

Special Project Grant Document

I. Basic Information

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|--|---|
| ▪ Country/Region: | Regional |
| ▪ TC Name: | France-LAC partnership program to support projects with climate impact |
| ▪ TC Number: | RG-T2933 |
| ▪ Associated Loan/Guarantee Name: | RG-T2713 |
| ▪ Team Leader/Members: | Jennifer Doherty-Bigara (CSD/CCS) team leader, Marion Joubert (CSD/HUD), Thiago Mendes, Federico Brusa, Juan Gomez (INE/CCS), Daniel Hincapie, Geneva List (ORP/PTR), Thomas Zaratiegui (ORP/EUR), Maria Teresa Soto-Aguilar (VPC/FMP), Maria del Pilar Jimenez de Arechaga (LEG/SGO), Claudia Ogialoro (ORP/GCM) |
| ▪ Taxonomy: | Research & Dissemination |
| ▪ Beneficiary: | LAC Borrowing member countries |
| ▪ Executing Agency and contact: | Inter-American Development Bank |
| ▪ Donors providing funding: | Agence Française de Développement (AFD) |
| ▪ IDB Funding Requested: | US\$ \$531,915 ¹ |
| ▪ Local counterpart funding, if any: | N/A |
| ▪ Disbursement period: | 24 months |
| ▪ Required start date: | January 2017 |
| ▪ Types of consultants : | Consultants and/or firm |
| ▪ Prepared by Unit: | Climate Change Division (CCS) |
| ▪ Unit of Disbursement Responsibility: | Climate Change Division, in collaboration with relevant divisions such as HUD and IFD |
| ▪ TC Included in Country Strategy: | No |
| ▪ TC included in CPD: | No |
| ▪ Alignment with the Institutional Strategy: | Productivity and innovation development challenge and climate change cross cutting issue |

II. Description

- 2.1 In order to strengthen the partnership between the AFD Group and the IDB Group and track the progress in implementing jointly defined activities, both institutions have agreed to maintain an annual High-Level “Deep Dive” Dialogue, the first of which will take place in February 2017 in Washington D.C.

¹ These funds will be administered by the IDB through a non-reimbursable project-specific grant (PSG). The Agence Française de Développement (AFD) will contribute € 500,000, which is equivalent to US\$531,915 at the exchange rate of \$1= €0.94 as of November 21st 2016. These funds will be administered by the IDB through a non-reimbursable project-specific grant (PSG). France will contribute US\$ 552,630 corresponding to €500,000 (Five hundred thousand euros) at an exchange rate of USD\$1 = €0.94 on October 12th 2016.

- 2.2 Following initial discussions and meetings held in Washington in October 2016, both institutions have agreed to concentrate their cooperation for the Deep Dive, on matters related to climate change, Nationally Determined Contributions (NDC) implementation, governance and knowledge sharing.
- 2.3 These themes will seek to strengthen the synergies among institutions and promote i) close collaboration and cofinancing of projects in specific sectors such as energy, transport, urban development, water and sanitation, financial sector (dedicated financing), as they are key enablers of the implementation of Latin American and Caribbean (LAC) NDCs but also ii) enhance the cross fertilization of best practices.
- 2.4 This special project grant is aligned within the “Institutional Strategy 2010-2020” as it addresses climate change, an overarching issue that affects the three main development challenges in LAC.

III. Objectives and Justification of the TC

- 3.1 AFD has agreed to grant specific resources to the IDB to facilitate and support the structuration and implementation of joint operations/activities identified in the context of the “Deep-Dive” exercise. The Project Specific Grant (PSG) will be used to support projects and initiatives that are within the Deep Dive perimeter.
- 3.2 The TC will serve to strengthen the strategic partnership between AFD and the IDB by providing the teams with financial resources to finance consultants, events, trips, studies, sector reviews, etc. Whenever possible, these activities should mobilize French expertise or know-how. By fostering cooperation, including joint financing, knowledge sharing, and sector initiatives, between the AFD Group and the IDB Group, this TC will enable both institutions to jointly support LAC countries, in particular with the implementation of their NDC strategy.

