainers programme in place |
| Target | Year 3 | 2020 | • The local building codes in the cooperating municipalities are enforced. • Through business associations, training of at least 100 relevant trainers - building experts - in applying EE measures in buildings in line with building codes. |

| | | | |
|--------------------|----------|--|--|
| Output 3 | | End-use EE model established and system for data acquisition in place, in areas where Denmark has a specific and unique knowledge, and which is related to other activities of the Partnership Programme. CONUEE uses data and model for reporting on development in energy intensity, as required by law, in selected areas | |
| Output indicator 3 | | Reporting takes place regularly | |
| Baseline | Year | 2017 | • Systematic gathering of EE data only limited • Limited capacity for end-use EE modelling • No regular reporting on energy intensity |
| Target | Year 1.5 | 2019 | • Systems for gathering data designed and agreed • CONUEE has some capacity for EE end-use modelling and reporting. |
| Target | Year 3 | 2020 | • CONUEE gather reliable EE data • CONUEE reports on progress in decreasing energy intensity • CONUEE uses EE end-use modelling and quantify effects of EE measures. |

8 RISK MANAGEMENT

The major risk related to successful implementation of the DE is that:

Following the election in 2018 a government will not retain its commitment to low carbon development and clean energy development. The mid 2018 election the government may change to a government that will put other priorities on the agenda. This could lead to priorities that will not include energy efficiency. This risk is minor since almost all large parties in the current parliament supports the climate change policies and the energy transition laws.

High staff turnovers as a consequence of the next election will constrain resource with the partner institution. Following any election in Mexico will cause major shift in top management of the institutions that the Partnership Programme will cooperate with and it will take time to fully take ownership and understand the modality of the cooperation including the type of assistance offered. This risk is minor because the support is largely aimed at technical staff that does not change and these people are well acquainted with the modus operandi of the Partnership Programme and supports it. This risk will be mitigated by the programme management and DEA taking steps to ensure timely completion of activities exposed to the risk of delays.

Lack of ownership to the cooperation from key partner institutions. The Danish support is in high demand and all direct partners demonstrate a genuine ownership to the cooperation as it has also been confirmed by the high-level participation in the meetings organised during the formulation. The risk is minor.

Change in energy prices. If energy prices change, it will change the business case for investing in the energy system and in specific energy sources as well as efficiency. A decrease in energy prices will discourage investment in the grid and renewables or adoption of energy efficiency measures.

There are no other major risks identified that have not been mitigated as part of the design, but risks will be monitored closely throughout implementation and measures will be carried out accordingly.

9 INPUTS/BUDGET

| Outputs | Contribution with Danish funds (hours and DKK) | Partner Contribution in-kind |
|--|--|------------------------------|
| Output 1 - Incentive scheme for energy management systems in large energy consuming industries established and used In DKK 000 | 2.535 | |
| TA travel costs etc. in DKK '000 | 200 | |
| Delegations to Denmark in DKK '000 | 100 | |
| Other costs in DKK '000 | 100 | |

| | | |
|--|---------------|------|
| TA from DEA, in hours | 1500 | 1500 |
| TA from other international experts, in hours | 1000 | 1000 |
| TA from local consultants, in hours | 1500 | 1500 |
| | | |
| Output 2 - Energy Efficiency requirements for new buildings integrated into building codes and enforced. In DKK '000 | 3.682 | |
| TA travel costs etc. in DKK '000 | 200 | |
| Delegations to Denmark ,in DKK '000 | 150 | |
| Other costs, in DKK '000 | 200 | |
| TA from DEA, in hours | 2800 | 2800 |
| TA from other international experts, in hours | 1000 | 1000 |
| TA from local consultants, in hours | 2500 | 2500 |
| | | |
| Output 3 - End-use EE model established and system for data acquisition in place. | 1.971 | |
| TA travel costs etc., in DKK '000 | 100 | |
| Delegations to Denmark, in DKK '000 | - | |
| Other costs, in DKK '000 | 50 | |
| TA from DEA, in hours | 1665 | 1665 |
| TA from other international experts, in hours | 500 | 500 |
| TA from local consultants, in hours | 1500 | 1500 |
| | | |
| International Long-Term Adviser (DKK) | 1.950 | |
| GRAND TOTAL (DKK) | 10.139 | |

Partner contribution in terms of hours is intended to at least be equivalent to the input from Denmark.

10 MANAGEMENT ARRANGEMENT

The parties have agreed to the following management arrangement with the aim to ensure adequate dialogue and timely decisions regarding this Development Engagement.

The Development Engagement is anchored in CONUEE, that has the overall responsibility for implementation of the engagement. The daily implementation is the responsibility of CONUEE's director of international cooperation.

A Development Engagement Implementation Group, hereafter called the Implementation Group, managing daily implementation of the Development Engagement will be headed by a director from CONUEE and consist of relevant directors from CONUEE and SENER (to be decided), the Long Term Adviser, the DEA focal point/DEA expert and partner specialists as required. The Implementation Group will guide daily implementation and meet on a needs basis, and will: i) develop annual and detailed half-yearly work plans for the DE, matching priorities in the partners work plans; ii) associated with the detailed half-yearly work plan determine need for Technical Assistance (TA) inputs from DEA experts and from national and international TA through development of a TA provision plan; iii) develop half-yearly progress reports; iv) endorse inputs based on TOR prepared at output

level; v) monitor day-to-day progress of DE implementation. The head of the Implementation Group reports on DE outputs to the Management Group.

