

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Advancing transparency, strategic and investment planning for a just transition
▪ TC Number:	RG-T4165
▪ Team Leader/Members:	Delgado, C. Raul (CSD/CCS) Team Leader; Fernandez-Baca, Jaime (CSD/CCS) Alternate Team Leader; Acevedo Calle, Daniela (LEG/SGO); Alfonso, Mariana (CSD/CCS); Alleng, Gerard P. (CSD/CCS); Doherty Bigara Rodriguez, Jennifer (CSD/CCS); Gomez, Juan Carlos (CSD/CCS); Juan Francisco Martinez (CSD/CCS); Lefevre, Benoit Jean Marie (CSD/CCS); Patricia Gutierrez Mesones (CSD/CCS); Sabina Blanco Vecchi (CSD/CCS); Sandoval, Jose Manuel (CSD/CCS); Sara Carias (CSD/CCS)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	02 Sep 2022.
▪ Beneficiary:	Governments of The Bahamas, Barbados, Colombia, Perú and Dominican Republic
▪ 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\$800,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months of execution
▪ Required start date:	February 1, 2023
▪ Types of consultants:	Individual consultants and firms
▪ Prepared by Unit:	CSD/CCS-Climate Change
▪ Unit of Disbursement Responsibility:	CSD/CCS-Climate Change
▪ TC included in Country Strategy:	Yes
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Environmental sustainability; Gender equality; Institutional capacity and rule of law; Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

- 2.1 The general objective of this non-reimbursable technical cooperation (TC) is to support five countries of the region —Colombia, Peru, Barbados, The Bahamas, and Dominican Republic— to implement their climate commitments and goals by strengthening transparency mechanisms, making informed decisions while considering climate vulnerability, strategic and investment planning for a just transition. The specific objectives are: (i) to design strategic instruments that translate climate goals into investment pathways; (ii) to strengthen informed decision-making with analysis of risks and opportunities of adaptation and mitigation actions for a just transition; (iii) to strengthen transparency mechanism for monitoring, reporting and verification (MRV).

- 2.2 Countries in the region are still in the process of identifying and prioritizing opportunities for climate resilience and mitigation pathways in line with their Nationally Determined Contributions (NDC) and Long-Term Strategies (LTS) for decarbonization and adaptation. Having clear evidence, sequencing of specific actions, defined priority investments, and required policy reforms is at the heart of catalyzing climate action and seizing development benefits. Having robust LTS, NDC, and investment plans will enable better government coordination and provide signals to direct financial flows.
- 2.3 The process for strengthening long-term climate resilience and mitigation in LAC is complex, as it needs to be supported by institutional, legislative, and financial enabling environments that foster transformation. Among other things, robust long-term planning requires increasing local capacity to be supported by the best available science for decision making; and at the same time be accompanied by the immediate policy, regulations and investment projects that incorporate future disaster risk and climate resilience measures in their design, construction, and operation phases. Also, the evidence shows how climate change effects disproportionately burden the most marginalized, including women and girls, and that green investments can bring significant social and economic benefits. In the short term, they are crucial to promote job creation and boost economic activity. As recognized by the Paris Agreement, climate action should follow a country-driven, gender-responsive, participatory and transparent approach, and thus this TC will support countries in producing: (i) NDC gender-inclusive investment plans; (ii) green jobs, gender-inclusive and just transition policy analyses and recommendations; and (iii) transparent (MRV) mechanisms that respond to countries' contexts and needs. This TC will support countries in producing NDC gender-inclusive investment plans, as well as green jobs, gender-inclusive and just transition policy analyses and recommendations, between the main deliverables.
- 2.4 Indeed, transparency mechanisms are crucial for ambition raising. Transparency enhances trust between countries and this in turn enables them to put forward their highest possible ambition. They can also be an effective stimulus for domestic action by sending policy signals to businesses, provide an evidence base for an enhanced national dialogue, and help identify opportunities for further climate action by targeting key sectors of the economy and determining what activities may be easier to implement and where the main gaps are.
- 2.5 **Strategic Alignment.** This TC is consistent with the IDB's Second Update to the Institutional Strategy 2020-2023 (AB-3190-2), and is aligned with: (i) the development challenge of social inclusion and equality, as well as productivity and innovation, as long-term development and investment planning will be supported for and inclusive and just transition that would be aligned with countries climate commitments and skewed towards green and more efficient and effective modes of production and technologies; and (ii) the cross-cutting themes of: (a) *climate change and environmental sustainability*, as it supports the incorporation of mitigation and adaptation issues in fiscal policies and the management of public finances, as well as by incorporating the potential impacts of natural disasters in fiscal sustainability, and promoting public investment management in sustainable infrastructure; and (b) *gender equality and diversity*, since it intends to produce NDC gender-inclusive investment plans, green jobs, gender-inclusive and just transition policy analyses and recommendations; and c) *institutional capacity and the rule of law*, as it supports the strengthening of institutional capacities for long-term development planning and policy implementation with a focus on addressing climate change, as well as to assist

