

## TC Document

### I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Decarbonization Strategies for carbon-intensive Industrial Sectors and their Value Chains in LAC
▪ TC Number:	RG-T4262
▪ Team Leader/Members:	Cathles, Alison Regan (IFD/CTI) Team Leader; Radaelli, Vanderleia (IFD/CTI) Alternate Team Leader; Anabella Palacios (CSD/CCS); Crespi, Gustavo Atilio (IFD/CTI); Delgado, C. Raul (CSD/CCS); Galeano Buitrago Maria Alejandra (IFD/CTI); Genesis Morales (IFD/CTI); Gina Cardenas (IFD/CTI); Gischler Blanco, Christiaan (INE/ENE); Grazi, Matteo (IFD/CTI); Grunwaldt, Alfred Hans (CSD/CCS); Henriquez Leblanc, Pauline (IFD/CTI); Jimenez De Arechaga, Maria Del Pilar (LEG/SGO); Meirovich, Hilen Gabriela (DSP/ADV); Nathalia Amarante Pufal (IFD/CTI); Netto De A C Schneider, Maria E (IFD/IFD); Parra Meneses, Christian Rene (DSP/ADV); Saavedra Gomez, Valentina (CSD/CCS); Sandra Lopez (IFD/CTI); Watson, Gregory (CSD/CCS); Houliston, Ruth Simone Grunwaldt, Alfred Hans (CSD/CCS); Henriquez Leblanc, Pauline (IFD/CTI); Jimenez De Arechaga, Maria Del Pilar (LEG/SGO); Meirovich, Hilen Gabriela (DSP/ADV); Nathalia Amarante Pufal (IFD/CTI); Netto De A C Schneider, Maria E (IFD/IFD); Parra Meneses, Christian Rene (DSP/ADV); Saavedra Gomez, Valentina (CSD/CCS); Sandra Lopez (IFD/CTI); Watson, Gregory (CSD/CCS); Houliston, Ruth Simone Grunwaldt, Alfred Hans (CSD/CCS); Henriquez Leblanc, Pauline (IFD/CTI); Jimenez De Arechaga, Maria Del Pilar (LEG/SGO); Meirovich, Hilen Gabriela (DSP/ADV); Nathalia Amarante Pufal (IFD/CTI); Netto De A C Schneider, Maria E (IFD/IFD); Parra Meneses, Christian Rene (DSP/ADV); Sandra Lopez (IFD/CTI); Watson, Gregory (CSD/CCS); Houliston, Ruth Simone
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	Argentina, Brazil, Costa Rica, Ecuador, Paraguay, Peru Uruguay, Chile, Colombia, and the Dominican Republic.
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Institutions(W2C)
▪ IDB Funding Requested:	US\$300,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	42 months
▪ Required start date:	-
▪ Types of consultants:	Firms and Individuals
▪ Prepared by Unit:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ TC included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	N
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Environmental sustainability; Gender equality; Institutional capacity and rule of law; Productivity and innovation

### II. Objectives and Justification



**2.1 Energy and emission-intensive industries are often characterized by a few large and dominant production companies with a value chain that relies on suppliers with typically low levels of investment in Research and Development (R&D).<sup>1</sup>**

These industrial features can create large gaps in information and/or complicate the flow of information, leading to sub-optimal private sector investment in innovation, technological development, and adoption. In addition to classic market failures in the private sector, sectoral fragmentation, and lack of coordination between levels and parts of government can create policy gaps. These gaps include information gaps, accountability gaps, objective gaps, funding gaps and capacity gaps, that can exacerbate market coordination failures, or at least fail to address the.<sup>2</sup> **Strengthening public sector capacity and coordination capabilities is important** for helping to frame private sector expectations in a way that can lead to more optimal levels of investment in green technologies and coordination in the private sector.<sup>3</sup> Clear paths toward the adoption of cleaner technologies can also serve as guidance toward modernization and productivity improvement.

