

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Enhancing Climate Investments and Knowledge in LAC in Collaboration with AFD
▪ TC Number:	RG-T3887
▪ Team Leader/Members:	Doherty Bigara Rodriguez, Jennifer (CSD/CCS) Team Leader; Braly-Cartillier, Isabelle Frederique (ORP/REM); Gomez, Juan Carlos (CSD/CCS); Juan Francisco Martinez (CSD/CCS); Medeiros, Eduardo (CSD/CSD); Monroy Taborda, Santiago (ORP/REM); Nicolas Moreno (ORP/GCM); Patricia Gutierrez Mesones (CSD/CCS); Sara Carias (CSD/CCS); Vila Saint-Etienne, Sara (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	
▪ Beneficiary:	Countries in Latin America and the Caribbean
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Cofinancing Special Grants(COF)
▪ IDB Funding Requested ¹ :	US\$145,031.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period:	24 months
▪ Required start date:	February 2023
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Unit:	CSD/CCS-Climate Change
▪ Unit of Disbursement Responsibility:	CSD/CCS-Climate Change
▪ TC included in Country Strategy:	Yes
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability; Gender equality

II. Objectives and Justification of the TC

- 2.1 On May 20th, 2020, the IDB Group and the *Agence Française de Développement* (AFD) Group held their fourth Deep Dive Meeting, in which it was stressed not only the importance of strengthening the partnership momentum, but also thinking ahead towards future strategic collaborations and co-financing operations in Latin America and the Caribbean (LAC). Towards this end, the IDB and AFD have exchanged on the modalities of the support to be brought to Latin American countries in their immediate to rather short terms responses to COVID-19, and on the medium to long-term recovery plans. These could be developed further, leading to a potential joint-cooperation aligned with climate and Sustainable Development Goals' (SDG) objectives, key drivers of the IDB-AFD partnership.
- 2.2 Proof of this ongoing cooperation is the signing of one cofinancing agreement and the approval of two grant agreements between IDB and AFD: a Policy based loan to support the decarbonization plan of Costa Rica (AFD: US\$150 million; and IDB:

¹ This amount corresponds to the unspent balance of operation RG-T2933. ATN / CF-16049-RG

US\$230 million, approved by the Legislative Assembly on May 16, 2020, to tackle the constraints of the pandemic) and two AFD grants to IDB regional facilities on gender parity and ageing populations in Latin America and the Caribbean, for US\$4,3 million. The IDB and AFD Groups have a strategic cooperation track record with climate change (decarbonization pathways, urban development, energy, transportation), and sustainable development. The two institutions signed a co-financing agreement in November 2018 targeting US\$1 billion by 2021. The 2020 Deep Dive Meeting has allowed experts to dig into promising sectoral discussions on biodiversity, climate change, urban development, governance, gender equality, infrastructure, social sectors, migration and financial innovation, further enhanced by the participation of IDB Invest and Proparco and finalizing with a discussion on the 2020-21 pipeline.

- 2.3 In 2017, a Project Specific Grant for climate change knowledge generation (RG-T-2933) was approved with resources from AFD and received additional resources in 2018 to pursue a joint work agenda with a specific focus on climate investments and innovation in governance. The present TC will use the remaining resources of RG-T2933 to pursue joint interests in the climate change and biodiversity agenda.
- 2.4 **Objective.** Building on this experience, the IDB and AFD seek to continue partnering in key areas for LAC's development and therefore this TC will support efforts, based on countries' needs and requests, to build low carbon and resilient projects.
- 2.5 In particular, the operation will continue to support areas for potential co-financing such as: (i) developing lessons learned on adaptation planning; (ii) low carbon and resilient social housing; and (iii) innovative policy and financial instruments to enhance the impact of development projects towards a development path aligned with the Paris Agreement.
- 2.6 This work will be complemented by the technical cooperations led by the IDB, in coordination with AFD, such as "*Strengthening resilience in Latin America and the Caribbean*" (ATN/AC-18143-RG), which will develop further analyses and capacities to identify adaptation and resilience options; "*Informing the design of long-term decarbonization strategies*" (ATN/FR-18228-RG) and; "*Identifying and disseminating best practices and opportunities to support COP-25 outcomes and Paris Agreement implementation throughout LAC*" (ATN/MC-18254-RG). AFD and IDB have a long-standing collaboration on Long Term Strategies that this TC will continue to foster through new activities and showcase the results.
- 2.7 The present operation is consistent with the Second Update to the Institutional Strategy (AB 3190-12), indicator 3.6 "Projects supporting climate change mitigation and/or adaptation (% of new approvals/commitments)" and is aligned with the development challenge of *productivity and innovation*, as it intends to foster low carbon and resilient investments in cutting edge areas such as green and blue jobs, and digitalization's carbon footprint and resilience options. The operation is also aligned with the cross-cutting themes of: (i) *climate change and environmental sustainability*, as it provides support to countries in the region to reduce their greenhouse gas emissions, boost their resilience to climate impacts and improve their resilience capacity; and (ii) *institutional capacity and the rule of law*, as it enables national institutions to include vulnerability in their national planning. Likewise, the proposed TC is aligned with the IDB's Integrated Strategy for Climate Change Adaptation and Mitigation and Sustainable and Renewable Energy (GN-2609-1) and its Action Plan (GN-2609-3). Finally, the operation responds to the objectives of the Ordinary Capital Strategic Development Program for Sustainability as it contributes to expanding the

knowledge base on climate change aimed at leveraging climate investment; particularly through institutional capacities strengthening.