countries in the region to improve their compliance with international climate commitments. Additionally, the TC is aligned with the Corporate Results Framework 2020-2023 (GN-2727-12) concerning the strengthening of the IDB's operational work in the cross-cutting issues of climate change and environmental sustainability, as well as institutional capacity.

- 2.6 In addition, the operation is aligned with the IDB Group's country strategy for the five countries that are the beneficiaries of this TC, as it supports the design of investment planning instruments for climate action. In The Bahamas, this project aims at the development of an investment plan for implementing the NDC in line with the IDB Group Country Strategy with The Commonwealth of The Bahamas 2018-2022 (GN-2920-1), with its priority area of supporting a resilient infrastructure for development. Similarly, The Dominican Republic seeks to develop an investment plan for the effective implementation of their NDC in line with the IDB Group Country Strategy with Dominican Republic 2021-2024 (GN-3084) with its priority area for a sustainable and inclusive productive reactivation. In particular, the availability of natural resources in the most important sectors, and growing risks of natural disasters in the wake of climate change are major challenges for the country.
- 2.7 The TC is also consistent with the IDB Country Strategy with Colombia 2019-2022 (GN-2972) that involves climate change as a cross-cutting priority area; the TC will support this goal through the development of an MRV system to track NDC climate goals towards climate neutrality, promote climate change adaptation and natural disaster risk management. The IDB Group Country Strategy with Barbados 2019-2023 (GN-2953-1) recognizes climate change as a cross-cutting issue. The effects of climate change pose additional risks to infrastructure and could undermine economic growth, especially in the tourism industry; thus, more investment in resilient infrastructure is necessary, particularly given that a large proportion of infrastructure assets are located within proximity to the sea. In line with this, the TC will develop a system of green development indicators in Barbados for assessing progress towards a greener, gender-inclusive and just economy. Finally, The IDB Group Country Strategy with Peru 2022-2026 (GN-3110-1) includes "Environmental Sustainability and Climate Change" as a priority area with focus on environmental management. The TC will support an MRV system to track progress on climate adaptation and mitigation measures through the different ministries involved in the achievement of the country's climate goals.
- 2.8 This TC will collaborate with other ongoing projects at the IDB such as: i) "*Financing the Design and implementation of NDC*" (ATN/MC-17416-RG), as it helps to align financial resources with the objectives of the Paris Agreement, including aligning public planning and investment activities including the creation of enabling environments and financial instruments that can unleash investments at scale for Nationally Determined Contributions (NDCs) design and implementation; ii) "Support to the Implementation of Long Term Strategies in Latin America and the Caribbean" (ATN/OC-18176-RG), as it directly aims at developing and implementing LTS strategies; iii) "Strengthening Resilience in Latin America and the Caribbean" (ATN/AC-18143-RG), through contributing to strengthen current efforts of Latin American and the Caribbean (LAC) member countries to effectively implement climate resilience actions to achieve long-term adaptation to climate change; iv) "Supporting Climate and Disaster Risk Assessment Processes to Foster Resilient and Sustainable Development" (ATN/MC-17180-RG), through supporting the improvement of existing

