

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	ARGENTINA
▪ TC Name:	Support to the Program for Public Policies for Sustainable and Resilient Growth in Argentina
▪ TC Number:	AR-T1292
▪ Team Leader/Members:	Almeida, Juliana Salles (CSD/CCS) Team Leader; De Salvo, Carmine Paolo (CSD/RND) Alternate Team Leader; Fernandini Puga, Manuel Pablo (IFD/CMF) Alternate Team Leader; Blandin Andino, Lourdes Gabriela (CSD/CCS); Casalino Franciskovic, Juan Manuel (LEG/SGO); Celeste Marzo, Cristina (LEG/SGO); De Leon Contreras, Diana Margarita (VPC/FMP); Gomez, Juan Carlos (CSD/CCS); Hector Cordero (CSD/CCS); Juan Francisco Martinez Cotrino (CSD/CCS); Natalia Magrino (CSC/CAR); Palacios, Emilse Anabella (CSD/CCS); Patricia Gutierrez Mesones (CSD/CCS); Perez Fontela, Natalia Gabriela (VPC/FMP); Sara Carias (CSD/CCS); Snyder, Virginia Maria (INE/ENE); Vera Benitez, Luis Felipe (CSD/HUD); Vogt-Schilb, Adrien (CSD/CCS) Cotrino (CSD/CCS); Natalia Magrino (CSC/CAR); Palacios, Emilse Anabella (CSD/CCS); Patricia Gutierrez Mesones (CSD/CCS); Sara Carias (CSD/CCS); Snyder, Virginia Maria (INE/ENE); Vera Benitez, Luis Felipe (CSD/HUD); Vogt-Schilb, Adrien (CSD/CCS)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	AR-L1351
▪ Date of TC Abstract authorization:	26 Jan 2022
▪ Beneficiary:	Ministry of Environment and Sustainable Development
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	NDC Pipeline Accelerator Multidonor Trust Fund(ACL); OC SDP Window 2 - Sustainability(W2A)
▪ IDB Funding Requested:	NDC Pipeline Accelerator Multidonor Trust Fund (ACL): US\$225,000.00 OC SDP Window 2 - Sustainability (W2A): US\$225,000.00 Total: US\$450,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	June 2022
▪ Types of consultants:	Consulting firms and individual consultants
▪ Prepared by Unit:	CSD/CCS-Climate Change
▪ Unit of Disbursement Responsibility:	CSC/CAR-Country Office Argentina
▪ TC included in Country Strategy:	Yes
▪ TC included in CPD:	Yes
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Productivity and innovation; Environmental sustainability; Gender equality

II. Description of the Associated Loan

- 2.1 This technical cooperation (TC) is associated with the *Program to Support Public Policies for Sustainable and Resilient Growth in Argentina* (AR-L1351). The overall objective of the program is to contribute to a sustainable and resilient growth of Argentina. The specific objectives are: (i) to strengthen the Government's capacity for climate action planning and financing; (ii) develop a favorable framework for sustainable finance; and (iii) promote policies that contribute to the circular economy and decarbonization.
- 2.2 The program aims at complying with international commitments associated with goals defined in the Paris Agreement, as well as move in the direction of sustainable and resilient growth. The country requires a policy framework that strengthens three crucial aspects: (i) in the public sector, an institutional scheme that allows intersectoral coordination, raising awareness of climate impacts of all ministries' activities, and strengthening the budget allocated for this issue; (ii) in the financial market, consolidate a favorable financial environment to leverage private resources for the country's climate agenda; and (iii) in the private sector, promote technologies and production practices consistent with climate goals in the sectors with the most emissions: energy, transportation and agriculture, forestry and other land use (AFOLU) (NDC, 2020). In this context, the PBP AR-L1351 operation is part of the IDB's efforts to provide comprehensive support to the country for sustainable growth, which the Bank has been preparing with the country.