**2.2** Facing the urgent response needed for the devastating impacts of climate change, the Paris Agreement (PA), signed by 196 countries in 2015, aims to limit the global average temperature increase between 1.5°C and 2°C above pre-industrial levels by the end of this century; and to align finance flows consistent with lower greenhouse gas emissions and climate-resilient development pathways. Therefore, PA signatory countries, regions, cities, companies, investors, and academia have joined in making commitments to achieve net zero emissions in their activities by 2050 at the latest.<sup>4</sup> To reach net zero emissions, supply chain greenhouse gases (GHG) must be addressed by businesses globally. Corporate supply chain emissions are approximately 5.5 times of its direct emissions on average.<sup>5</sup>

**2.3** All Latin American and Caribbean (LAC) countries have submitted their first Nationally Determined Contributions (NDCs) in which most of the governments have included the industrial sector as part of either their mitigation and/or adaptation actions. Furthermore, 16 LAC countries have already submitted their updated NDCs and 15 of them have indicated their intention to use voluntary cooperation under Article 6 of the PA, for engaging in market mechanisms and other non-market approach.<sup>6</sup> Identifying

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<sup>1</sup> Nilsson et al. (2021). An industrial policy framework for transforming energy and emissions intensive industries towards zero emissions, *Climate Policy*, 21:8, 1053-1065, DOI: 10.1080/14693062.2021.1957665.

<sup>2</sup> See OECD 2011 and Charbit, C. (2011). "[Governance of Public Policies in Decentralised Contexts: The Multi-level Approach](#)", OECD Regional Development Working Papers, 2011/04, OECD Publishing.

<sup>3</sup> See, for example: Mielke and Steulde (2018). [Green Investment and Coordination Failure: An Investors Perspective](#).

<sup>4</sup> Signatory countries pledge commitments through Nationally Determined Contributions and Long-Term Strategies under the United Framework Convention on Climate Change. And non-state actors have pledged net zero emission through the [Race to Zero](#) campaign launched in 2019. These actors represent around 25% of global CO<sub>2</sub> emissions and 50% of GDP globally. There also are other platforms where private and public sector entities pledge to achieve net zero by different time horizons, i.e., [Climate Neutral Now](#), [The Climate Pledge](#).

<sup>5</sup> [Overcoming barriers to supply chain decarbonization: case studies of first movers](#).

<sup>6</sup> Compliance and voluntary carbon markets can contribute to achieve net-zero targets both towards NDCs commitments and private sector pledges. Furthermore, carbon pricing instruments, i.e., carbon taxes and emissions trading schemes have been implementing in the region as part of policy frameworks towards decarbonization transition, see [Status and trends of compliance and voluntary carbon markets in Latin America](#) (IDB, IETA, ICAP, 2021).



regional advantages in greener production can help the region's industry better position itself internationally.

- 2.4 Yet, in practical terms, the implications of these public and private sector pledges have not been distilled into actionable steps for firms in LAC to take toward industrial decarbonization, especially along its value chain. On the one hand, governments are still developing or planning to develop emissions reduction legislations, specific industrial policies for net-zero, and identifying investments in decarbonization related research, education, and training activities. On the other, the onus is likely to fall on large firms to (a) make cultural and organizational changes,<sup>7</sup> technological investments to facilitate this process, and (b) to coordinate with the smaller firms along the supply chain (direct supplier, lower-tier suppliers, and customers), often without sufficient information from their smaller/neighborhood firms, as well as lack of awareness.<sup>8</sup>
- 2.5 Both the **public and private sectors** are hungry for concrete diagnostics and to strengthen their knowledge base and capabilities. **LAC Innovation Agencies can play a pivotal role because they are key public sector players** often tasked with the job of executing STI policies, and research, development, innovation (R+D+i) programs designed at the ministerial level. These are the types of programs that can support demonstration projects and the diffusion of clean technologies, processes and services. However, Innovation Agencies have expressed concerns about their current knowledge gaps regarding different technologies (i.e., technological maturity levels and trajectories) that can facilitate decarbonization. These information gaps are limiting their technical and strategic capacity to fulfill their dual role of (a) acting as focal points and connecting agencies between various public sector entities supporting innovation (i.e., Ministries of Science, Technology, and Innovation; Industry and Productive Development; and Environment) to design instruments for decarbonization, and (b) assisting their private sector clients by promoting instruments to accelerate their transformative innovation processes towards decarbonization and climate resilience. As such the activities and products developed under this technical cooperation are expected to increase knowledge and institutional capacities primarily among **Innovation Agencies** with positive spillovers among other actors in the public sector in the region.
- 2.6 There are several key areas where innovation agencies and lead firms in high emissions sectors lack the kind information, tools and support they need to assess the most suitable technologies to help them decarbonize. These key areas include but are not limited to **techno-evaluations of low-carbon technologies, assessments of the maturity of the technology** (i.e., pre-commercial, commercially viable in global and local markets)<sup>9</sup>. A further challenge is that some heavy industrial processes are not easy to fully decarbonize, especially in the short run. With greener technologies

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<sup>7</sup> Including resistant mindset and technical expertise.

