

TC Document
Fostering Green Growth in Latin America and the Caribbean
RG-T2281

I. Basic Information for TC

▪ Country/Region:	Regional
▪ TC Name:	Fostering Green Growth in Latin America and the Caribbean
▪ TC Number:	RG-T2281
▪ Team Leader/Members:	Susana Cárdenas (INE/CCS), Team Leader; Christiaan Gischler (INE/ENE); Carlos de Paco (ORP/ORP); Patrick Doyle (SCF/SMU); Javier Bedoya (LEG/SGO), Walter Vergara, Claudio Alatorre, Christoph Tagwerker, Juan Carlos Gómez, Maria Fernanda Alva (INE/CCS)
▪ Date of TC Abstract authorization:	February 8, 2013
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Countries which participate in the Global Green Growth Forum.
▪ Executing Agency and contact name	IDB. The Bank is working with the Colombian Ministry of Mines and Energy as the local organizing institution.
▪ Donors providing funding:	Sustainable Energy and Climate Change IDB Special Program (“SECCI IDB Fund”, ORC-SCI), in line with GA-220-12.
▪ IDB Funding Requested:	USD\$250,000
▪ Local counterpart funding, if any:	USD\$62,500
▪ Disbursement period (which includes Execution period):	8 months
▪ Required start date:	15 March 2013
▪ Types of consultants	Individual consultants
▪ Prepared by Unit:	INE/CCS
▪ Unit of Disbursement Responsibility:	INE
▪ Included in Country Strategy (y/n):	N
▪ TC included in CPD (y/n):	N
▪ GCI-9 Sector Priority:	Protect the environment, promote renewable energy, respond to climate change and ensure food security.

II. Objectives and Justification of the TC

- 2.1 The Latin America and Caribbean Region will demand energy increasingly as large segments of its population attain improved standards of living. Experts believe that at least 1TW of energy potential from non-conventional renewable energy (RE) sources –geothermal, wind, solar and marine, among others– could be made available over the medium term to meet the region’s energy demand, and concurrently to promote energy security and access, and to maintain a low-carbon footprint of economic activities.

- 2.2 With consensus on the unsustainable character of the current economic growth model, a small group of countries –Denmark, Korea, Mexico, China, Kenya and Qatar– has come together at the Global Green Growth Forum (3GF) to promote a new approach to tackling global sustainability challenges, including the stabilization of climate. The 3GF promotes public-private partnerships that may contribute to green, sustainable and inclusive growth established at scale and at speed.
- 2.3 The Governments of Denmark and Colombia and the IDB will convene jointly a forum on ***Rethinking Our Energy Future: Climate Change and Renewable Energy in Latin America and the Caribbean Region (LAC)***, under the framework of the Global Green Growth Forum (3GF). This first regional 3GF meeting –to take place in Bogotá, Colombia on June 18th –aims to provide a platform for dialogue among the highest-level stakeholders. It focuses on the transformation of LAC’s energy future via the development of RE as a result of scaled-up engagement by the public and private sectors through PPPs and other mechanisms.
- 2.4 Given its overarching sustainability mandate and its recent Strategy and Action Plan on Climate Change, the IDB is ideally-positioned to convene the forum. The initiative is in line with the IDB’s Integrated Strategy on Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy, which supports the introduction of low-carbon and clean energy alternatives to reduce Greenhouse Gas (GHG) emissions in the LAC Region, while keeping pace with demands for economic growth and better quality of life. To date, several Country Strategy Papers incorporate climate change mitigation and adaptation approaches to their overarching sustainable development goals. Loan approvals of roughly USD\$2.8 billion over the last three years indicate the growing capacity of the Bank to respond to public and private client demand for RE and energy efficiency finance. In addition, the IDB’s Climate Change Action Plan 2012-2015 proposes that the region’s rapidly growing demand for energy be met by adding zero-carbon sources to the current energy matrix and gradually replacing high-cost, high-emitting sources with clean ones.

III. Description of activities/components and budget

- 3.1 The proposed technical cooperation project will finance the preparation, execution and follow-up to the 3GF Regional LAC Forum: ***Rethinking Our Energy Future: Climate Change and Renewable Energy in LAC***.
- 3.2 **Pre-forum:** The IDB will work collaboratively with an institution specialized on the nexus between climate and energy to produce a peer-reviewed white paper on renewable energy. Specific topics to be covered include: (i) an estimation of the region’s current renewable resource endowment (all non-traditional renewables); (ii) an identification and sizing of barriers to the deployment of renewables, including policy, regulatory and financial ones, and prospective measures to remove such barriers; and (iii) an economic analysis of RE production and use (societal benefits and costs). The white paper will be presented at the 3GF-LAC.
- 3.3 IDB organizing staff, in collaboration with the Governments of Denmark and Colombia, will prepare a program around three main topics: (i) the deployment of large-scale RE; (ii) technological innovation in RE; and (iii) the enabling policy,

regulatory and financial environment for the development of RE. A targeted, high-level list of participants will be drawn from the public and private sectors: energy ministries, regulatory agencies, utility companies, financial institutions and lead thinkers on energy and climate.