III. Objectives and Justification of the TC

- 3.1 Argentina is highly vulnerable to climate change (CC) and natural disasters due to its large area with ecosystems directly exposed to the impacts of global warming and numerous populations in coastal areas at risk of flooding (German Watch, 2021). In the country, changes in the climate have been observed since the second half of the last century, droughts as well as intense precipitation increased both in frequency and intensity. The number of floods in the south and droughts in the north have risen in the country. In the period 1970-2015, the country was affected by 97 major disasters (93% flood related) that have generated annual losses estimated at 0.7% of gross domestic product (GDP)¹. In the north, the wine sector is facing the worst drought in recent decades. Forest fires have increased (a recent one in Corrientes affected approximately one million hectares²). Climate change models project an increase in precipitation and temperature towards the end of the century of between 0.5 and 1 degree Celsius, with strong consequences for the productive sector. Rainfed corn and wheat, important export items, could suffer decreases of around 11% and 8% of their production by 2050³. According to the [G20 Climate Risk Atlas](#), Argentina could suffer systemic losses and negative impacts on growth due to climate change. By the end of the century, GDP is projected to decline by 2.5% in a low emissions scenario and 8.2% in a high emissions scenario.
- 3.2 Argentina is one of the countries with the largest number of ecoregions in the world. It is also one of the most biodiverse countries in the region. The conversion of natural ecosystems into agricultural land mainly for the cultivation of crops and livestock is the main cause of biodiversity loss in the country. The Gran Chaco—second forest in

¹ [TCN](#), 2015

² Evolución de las áreas quemadas en Corrientes según coberturas vegetales. Instituto Nacional de Tecnología Agropecuaria, 27 de febrero de 2022.

³ BID, 2020. [Vulnerabilidad al cambio climático e impactos económicos en el sector agrícola](#).

size and biodiversity to the neighboring Amazon rainforest- has lost more than 30% of its coverage to agriculture. It is the second region in LAC with the highest deforestation rate, due to the expansion of monocultures and livestock production⁴. In this context, the “National Principles and Guidelines for Forest Management with Integrated Livestock” (MBGI) was created as an alternative for the development of the livestock sector in a way that is compatible with the conservation of the native forest, its biodiversity and ecosystem services. The MBGI is going to be implemented with the National Plan for Forest Management with Integrated Livestock, which contains goals and indicators related to forest conservation in areas with livestock. Finally, the country is also set to finalize its Biodiversity Strategy 2022-2024, which would include biodiversity indicators to guide natural capital conservation in line with the “[Marco Mundial de la Diversidad Biológica posterior a 2020](#)”.

- 3.3 At the same time, recent studies at the global level have shown that funding for restoration and conservation of natural capital is extremely limited. A recent [Paulson Institute report](#) estimates that there is a global financing gap of approximately \$824 billion a year for biodiversity finance, and public funds cannot fill this gap alone. Creating an enabling environment to leverage private investments in the financial markets is central to conserve crucial ecosystems in the country. Finally, women can (and do) play a critical role in response to climate change due to their local knowledge of and leadership, thus it is key to have a strategy to enhance their participation in the CC policies implementation (UN, 2016)⁵.
- 3.4 Every five years, countries are required to present their enhanced Nationally Determined Contribution (NDC).⁵ The Government of Argentina submitted its second [NDC](#) in 2020, which significantly increased the country’s ambition in terms of emissions reductions 27.7% lower emissions than the previous NDC. Furthermore, through [Law 27.520](#) on Minimum Budget for Climate Change Adaptation and Mitigation, the country commits to: (i) create the National Climate Change Cabinet (GNCC, its acronym in Spanish), an interministerial coordination body tasked with the preparation of key national policies such as the National Plan for Adaptation and Mitigation (PMACC, its acronym in Spanish), which aims at integrating adaptation and mitigation actions into the work plans of various ministries and relevant sectors; and (ii) prepare a long-term decarbonization strategy (LTS) by 2050. The TC is aligned with Law 27.520 as it will support the operationalization of the National Cabinet of Climate Change and the design of the PMACC.
- 3.5 In order to comply with international commitments regarding climate change and move towards sustainable and resilient growth, the experience of the IDB shows that countries require a policy framework that strengthens two crucial areas: (i) in the public sector, to have an institutional framework that allows an effective intersectoral coordination, as well as policies that support forestry and biodiversity conservation; and (ii) in the financial markets, create an enabling environment to leverage private resources for the country’s climate agenda. In this context the IDB has provided support to a set of policies in these aspects, which culminated with the preparation of the programmatic policy-based loan AR-L1351. The resources of this TC will: (i) support the preparation of the technical inputs for this operation; (ii) seek to strengthen the technical and management capacities of the Ministry of Environment and

⁴ Ministerio de Ambiente, 2019. [Causas e impactos de la deforestación de los bosques nativos de Argentina y propuestas de desarrollo alternativas](#).

⁵ [UNFCCC. 2021](#)

Sustainable Development and the GNCC, the agency responsible for the coordination of the NDC implementation by the sectorial ministries ; and (iii) promote buy-in from different ministries to prepare and approve climate related regulations and policies that are essential to implement the commitments defined in the NDC and prepare an LTS. This TC has been requested by the Government of Argentina (see letter attached) and was included in the CPD 2022.

