

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Accelerating the Implementation of Renewable Energies in Latin America and the Caribbean
▪ TC Number:	RG-T4097
▪ Team Leader/Members:	Paredes, Juan Roberto (INE/ENE) Team Leader; Malagon Orjuela, Edwin Antonio (INE/ENE) Alternate Team Leader; Cuervo, Javier (INE/ENE); D'Angelo, Carolina (CSC/CUR); Gomez, Jose Ramon (INE/ENE); Jorge Luis Malpartida Ampudia (INE/ENE); Nicolas Tulande (INE/ENE); Thys, Pierre Kenol (INE/ENE); Vila Saint-Etienne, Sara (LEG/SGO); Ziza Machado (INE/ENE) Team Leader; Malagon Orjuela, Edwin Antonio (INE/ENE) Alternate Team Leader; Cuervo, Javier (INE/ENE); D'Angelo, Carolina (CSC/CUR); Emilio Angulo (INE/ENE); Gomez, Jose Ramon (INE/ENE); Jorge Luis Malpartida Ampudia (INE/ENE); Nicolas Tulande (INE/ENE); Thys, Pierre Kenol (INE/ENE); Vila Saint-Etienne, Sara (LEG/SGO); Ziza Machado (INE/ENE)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	11 May 2022.
▪ Beneficiary:	Barbados, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haití, Honduras, Nicaragua, Panamá, Paraguay, Perú, Uruguay
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Low Carbon Energy Fund for People and Planet(LCE); OC SDP Window 2 - Infrastructure(W2B)
▪ IDB Funding Requested:	Low Carbon Energy Fund for People and Planet (LCE): US\$300,000.00 OC SDP Window 2 - Infrastructure (W2B): US\$149,375.00 Total: US\$449,375.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	October 3, 2022
▪ Types of consultants:	Consultant Firms and Individual Consultants
▪ Prepared by Unit:	INE/ENE-Energy
▪ Unit of Disbursement Responsibility:	INE/ENE-Energy
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Environmental sustainability; Productivity and innovation

II. Objectives and Justification of the TC

- 2.1 The objective of this TC is to support the key activities of the Renewables in Latin America and the Caribbean Initiative (RELAC), which aim is to accelerate the implementation of renewable energies in Latin America and the Caribbean (LAC) to achieve the regional target of at least 70% participation of renewable sources in the electricity matrix by 2030. The key activities to be supported are laid out in [RELAC's 2022-2023](#) work plan and include the realization of national workshops in more than 10 countries, the exchange of knowledge between member countries, and general dissemination of the initiative.

- 2.2 The electricity matrix in LAC has had historically significant renewable energy (RE) participation, 61.4% in 2020. In particular, hydropower represented the largest share of any renewable and non-renewable source with 46.2% of the total electricity supply in 2020. LAC is one of the greenest regions in the world in terms of renewable energy participation in the power sector and many of the best policy practices for renewable energy implementation, such as competitive auctions, were designed and successfully deployed in the last two decades in the region. However, there are significant difficulties in moving towards higher participation of renewables in LAC. On the one hand, community pressures generate growing rejections of the installation of large hydropower plants while, on the other hand, in most countries, the conditions required for a massive introduction of variable renewable energy sources (such as wind or solar) are not available despite the exceptional quality and quantity of natural resources in the region. In general, the political, legal, institutional, regulatory, or operational contexts are not always the most suitable for the effective deployment of clean energies. In-depth work is needed to identify the main issues and barriers that LAC countries face in RE deployment by identifying/developing specific studies, solutions, and projects.
- 2.3 The RELAC initiative was created in 2019 under the framework of the United Nations (UN) Secretary General's Climate Action Summit and represents an increase in climate ambition by aligning economic growth and greenhouse gas emissions reduction in the energy sector. The main objective of the initiative is to achieve a regional target of at least 70% participation of RE sources in the electricity matrix of LAC by 2030.
- 2.4 RELAC is a unique initiative for climate action in LAC. For the first time, a group of countries in the region voluntarily agrees to work together to promote RE: (i) setting concrete RE goals; (ii) establishing a monitoring mechanism; and (iii) agreeing on an operational and governance structure, led by Ministries of Energy of the member countries, to support countries to achieve their individual renewable energy goals. Starting in January 2020, the IDB was mandated to act as the Technical Secretariat of the RELAC initiative, which also brings together several international agencies that support the energy transition in the region, such as: OLADE, IRENA, IEA, GEAPP, GIZ, JICA, NREL, WWF, and LEDS LAC¹.
- 2.5 RELAC member countries formally express their will and a strong commitment by signing the RELAC Declaration of Principles. It includes specific national targets in terms of RE generation and installed capacity to which each country commits in order to contribute to the regional goal. To date, RELAC has 16 member countries: Barbados, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, and Uruguay, from which 15 have signed the Declaration of Principles. The long-term target is for all LAC countries to join the RELAC initiative. In November 2021, the Pro-