<sup>8</sup> Market failures typically lead to socially sub-optimal levels of investment in R&D, technological development, and diffusion, i.e., lack of information, or asymmetry of information, appropriability issues, and coordination failure (see a recent literature review: [Bryan and Williams, 2021](#)). These failures exist, and limit incentives to innovate and adopt new technologies, even when the market is the source of demand and there is potential for economic payoff for lead firms (i.e., large firms and/or early adopters). When the **source of the demand stems from regulatory compliance** with the public initiatives (and to a lesser extent consumer demand), barriers to investment in technological development and adoption are likely to be exacerbated.

<sup>9</sup> See Financing industrial decarbonization in India: Interim Report (July 2022) for the type of assessments being conducted elsewhere in the world, which are still largely absent in LAC.



currently available, it can be a cumbersome task to assess the trade-offs and complementarities between using different technologies. Preliminary assessments of financing and de-risking instruments for (a) further technological development for net-zero by 2050 and/or (b) adoption / implementation of new-to-firm technologies are needed.

- 2.7 **Emissions of the industrial sector in LAC and link with gender.** Per capita GHG emissions in LAC are aligned with global averages (6.6tCO<sub>2</sub>eq per capita in the region against 6.9 globally in 2014).<sup>10</sup> Both globally and in the region, the two leading causes of industrial sector GHG emissions are the provision of energy services and the provision of food.<sup>11</sup> Decarbonizing the region comes with many opportunities to improve the business environment, the economy, and the lives of citizens.<sup>12</sup> By 2030, changes in energy and food production and consumption patterns can result in 15 million more net jobs in LAC.<sup>13</sup> This scenario assumes the phasing out of fossil fuels in the energy sector, improvements in energy efficiency, better carbon capture and storage technologies, as well as changing consumer diets. The sectors projected to grow the most by 2030 are plant-based agriculture and food processing, construction, manufacturing, mining, and electricity production.<sup>14</sup>
- 2.8 Greener economies have great potential for reducing gender inequality and influencing women's economic autonomy. However, ecological policies are not automatically fair.<sup>15</sup> In 2019, of the approximately 78 million people working in the key sectors for a fair transition, 72% of them were men and 28% were women.<sup>16</sup> Only 20% of new jobs generated by the decarbonization agenda will be in sectors currently dominated by women. Therefore, women will only benefit from job creation if the real gender segregation is tackled in the labor market of the sectors most relevant to decarbonization.<sup>17</sup>
- 2.9 Despite the rise in gender responsive initiatives connected to a green economy, many challenges remain, for example promoting the consideration of the Paris Agreement Principles and gender equality in economic stimulus packages.<sup>18</sup> This entails recognizing the unpaid work overload women experience as a structural barrier, actively fostering women's inclusion in work in different sectors associated with decarbonization, as well as promoting their training in science, technology, engineering and mathematics (STEM) fields that are related to climate change response efforts. Efforts need to continue to guarantee women's participation in decision-making on all aspects of climate financing and direct access to funding for women's groups and organizations.<sup>19</sup> Having more women in positions of political authority is associated with lower national carbon footprints or more protected land.

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<sup>10</sup> WRI, 2018.

<sup>11</sup> Jobs in a Net-Zero Emissions Future in Latin America and the Caribbean, IDB, 2020.

<sup>12</sup> NCE, 2018, 2014.

<sup>13</sup> Jobs in a Net-Zero Emissions Future in Latin America and the Caribbean, IDB, 2020.

<sup>14</sup> IDB, 2020. Jobs in a Net-Zero Emissions Future in Latin America and the Caribbean.

<sup>15</sup> McLean, 2019.

<sup>16</sup> Sánchez and Torres, 2020.

<sup>17</sup> IDB, 2020. Jobs in a Net-Zero Emissions Future in Latin America and the Caribbean.

<sup>18</sup> Revelo, 2021. Promising Practices Promoting Gender Equality and Women's Autonomy in Response to Climate Change in Latin America and the Caribbean.

<sup>19</sup> Revelo, 2021. Promising Practices Promoting Gender Equality and Women's Autonomy in Response to Climate Change in Latin America and the Caribbean.



