

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ 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; VISCONTI, GLORIA (CSD/CCS) Alternate Team Leader; DOHERTY, JENNIFER (CSD/CCS); FERNANDEZ, JAIME (CSD/CCS); SANDOVAL, JOSE (CSD/CCS); LEFEVRE, BENOIT (CSD/CCS); ANABELLA PALACIOS (CSD/CCS); ALLENG, GERARD P. (CSD/CCS); GISELA FERRARI (CSD/CCS); ACEVEDO, DANIELA (LEG/SGO); ALFONSO, MARIANA (CSD/CCS); SABINA BLANCO (CSD/CCS);
▪ Taxonomy:	Client Support
▪ Date of TC Abstract:	02 Sep 2022
▪ Beneficiary:	Environment ministries
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$800,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	CSD/CCS - Climate Change
▪ Unit of Disbursement Responsibility:	CSD/CCS - Climate Change
▪ TC included in Country Strategy:	No
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The general objective of this technical cooperation is to support countries in the region 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 reporting, monitoring and verification; and (iv) sharing and dissemination of best practices and lessons learned.
- 2.2 The general objective of this technical cooperation is to support countries in the region 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 reporting, monitoring and verification; and (iv) sharing and dissemination of best practices and lessons learned. Countries in the region are still in the process of identifying and prioritizing opportunities for climate resilience and mitigation pathways in line with their NDCs 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, NDCs, and investment plans will enable better government coordination and provide signals to direct financial flows towards net-zero, climate-resilient solutions, and sustainable economies. The early design of LTS for adaptation and resilience, and the design of aligned NDC represents an opportunity to raise ambition and anticipate costs, manage trade-offs, and ensure a just transition while identifying immediate policy reforms and investment priorities necessary to accelerate adaptation. The process for strengthening long-term climate resilience and mitigation 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 investments projects that incorporate future disaster risk and climate resilience measures in their design, construction, and operation phases. Green investments can bring significant social and economic benefits. In the short term, they are crucial to promote job creation, and boost economic activity. In addition, long-term planning for adaptation needs to incorporate uncertainties: (i) associated to the projections of climate change impacts' temporal and spatial distributions, and (ii) that can affect the successful implementation of structural and non-structural measures to increase climate resilience, such as technology costs, international markets, demand and supply of different services, land-use changes, and conflicts, among others. Transparency mechanisms can also be 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.

III. Description of Activities and Outputs

- 3.1 **Component 1. Design of investment and financial planning instruments for climate action.** This component will finance: (i) the design of investment plans and strategies to inform financing approaches to deliver climate objectives (NDCs, LTS); (ii) the development of adaptation and mitigation plans 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 and LTS design and implementation.
- 3.2 **Component 2. Research and analysis to inform and promote climate-related public policy reforms and recommendations for a just and inclusive transition.** This component will finance studies to assess climate change transitional risks and vulnerabilities in different sectors and inform strategies to anticipate the challenges and costs for the long-term under a robustness approach. It will also finance the analysis and identification of opportunities and approaches for greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities, and leaving no one behind.
- 3.3 **Component 3. Strengthening effective measurement, reporting and verification mechanisms (MRV).** Under this component, technical assistance will be provided for countries to develop or strengthen MRV systems, processes, and platforms. IDB support could cover activities such as: (i) methodologies, (ii) feasibility studies, (iii) manuals and guidelines, (iv) capacity building for sector ministries and local governments, and (v) policy design and institutional arrangements, and vi) exchange of best practices.

- 3.4 **Component 4. Outreach and dissemination. Sharing results and best practices among stakeholders and clients.** This component will support: (i) development events to disseminate experiences lessons learned and opportunities that resulted from activities in component I and II to governments in LAC; and (ii) publications capturing lessons learned and best practices that resulted from activities in Components 1-3.

IV. Budget

Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	Total Funding
Design of investment and financial planning instruments for climate action.	300,000	300,000
Research and analysis to inform and promote climate-related public policy reforms and recommendations for a just and inclusive transition.	60,000	60,000
Strengthening effective measurement, reporting and verification mechanisms (MRV).	410,000	410,000
Outreach and dissemination. Sharing results and best practices among stakeholders and clients.	30,000	30,000
Total	800,000	800,000

V. Executing Agency and Execution Structure

- 5.1 Per Appendix 10 of the Operational Guidelines for Technical Cooperation Products (GN-2629-1), the Bank will act as the executing agency given the regional nature of the TC and based on its technical and operational capacity. 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 NDCs/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 the countries and specialists in other divisions, which have been included as team members in this TC.
- 5.2 The CSD/CCS advises Management on climate change and sustainable development and develops overall Bank policies, strategies, operational guidelines, and programs in these areas. It is also responsible for conducting relevant sector research, analytical work, best sector practices and case studies on climate change and sustainability and provides specialized technical sector support to climate change and sustainability-related operations and activities.

VI. Project Risks and Issues

- 6.1 There might be some barriers to move forward with the implementation phase of policies, tools and climate adaptation and mitigation plans, given the different governments' institutional capacity at the country level in LAC where there may have not been prepared. To overcome this, the TC will build upon engagement already advanced across the region through other technical cooperation such as the TC RG-T2713, RG-T3658, RG-T3657 and RG-T3283.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".