

## Technical Cooperation Document

### I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Identifying And Disseminating best practices and opportunities to support COP25 outcomes and Paris Agreement implementation throughout LAC
▪ TC Number:	RG-T3482
▪ Team Leader/Members:	Brusa, Federico (CSD/CCS) Team Leader; Ceva Alvarez, Mariana Daniela (CSD/CCS); Gomez, Juan Carlos (CSD/CCS); Negret Garrido, Cesar Andres (LEG/SGO); Salas Parra, Cristian (CSD/CCS)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	19 May 2020.
▪ Beneficiary:	Latin-American and Caribbean countries
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Sustainable energy and Climate Change Multi-donor Trust Fund(MSC)
▪ IDB Funding Requested:	US\$275,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	November 2020
▪ Types of consultants:	Firms and individuals
▪ Prepared by Unit:	CSD/CCS-Climate Change
▪ Unit of Disbursement Responsibility:	CSD-Climate Change and Sustainable Development Sector
▪ TC included in Country Strategy:	Yes
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability

### II. Objectives and Justification of the TC

- 2.1 The objectives of this Technical Cooperation (TC) are to help implement the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties' (COP-25) outcomes while: (i) identifying the best avenues to advance the climate agenda in a context of post-CoViD social and economic recovery; (ii) identifying all relevant ongoing public and private sector efforts which countries in the region and abroad are currently undertaking to accomplish their national climate objectives; (iii) strengthening partnerships and identifying new opportunities for collaboration with the overarching objective of assisting Latin America and the Caribbean (LAC) countries and private sector partners in the achievement of their national objectives; and (iv) disseminating all relevant knowledge generated within the scope of this TC to help LAC countries achieve their national climate objectives.
- 2.2 The COP is the decision-making body of the UNFCCC. It meets every year unless the Parties decide otherwise. During COP-21 in 2015, the Paris Agreement was

agreed, marking a turning point for the international climate agenda. After ratification and in 2020, all parties must engage in a process that leads to further ambition in the definition and achievement of commitments made during COP-21. These commitments are communicated through the submission of Nationally Determined Contributions (NDC). These are the documents in which countries state both their conditional and unconditional measures to stabilize average global temperature rise at 2°C by the year 2100, thus, limiting the severe consequences of climate change on human activity.

- 2.3 Recognizing the need to tackle climate change as an issue crucial to ensure the sustainable development of member states, the Inter-American Development Group (IDBG) set the goal to increase financing of climate change related projects in LAC to 30% of the IDB's and IDB Invest's combined total approval loans, guarantees, investment grants, technical cooperation operations, and equity operations by December 31st, 2020. In addition, Management approved the IDBG Climate Change Action Plan to achieve the 30% climate finance goal and systematically mainstream climate change into operations. The 25th COP was originally set to have its inaugural conference in Santiago de Chile in December 2019. Under the Chilean Presidency, COP was held in Madrid, Spain. Originally, Chile was supposed to hand the presidency of the COP to the United Kingdom at COP-26, to be originally held in November 2020. In response to the CoViD crisis, COP-26 is now scheduled to be held in the second semester of 2021. Likewise, and as an outcome of COP-25, Chile's Ministry of Finance was appointed as co-chair of the Coalition of Ministers of Finance for Climate Action. Chile will now exert the chairmanship of the coalition throughout 2021 and until the second semester of 2022. The role of the Coalition is to implement the Santiago Action Plan.<sup>1</sup> Chile will also exert the presidency of the COP until November 2021.
- 2.4 While the entire socio-economic consequences of the grave CoViD-19 pandemic are yet to be fully understood, both JP Morgan and the International Monetary Fund (IMF) predict severe economic contractions which range from 8.7% to 9.3% of the regional Gross Domestic Product.<sup>2</sup> JP Morgan also considers that LAC will be the region which takes the longest to recover from the pandemic's economic consequences. Meanwhile, the IMF has also signaled that the economic recovery must be conducted in alignment with the Sustainable Development Goals to help developing nations build resilience toward future similar crises.<sup>3</sup> While more developed, extra-regional actors start developing *green recovery* plans, it is particularly important to identify solutions that are relevant and appropriate for LAC countries' own specificities. As such, this TC will focus on the identification and provision of support to those COP-25 commitments defined by LAC countries, which can be aligned —with the support of this operation— with a cost-effective intervention that helps address both the social and economic consequences of CoViD, while building resilience toward any such future disasters.

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<sup>1</sup> The coalition will help countries mobilize and align the finance needed to implement their national climate action plans; establish best practices such as climate budgeting and strategies for green investment and procurement; and factor climate risks and vulnerabilities into members' economic planning.