When women represent a greater share of a corporate board, the firm is more likely to disclose information on carbon emissions.<sup>20</sup> Firms that recognize this potential can play an important role in developing climate resilience solutions with gender perspective.<sup>21</sup>

- 2.10 **Objective.** The general objective of this TC is to strengthen public sector institutional capacity and coordination capabilities to help shape private sector expectations and facilitate more optimal levels of coordination and green investment in the private sector. It is anticipated that these efforts will contribute to accelerating the transition towards decarbonized and climate resilient economies. To do this, it is important to assess pathways for how existing climate technologies (or Best Available Technologies (BAT)) and technologies on the horizon (i.e., that may still need significant investment in R&D+i to be commercially viable) to facilitate climate resilience and decarbonization of the emission intensive industries and their value chains. The specific objectives are: (i) to provide a set of roadmaps for transition to lower-carbon technologies and achieving net-zero emissions and strengthening climate resilience by 2050 in carbon-intensive industrial sectors and their value chains in LAC; and (ii) to generate a set of tools that can be a resource for firms in the region as they seek to engage in this process.
- 2.11 **Strategic Alignment.** The TC is aligned to the Second Update to the IDB Group Institutional Strategy (AB-3190-2), specifically to the development challenge of Productivity and Innovation by generating knowledge products about techno-economic options for industrial sub-sectors focused on those options that can also serve to modernize and increase the competitiveness of the private sector; and the cross-cutting issues of: (i) Institutional Capacity and Rule of Law, by strengthening the capacities of innovation agencies to design innovation policies that will support private sector uptake of greener technologies; (ii) Climate Change and Environmental Sustainability, as described in further detail below in Components 1 to 3; and (iii) Gender Equality and Diversity, by supporting talent development among female entrepreneurs in key sectors for the decarbonization and climate-resilient agenda as described in Component 3. The scope of work proposed in this TC complements the work proposed in RG-T4099 'Assessing SMEs decarbonization transition readiness in LAC', and RG-T3918 'Decarbonization Pathways for the Heavy Industries in LAC'. In both cases, project teams are coordinating across different divisions and sectors within the IDBG to ensure that the projects will not duplicate efforts, and that they are complementary with each other. It is anticipated that the three projects will communicate findings and lessons learned over the lifetime of the technical cooperations, in order to strengthen bank-wide knowledge on this topic. This TC is consistent with the Innovation, Science, and Technology Sector Framework Document (GN-2791-13) through the line of action 1: "operating principles" by building institutional capacity in national innovation systems and specifically by supporting counterparts as they endeavor to design and implement science, technology and innovation (STI) policies focused on climate change mitigation and adaptation; line of action 3: "foster an enabling environment for private investment in innovation and connectivity" by filling information gaps that will facilitate private sector efforts to develop and/or adopt decarbonization and climate resilient technologies; line of action

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<sup>20</sup> Global Gender and Climate Alliance, 2016. Gender and Climate Change: A Closer Look at Existing Evidence.

<sup>21</sup> Climate Nexus Report, 2018.



5: “strengthen key institutions to drive innovation” to promote challenge and mission based STI strategies, in this case, for accelerating the transition towards decarbonized and climate resilient industrial sector and their value chains; and line of action 6: “knowledge agenda” by designing a capacity building program to develop human capital for entrepreneurs to support dynamic entrepreneurship, in this case focused on decarbonization and climate resilience in key sectors with gender focus. Additionally, the TC is aligned with the Climate Change SFD (GN-2835-8) by helping countries to implement their NDCs and LTSs; and providing support for overcoming barriers and generate linkages between the public and private sectors to accelerate climate action. This TC will expand LAC institutional capacities to design and implement policies that will support emissions reductions and strengthen climate resilience by gathering, analyzing, and providing information on these topics. The TC is aligned with the objective of contributing to public policies and institutions that are more effective, efficient, and transparent of the Ordinary Capital Strategic Development Program (W2C) (GN-2819-14). Additionally, the TC is aligned with the country strategies: (i) Argentina (2021-2023): by enabling economic recovery and productive development 4.0 via a resilient, low-carbon economy, and crosscutting issues of environmental and climate sustainability, and gender; (ii) Brazil (2019-2022): by addressing national and international integration to boost productive capacity, considering decarbonization strategies for carbon-intensive sectors and their value chains in the region; (iii) Chile (2019-2022): specifies technical and financial support from the IDB Group to support, among other things, low carbon infrastructure and the adoption of technologies to strengthen climate resilience (p. 14) for enhanced productivity; (iv) Costa Rica (2019-2022): priority area of productivity gains and narrowing of production gaps, where the country strategy specifies the need for technology that can support balanced decarbonized growth; (v) Colombia (2019-2022): by relating to the strategic pillars that aim to increase the productivity of the economy and improve the effectiveness of public management, with cross-cutting challenges related to gender and climate change. (vi) Dominican Republic (2021-2024): sustainable and inclusive reactivation of production, by seeking to contribute to accelerating the transition towards decarbonized and climate resilient economies; (vii) Ecuador (2022-2025): by relating to the priority areas that aim at the development of the productive sector as a driver of sustainable growth and stabilization of public finances and institutional development, with crosscutting issues focused on gender equity and social inclusion, climate change and environmental sustainability, and institutional capacity and rule of law. (viii) Peru (2017-2021): it will specifically address the priority area of “productivity”, with an emphasis on the labor market, business climate, business development, and infrastructure; and (ix) Paraguay (2019-2023): the proposal is aligned with the first strategic area of the country strategy “public management and institutions”; (x) Uruguay (2021-2025): the proposal is aligned with the country strategy by involving two of its priority areas (i) sustainable productive development, which is the main objective of this TC; and (ii) equity and social inclusion, by adopting a gender perspective.