¹ OLADE: Organización Latinoamericana de la Energía; IRENA: International Renewable Energy Agency; IEA: International Energy Agency; GEAPP: Global Energy Alliance for People and the Planet; GIZ: Gesellschaft für Internationale Zusammenarbeit; JICA: Japan International Cooperation Agency; NREL: National Renewable Energy Laboratory; WWF: World Wildlife Fund; LEDS LAC: Low Emission Development Strategies Platform.

tempore Presidency was elected to lead the initiative during 2022, shared between the Dominican Republic and Ecuador.

- 2.6 In its role of Technical Secretariat of RELAC the IDB has carried out the following activities among others: (i) creation of a governance structure according to similar IDB-led regional initiatives, drafting of operational manuals and approval with member countries; (ii) creation and execution of a yearly work plan including operational and knowledge activities; (iii) reaching out efforts to non-member countries and partner agencies to join the initiative, iv) creation of the public image of the initiative and setting up of its web presence, and v) internal and external fundraising to support the execution of RELAC's work plan. This TC will support specific activities included in the work plan, such as the identification of technical and financial needs through national workshops, analytical studies, and general support to its execution.
- 2.7 The TC is consistent with the Second Update to the Institutional Strategy 2020-2023 (AB-3190-2), specifically with the pillar of regional integration and the cross-cutting issues of climate change and environmental sustainability by financing a prospective regional analysis for net zero emissions scenarios and the development of methodologies, procedures, and tools to track climate actions in RELAC countries.
- 2.8 This regional TC is aligned with similar individual operations aimed at fostering regional electricity integration and supporting the achievement of national commitments and targets in the power sector. Related operations include UR-L1177 and UR-T1223 in Uruguay; CH-L1159, CH-L1165, CH-T1228, and CH-T1253 in Chile, PE-T1515 in Peru, and BO-X1013 in Bolivia, on decarbonization, technological innovation, and just transition. Another operation with BIDLab to support the development of the first pilot project of batteries in Uruguay is the UR-T1225.
- 2.9 The TC is aligned with Barbado's country strategy (2019-2023) and its priority areas of ensuring energy independence, building climate resilience, and the crosscutting issues of institutional strengthening and higher adoption of new technologies. It is aligned with Bolivia's country strategy (2022-2025) in its priority areas' associated issues of climate change and environmental sustainability and institutional capacity. It is aligned with Chile's country strategy (2019-2022) in its strategic efforts for regional integration and the cross-cutting issue of climate change. It is also aligned with Colombia's country strategy (2019-2022) as it seeks to increase the quality and stock of infrastructure addressing climate change and the use of energy resources under its strategic area of economic productivity. It is aligned with Costa Rica's country strategy (2019-2022) with its cross-cutting strategic pillar of climate change and the development of quality and resilient infrastructure. The TC is aligned with the Dominican Republic's country strategy (2021-2024) consideration of climate change adaption and institutional capacity under the priority areas. It is also aligned with Ecuador's country strategy (2022-2025) in the cross-cutting issues of the priority areas namely climate change and environmental sustainability as well as institutional capacity. It is aligned with El Salvador's country strategy (2021-2024) priority areas considerations regarding climate change and environmental sustainability. It is aligned with Guatemala's country strategy (2021-2024) themes of climate change and institutional capacity under the priority areas. It is aligned with Haiti's country strategy (2017-2021) cross-cutting themes of climate change resilience and protection to the environment under the priority areas. It is also aligned with Honduras' country strategy (2019-2022) in its priority area actions to promote climate change adaptation and the use of new technologies as well as institutional strengthening. It is also aligned with

