

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	FINEP Clima: Fostering Climate Technology and Innovation to Deliver Brazil's NDCs
▪ TC Number:	BR-T1412
▪ Team Leader/Members:	RADAELLI, VANDERLEIA (IFD/CTI) Team Leader; BRAKARZ, BARBARA (CSD/CCS) Alternate Team Leader; ZOGHBI, EDUARDA OLIVEIRA (CSD/CCS); GRAZZI, MATTEO (IFD/CTI); DIAZ BRIONES, KARINA MIRIAM (VPC/FMP); SASSO, SIMONE (IFD/CTI); VISCONTI, GLORIA (CSD/CCS); ESCHOYEZ, GUILLERMO ANTONIO (LEG/SGO); CARPIZO RIVA PALACIO, CARLOS IGNACIO (VPC/FMP); DELGADO, C. RAUL (CSD/CCS); DE OLIVEIRA SANTOS, LORAYNE (CSC/GBR); VALENTE LINS, PAULA (CSC/GBR); DA ROSA FERNANDES, LEONARDO (CSC/GBR)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	26 Mar 2019
▪ Beneficiary:	Brazil
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 750,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	Country Office Brazil
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation ; Environmental sustainability

II. Objective and Justification

- 2.1 The objective of this Technical Cooperation is to support the Brazilian Innovation Agency (FINEP) in the design of a climate-oriented innovation program, FINEP Clima, to deliver Brazil's NDC targets. It will focus on: (i) defining priority mitigation and adaptation technologies for research, development and innovation aligned with the Innovation for Growth Project (loan 4358/OC-BR) and in support of Brazil's Climate Technology Needs Assessment (TNA); and (ii) mainstreaming climate change into existing and future grant and loan instruments to catalyze private investment, including start-ups. The proposed program will develop a tailored mission-oriented framework and MRV methodology for FINEP Clima, refocusing financing mechanisms and projects to unlock investments in low-carbon research and technology development.
- 2.2 The proposed program will be based on a mission-oriented framework, which has proven to be effective at steering innovation to address challenges across a wide range of sectors in different regions in the world, such as Latin America, and refocusing financing to enable transformation; in this case unlocking investments for low carbon research and technology development to address climate impacts.

III. Description of Activities and Outputs

- 3.1 Component 1. Assessing priority climate technologies
Component 2. Designing of the Finep Clima Program
Component 3. Awareness and outreach
- 3.2 **Component I: Assessing priority climate technologies.** This analysis will provide inputs to the design of Finep Clima by identifying priority technologies and focus for short-term development, in support of Brazil's NDC implementation and in line with UNFCCC guidance. It will achieve this by:
- 3.3 **Component II: Designing of the Finep Clima Program.** . This component will establish a mission-oriented approach for Finep to base its climate program and wider funding for low carbon technologies and services, providing inputs for the second phase of the CCLIP Program. It will structure the Finep Clima program, reorienting existing instruments to support climate innovation projects and creating internal and external capacity and will also include the evaluation of Finep's existing portfolio and development of a MRV methodology.
- 3.4 **Component III: Awareness and outreach.** This component will support Finep to position itself as Brazil's top climate innovation institutions and increase dissemination of project outcomes among key stakeholders, validating key products of the TC and improving their diffusion.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Assessing priority climate technologies	\$ 180,000.00	\$ 0.00	\$ 180,000.00
Designing of the Finep Clima Program.	\$ 520,000.00	\$ 0.00	\$ 520,000.00
Awareness and outreach	\$ 50,000.00	\$ 0.00	\$ 50,000.00

V. Executing Agency and Execution Structure

- 5.1 Inter-American Development Bank
- 5.2 In response to the justified request by Finep (see letter of request), the Executing Agency of the TC is the IDB through the Competitiveness and Innovation Division (CTI) and Climate Change and Sustainability Division (CCS). The Bank has a wide-ranging and noticeable international experience on financing innovation and in mainstreaming climate change, which will be useful to for achieving the TC's expected outcomes.

VI. Project Risks and Issues

- 6.1 Risk: capacity to coordinate and engage relevant stakeholders to define priority mitigation and adaptation technologies
Mitigation measure: CTI and CCS staff have been actively engaging with Finep, the MCTIC, MMA and other relevant stakeholders dealing with innovation and climate change policy and initiatives in Brazil. An outreach platform will be created to kick-start discussions among these actors and to ensure their buy-in to deliver an innovation needs assessment, which can support wider climate commitments.
Risk: mission-oriented framework fails to address barriers towards innovation and in mainstreaming climate change as a mission.
Mitigation measure: a first study was carried out by MCTIC and CGEE, involving innovation players and this approach will be tailored to Finep. Capacity building sessions will also be carried out internally and externally to increase awareness and ensure effective delivery of climate innovation projects.

Risk: changes in the new Brazilian administration causes delay to project or undermines governmental buy-in due to changes in climate related policies. Mitigation measure: the CTI and CCS teams are closely engaged with Finep and MCTIC, ensuring institutional buy-in at technical and political level and monitoring potential alterations to long-term development and climate plans and priorities.

VII. Environmental and Social Classification

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