### **III. Description of activities and outputs**

- 3.1 Component 1. Techno economic diagnostics and sector specific roadmaps to achieve net-zero emissions by 2050 and strengthening climate resilience (US\$80,000).** This component will finance country specific diagnostics to (i) identify priority sectors for the roadmaps in a set of LAC countries (to be defined once letters from interested countries are received) in terms of carbon emissions intensity and



climate vulnerability, country climate commitments. The sector specific roadmaps should (ii) identify and inventory specific investment/technology opportunities and understand the level of technological readiness to achieve net-zero emissions in selected industries, international good practices and tendencies in the short, medium and long term, and a preliminary assessment of corresponding financing mechanisms and de-risking instruments; (iii) describe action steps and tech adoption packages for decarbonization, including options to strengthen climate resilience, improve linkages between SMEs and large firms along the value chain; (iv) develop a human capital needs assessment which proposes plans for quickly developing or attracting human capital and boosting interactions with centers for investigation with a specific focus on gender; (v) assess market and non-market mechanisms at regional or domestic level to contribute LAC countries achieving industrial sector NDC commitments; (vi) identify of the role of LAC Innovation Agencies, Ministries of Science, Technology, and Innovation; Industry and Productive Development and Industry Associations in facilitating transparency and accounting through the design and implementation of National Registries for reporting, certifications and 'quality seals' that can promote the competitiveness of industry and facilitate access to international markets, tracking progress and NDC accounting in countries mitigation and adaptation commitments. The expected outputs for this component are sectoral roadmaps with project pipeline and investment plans.

**3.2 Component 2. Entrepreneurship and Innovation Policy instruments to achieve net-zero emissions by 2050 and strengthening climate resilience (US\$100,000):**

This component will support the development of an inventory of innovation and entrepreneurship policy instruments that stimulate cooperation and coordination between disperse actors with common interest in promoting industrial decarbonization. It will finance: the design of innovation policy pilots for at least 3 instruments, including an initial assessment of feasibility in distinct LAC country contexts, and elaborate guidelines for piloting, monitoring evaluating how the innovation policy instruments support the public sector and the private sector in their decarbonization and climate resilience agenda in the short, medium and long run. It will include support to develop a framework and potential financing instruments for establishing a structure for a challenge-driven mission-oriented innovation policy (MOIP) agenda to facilitate local development or adoption of a cutting-edge climate-related technological solutions.<sup>22</sup> Mission-oriented innovation policies (MOIP) such as challenge-based programs are well suited to develop solutions for well-identified problems. A recent review of MOIP initiatives by the OECD finds that they are the result of a gradual country-specific policy process, which builds (in an experimental way) on existing policy settings and the national organizations promoting and entities leading this approach are mainly in the realm of science and technology policy (OECD, 2021).

