

## TC ABSTRACT

### I. BASIC PROJECT DATA

▪ Country/Region:	Caribbean
▪ TC Name:	Caribbean Climate Smart Islands Program
▪ TC Number:	RG-T2543
▪ Team Leader/Members:	Team leader: Gerard Alleng (INE/CCS); Team members: Sara Valero Freitag (INE/CCS), Anaitee Mills (INE/CCS); Emiliano Detta (INE/CCS), Ana Rios (INE/CCS), Sybille Nuenninghoff (INE/RND), Christiaan Gischler (INE/ENE), and Mariana Hernández (INE/CCS).
▪ Taxonomy.	Research and Dissemination
▪ Reference to Request:	IDBdocs # 38975614 and 38975608
▪ Date of TC Abstract:	April 23, 2014
▪ Beneficiary	Belize, Trinidad & Tobago and The Bahamas
▪ Executing Agency and contact name	Inter-American Development Bank, through its Climate Change and Sustainability Division (INE/CCS)
▪ IDB Funding Requested:	US\$992,000
▪ Local counterpart funding/co-financing, if any:	US\$248,000
▪ Disbursement period:	28 months
▪ Required start date:	November 2014
▪ Types of consultants:	Individuals and/or firms
▪ Prepared by Unit:	INE/CCS
▪ Unit of Disbursement Responsibility:	INE
▪ Included in Country Strategy (y/n);	N/A
▪ TC included in CPD (y/n):	N/A
▪ GCI-9 Sector Priority:	The project contributes to the following GCI-9 lending targets: (i) supporting development in small and vulnerable countries; and (ii) climate change, sustainable (including renewable) energy, and environmental sustainability

### II. OBJECTIVE AND JUSTIFICATION

- 2.1 The vulnerability of Caribbean nations to the impacts of climate change is well known given their limited land masses, the concentration of socio-economic activities and critical infrastructure in narrow coastal zones, their dependence on tourism and agriculture and the limited human and institutional capacity. The region is also highly dependent on the importation of fossil fuels for energy needs which places a heavy burden on their economies as a result of the vagaries of global petroleum prices. So far, alternative energy sources have not been significantly utilized even though there is very good potential for solar, wind, hydro power and biomass exploitation. It is within this context that Caribbean nations are expected to adapt to the impacts of climate change while at the same time pursuing a low carbon pathway given growing international and public pressure for environmentally friendly development that reduces their “carbon footprint” and exposure to climate change and increases energy security.
- 2.2 The general objective of this program is to demonstrate ways of transitioning to a low carbon and climate resilient development pathway utilizing pilot islands of Trinidad&Tobago (Tobago), Belize

(Caye Caulker) and the Bahamas (Habour Island). The program is expected to examine priority sectors in which low carbon and climate resilient measures can be implemented in at least the transportation, infrastructure, energy, water resources, waste treatment and tourism sectors. The identified measures will be analyzed from a cost-benefit perspective and commercial potential in order to prioritize highlighting cost recovery rates.

- 2.3 In the wider context of the Caribbean region, there are several initiatives related to the interventions proposed under this program: (i) a “Regional Framework for Achieving Development Resilient to Climate Change” complemented by an Implementation Plan (IP) geared at delivering transformational change which was adopted for CARICOM countries; (ii) the Caribbean Carbon Neutral Tourism Program - CCNTP (RG-T1640) which was funded by the IDB and provides a basis for this proposed program; (iii) the Caribbean Hotel Energy Efficiency Action Program - CHENACT (RG-T1431); (iv) The Ten Islands Challenge being implemented by the Carbon War Room (CWR) which supports island economies in transitioning off fossil fuels.
- 2.4 The proposed TC will contribute to the following GCI-9 lending targets: (i) supporting development in small and vulnerable countries (GN-2616-2); and (ii) climate change, sustainable (including renewable) energy, and environmental sustainability. It is also aligned with the IDB’s Integrated Strategy for Climate Change Adaptation and Mitigation and Sustainable Renewable Energy (GN-2609-1) and its Action Plan (GN-2609-3) as well as with the objectives of the Biodiversity and Ecosystem Services program.