Nicaragua's country strategy (2012-2017) in its cross-cutting sectors of climate change adaptation and mitigation specifically with an applied focus on the design of renewable energy. It is aligned with Panama's 2021-2024 country strategy which has environmental sustainability, climate change adaptation, and institutional strengthening as priority areas. Similarly, it is aligned with Peru's country strategy (2022-2026) priority areas of climate change and sustainability as well as institutional capacity. It is aligned with Paraguay's country strategy (2019-2023) on two levels: (i) it's a strategic pillar of adequate global integration of the country and (ii) the strategic areas of energy and environment. It is aligned with Uruguay's strategy (2021-2025) in its priority area of sustainable product development which covers energy decarbonization.

- 2.10 The project is also aligned with the purpose of the Low Carbon Energy Fund for People and Planet established in the Agreement between Rockefeller Foundation and the IDB signed on December 13th, 2021. It is specifically aligned with the specific objective (ii) of the Fund: "supporting energy transition towards net-zero energy systems in LAC" by supporting two key activities of the RELAC initiative: (i) national workshops in each of the RELAC member countries (Component I) and (ii) prospective regional analysis towards net-zero emissions for the region (Component II). First, through the national workshops, the initiative will build a comprehensive pipeline of high-impact projects (technical assistance and investments) that supports member countries of RELAC to meet the goals they have set within the framework of the initiative. Second, through modeling of net zero scenarios and roadmaps to achieve RELAC goals, the TC will build concrete recommendations that can be implemented in the member countries with the support of RELAC as a climate action platform.
- 2.11 This TC is aligned with the Second Update to the Institutional Strategy (AB-3190-2) by promoting technology adoption and innovation in LAC and in addressing cross-cutting issues of climate change and environmental sustainability. It is also aligned with the three priority areas of the OC SDP (GN-2819-14) (i) climate change and environmental sustainability, (ii) sustainable and resilient infrastructure; and (iv) global and regional integration. This TC will contribute to the indicators of the Corporate Results Framework (GN-2727-12) by aligning resources with the key strategic priority of climate change mitigation and adaptation.

III. Description of Activities/Components and Budget

- 3.1 **Component I: Diagnostics, needs assessment, and project identification (US\$200,000).** This component will finance national workshops in RELAC member countries, to identify the main issues and barriers they are facing for the deployment of RE and identify a list of specific studies, solutions, and projects needed to enable a faster RE deployment. Based on that information, a pipeline of technical assistance and investment projects will be prioritized, which will include national and regional projects in planning, modernization of regulatory frameworks, institutional training, and infrastructure projects. This will allow the initiative to optimize, coordinate and be more effective in attracting and channeling international climate financing toward member countries. The objective of these workshops is to generate a space for discussion among the leaders of the various relevant institutions of the power sector in each member country, in order to define and prioritize the key actions needed to accelerate renewable energy participation while fostering knowledge exchange.

- 3.2 **Component II: Analytical support (US\$100,000).** This component will support a prospective regional analysis including long-term modeling of RELAC goals and net-zero emissions scenarios for the region. The study will also provide a reference framework for international organizations and financial institutions that want to support LAC to accelerate investments in renewables. It will include: (i) projections of various scenarios, energy sources, uses, and countries in the region to achieve net zero emissions in 2050; (ii) a roadmap with policy recommendations and best practices to reach carbon neutrality by 2050; and (iii) concrete recommendations that could be implemented through RELAC as a climate change action platform, considering the modeled scenarios. The study will be carried out with the support of the IEA, IRENA, and OLADE.
- 3.3 The component will also support the development of methodologies, procedures, and tools to track the progress of climate actions and key indicators in member countries. This information will be displayed on the RELAC website.
- 3.4 **Component III: Operational support and dissemination (US\$149,375).** This component will support: (i) capacity building and training events for RELAC member countries (e.g., RE financing mechanisms, new technologies, long-term planning, flexibility); (ii) the organization of internal RELAC meetings regarding coordination and knowledge and best practices exchanges; (iii) social media management; and (iv) other dissemination activities.
- 3.5 All knowledge products derived from this Technical Cooperation will be the Bank's intellectual property