**3.3 Component 3. Capacity building and dissemination (US\$50,000).**

Drawing on international initiatives and experience, hire experts to help design and facilitate (i) sectoral workshops with innovation agencies, government entities, industry associations, and investigation centers; (ii) capacity building program to develop human capital and public sector capacity, with at least one training directed toward supporting talent development among female entrepreneurs in key sectors for the decarbonization and climate-resilient agenda. (iii) publications (diagnostics,

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<sup>22</sup> Both to reduce/avoid GHG emission and increase adaptation capacity and climate resilience.



roadmaps, assessments, etc.); and (iv) dissemination events (with public and private sectors). Dissemination activities will seek to include the aforementioned entities as well as chambers of commerce, business associations and cooperatives.

#### IV. Budget:

- 4.1 The total budget of the TC amounts to US\$300,000. It will be fully financed by the IDB through the Strategic Program for the Development of Institutions Financed with Ordinary Capital (W2C), as follows:

##### Indicative Budget

Activity/Component	Description	IDB/Fund Funding (INS)	Total Funding
<b>Component 1</b>	Techno economic diagnostics and sector specific roadmaps to achieve net-zero emissions by 2050 and strengthening climate resilience	<b>US\$80,000</b>	<b>US\$80,000</b>
<b>Component 2</b>	Innovation and Entrepreneurship Policy Instruments to achieve net-zero emissions by 2050 and strengthening climate resilience	<b>US\$100,000</b>	<b>US\$100,000</b>
<b>Component 3</b>	Capacity building and dissemination	<b>US\$70,000</b>	<b>US\$70,000</b>
<b>Administration and Execution</b>	Coordination, implementation and monitoring of the TC	<b>US\$50,000</b>	<b>US\$50,000</b>
<b>Total</b>		<b>US\$300,000</b>	<b>US\$300,000</b>

#### V. Executing agency and execution structure

- 5.1 The executing agency for this technical cooperation will be the Inter-American Development Bank (IDB) through the Competitiveness, Technology, and Innovation Division (IFD/CTI). Two main reasons justify the CTI Division being in charge of the administration, technical supervision of the products and execution of the operation. First, and pursuant to Annex II of the document "Operating Guidelines for Processing Technical Cooperation and Related Matters" (OP-619-4) of the Bank, due to the express request of the project beneficiaries and based on the bank's impartiality and institutional capacity. The Bank and the Innovation Agencies agree that contracting by the Bank would enhance independence and regional cooperation. Since this is a regional technical cooperation, there is no individual entity (i.e., Innovation Agency, or Ministry of Science, Technology, and Innovation; Industry and Productive Development) with legal capacity to take over the implementation of the technical cooperation - each entity can only operate within the limits of its national borders. Currently the innovation agencies expressly asked for technical support for this project



because to address the topic of industrial decarbonization via regional collaboration, knowledge building and sharing they lack adequate technical, operational, and fiduciary capacities to execute it, so they seek support from the Bank.<sup>23</sup>

- 5.2 The execution and disbursement period will be 42 months and the UDR will be IFD. All activities to be executed under this TC have been included in the Procurement Plan (Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature; and (c) GN-2303-28 for logistics and other related services. All knowledge products derived from this Technical Cooperation will be the Bank's intellectual property.

## **VI. Project Risks and issues**

- 6.1 The most important risk for this TC is related to changes of government in the involved countries. A discontinuity is generated in the institutionalism of the primary beneficiaries (i.e., innovation agencies) or inter-institutional coordination between innovation agencies and other actors in the public sector (i.e., Ministries of Science, Technology, and Innovation; Industry and Productive Development) that slows down the execution of the TC or reduces its impact. To mitigate this risk and keep the strategic orientation and awareness on the decarbonization agenda and policies, activities (such as workshops, diagnostics, roadmaps and assessments) are planned in all components of the TC involving representatives from other institutions of the public sector and representatives of the private sector to identify achievements and aspects of improvement that serve as input so that the new authorities can make informed decisions about the productive development policies in execution. Given that this is a regional technical cooperation, there is a risk that individual countries regulations and economic constraints and opportunities will not be fully addressed by the products produced, to mitigate this country sector groupings will specify limitations and highlight whether there are known country-specific considerations that need to be taken into consideration.

## **VII. Environmental and Social Classification**

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects or associated environmental and social studies, which is why it does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

### **Required Annexes:**

[Request from the Client - RG-T4262](#)

[Results Matrix - RG-T4262](#)

[Terms of Reference - RG-T4262](#)

[Procurement Plan - RG-T4262](#)

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<sup>23</sup> No TC activities will be financed in any of the beneficiary countries until the corresponding request or non-objection letter is received. The beneficiary countries may change depending on the letters received.



