

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL
▪ TC Name:	Strengthening Governance Towards an Increased Mainstreaming of Environmental and Social Sustainability
▪ TC Number:	RG-T3671
▪ Team Leader/Members:	Rojas Sanchez, Laura Natalia (CSD/RND) Team Leader; Loo-Kung Aguero, Rudy Joel (VPS/VPS) Alternate Team Leader; Killmer, Annette Bettina (CSD/CSD); Rodriguez-Balza, Rafael A. (SCL/SCL); Greco, Maria Sofia (LEG/SGO); Jones, William Davis (VPS/ESG); Gomez Davalos, Mabel (VPS/VPS); Molina, Silvana (VPS/VPS)
▪ Taxonomy:	Research and Dissemination
▪ Date of TC Abstract:	20 Mar 2020
▪ Beneficiary:	26 IDB borrowing member countries
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$900,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individual consultants; Consulting firms
▪ Prepared by Unit:	VPS - VP - Sectors & Knowledge
▪ Unit of Disbursement Responsibility:	VPS - VP - Sectors & Knowledge
▪ TC included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Institutional capacity and rule of law; Environmental sustainability; Gender equality; Diversity

II. Objective and Justification

- 2.1 The objective of this technical cooperation project (TC) is to support borrowing member countries in their efforts to strengthen their governance and institutional capacity for mainstreaming social and environmental sustainability in priority sectors, thereby supporting the countries' sustainable socioeconomic development and progress towards the Sustainable Development Goals (SDGs), by: (1) supporting the adoption and implementation best practices on governance, strategies and policy reforms that promote sustainability; and (2) transferring knowledge and supporting government-to-government cooperation within the region to promote innovation in social and environmental governance.
- 2.2 Latin American and the Caribbean (LAC) economies depend critically on their human and natural capital and ecosystem services. The traditional short-term view of economic development has tended to focus on maximizing current income as reflected through gross domestic product (GDP). This can lead to levels of natural capital use that are not socially optimum, resulting in over-exploitation and degradation, and declining wealth and inter-generational equity. The costs of this misuse pose real costs to economies through their impact on productivity, health, and environmental remediation. Globally, natural capital degradation and ecosystem service loss has been estimated at US\$6.3 trillion per year (Sutton et al., 2016). The global annual cost of land degradation was estimated at US\$231 billion (0.41% of global GDP) a large share of which, US\$52.55 billion is attributed to LAC (Nkonya et al., 2016). In the same way, social inequalities have an economic cost due to losses in human capital. For instance, gender inequalities

could lead to a 20 percent loss of human wealth or US\$160.2 trillion, worldwide (World Bank, 2018).

- 2.3 Strengthening governance towards an increased mainstreaming of environmental and social sustainability contributes to ensuring that the costs of economic development do not fall disproportionately on those who are poor or in a vulnerable position, and that economic development activities do not compromise the health of LAC populations and the environment.
- 2.4 This TC is expected to address the governance of complex, transversal environmental and social issues, to contribute to the identification of challenges to accelerating sustainable growth. The TC is sector specific to mainstreaming aspects of gender equality, development with identity of Indigenous Peoples and African descendants, opportunities for persons with disabilities (PWD), local pollution, resilience against and recovery from natural disaster, climate or pandemic risks, and the (positive or negative) implications of disruptive technologies and trends for communities and the ecosystems on which they depend.
- 2.5 The TC addresses environmental and social sustainability challenges that may be impeding the development and/or emergence of new economic sectors with potential to pull sustainable economic growth through spillovers and linkages. Strong environmental and social governance systems will allow for a transition to an inclusive circular economy, where resources are managed and reused in a sustainable manner. This transition will nurture fertile ground for new green jobs and new economic sectors (e.g., sharing economy; sustainable materials, efficient logistics, green energy, etc.).
- 2.6 This TC contributes to addressing the UIS's challenge of social inclusion and the cross-cutting themes of "gender equality", "climate change and environmental sustainability" and "institutional capacity and the rule of law", by incorporating actions to strengthen the mechanisms of environmental and social governance in the countries of the region. The TC contributes with IDB's commitment to integrate considerations of potential environmental and social challenges and opportunities in all areas of work, including in IDB's country strategies, sector strategies, and its operational program. In addition, the TC is consistent with the objectives of social and environmental sustainability mainstreaming included in the Gender, Diversity, and Climate Change actions plans.

III. Description of Activities and Outputs

- 3.1 **Component I: Diagnosis of governance models and analyses of best practices.** It will finance national, subnational and/or sector-specific assessments of prioritized environmental and/or social issues. Assessments may include: (i) defining mainstreaming objectives and criteria for measuring success; (ii) identifying relevant systems and actors; (iii) establishing baselines and analyzing the status quo; and (iv) prioritizing and defining concrete actions and strengthening measures. Products: At least three diagnosis/analysis of prioritized environmental and social issues.
- 3.2 **Component II: Strengthening of governance systems for environmental and social sustainability.** It will finance direct analytical inputs to long-term strategies, proposals for policy reforms and/or sector-specific interventions. These analytical inputs would not necessarily be linked to the Bank's loan portfolio, but they should be part of a government initiative for strengthening public policies or strategies in the prioritized area of social and/or environmental sustainability. Products: At least three technical consultancies to support LAC countries.
- 3.3 **Component III: Sharing Knowledge at Regional and International Levels.** It will finance knowledge transfer, regional dialogues and interchanges between key actors promoting mainstreaming and innovation in environmental and social governance from LAC countries, as well as from outside the Region. In addition, the component may finance the development and application of capacity building materials, such as training

modules, a Small Private Online Course (SPOC) or tailored publications. Products: At least one dissemination event/or training module.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I: Diagnosis of governance models and analyses of best practices.	US\$400,000.00	US\$0.00	US\$400,000.00
Component II: Strengthening of governance systems for environmental and social sustainability	US\$400,000.00	US\$0.00	US\$400,000.00
Component III: Sharing Knowledge at Regional and International Levels	US\$100,000.00	US\$0.00	US\$100,000.00
Total	US\$900,000.00	US\$0.00	US\$900,000.00

V. Executing Agency and Execution Structure

- 5.1 The Bank will execute the TC and carry out all contracting-related activities. Activities financed by this TC will be strategically selected, based on the needs of borrowing member countries, in collaboration with Representatives, and environmental, social and sector specialists in the Country Offices. Once selected, individual activities will be managed and monitored by the corresponding sector specialist, in close coordination with the TC's project team. The detailed selection and execution structure will be designed to facilitate a timely and flexible response to requests for (relatively small) interventions, while guaranteeing their quality and relevance.
- 5.2 The Bank is best suited for executing this operation given the need for: (i) a careful prioritization of interventions in alignment with the Bank's strategies, policies and action plans; and (ii) a regional perspective that optimally leverages experiences and allows cross-fertilization among different country systems for effective knowledge sharing across the Region; and also given the limited size and scope of the individual interventions, primarily at the country level, and linkages to the Bank's agreed-upon country strategies.

VI. Project Risks and Issues

- 6.1 The development and implementation of the activities of this TC may require the involvement of a significant number of entities from the public and private sectors, so that coordination issues may arise. To mitigate this risk, the Bank offices in the countries will be supported to achieve a smooth coordination with the key actors. In turn, the TC will identify countries that show prior interest in the analysis of their environmental and / or social governance.

VII. Environmental and Social Classification

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