<sup>2</sup> IMF, *World Economic Outlook World Economic Outlook, Update, June 2020*, June 24, 2020 and J.P. Morgan *Latin America mid-year outlook: out of the frying pan into the fire* Latin America Economic Research (June 17, 2020) and J.P. Morgan *Latin America mid-year outlook: out of the frying pan into the fire* Latin America Economic Research (June 17 2020).

<sup>3</sup> IMF, Georgieva, K. *Beyond the Crisis in Finance and Development*, June 2020, Vol.57, Number 2.

- 2.5 Specifically, the activities of this TC are designed to: (i) carry-out relevant research tied to the TC objectives while also contributing to support IDB Group sectors in the incorporation of climate change in their business origination activities; and (ii) design and implement an effective communications strategy with the objective of disseminating the results of such research.
- 2.6 The TC is consistent with the Second Update to the Institutional Strategy (AB-3190-2) and is aligned with the development challenge of productivity and innovation, as it will generate valuable information that ultimately intends to bring about the fundamental change that the Coalition of Finance Ministers for Climate Action recognized in the Santiago Action plan. Such change is required to include climate change considerations in mainstream decision-making processes regarding macro, fiscal and public financial management policies. The adaptation knowledge product described under Component 1 is also expected to contribute to the innovation objectives of the Second Update to the Institutional Strategy. Likewise, the operation is aligned with the cross cutting themes of: (i) climate change and environmental sustainability, as it will provide assistance to governments in the region to include low-carbon and climate-resilient growth considerations in the design of their economic and financial policies; and (ii) institutional capacity and the rule of law, since it will generate relevant information that will help governments be better prepared to face future crises, while also looking at existing political economy and organizational structures, and suggesting possible improvements to increase government resilience.
- 2.7 Additionally, the operation is aligned with the IDB's Integrated Strategy for Climate Change Adaptation and Mitigation and Sustainable Renewable Energy (GN-2609-3) and particularly with the knowledge agenda components as they are described in paragraph 2.25 of the IDBG Climate Change Action Plan 2016-2020 (GN-2848-3). It will contribute towards the IDB Ninth General Capital Increase lending targets related to climate change, sustainable (including renewable) energy, and environmental sustainability. It is further aligned with paragraph 3.18 of the Climate Change Sector Framework Document (GN-2835-5), and with the objectives of the Sustainable Energy and Climate Change Multi-donor Trust Fund (GN-2435-6), more specifically with the objectives of helping to improve policy and regulatory frameworks as well as the improvement of capacity building for finance in sustainable energy projects, as they are described in paragraph 4.6 of said document. To ensure policy coherence, technical cooperation resource optimization, and to avoid overlap with other existing technical cooperation knowledge products with similar objectives, all knowledge products and interventions will be coordinated with relevant CSD/CCS country specialists, as well as with COF Chief of Operations.

### **III. Description of Activities/Components and Budget**

- 3.1 **Component 1. Research and identification of ongoing relevant efforts and opportunities (US\$200,000).** This component will focus on resulting COP-25 commitments by LAC countries which are relevant to support a sustainable economic recovery of the region. Specifically, the IDB Group will conduct analytical research aimed at identifying existing best practices, in line with the Santiago Action Plan, on the following topics: (i) research to identify opportunities to bolster adaptation policies; (ii) policy reform and political economy/governance modalities which help mainstream climate in the policy decision-making process; and (iii) youth unemployment and climate policy for sustainable economic recoveries. The

intellectual property rights generated from these knowledge products will correspond to the IDB. All interventions under this technical cooperation will be driven by mapping exercises relevant to the sector of intervention, to guarantee their relevance. In the case of adaptation policies, one or two specific sectors will be identified and a group of most relevant LAC countries will be chosen in function of the potential of the knowledge generated in terms of replicability by other LAC countries, to ensure effective dissemination throughout the region. Regarding policy reform and political economy modalities, one or two comparative politics studies will be carried out using best-case LAC countries as examples, to compare with the rest of the region. Finally, regarding the youth and unemployment component, a more theoretical, region and global approach will be employed, given the limited amount of exiting knowledge on the topic.

- 3.2 **Component 2. Design and execution of a dissemination and communications plan (US\$75,000).** The research and identification effort described in Component 1 must be accompanied by a communications and dissemination strategy that supports it during the Chilean presidency of the COP, as well as up to six months after, in order to allow for an effective dissemination and country-engagement process. Activities under Component 2 will comprise: (i) the hiring of graphic design, editing, and translation service providers to work on knowledge products generated under Component 1; (ii) the hiring of pertinent service providers to help design and implement up to five virtual dissemination workshops;<sup>4</sup> and (iii) other costs associated to the design and execution of a dissemination strategy for generated knowledge products. Workshops will be conducted to discuss and disseminate findings relevant to activities in the three research topics addressed by Component 1. Civil society, private sector, national, and sub-national-level authorities will be convened in function of the relevance of the findings, and the orientation that is identified to best further the IDB's operational agenda to which these knowledge products will aim to contribute.
- 3.3 The total estimated cost of this TC is US\$275,000, which will be financed with resources from the Sustainable Energy and Climate Change Multi-Donor Trust Fund (MSC).

