

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Addressing the Socioeconomic Consequences of CoViD-19 Through Resilient and Sustainable Green Growth InvestmentsI
▪ TC Number:	RG-T3701
▪ Team Leader/Members:	Brusa, Federico (CSD/CCS) Team Leader; Aiello, Roberto Gabriel (INE/ENE) Alternate Team Leader; Celeste Marzo, Cristina (LEG/SGO); Ceva Alvarez, Mariana Daniela (CSD/CCS); Correa Poseiro, Cecilia (INE/ENE); Dorr, Julian Alexander (INE/INE); Esquivel Gallegos, Maricarmen (CSD/CCS); Gomez, Juan Carlos (CSD/CCS); Grunwaldt, Alfred Hans (CSD/CCS); Ramirez Bello, Maria Cecilia (INE/INE); Saavedra Gomez, Valentina (CSD/CCS); Salas Parra, Cristian (CSD/CCS)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	07 May 2020.
▪ Beneficiary:	Latin-American Countries
▪ Executing Agency name:	Inter-American Development Bank
▪ Donors providing funding:	NDC Pipeline Accelerator Multidonor Trust Fund(ACL); OC Strategic Development Program for Sustainability(SUS)
▪ IDB Funding Requested:	NDC Pipeline Accelerator Multidonor Trust Fund (ACL): US\$250,000.00 OC Strategic Development Program for Sustainability (SUS): US\$100,000.00 Total: US\$350,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	October 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:	Environmental sustainability; Institutional capacity and rule of law; Productivity and innovation

II. Objectives and Justification of the TC

- 2.1 The objective of this operation is to identify resilient, green growth opportunities in the infrastructure sector with the highest possible multiplier effects for job creation in other critical sectors, while making contributions to the transition towards resilient, net zero emission growth models. Activities carried out under this Technical Cooperation will be coordinated jointly with other IDB sectors to assist in the origination of climate-related, economic and health recovery IDB Group loan operations.

- 2.2 While the entire socio-economic consequences of the grave CoViD-19 pandemic are yet to be fully understood, both the Economic Commission for Latin-America and the Caribbean (ECLAC) and the International Monetary Fund (IMF) in its Spring World Economic Outlook seem to identify an economic cost which ranges between five and nine percent of the regional Gross Domestic Product (GDP). The IMF has also signaled that the economic recovery must be conducted in alignment with the sustainable development objectives, to help developing nations build resilience towards future similar crises.
- 2.3 This technical cooperation will help identify the best cost-effective interventions to help address both the social and economic consequences of CoViD with a focus on building resilience toward any such future disasters.
- 2.4 The operation seeks to generate knowledge tied to the multisectoral challenge of climate change as it is identified in section 2b of the Update to the Institutional Strategy 2010-2020 (AB-3008).
- 2.5 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 intends to harness the infrastructure investment knowledge governments of the region currently possess and take it a step further by identifying sectors that could represent an opportunity to have a multiplying effect in terms of their impact in growth and job creation, via the proposed research. Additionally, the operation is aligned with the development challenges of: (i) climate change and environmental sustainability, as it will provide assistance to governments in the region to implement measures that go hand in hand with their commitments regarding the Paris Agreement and the Sustainable Development Goals; and (ii) institutional capacity and the rule of law, since it will generate relevant information that ultimately will make governments more resilient in the face of new crises and be better prepared to respond in situations where the stakes are high in terms of external pressures that can affect their economic growth and development.
- 2.6 The TC is also 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 Ninth General Capital Increase (GCI-9) lending targets related to climate change, sustainable (including renewable) energy, and environmental sustainability. The operation will also contribute to the IDB Group Corporate Results Framework 2020 – 2023 (GN-2727-12) The operation is further aligned with paragraph 3.18 of the CSD/CCS Sector Framework Document (GN-2835-8), as well as with the objectives of the Nationally Determined Contributions (NDC) Pipeline Accelerator Multi-Donor Trust Fund (ACL) (GN-2890) and the objectives and expected results of the Ordinary Capital Sustainable Development Strategic Program (SUS-OC) (GN-2819-1). Specifically, the TC aligns with the objectives of helping to improve policy and regulatory frameworks as well as the improvement of capacity building for financing sustainable energy projects, as they are described in paragraph 4.6 of said document.
- 2.7 Activities of this T.C. will cover the following southern cone countries exclusively: Argentina, Chile, Paraguay, and Uruguay. Research activities will consider regional comparative approaches, but specific focus on certain countries will be prioritized in each country in function of national needs as well as the potential to draw lessons

which may be replicated throughout the southern cone and other countries of the LAC region.

