

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	Urban Development and Low-Carbon Strategies for the Decarbonization of Brazilian Cities
▪ TC Number:	BR-T1502
▪ Team Leader/Members:	Arcia, Diego Andres (CSD/HUD) Team Leader; Alves, Dalve Alexandre Soria (CSD/HUD) Alternate Team Leader; Silva Herreros, Jorge Alejandro (CSD/HUD) Alternate Team Leader; Brakarz, Barbara (CSD/CCS); Navacerrada Busquets, Pablo (INE/ENE); Chevalier, Ophelie (CSD/HUD); Chamas Piedrabuena, Paula (CSD/HUD); Villota Coral, María Alejandra (CSD/HUD); Avila, Francy Dianela (CSD/HUD); Perez, Silvia (CSD/HUD); Celeste Marzo, Cristina (LEG/SGO); Garcia, Ana Cristina (CSD/HUD); Tapia Alba, Mauricio (VPS/ESG)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	21 Jan 2022
▪ Beneficiary:	Brazilian municipalities
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$600,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	CSD/HUD - Housing & Urban Development
▪ Unit of Disbursement Responsibility:	CSC/CBR - Country Office Brazil
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Second Update to the Institutional Strategy 2020-2023 (AB-3190-2):	Institutional capacity and rule of law; Environmental sustainability

II. Objective and Justification

- 2.1 The objective of the TC is to create tools and technical outputs to allow Brazilian cities to grow on a low-carbon path by (i) promoting territorial strategies for sustainable urban development; (ii) financing pre-investments studies for low carbon interventions and pilot projects; and (iii) building capacity by incorporating climate change mitigation considerations in urban planning frameworks. In other words, this TC seeks to reduce the Brazilian infrastructure gap sustainably through low-carbon investments and achieve a green recovery post-COVID-19 towards a more resilient society.
- 2.2 A significant portion of Brazil's current infrastructure investments do not incorporate sustainable infrastructure principles or climate change mitigation and adaptation measures. This situation happens mainly due to infrastructure investments' inherent complexities, which are long-term in nature, their interconnectedness, social impacts, externalities, and policy and institutional challenges. It is more serious at the city level, where institutional weaknesses play a larger role. Given this context, the mobilization of resources for structuring low carbon infrastructure interventions can generate a significant push for resource-strapped municipalities looking to improve their sustainability and climate profile, along with enabled policies, regulations and frameworks. There are clear benefits when the investments focus on sustainable,

low-carbon infrastructure. For cities, targeting the upstream level through urban and land use planning strategies can help incorporate sustainability and low-carbon criteria from the projects' conceptualization stage, which can be achieved by (i) developing a diagnostic of the city in terms of its greenhouse gas emissions (GHG), by carrying out a GHG emissions inventory; (ii) establishing climate change mitigation goals aligned with federal level mitigation commitments; and (iii) identifying opportunities and developing strategic action plans and projects for low carbon urban development based on the preliminary analysis.

- 2.3 **Strategic Alignment.** This TC is consistent with the Second Update of the Institutional Strategy 2020-2023 (AB-3190-2) under the development challenge of Institutional Capacity and the Rule of Law by supporting the government in planning and developing low-carbon projects. This operation aligns with the Climate Change and Environmental Sustainability's cross-cutting issue by supporting a shift to low carbon urban infrastructure, using IDB's Sustainable Infrastructure Framework as a foundation.

III. Description of Activities and Outputs

- 3.1 **Component I. Development of Low-Carbon Strategies for Urban Development in Brazilian Cities.** The component will finance the development of low-carbon urban development strategic action plans for selected Brazilian municipalities, including GHG inventories, emissions reduction goals, and opportunity areas. It will include intervention proposals such as (i) sustainable urban mobility interventions and micro-mobility; (ii) land use planning for low-carbon development; (iii) city-level energy decarbonization; (iv) nature-based solutions; and (v) other relevant strategies for climate change mitigation.
- 3.2 **Component II. Designing Low Carbon Interventions in Brazilian Cities.** The component will finance the development of technical, economic, environmental, and social feasibility assessments and pre-investment studies for select interventions identified in strategic action plans for low-carbon development in Brazilian cities. It will include the design of financing mechanisms for intervention strategies, the structuring of pilot interventions to test low-carbon strategy instruments, and projects' financial and economic structuring.
- 3.3 **Component III. Capacity Building on Low-Carbon Urban Planning.** This component will focus on capacity development for subnational government officials on low-carbon development and urban planning. Capacity building will be achieved by financing (i) the creation of low-carbon urban development guidelines, tools, and training materials for incorporating climate change mitigation considerations in urban planning and urban project preparation, including printed and digital materials, and dissemination writing material; and (ii) training workshops for subnational government officials that prioritize women participation.

IV. Budget

Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	Total Funding
Component I. Development of Low-Carbon Strategies for Urban Development in Brazilian Cities	US\$150,000	US\$150,000.00
Component II. Designing Low Carbon Interventions in Brazilian Cities	US\$380,000	US\$380,000.00
Component III. Capacity Building on Low-Carbon Urban Planning	US\$70,000	US\$70,000.00
Total	US\$600,000	US\$600,000.00

V. Executing Agency and Execution Structure

- 5.1 The Bank will be the Executing Agency and will be led by the CSC/CBR team with support from CSD/HUD.
- 5.2 At the request of the beneficiaries and in accordance with Appendix 10 of the Operational Guidelines for Technical Cooperation Products (GN-2629-1), the Bank will be the Executing Agency (EO) due to the Bank's experience in the preparation and development of the operational and technical instruments proposed for this type of operation and its knowledge of the scope of work. The activities financed with the TC resources will be executed in coordination with the Beneficiary and other public entities designated by the Beneficiary. HUD/CBR will act as the Disbursement Responsibility Unit (UDR), and it will be in charge of the procurement processes.

VI. Project Risks and Issues

- 6.1 The risks of the project are medium. These risks relate mainly to the upcoming elections in 2022 and potential changes to government priorities regarding sustainable and low-carbon infrastructure. In addition, there may be other risks in implementing innovative financing mechanisms in cities with insufficient technical capacities. These risks will be mitigated through the Bank team's close engagement with high-level government officials and follow-up by the HUD specialists.

VII. Environmental and Social Classification

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