- 3.6 The objective of this operation is to support Argentina with the implementation of its NDC ([NDC 2020](#)) and build the basis for the future design of an LTS with the following specific objectives: (i) support the development of a favorable framework for sustainable finance; (ii) strengthen the government's capacity for planning and financing climate action; (iii) support the design and implementation of policies prioritized in the programmatic policy based loan (AR-L1351); and (iv) enhance the awareness of the government's climate goals and improve the buy-in from key stakeholders.
- 3.7 The expected outcomes of this TC are: (i) a robust policy matrix designed to feed the second operation of the programmatic policy-based loan (AR-L1351); (ii) improved regulation for sustainable finance; (iii) enhanced domestic analytical capacity to deliver NDC commitments in the areas of climate change, forestry, and biodiversity; and (iv) a LTS submitted to the United Nations Framework Convention on Climate Change.
- 3.8 This TC builds on significant work previously executed by IDB: (i) IDB research (including from RG-E1563, ATN/FR-17301-RG, and ATN/MC-16271-RG), which shows the LTS will be essential to guide short and medium-term actions, so that these are not detrimental to long-term decarbonized development⁶; and (ii) studies used to feed the dialogue with the government, as well as other climate change related studies led by the Bank on climate related policies⁷. Likewise, previous technical cooperation operations have contributed to the formulation of some policies included in the first trench of this loan. In this regard, it is worth noting that the Connectivity, Markets and Financial Institutions Division of the IDB (CMF) supported the creation of the Technical Committee on Sustainable Finance and Development of Financial Instruments for Climate Action ([4565/GN-AR](#), [ATN/GN16815-AR](#), and [ATN/OC-19091-AR](#)). The Climate Change Division of the IDB (CCS) has also provided support to the design of the NDC with operations [ATN/MC-17416-RG](#) and [ATN/MC15367RG](#). The TC "*Support for the Sustainable Energy Development Agenda*" ([ATN/OC-16499-AR](#), [ATN/OC-16500-AR](#)), also supports the development of long-term energy scenarios that feed the LTS.
- 3.9 Experience from Costa Rica, Colombia and Chile confirms that for an LTS to be politically acceptable, it must be designed with extensive stakeholder participation⁸. The Costa Rican plan was designed in a co-construction process that included all relevant government agencies, the private sector, civil society, and academics. Indeed, ministries of environment typically have the knowledge and institutional responsibility to lead the design of climate policy. Nonetheless, to be relevant and widely accepted, LTS should be co-designed with all relevant sectors of the government (e.g., energy, agriculture, transport, planning and finance ministries), and

⁶ IDB, DDPLAC 2019, [Getting to Net-Zero Emissions](#).

⁷ Among these studies stand out: BID, 2020. [Marcadores Presupuestales de Cambio Climático](#); BID, 2019. [Como llegar a cero Emisiones Netas](#); BID/OIT, 2020. [El empleo en el futuro de cero emisiones netas en ALC](#); BID, 2020. [Vulnerabilidad al cambio climático e impactos económicos en el sector agrícola](#).

⁸ Vogt-Schilb, A., Hallegatte, S., 2017. [NDCs: Reconciling the Needed Ambition with the Political Economy](#).

seek to catalyze development and achieve environmental goals⁹. This project will strengthen the work of the GNCC for an effective stakeholder engagement process.