Indicative Budget

Activity/Component	Description	IDB (LCE)	IDB (W2B)	Total Funding
Component I: Diagnostics, needs assessment, and project identification	Technical and operational support for national workshops in RELAC member countries	US\$200,000.00	US\$0.00	US\$200,000.00
Component II: Analytical support	Prospective regional analysis including long-term modeling of RELAC goals and net-zero emissions scenarios for the region	US\$80,000.00	US\$0.00	US\$80,000.00
	Methodologies, procedures, and tools to track the progress on climate actions and key indicators in RELAC member countries	US\$20,000.00	US\$0.00	US\$20,000.00
Component III: Operational support and dissemination	Operational support to RELAC Pro-Tempore Presidency and Technical Secretariat	US\$0.00	US\$149,375.00	US\$149,375.00
TOTAL		US\$300,000.00	US\$149,375.00	US\$449,375.00

- 3.6 The total financing for this TC is US\$449,375, which will be financed with resources from the Low Carbon Energy Fund for People and Planet (LCE) and OC-SDP Window 2 - Infrastructure (W2B). The LCE expects to commit US\$300,000 to this project, while W2B will contribute US\$149,375. The supervision will be the responsibility of the

Energy Division (INE/ENE), in coordination with the Bank's country offices in the beneficiary countries.

IV. Executing Agency and Execution Structure

- 4.1 The Bank will be the Executing Agency (EA) of this TC, in accordance with the exceptional case clause under the Annex II of the Procedures for Processing of Technical Cooperation Products (OP-619-4) as this is a Regional Technical Cooperation where a regional entity with the legal capacity to execute the TC can't be identified. In its capacity as Technical Secretariat of RELAC, the Bank is positioned to facilitate effective execution and coordination with the partner countries and multiple stakeholders and donors in the region. The execution of the TC is also in accordance with the request letters from Dominican Republic and Ecuador, as RELAC Pro-Tempore Presidents. The Pro-Tempore Presidency represents the other 14 member countries of the RELAC initiative in this TC: Barbados, Bolivia, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Peru, and Uruguay. The Bank will make use of existing resources in terms of information, analytical, and training tools by RELAC's partner agencies, which include OLADE, IRENA, IEA, GEAPP, GIZ, JICA, NREL, WWF, UN Energy, and LEDS LAC. The Energy Division (INE/ENE), in coordination with the IDB Country Offices of the beneficiary countries in the execution of this TC. The TC will be led by the energy specialists in charge of the Technical Secretariat of RELAC at the IDB, with the close collaboration of the ENE specialists in charge of the operations in the RELAC member countries.
- 4.2 The IDB will be responsible for the selection and contracting of consulting firms and individual consultants. Activities to be executed 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. The TC will include webinars site visits and meetings with relevant stakeholders as part of the activities of knowledge sharing and dissemination under Component III. The TC does not present fiduciary management risks as it will be implemented by the Bank. For this same reason, no financial audit is required. The RELAC Technical Secretariat team at HQ comprised of two energy sector specialists will be responsible for the supervision of the TC, in coordination with energy country specialists. There are no costs involved for COFs.
- 4.3 The beneficiaries of this TC are the RELAC member countries (Barbados, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haití, Honduras, Nicaragua, Panamá, Paraguay, Perú, Uruguay). If new countries join RELAC during the execution of the TC, they will automatically become beneficiaries. Activities in the jurisdiction of beneficiary countries will only be carried out if the corresponding non-objection from the official country liaison has been obtained via email communication prior to their commencement.

V. Major Issues

- 5.1 Coordination risk due to multiple stakeholders and donors' active presence in the initiative and the region will be mitigated through continued meetings of the Coordination and Technical Committees of the RELAC initiative. Likewise, the Bank plans to keep the Pro-Tempore Presidency and the partner agencies of the initiative constantly informed, so that coordination with the member countries is facilitated.

VI. Exceptions to Bank policy

- 6.1 This project will not require any exception to the Bank's policy.

VII. Environmental and Social Strategy

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

Required Annexes:

[Request from the Client - RG-T4097](#)

[Results Matrix - RG-T4097](#)

[Terms of Reference - RG-T4097](#)

[Procurement Plan - RG-T4097](#)