- 3.4 **Post-forum:** The Bank seeks to become an institutional partner to the 3GF, whose next gathering will take place in October in Copenhagen, at the invitation of the Danish Prime Minister. As such, the IDB commits to bring to the 3GF –based on a Strategy 2013-2015 session at 3GF-LAC– the main results and commitments emerging from this first regional dialogue. For such purpose, the Bank will prepare a full-fledged rapporteur’s report, possibly a LAC-specific session sponsored by the IDB and a representative cohort of public and private leaders to present the main messages from the regional session.
- 3.5 In addition, the 3GF-LAC implicitly may lend the Bank an opportunity to originate operations in renewable energy and accelerate the expansion of its current portfolio. As such, the involvement of the public and private sector lending arms is appropriate. This exercise would provide a basis to incorporate the climate and energy perspective and specific programs in programming processes, i.e. Country Strategies, Sectoral Notes, and Regional Policy Dialogues, among others.

Indicative Results Matrix

Products			
Metric	Unit	Baseline	Planned
RE White Paper	#	0	1
Forum Participants	#	0	70
Rapporteur’s Report	#	0	1
Institutional partnership (IDB-3GF)	#	0	1
Results			
Metric	Unit	Baseline	Planned
Estimation of the region’s current renewable resource endowment	#	0	1
Identification of prospective measures to remove barriers to investment in renewable energy	#	0	10
Identification of cutting-edge technology that may be adopted by 3GF-LAC participant institutions	#	3	5
New or renewed public-private partnerships	#	3	10
Economic analysis of renewable energy production and use (societal benefits and costs)	#	0	1

Indicative Budget (USD\$)

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding (in-kind)	Total Funding
White Paper: RE in LAC	See above	40,000	0	40,000
Participants at 3GF-LAC (40 approx.): air tickets (~USD\$3,000), accommodations (~USD\$600), and miscellaneous expenses (~USD\$200), per person.	To pay for public sector participants	152,000	52,500	204,500
3GF-LAC Event logistics: venue, meals, interpretation, local support, others		25,000	0	25,000
3GF-LAC Facilitation and Rapporteurship		15,000	0	15,000
Communications		15,000	10,000	25,000
Delivery of 3GF-LAC results/conclusions at 3GF	To pay for public sector participants	3,000	0	3,000
TOTAL		250,000	62,500	312,500

- 3.6 Project execution team: CCS, ENE, SCF, ORP, and EXR. Headquarters focal point: Susana Cárdenas (INE/CCS); Colombia Country Office focal point: Roberto Esmeral (CCS/CCO). Given the specific, short-term purposes of this project, supervision costs will be kept at minimum.

IV. Executing agency and execution structure

- 4.1 Given that the 3GF-LAC Forum is a Bank initiative, that it is enabled through a partnership with two IDB member governments and that the Forum is of a regional scope, the Project Team considers that the best execution arrangement is for the Bank to execute the proposed TC, specifically through its Climate Change and Sustainability Division (INE/CCS). The selection and contracting of consulting services will be carried out according to the Bank's policies and procedures set forth in document GN-2350-9.

V. Major issues

- 5.1 The 3GF-LAC is a high profile event, and as such, may carry a reputational risk to the Bank were it not to achieve its stated objectives. Factors such as low attendance, low-level attendance, or an incomplete white paper are for the most part under the control of the project team. Factors beyond the team's control include changes in policy or politics that keep countries from participating in the forum and its proposition. This risk is considered low, given the various signals among borrowing member countries of their progress in RE or their intention to invest in RE in the short to medium term.

There is also a risk that investments in RE will not be made, or be postponed at best, due to unfavorable financial prospects. To mitigate such risks, the commissioned white paper will analyze financial aspects thoroughly, including climate costs and an assessment of current regulatory barriers, qualitatively and quantitatively.

VI. Exceptions to Bank policy

6.1 None

VII. Environmental and Social Strategy

7.1 Classification C. This TC has not identified potential negative environmental and/or social impacts, as outlined in IDB's policy OP-703 related to Environment and Safeguards Compliance Policy. In fact, the TC seeks a positive impact on the environment and on livelihoods in that it will facilitate additional climate-friendly investments in RE generation and use, thereby reducing GHG emissions and contributing to climate change mitigation. Please refer to the [Safeguard Policy Filter Report](#) and the [Safeguard Screening Form](#).

VIII. Annexes:

- Annex I: [Non-objection letter](#) from the *Agencia Presidencial de Cooperación Internacional de Colombia*.
- Annex II: [Terms of Reference](#)
- Annex III: [Procurement Plan](#)
- Annex IV: [TC Checklist](#)