III. Description of Activities/Components and Budget

- 3.1 **Component 1. Climate knowledge generation for low carbon and resilient investments (US\$130,000).** This component will support the development of sector and economic studies to enhance climate investments seeking to operationalize Nationally Determined Contributions (NDC) and Long Term Decarbonization Strategies (LTS). This component will foster financing opportunities for AFD and IDB in the region based on country demand and the results of the Deep Dive dialogue between the AFD and the IDB. Areas of common interest have been identified during previous deep dives, such as: resilient and low carbon housing, adaptation planning and public policy, migration, NDC implementation and coordination, among others. End beneficiaries will be the LAC countries selected later after next Deep Dive with AFD.
- 3.2 Activities to be developed will include individual consultancies assessing green job opportunities, as well as reviewing the carbon footprint and resilience opportunities of the digitalization agenda.
- 3.3 **Component 2. Knowledge and dissemination (US\$15,031).** Lessons learned and practical recommendations based on the deliverables developed by this Technical Cooperation will be made public for a global audience of policymakers, academia, and civil society, in close collaboration with AFD. This component will support a communication strategy for all deliverables to be showcased during COP 28 and to be developed under a PEC contract.
- 3.4 All knowledge products derived from this Technical Cooperation will be the Bank's intellectual property.
- 3.5 The total cost of this operation is US\$145,031, which will be financed with resources from the Agence Francaise de Développement, AFD.

Budget (US\$)

Activity/Component	IDB/Fund Funding	Total
Component 1. Climate knowledge generation for low carbon and resilient investments	130,000	130,000
Component 2. Knowledge and dissemination	15,031	15,031
Total	145,031	145,031

- 3.6 Resources of this project have been received from Agence Francaise de Développement, AFD, through a PSG (cf. RG-T2933). A PSG is administered by the Bank according to the "Report on COFABS, AdHocs and CLFGS and a Proposal to Unify Them as PSGs" (Document SC-114). As contemplated in these procedures, the commitment by AFD will be established through a separate Administration Agreement. The resources for this project will be administered by the Bank and given that the prior resources had already been charged with a nonrefundable administration fee of five percent of the contribution, this technical cooperation operation will not be charged with a fee. If at the end of project execution, the project was closed with a positive

uncommitted and unspent balance, the project team will be responsible for informing the Grants and Co-financing Management Division of the Bank to transfer the unspent balance pursuant to the terms of the PSG administration agreement. The project will leverage synergies and complementarities with IDB operations, research, and inhouse expertise in NDC and LTS planning and implementation.

IV. Executing Agency and Execution Structure

- 4.1 The Bank will act as the executing agency due to its ability to leverage its extensive network of internal and external subject-matter experts and well-established relationships with involved stakeholders. The IDB headquarters will be responsible for the supervision and implementation of AFD resources as a PSG contribution.
- 4.2 The project team will be responsible for preparing and submitting the project reporting to the donor and for all other actions and deliverables about project execution and agreed upon with the donor in the Framework Agreement and the PSG Agreement.
- 4.3 The IDB will carry out the execution activities through its Climate Change Division (CSD/CCS), which will be responsible for the operation's supervision, disbursements, and procurement. In addition, CCS will coordinate with other IDB departments.
- 4.4 The Bank will follow its procurement policies and guidelines related to contracting processes: (i) individual consultants will be hired according to the guidelines established in policy AM-650; (ii) consulting firms of an intellectual nature will be hired according to the "Policy for the selection and contracting of consulting firms for operational work carried out by the Bank" (GN-2765-4) and its Operational Guidelines (OP-1155-4); and (iii) other non-consulting services will be hired in accordance with the "IDB Corporate Procurement Policy" (GN-2303-28).
- 4.5 The approval of this TC falls under the Technical Cooperation Framework Agreement signed between AFD and the Bank signed on October 21, 2022. Including the exception to the Procurement Policies regarding sanctions lists.
- 4.6 The Bank shall ensure that the Contribution funds are committed by no later than the date agreed in the PSG Agreement. Any Contribution funds that have not been committed by this date, or any extensions thereof, will be returned to the Donor.
- 4.7 For contracts with an estimated amount above EUR200,000, the Bank shall send to AFD procurement notices the Bank or the Beneficiary intends to publish two (2) weeks before publication to enable AFD to publish such procurement notices.

V. Major Issues

- 5.1 Coordination with AFD will require a flexible and efficient governance to ensure review and approval of all activities to be financed under the PSG and the deliverables, to do so, ORP and CCS will establish the necessary mechanisms to ensure adequate and timely implementation to ensure an excellent dialogue with PSG.

VI. Exceptions to Bank policy

- 6.1 There are no exceptions to Bank policy in this operation.

VII. Environmental and Social Strategy

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects with associated environmental and social studies; therefore, it is excluded from the scope of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes

[Results Matrix - RG-T3887](#)

[Terms of Reference - RG-T3887](#)

[Procurement Plan - RG-T3887](#)