A Management Group will be established to coordinate and manage the entire partnership programme in Mexico. The Management Group will be led by the heads of departments for the Development Engagement partner institutions and will have participation of the DEA focal point, the LTA and partner specialists as relevant. The Management Group will meet at least twice per year and have the responsibility to: i) consolidate and check annual and detailed half-yearly work-plans and budgets against DE partners work-plans and TA provision plan; ii) monitor programme progress at output level, using the “traffic light” system; iii) ensure cross fertilisation between engagements. The Management Group reports on programme development to the Steering Committee and acts as Secretary to the Steering Committee.

The Steering Committee is established and co-chaired by a Vice Minister of SENER, Vice Minister of SEMARNAT and DEA Director General/Deputy Director General. The Danish Ambassador participates at in the Steering Committee as representative of Danish Ministry of Foreign Affairs.

DE partners are all represented in the Steering Committee at senior management level. The Steering Committee should meet one to two times per year to approve annual work plans and progress reports; discuss and resolve issues related to programme progress, and; decide on any reallocation of resources between DEs, e.g. based on recommendations from the Management Group and from the mid-term review.

Implementation arrangements

At implementation level the DE partners are responsible for implementation of the DE with DEA being responsible for providing the necessary and timely resources to deliver the outputs, according to the output-based budget and the requests for TA from the DEs. Each DE partner has, at output level, dedicated partner specialists, assisted by DEA that provide inputs to the annual and half—yearly work-plans, and proposed needs for provision of TA. This includes formulating detailed Terms of Reference and specific TA profiles and time-input required to deliver the outputs. Provision of TA should be based on the principles of a) DEA experts where peer advice is required; b) national TA where relevant; and; c) international specialists where dedicated specialist tasks will be needed.

DEA is also responsible for coordination of inputs from Denmark and for advising on implementation, and approving deliverables from external service providers.

In addition to national and international short term TA the partnership programme in Mexico will finance two Long Term Advisers (LTA), one with focus on RE and EE, the other with focus on climate. This is to ensure proper advice and specific TA for the two partners SENER and SEMARNAT. While the LTA serves as adviser to the entire programme, the LTA in SENER will focus on DE1 and DE2, and is expected to provide substantial TA to DE2. As program advisor, the LTA would use any opportunity to encourage partners (as duty bearers) to ensure consultation of relevant DE outputs with right holders – CSO's, private sector investors and other relevant stakeholders, and to coordinate with other international donors and development partners. The LTA will also

support integrated policy dialogues. The LTA will be able to draw on local TA from the programme, when required.

11 PROCUREMENT AND FINANCIAL MANAGEMENT

This Development Engagement will have no cash transferred or disbursed directly to the Development Engagement partner. Hence, there are no requirements for accounting of funds and financial reporting at Development Engagement level. However, based on the agreed annual workplan the international and national adviser inputs will be budgeted and agreed in terms of days delivered, including in country. The bi-annual progress reports will include the actual time spent for each TA input to monitor the use against agreed TA budget.

Procurement of agreed TA (in any form) will be carried out by DEA and follow Danish procurement rules or drawn from a pool of experts. Final selection of procured TA will be done in close cooperation with partners based on no objection from the Implementation Groups.

Recruitment of the Long Term Adviser (LTA) follows procedures of the Danish Ministry of Foreign Affairs (MFA). Representatives from SENER will be part of the recruitment panel together with representatives from DEA and MFA.

Study tours by DE partners will be paid for by the partnership program with Mexico. This includes airfares, accommodation and daily allowances. Daily allowances for the entire trip will be paid out in cash upon departure following MFA procedures for appropriate documentation. Workshops and seminars in country will be paid for by the partnership program, based on appropriate quotations and documented expenses by approval. Sitting allowance for any workshop or meetings will be paid for out of partners own budgets.

12 MONITORING AND EVALUATION

Daily progress will be followed by the Implementation Groups who will report progress towards outputs and outcomes of this engagement through bi-annual progress reporting to the Management Group that consolidate reports across the programme and report this to the Steering Committee at annual or bi-annual Steering Committee meetings. The Management Group will also provide an Annual Progress Report to be approved by the Steering Committee. All reporting should, to the extent possible and when relevant, be disaggregated by gender, area, sector, etc. forwarded to the DEPP Advisory Group in Copenhagen.

Detailed indicators for each specific Development Engagement output will be revisited and potentially refined as part of the inception, where annual targets, in line with already defined targets will be adjusted with reference to the guidelines for monitoring of the Danish Climate Envelope. Monitoring towards these targets will be reported through the bi-annual progress reporting using a “traffic-light” system, where:

- “green” is on-track – implementation progresses as scheduled;
- “yellow” is partly on-track which needs an explanation by the Implementation Group to the Management Group, including actions taken to get back on-track and closer monitoring of progress by the Management Group;

- “red” is off-track, which needs a detailed explanation by the Management Group to the Steering Committee with recommendations of changes to the implementation to get the engagement back on-track. If “red” in two consecutive reporting periods, the Steering Committee may consider reallocation between outputs within or between the Development Engagements as deemed relevant.

Monitoring of actual time spent by international and national advisers will be reported in the bi-annual progress reports, which will include an updated work plan and a projection of TA input for the following six months. Similar reporting will be done for workshops and study-tours.

The Danish Ministry of Foreign Affairs shall have the right to carry out any technical mission that is considered necessary to monitor the implementation of the programme, which may include a mid-term review.

After the termination of the programme support the Danish Ministry of Foreign Affairs reserves the right to carry out evaluation in accordance with this article..

Anti-corruption

No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted - neither directly nor indirectly - as an inducement or reward in relation to activities funded under this agreement, incl. tendering, award, or execution of contracts. Any such practice will be grounds for the immediate cancellation of this agreement or parts of it, and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the Danish Government, a further consequence of any such practice can be the definite exclusion from any projects funded by the Government of Denmark.

Prerequisites

This Development Engagement is in accord with the Specific Cooperation Agreement. There are no additional prerequisites.

Signatures

Partner/DEA