IV. Description of activities/components and budget

- 4.1 The projects/initiatives financed under the PSG will result from a joint dialogue between AFD and IDB teams. AFD will contribute reviewing the proposed budget and the terms of reference. This should facilitate the approval given by the donor on the use of PSG. It is envisaged that the funds will be used to finance the following 4 components:
- 4.2 **Component 1: Support initiatives jointly developed on NDC implementation (USD \$150,000).** The implementation of NDCs will require several assessments to transform objectives into public policies and investment plans as well as to build the environment required to foster sustainable development in LAC countries. The resources will finance studies identified by AFD and the IDB, but may also be used to design and support tools and initiatives (NDC Invest, mainstream climate change in governments, banks, public bodies, etc.) to facilitate and enhance NDC implementation.
- 4.3 As countries move forward in their implementation, they will require different assessments which can consolidate the refinement of their NDC portfolio and aligned actions required to build the enabling environment.
- 4.4 **Component 2: Regional Dialogue on governance and best practices (USD \$100,000).** [Regional Policy Dialogues](#) (RPD) have proven to be key events in which national stakeholders share lessons learned but also benefit from the

presentation of international best practices. They constitute one of the IDB's main mechanisms to promote knowledge sharing between high-level government officials from LAC and experts in key development areas. The RPD covers strategic topics for the region through its different topics: Water & Sanitation, Climate Change, Trade & Integration, Education, Energy, Disaster Risk Management, Fiscal Management, Open Government, Gender Equality and Diversity, Innovation, Financial Institutions, among others.

- 4.5 This component will allow the organization of a Regional Dialogue on governance and will deepen the understanding of the topic in collaboration with different divisions of the Bank and will include the participation of French experts to be identified by the IDB and the AFD.
- 4.6 **Component 3: Finance expertise and studies to support the identification of co-financing, in particular to promote the NDC Pipeline (USD \$200,000).** IDB Group and AFD will use the PSG to facilitate coordination activities to support collaboration and co-funding of projects, which are identified in the Deep Dive perimeter. These activities may include: (i) upstream sector, landscape, and urban planning to identify and promote a portfolio approach towards infrastructure planning; (ii) Public Private Partnerships guidelines and criteria; (iii) application of climate resilient and sustainability concepts into detailed engineering designs (DED), including indicative climate resilience standards and indicators per type of infrastructure and sustainability integration plans (SIP); (iv) pre-feasibility and feasibility studies; (v) risk and vulnerability assessments; and (vi) integration of sustainability into procurement processes and tender documents.
- 4.7 **Component 4: Know-how and dissemination Event (USD \$50,000).** To disseminate key lessons learned, innovative solutions, and advanced technology, a joint event will be organized with the AFD to present thought-provoking know-how and expertise. This event will take place in Washington D.C., and will convene French experts in climate change, renewable energy, urban development or transport, with IDB specialists and beneficiaries of the region so as to enhance the knowledge in LAC with cutting edge examples.

Indicative Results Matrix

| | | Baseline | | Years | | Completion Date | Data Sources |
|---|------|----------|------|-----------|---|---|---------------------------------------|
| | Unit | Value | Year | 2017 2018 | | | |
| Component 1: Support initiatives jointly developed on NDC implementation | | | | | | | |
| Outcome I: Enhanced implementation of LAC NDCs | | | | | | | |
| Outputs: | | | | | | | |
| Assessments of NDCs completed | # | 0 | 2016 | 2 | 2 | November 1 st , 2017 / November 1 st 2018 | Completion of 4 deliverables by firms |
| Component 2: Regional Dialogue on governance and best practices | | | | | | | |
| Outcome I: Share lessons learned on governance issues | | | | | | | |
| Outputs: | | | | | | | |
| Regional Dialogues completed | # | 0 | 2016 | 1 | 1 | March 2018 | Agenda Presentations |
| Component 3: Finance expertise and studies to support the identification of co-financing, in particular to promote the NDC Pipeline | | | | | | | |
| Outcome I: Enhanced implementation of LAC NDCs | | | | | | | |
| Outputs: | | | | | | | |
| Pre-feasibility studies completed | # | 0 | 2016 | 2 | 2 | November 1 st , 2017 / November 1 st 2018 | Completion of 4 deliverables by firms |

