

TC Abstract

• Country/Region:	REGIONAL
• TC Name:	Partnership with C40 and GIZ for the establishment of LAC Major Cities Finance for Sustainable Infrastructure
• TC Number:	RG-T2895
• Team Leader/Members:	Horacio Terraza (CSD/HUD), Team Leader; Roberto Esmeral (CCS/CCO), Co-Team Leader; Maricarmen Esquivel, and Jennifer Doherty-Bigara (CSD/CCS); Christiaan Gischler (INE/ENE); Marcia Casseb (HUD/CBR); Veronica Adler (HUD/CUR); Francisca Rojas (HUD/CAR); Manuel Rodriguez Porcel (TSP/CCO); Natalia Sanz (INE/TSP); Ramiro Lopez-Ghio (FMM/CCO); Ricardo De Vecchi, Andreas Wohlueter and Dianela Avila (CSD/HUD).
• Taxonomy:	Research and Dissemination
• Reference to Request :	
• Date of TC Abstract :	23 Nov 2016
• Beneficiary (countries or entities which are the recipient of the technical assistance) :	Eligible Cities from Latin America and Caribbean members of the C40 Group
• Executing Agency and contact name:	US-IDB - Horacio Terraza
• IDB Funding Requested :	\$ 700,000.00
• Local counterpart funding :	\$ 0.00
• Disbursement period (which includes execution period) :	40 months
• Required start date :	
• Types of consultants (firm or individual consultants):	Individuals and consulting Firms
• Prepared by Unit :	Housing and Urban Development Division (CSD/HUD)
• Unit of Disbursement Responsibility :	Climate Change and Sustainable Development Sector
• Included in Country Strategy (y/n):	Yes
• TC included in CPD(y / n) :	No
• Strategic Alignment :	Addressing climate change, renewable energy, environmental sustainability and food security, Promoting regional integration and cooperation, Infrastructure for competitiveness and social welfare

II. Objective and Justification

To finance technical assistance for multi-sectoral urban infrastructure interventions related to climate change mitigation and adaptation in selected priority cities from the C40 network in Latin America and the Caribbean (LAC). This funding is the first tranche of a larger funding engagement with the C40 partnership, including the financing for only one city. A new group of cities will be funded in a second tranche through an additional TC during 2017.

A major challenge preventing cities from pushing forward their sustainability aspirations related to reducing their Greenhouse Gas (GHG) emissions and finding climate-resilient solutions is a lack of capacity to prepare suitable projects for investment. As a result, cities struggle to create 'bankable' proposals for investors. The CFF will act as an intermediary with cities, potential financiers and technical experts, helping to facilitate the development of bankable investment proposals. Another important challenge in the climate finance context relates to the general lack of coordination and funding fragmentation among donors, which tends to hamper the impact on the ground.

III. Description of activities and outputs

Component 1. Pre-investment studies for the identified interventions (US\$0.5M). This component will finance specific pre-investment studies (including technical analysis, engineering design, environmental, economic, financial or legal studies) needed to directly prepare the transversal urban interventions related to climate change mitigation and adaptation projects in the selected cities. The studies will contribute to facilitate concrete bankable investment proposals in fields such as: renewable energy, energy efficiency, sustainable urban transport and mobility, climate-resilient water, wastewater and storm water systems, etc. Divisions expected to participate and lead on technical aspects are: Climate Change (CCS), Energy (ENE), Housing and Urban Development (HUD), Transport (TSP) and Water and Sanitation (WSA).

Component 2. Operational support for the implementation of the prioritized interventions (US\$0.2M). This component will finance the operational support provided by local IADB specialists to establish and maintain a close dialogue with the beneficiary municipalities and to oversee the commissioning and execution of studies. Furthermore, the IADB specialists contribute to leverage external sources of finance and to promote the implementation of the defined interventions

Outcomes

Components

Name: Component 1. Pre-investment studies for the identified interventions

Description: specific pre-investment studies (including technical analysis, engineering design, environmental, economic, financial or legal studies) needed to directly prepare the transversal urban interventions related to climate change mitigation and adaptation projects in the selected cities

to facilitate concrete bankable investment proposals in fields such as: renewable energy, energy efficiency, sustainable urban transport and mobility, climate-resilient water, wastewater and storm water systems, etc

Name: Component 2. Operational support for the implementation of the prioritized interventions

Description: will finance the operational support provided by local IADB specialists to establish and maintain a close dialogue with the beneficiary municipalities and to oversee the commissioning and execution of studies

Contribute to leverage external sources of finance and to promote the implementation of the defined interventions.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Component 1. Pre-investment studies for the identified interventions	\$ 500,000.00	\$ 500,000.00
Component 2. Operational support for the implementation of the prioritized interventions	\$ 200,000.00	\$ 200,000.00

V. Executing agency and execution structure

Aligning with IADB's role as an "implementing partner" under this partnership and given the designated multi-sectoral approach, the Bank through its HUD division will be responsible for the execution of this TC and will strongly seek for cooperation with the other involved bank divisions, in particular with CCS, ENE, TSP and WSA. The project-specific technical work will be led by the "natural" sector to which the project belongs.

The partnership between C40, GIZ and IADB aims at (i) improving the coordination of technical assistance and capacity development at the regional level, avoiding funding fragmentation, to broaden the impact and to more effectively enable city administrations to identify and access most suitable financing for their low-carbon and climate resilient urban development projects; and the (ii) strengthening of the role of cities in the international climate change agenda, by developing workable financing solutions for cities to become effective actors in mitigating GHG emissions and improving climate resilience. This partnership intends to develop a long term financing relationship with the C40 and its partners.

VI. Project Risks and issues

There are two key risks that may affect the results of the operation: institutional weaknesses and low technical capacity of local governments. To mitigate the above mentioned risk specific areas of intervention will be prioritized where beneficiary municipalities have previous experience, and demonstrate clear ownership.

VII. Environmental and Social Classification

The ESG classification for this operation is [C]