- 3.10 **Strategic Alignment.** This operation is consistent with the Update to the Institutional Strategy (AB-3190-2) and is aligned with the development challenge of productivity and innovation and the cross-cutting themes of climate change and gender. The program is part of the [2025 Vision](#) of the IDB Group, which has climate change as a strategic pillar for sustainable economic growth. Likewise, the operation is consistent with the IDBG Strategy with Argentina 2021-2023 (GN-3051), in particular with the strategic objective of advancing towards environmental sustainability and expanding coverage and access to financing for the sustainable productive sectors and promoting climate actions. It contributes to the challenge of productivity and innovation as new tools will be developed to promote sustainable finance and to better integrate livestock production with forestry conservation. It is also in line with the following Sector Framework Documents: (i) Climate Change (GN-2835-8), as it contributes to the NDC implementation and lays the foundation to prepare the LTS. Further, the TC supports a PBP that is 100% climate finance; (ii) Energy (GN2830-8), by supporting the energy transition towards renewable sources; (iii) Environment and Biodiversity (GN-2827-8), by promoting the sustainable management of natural capital; and (vi) Support to Small and Medium enterprises and Financial Access and Supervision (GN-2768-7) by promoting a sustainable finance market (iv) Gender, given that the GNCC-which will be supported by this TC- is entrusted to mainstream gender into climate policies and will prepare the first Gender and CC National Strategy and this is one of the products of the TC. This operation also contributes to the Corporate Results Framework 20202023 indicator of “emissions avoided (annual tons CO₂ equivalent)”.
- 3.11 The TC aligns with the objective of the Pipeline Accelerator Multidonor Trust Fund (ACL) to provide support to national entities to plan and design sustainable project management, in addition to promoting social, fiscal and environmental sustainability. The activities of this TC propose technical support to the GNCC whose objective is to assist and advise on the development and implementation of public policies on climate change in coordination with the public and private sectors and different actors of the civil society. It also contributes to the ACL objective of accelerating the delivery of investment projects and the increase of the capacity of the private sector to plan and prepare investments and create sustainable projects given that component 1 is supporting the sustainable financial market legal framework and innovative tools to boost investments in the climate agenda and the leverage of private investments. Further, the Financial Lab will also support the identification of private investment projects. The TC also aligns with the Ordinary Capital Strategic Development Program (OC SDP) – priority area 1 as it favors the expansion of knowledge base for mitigation and adaptation to climate change through the analytical studies that will be developed in components 1 and 2 and the capacity building activities planned in component 3.
- 3.12 The TC meets the eligibility criteria of the ACL: a) Aimed at supporting the identification and/or preparation of a specific project or portfolio of sustainable projects, because it supports the preparation of the programmatic policy based loan AR-L1351; ; b) Directly linked to the country’s NDC programming discussions and/or other national climate change plans and priorities, including development goals based on the country’s SDGs, because it supports the development of key policies that feed the NDC and the SDG goals through the loan AR-L1351 ; c) To guide the mobilization of private and/or public capital towards sustainable projects aligned with the country’s

⁹ World Bank., 2015. [Decarbonizing Development: Three Steps to a Zero-Carbon Future.](#)

priorities, because it supports the strengthening of the sustainable financial market through the development of an enabling legal environment with adequately policies and the creation of the Financial Innovation Laboratory as a transparent public-private multisectoral space to foster the exchange of experience for the generation of knowledge, regulations and innovation in the financial sector; d) Make a tangible and measurable contribution to climate change goals, – by promoting adaptation measures and efforts to reduce or limit GHG emissions with the forestry and biodiversity policies and the design of the of the Plan for Adaptation and Mitigation to Climate Change (PAMCC).

IV. Description of Activities/Components and Budget

- 4.1 **Component 1. Technical support for the promotion of sustainable finance (US\$100,000).** Includes two main activities: (i) development of new sustainable financial instruments; and (ii) capacity building for sustainable finance management. This activity will include the design and implementation of a financial innovation laboratory with the participation of public and private actors, with the sponsorship of the Technical Table of Sustainable Finance of Argentina. It will seek to generate a transparent, reliable, and effective Public-Private multisectoral space that promotes a dialogue based on evidence, practices, and concrete products for the generation of knowledge, regulations, and innovation in the financial sector. Experts will be hired to boost the technical capacity of the Ministry of Economy and other key related institutions to deliver a robust policy framework aimed at including environmental, social and governance issues in private sector investment decision making. The expected products are: (i) an international comparative study on best practices of national public policies aimed at promoting sustainable finance; (ii) an evaluation of existing public policies in Argentina for the promotion of sustainable finance; (iii) a proposal for recommendations to improve and complete the policy framework for sustainable finance and to help channel private resources to CC investment projects in the country; and (iv) a plan for the implementation of a Lab for innovative finance in Argentina. The expected results are: (i) a fostered policy framework for the promotion of sustainable finance; and (ii) an Innovation Financial Lab launched.-
- 4.2 **Component 2. Technical support to enhance climate related policies and to foster the inter-ministerial coordination for climate action (US\$245,000).** Includes six main activities: (i) development of analytical inputs needed to create or update existent policies and actions to enable resilient and emission-reduction development pathways, in particular to feed the preparation of the National Plan for Adaptation and Mitigation aimed at integrating adaptation and mitigation actions into the work plans of the sectorial ministries and government areas; (ii) analysis of losses and economic impact of climate change; (iii) hire an expert to support the newly created GNCC; (iv) analysis on land use change in the Chaco region and productivity of the livestock sector in this area; (v) development of the baseline and target of selected biodiversity indicators to feed the preparation of the Biodiversity Strategy 2022-2024; and (vi) generation of new high-resolution statistical downscaled data from selected climate change and hydrological models for different scenarios to better understand expected changes in water availability and distribution at the watershed level and to feed the IDB's Hydrobid system. Expected products: (i) National Plan for Adaptation and for Mitigation prepared; (ii) analysis of losses and economic impact of climate change prepared; (iii) work plan of the GNCC and the Gender and CC National Strategy; (iv) analysis of land use to feed the National Plan for Forest Management with Integrated Livestock designed; (v) report on biodiversity indicators to feed the preparation of the

Biodiversity Strategy 2022-2024; and (vi) statistical data from climate models to feed hydrological models and related technical reports describing the methodology used, assumptions, data limitations and recommendations for further work and maps for downscaled climate data. The expected results are: (i) fostered GNCC for a better articulation with sectorial Ministries; (ii) National Plan for Forest Management with Integrated Livestock operationalized; and (iii) Biodiversity Strategy 2022-2024 designed.