methods and tools for climate and disaster risk analysis and the identification of resilience opportunities in the identification; and v) “Regional Climate Change Platform of Economy and Finance Ministries ” (RG-T4158) by contributing to understand and incorporate climate change into the economic and fiscal policy of the countries of the region. For all these projects the team has identified areas of convergence, tools and methodologies that could be useful for the implementation of this new TC. Likewise, the proposed TC is aligned with the IDB’s Integrated Strategy for Climate Change Adaptation and Mitigation and Sustainable Renewable Energy (GN-2609-1) and its Action Plan IDB Group Climate Change Action Plan 2021–2025 (GN-2848-9). The TC is aligned with the Sustainable Energy and Climate Change Multi Donor Trust Fund’s (MSC) objectives as it will specifically support mainstreaming climate risk in country investments and the development and implementation of country level assessments, policy framework analyses and assistance for policy reform on climate-related issues.

III. Description of Activities/Components and Budget

- 3.1 Component 1. Design of investment planning instruments for climate action (US\$300,000).** Countries supported: Bahamas (Department of Environmental Planning and Protection) and the Dominican Republic (Ministerio de Economía, Planificación y Desarrollo). With the support of selected consulting firms, this component will finance the design of gender-inclusive investment plans and strategies to inform financing approaches to deliver climate objectives and a just transition aligned with green and blue economies, low-carbon technologies development and clean energy investments. This work will help governments to translate vague goals such as percentage of GHG emission reduction, into more tangible investment steps, defining time frames, including evaluation of what resources, in terms of financial, know-how, and human resources, are required to deliver the measures identified in the countries NDC, and an assessment of what already exists and where the gaps are that need to be addressed. The investment estimation (CAPEX) should be elaborated through research, compilation, and analysis of information available at the national level, including bibliographic analysis and bilateral interviews with relevant local actors. The assessment should identify gaps, barriers, and opportunities for the scaling up of NDC investments, including those related to regulatory and policy requirements. One of the starting points to carry-out this work will be to leverage on the rich existing portfolio and pipeline of IDB operations in each country that is already supporting their climate agenda.
- 3.2 Component 2. Research and analysis to inform and promote climate-related public policy reforms and recommendations for a just and inclusive transition (US\$60,000).** Country supported: Barbados. This component will finance consultancies for the analysis and identification of opportunities and approaches for greening the economy in a fair and inclusive way, creating decent work opportunities, and leaving no one behind. In particular, this component will support the development of data set and baseline on blue and green jobs, allowing to foster synergies under the Updated NDC of Barbados (supported by the IDB) and the Blue Economy Framework (BA-T1063).
- 3.3 Component 3. Strengthening effective MRV mechanisms (US\$410,000).** Countries supported: Colombia and Perú. Under this component, technical assistance will be provided for beneficiary countries to develop or strengthen MRV systems, processes, and platforms. IDB’s support could cover activities such as: (i) methodologies; (ii) feasibility studies; (iii) manuals and guidelines, (iv) capacity building

for sector ministries and local governments; (v) policy design and institutional arrangements; and (vi) exchange of best practices.

- 3.4 **Component 4. Outreach and dissemination (US\$30,000).** Sharing new policy papers, results and best practices among governments, stakeholders and other relevant actors identified. This component will support the following activities: (i) carry out events to disseminate experiences, lessons learned and opportunities that arise from activities in Component 1 and 2 in countries in LAC; (ii) publication of policy papers, lessons learned and best practices that will result from activities in Components 1-3.
- 3.5 **Indicative Budget.** The total amount of funding requested for this TC is US\$800,000, which will be financed with resources from the Sustainable Energy and Climate Change Multi Donor Trust Fund (MSC). No local counterpart will be provided.