### III. DESCRIPTION OF ACTIVITIES AND OUTPUTS

- 3.1 **Component 1: Assessment of mitigation options to support the transition to low carbon pathways.** This component will undertake the following activities: (i) Review and expand existing GHG inventories for the selected destinations; (ii) Identify mitigation options for identified priority sectors,<sup>1</sup> including the cost-benefit analyses in order to prioritize the interventions, and identification of financial instruments available for financing; (iii) Review and make recommendations for institutional and legal frameworks as well as the options for branding and/or certification; and (iv) Implementation of a pilot mitigation project in each of the selected pilot islands based on outputs from activities (i) – (iii). The overall outcome is a low-carbon pathway for energy security, utilization and development for small island economies.
- 3.2 **Component 2: Assessment of adaptation options to support the transition to climate resilient pathway.** The activities under this component are: (i) vulnerability and risk assessments for key assets<sup>2</sup>, (ii) Study on the economics of the impacts of climate change (ECC) and/or study on the Economics of Climate Adaptation (ECA) for pilot sites; (iii) Identify adaptation options utilizing cost-benefit analyses in order to prioritize the interventions;<sup>3</sup> (iv) Prepare an action plan for implementation including the use of public private partnerships (PPPs) and other financing options for implementation; (v) Review and make recommendations for institutional and legal frameworks for implementation as well as the options for branding and/or certification; (vi) Implement a pilot adaptation in each of the selected pilot areas project based on outputs from activities (i) – (v). The expected results of this component are (i) a portfolio of prioritized adaptation; (ii) identification of private/public sources of financing; and (iii) Policy recommendations for enabling the framework to

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<sup>1</sup> These are at least the transportation, infrastructure, energy, water resources, waste treatment and tourism sectors.

<sup>2</sup> Infrastructure, ecosystems, water resources and energy.

<sup>3</sup> For at least the infrastructure, energy, water resources and tourism sectors.

implementation. The overall outcome of this component is improved resilience for the pilot areas which will improve protection of assets, livelihoods and ecosystems in the pilot areas.

- 3.3 **Component 3. Marketing and Communications Plan.** The activities considered are: (i) Design of a communications strategy tailored for the different audiences of the project (governments, private sector, tourists, etc.); and (ii) Development and implementation of an action plan for the strategy in order to market the new product. The expected outcome would be the better understanding of the different stakeholders about the benefits of low-carbon climate-resilient tourism destinations and an increased interest in replicating these kinds of efforts throughout the Caribbean.

#### IV. INDICATIVE BUDGET

<i>Activity/Component</i>	<i>IDB/Fund Funding</i>	<i>Counterpart Funding</i>	<i>Total Funding</i>
Component 1: Assessment of mitigation options	390,000	95,000	485,000
Component 2: Assessment of adaptation options	422,000	95,000	517,000
Component 3: Marketing and Communications Plan	80,000	22,000	102,000
Project Management	60,000	-	60,000
<b>Sub-Total</b>	<b>952,000</b>	<b>248,000</b>	
Administrative Budget	40,000	-	40,000
<b>Total</b>	<b>992,000</b>	<b>248,000</b>	<b>1,240,000</b>

#### V. EXECUTING AGENCY AND EXECUTION STRUCTURE

This operation will be executed and supervised by the Bank through its Climate Change and Sustainability Division (INE/CCS). CCS will partner with Caribbean Community Climate Change Center (CCCCC) in Belize and the Carbon War Room (CWR) in the design and implementation of the program. A Steering Committee will be set up to help in the guidance and implementation of the program and will be comprised of at least, the CCCCC, CWR, Tobago House of Assembly, Ministry of Environment and Water Resources, Trinidad; the Bahamas Ministry of Tourism, the Belize Ministry of Tourism and/or the Belizean Tourism Industry Association, the Caribbean Electric Utility Service Corporation and the IDB.

#### VI. PROJECT RISKS AND ISSUES

The main risks for this operation are (i) Difficulty among inter-agency collaboration as there are various partners involved. This will be mitigated by having the Bank as the overall oversight body of project and by setting up a steering committee to guide implementation; and (ii) Low interest/participation of stakeholders which could delay the implementation and threaten the achievement of the results under the program. This will be mitigated by undertaking various awareness campaigns and workshops to engage these actors, create ownership and ensure the fulfillment of the expected results of the program.

#### VII. ENVIRONMENTAL AND SOCIAL CLASSIFICATION

It is not anticipated that the activities to be financed in this TC will have negative direct social or environmental impacts. Therefore, the team considers that, according to the Bank's Safeguards Screening Toolkit, this operation should be given a classification of "C": (i) no environmental or social risks; and (ii) direct contribution to solve an environmental issue.