| | Baseline | | | Years | | Completion Date | Data Sources |
|--|----------|-------|------|-------|------|-----------------|-------------------------|
| | Unit | Value | Year | 2017 | 2018 | | |
| Component 4: Know-how and dissemination Event | | | | | | | |
| Outcome I: Share best practices on sustainability issues | | | | | | | |
| Outputs: | | | | | | | |
| Event completed | # | 0 | 2016 | 1 | 0 | October 2017 | Agenda Presentations |

Indicative Budget (US\$)

| Activity/Component | PSG Funding |
|---------------------------------|-------------|
| Consultancies Component 1 | 150,000 |
| Consultancy Component 3 | 200,000 |
| Regional dialogue on Governance | 100,000 |
| French Day | 50,000 |
| Contingencies | 5,319 |
| Fee 5% | 26,596 |
| Total | 531,915 |

- 4.8 The Agence Française de Développement expects to commit EUR€500,000 to this project, which is equivalent to US\$531,915, based on the exchange rate USD\$1 = EUR€0.94 as of October 12, 2016. Final resources in U.S. dollars will depend on the exchange rate on the date in which the resources are received by the Bank from Agence Française de Développement in euros and converted into U.S. dollars. If a significant adverse movement in exchange rates reduces the amount of U.S. dollars contemplated in this budget and such amount cannot be covered by the contingency line item, the activities contemplated in the project will be decreased appropriately and the budget will be adjusted accordingly by the project team.
- 4.9 Resources for this project to be received from Agence Française de Développement will be provided to the Bank through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the “Report on COFABS, Ad-Hocs and CLFGs and a Proposal to Unify Them as Project Specific Grants (PSGs)” (Document SC-114). As contemplated in these procedures, the commitment from Agence Française de Développement will be established through a separate administration agreement. Under such agreement, the resources for this project will be administered by the Bank and the Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this project. The 5% administrative fee will be charged after the contribution had been received.

V. Executing Agency and Execution Structure

- 5.1 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 Project Specific Grant (PSG) contribution.
- 5.2 The execution of the PSG will be coordinated with the relevant divisions of the Bank including CSD/HUD and will leverage the IDB-AFD staff exchange program. The secondees from both institutions will assist in dialogue and technical assistance within the scope of their areas of expertise and closely support the Team Leader for the implementation of the PSG as needed.

- 5.3 The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with current Bank procurement policies and procedures (AM-650 and GN-2303-20). 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 ORP/GCM to transfer the unspent balance as agreed to by the donor and the Bank pursuant to the terms of the PSG administration agreement.²

VI. Major issues

- 6.1 This PSG seeks to support the Deep Dive process under way between the AFD Group and the IDB Group, therefore it will not have major operational risks but will require close coordination among entities, as well as constant collaboration with countries to develop high added-value activities and identify potential transformational projects to co-finance. Therefore the Bank, as an executing agency will ensure the promotion of a collaborative approach and will seek support from country offices.

VII. Exceptions to Bank policy

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

VIII. Environmental and Social Strategy

- 8.1 According to the Environment and Safeguards Compliance Policy of the Bank (OP-703), the operation has been classified as Category "C" ([Safeguard Screening Form/Safeguard Policy Filter](#)).

Approved:

Original Signed

02/01/17

Amal-Lee Amin, Chief
Climate Change Division (CSD/CCS)

Date

² All PSG Administration Agreements include provisions for the use of any unspent balances.