Indicative Budget (US\$)			
Activity/Component	Description	IDB Funding	Total Funding
Component 1. Design of investment and financial planning instruments for climate action.	Design of climate change investment plans and strategies.	300,000	300,000
Component 2. Research and analysis to inform and promote climate-related public policy reforms and recommendations for a just and inclusive transition.	Analysis and recommendations to policy makers on just transition approaches.	60,000	60,000
Component 3. Strengthening effective measurement, reporting and verification mechanisms.	Develop or strengthen MRV systems, processes, and platforms.	410,000	410,000
Component 4. Outreach and dissemination.	Activities for sharing results and best practices among stakeholders and clients.	30,000	30,000
Total		800,000	800,000

IV. Executing Agency and Execution Structure

- 4.1 **Executing agency.** Per Appendix 10 of the Operational Guidelines for Technical Cooperation Products (GN-2629-1), the IDB will act as the executing agency given the regional nature of the TC and based on its technical and operational capacity. Per document “*Procedures for the Processing of Technical Cooperation Operations and Related Matters*” (OP-619-4) the execution by the IDB must be requested by the beneficiaries of the project. The IDB will implement the operation through its Climate Change Division (CSD/CCS), which will take responsibility for its supervision, disbursements, and procurement. Additionally, CCS will coordinate with other IDBG departments and liaise with other key initiatives and stakeholders involved in designing, implementing, and financing NDC/LTS and MRV frameworks to ensure synergies and avoid overlap. The team leader will be responsible for the execution of the TC and will be supported by CCS specialists in specific IDB Country Offices and other divisions, which have been included as team members of this TC.
- 4.2 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).

- 4.3 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. The Bank has already received the letters from Bahamas, Colombia, and the Dominican Republic, and they also request the Bank to act as an executing agency.
- 4.4 The Team Leader will be the overall responsible of execution and supervision of this TC, ensuring that all activities financed by this TC are consistent with stated objectives, results matrix and Bank’s policies. CSD/CCS country specialists in Bahamas, Barbados, Colombia, Peru, and Dominican Republic will be responsible for execution in each country and will supervise all in-country activities.
- 4.5 The Team Leader will coordinate bi-yearly virtual meetings to review overall execution of the TC and progress of in-country work.

V. Major Issues

- 5.1 There might be some barriers moving forward with the design and implementation phases of investment plans and MRV systems, which are instruments that require the involvement and coordination of many levels of governments and stakeholders. In this sense and also regarding past experiences, miscommunication between the different levels across actors, political and economic interests, as well as change management in government may cause delays along the process. To ensure communication and coordination, the team will work with the leading institutions for this TC in each country for them to use inter-ministerial committees on climate change when such governance structures already exist or to set project coordination committees with the participation of relevant ministries and government agencies. The Bank will also request and promote good practices on stakeholder engagement and communication. The delivery of all in-country activities under this TC will require broad participation and engagement of sectoral stakeholders.
- 5.2 Early engagement will also create broader acceptance and ownership of the process. Sectoral policymakers and experts not only understand the challenges, opportunities, and possible mechanisms to deliver the required transformations, but ultimately, they will oversee their execution. To appropriately reflect sectoral priorities and concerns, and at the same time manage political sensitivities, the design of investment plans, MRV systems and policy reforms for a just transition have to entail extensive consultation and dialogue from the outset through implementation. Key stakeholders could include all relevant sectors of the government (such as energy, agriculture, transport, planning, and finance ministries, etc.) as well as those who will be most involved in these transformations, such as sector associations, firms, energy utilities, researchers, indigenous communities, civil society groups, and others according to country-specific context and at all times following guidance from the government. The Team has solid experience on these issues working with similar activities with projects such as ATN/MC-15367-RG, ATN/OC-18176-RG, ATN/AC-18143-RG and ATN/MC-17416-RG.
- 5.3 No integrity clauses or special intellectual property agreements are expected to be necessary for activities to be financed by this TC.

VI. Exceptions to Bank Policy

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

VII. Environmental and Social Strategy

- 7.1 This technical cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes

[Request from the Client - RG-T4165](#)

[Results Matrix - RG-T4165](#)

[Terms of Reference - RG-T4165](#)

[Procurement Plan - RG-T4165](#)

- [Gender & Diversity Checklist](#)