**Indicative Budget (US\$)**

Activity/Component Description	IDB MSC Fund	Total
Component 1.1. Effective Adaptation and recovery policy research	75,000	75,000
Component 1.2. Climate mainstreaming and political economy reform for growth research	75,000	75,000
Component 1.3. Youth unemployment and sustainable recovery research	50,000	50,000
Component 2.1. Editing, translation, graphic design, and other similar services	25,000	20,000
Component 2.2. Design and execution of up to 5 virtual webinars	15,000	15,000
Component 2.3. Design and execution of a dissemination strategy	35,000	35,000

<sup>4</sup> While the team does not discard the organization of one or two presential workshops in 2021 (should the situation allow for it) priority will be given to virtual workshops which are cost effective and allow to reduce travel costs and related GHG emissions from travel. Workshop audiences will be determined in function of the mapping exercises conducted within the scope of each component 1 knowledge product.

	<b>Total</b>	<b>275,000</b>	<b>275,000</b>
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#### **IV. Executing Agency and Execution Structure**

- 4.1 Given the regional nature of this TC and since it is originated at the initiative of the IDB, in accordance with Appendix 10 of the Operational Guidelines for Technical Cooperation Products (GN-2629-1), the Bank will act as the executing agency through its Climate Change Division (CSD/CCS). As such, the Bank will follow its procurement policies and guidelines related to contracting processes: (i) individual consultants will be hired according to the guidelines established in policy AM-650; (ii) consulting firms of an intellectual nature will be hired according to the "Policy for the selection and contracting of consulting firms for operational work carried out by the Bank" (GN-2765-4) and its Operational Guides (OP-1155-4); and (iii) other non-consulting services in accordance with the "IDB Institutional Procurement Policy" (GN-2303-28).
- 4.2 CSD/CCS will coordinate with other IDBG departments and liaise with other key initiatives and stakeholders involved in the design, implementation, and financing of NDC to ensure synergies and avoid overlap. The team leader will directly supervise this operation, with support from CSD resources based in the southern cone country offices. CSD/CCS has substantial experience with the development of Research and Dissemination activities tied to climate change and integration of results within the IDBG project origination and execution activities.
- 4.3 Prior to initiating the implementation of the activities of the TC in each country, the corresponding no-objection will be obtained from the liaison entity with the Bank in each country.
- 4.4 Regarding the single source selection methodology the project team intends to use for the relevant hiring processes as reflected in the Procurement Plan (Annex III), only one company has been identified that possesses the technical capacity and knowledge required to deliver the products that comply with the quality standards set by the team (consulting firm for Component 1). Likewise, work on economic policy and adaptation policy solutions requires a specific skill set that is not yet widely available in the LAC region. As such, the team will continue working with a consulting firm that has proved its ability to deliver the needed content (for the non-consulting services planned for Component 2).

#### **V. Major Issues**

- 5.1 Given the current economic and social crises which stem from the COVID-19 pandemic, high degrees of uncertainty are expected regarding the policy-making process in most of the countries of the region. This could have consequences regarding the appropriation of knowledge products generated by the bank. This risk is mitigated by the approach taken for the design of knowledge products within this TC. Such products will be developed jointly with other IDB relevant sectors, to help them strengthen their dialogue with their ministerial counterparts and to help them identify opportunities to help address institutional and economic competitiveness issues stemming from the COVID-19 pandemic, which also help advance national climate commitments.
- 5.2 Coordination issues may result from working with too many countries on specific knowledge generation activities which may result in a considerable delay to the T.C.

and its objectives. To mitigate this risk, country selection will be confirmed with CSD/CCS country specialists, other relevant sector country specialists, as well as with the Chiefs of Operations.

## **VI. Exceptions to Bank Policy**

- 6.1 No exceptions to Bank policies are envisioned for this TC

## **VII. Environmental and Social Strategy**

- 7.1 Given the nature of the project, there are no associated environmental or social risks. Per the Environment and Safeguards Compliance Policy of the Bank (OP-703), the operation has been classified as category “C”, meaning that no environmental assessment studies or consultations are required for this category (see the [Safeguard Screening Form](#) and the [Safeguard Policy Filter Report](#)).

### **Required Annexes**

[Results Matrix - RG-T3482](#)

[Terms of Reference - RG-T3482](#)

[Procurement Plan - RG-T3482](#)