III. Description of Activities/Components and Budget

- 3.1 **Component 1. Stronger National Political Economy (US\$50,000).** The purpose of the activities carried out under this component is to strengthen national capacity to respond to crisis. These activities include a stronger national political economy. Research will be conducted with a regional approach, to formulate specific recommendations for two countries from the southern cone.
- 3.2 **Component 2. Research into relevant crisis recovery policies for social and economic sustainable growth (US\$50,000).** This component includes activities aimed at the identification of productive and social sectors that have been impacted by the pandemic with higher magnitude given the ensuing socio-economic crisis. Research will be conducted to help identify the productive economic sectors which may lead to a faster recovery with a focus on sustainability. Research will be conducted with a regional approach, to formulate specific recommendations for two southern cone countries.
- 3.3 **Component 3. Research into sectors with potential to gain competitiveness (US\$50,000).** This component includes activities aimed at the identification of sectors where the largest competitiveness gains may be achieved with cost efficient public and private interventions. Research will be conducted with a regional approach while leveraging the competitive advantages of a southern cone country.
- 3.4 **Component 4. Stronger, more resilient investments (US\$200,000).** This component will help advance research into best practices, as well as the implementation of strategies to ensure the resilience of much-needed infrastructure investments that help maintain the continuity of government's operations aimed at reducing the economic impact of catastrophic events.
- 3.5 The total amount for this project is US\$350,000, of which \$250,000 will be financed with resources from the NDC Pipeline Accelerator Multi-donor Trust Fund (ACL), and \$100,000 from the Ordinary Capital Strategic Development Program for Sustainability (SUS).

Indicative Budget

Activity/Component Description	SUS	ACL	Total
Component 1. Stronger National Political Economy	14,285.67	35,714.33	50,000
Component 2. Research into relevant crisis recovery policies for social and economic sustainable growth	14,285.67	35,714.33	50,000
Component 3. Research into sectors with competitiveness gain potential	14,285.66	35,714.34	50,000
Component 4. Stronger more resilient investments	57,143	142,857	200,000
Total	100,000	250,000	350,000

IV. Executing Agency and execution structure

- 4.1 In accordance with the applicable policies and procedures (GN-2470-2 and GN-2629-1), the IDB, through its Climate Change Division (CSD/CCS), will be the executing agency of this TC. Additionally, 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. Supervision will be done by the CSD/CCS Sector Specialist.

- 4.2 The Climate Change Division of the Inter-American Development Bank (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 Due to the regional nature of this TC and since it is originated at the initiative of the Bank, 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 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).

V. Major Issues

- 5.1 The identification of ongoing efforts must account for existing national specificities for replication throughout LAC. Specific political economy considerations arising from factors such as local regulation, budget, and balance of payment priorities may hinder replicability of developed knowledge products in other countries. CSD/CCS experience in different national contexts, as well as IDB Group experience will prove instrumental in mitigating this risk.
- 5.2 The final outlook of the region’s economic cost related to CoViD-19 is yet unknown. However, ECLAC and IMF predictions set the most optimist scenario at an approximate value of five percent of GDP. While all signs point to a deep economic crisis ensuing from the consequences of the CoViD health crisis, there is no certainty. In fact, some economists consider that a quick economic recovery is still possible. This would jeopardize the objective of the Technical Cooperation. To mitigate this risk, all activities considered under this operation are no-regret activities which will help strengthen regional growth models and so, will not be conditioned by potentially faster/stronger economic recovery. In fact, they could help catalyze such a recovery.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy are expected regarding this technical cooperation.

VII. Environmental and Social Strategy

- 7.1 Per the Environment and Safeguards Compliance Policy of the IDB (OP-703), the operation has been classified as “Category C” (see the [Safeguards Screening Form](#) and the [Safeguards Policy Filter](#)).

Required Annexes:

[Results Matrix - RG-T3701](#)

[Terms of Reference - RG-T3701](#)

[Procurement Plan - RG-T3701](#)