- 4.3 **Component 3. Capacity building, communication, and dissemination (US\$105,000).** The IDB will raise awareness among sectorial ministries on the results of the analysis developed as well as improve the buy-in of national stakeholders from the government, private sector, and academia. It will finance the organization of capacity building trainings on the topics listed in the previous components and disseminate the findings about the implementation costs and opportunities of the PMACC; economic impacts of CC, as well as benefits and potential costs of long-term decarbonization and resilient options. This component will fund the editing and translation of the publications produced. It will also fund social media campaigns, and the participation of experts, private and government officials in the events. Expected products: (i) three workshops delivered; (ii) two analytical reports published. The expected results are: (i) fostered buy-in of the key policymakers and private stakeholders; and (ii) enhanced technical capacity in the Ministry of Environment.
- 4.4 The total estimated amount for this operation is US\$450,000, which will be financed with resources from: (i) the Ordinary Capital Strategic Development Program Window 2 Sustainability (W2A); and (ii) Nationally Determined Contribution Pipeline Accelerator Multi-donor Trust Fund (ACL); US\$225,000 each.

Indicative Budget (US\$)

Component/Description	IDB/F und		Total
	NDC Pipeline Accelerator Multidonor Trust Fund(ACL);	OC SDP Window 2 - Sustainability (W2A)	
Component 1. Technical support for the promotion of sustainable finance	50,000	50,000	100,000
Component 2. Technical support to enhance climate related policies and to foster the inter-ministerial coordination for climate action	122,500	122,500	245,000
Component 3. Capacity building, communication, and dissemination	52,500	52,500	105,000
Total	225,000	225,000	450,000

V. Executing Agency and Execution Structure

- 5.1 At the request of the beneficiary, the IDB will execute the TC given the Banks ample experience providing technical assistance in the region, as well as the possibility to generate economies of scale from the processes. The experience of the IDB in similar exercises executed or currently in execution in Chile, Colombia, Costa Rica, and Peru, as well as the specific knowledge on sectorial actions for decarbonization, position the IDB as the ideal executing agency for the operation. In addition, this operation provides support to more than one government entity and ministry, thus it is more convenient that the IDB execute it to avoid conflict among them and accelerate the procurement process. The execution will be carried out by the IDB Country Office in Argentina (CSC/CAR), with the leadership of the Climate Change Specialist in CSC/CAR, and

the participation of specialists from other sectors. To keep an efficient articulation among the parties involved the IDB will organize periodic check-in meetings and have a GNCC focal point as the main liaison with them. The execution period of the TC will be 36 months.

- 5.2 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). The Bank will retain the intellectual property of the knowledge products delivered during the execution of this TC.

VI. Major Issues

- 6.1 The ongoing pandemic and subsequent economic crisis may cause countries to reduce the ambition of their LTS and cause delays in the preparation of some policies, in particular the PMACC and the LTS. To reduce this risk, workshops will be organized to support the buy-in of the key stakeholders and evidence-based narratives will be constructed on the socioeconomic benefits of decarbonization and increased impacts of climate change.
- 6.2 Some risks pertain to the necessity of securing strong multi-year commitments from partners in the region and to the availability of dedicated staff and time to model development and application within these partners' organizations. We mitigate this risk by identifying potential partners before starting the execution of the TC. Another minor risk relates to changes of authorities and staff in the ministries, and the subsequent delays that could affect coordination activities and approvals.

VII. Exceptions to Bank Policy

- 7.1 There are no exceptions to the Bank's policies in this operation.

VIII. Environmental and Social Strategy

- 8.1 This TC will not finance feasibility or pre-feasibility studies of investment projects with associated environmental and social studies; therefore, it is excluded from the scope of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes

[Request from the Client - AR-T1292](#)

[Results Matrix - AR-T1292](#)

[Terms of Reference - AR-T1292](#)

[Procurement Plan - AR-T1292](#)

- [Gender and Diversity Annex](#)