

TC Document

I. Basic Information for TC

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| ▪ Country/Region: | REGIONAL |
| ▪ TC Name: | Regional Platform of Finance Secretaries of Cities on Climate Change in Latin America and the Caribbean |
| ▪ TC Number: | RG-T4603 |
| ▪ Team Leader/Members: | Uribe, Maria Camila (CSD/HUD) Team Leader; Badaoui Choumar, Nathalie (CSD/CCS); Torres Pelaez, Daniela (IFD/FMM); Garcia Nores, Luciana Victoria (INT/RIU); Del Castillo Sofia (CSD/HUD); Villarroel Oyarzun Karin Orit (CSD/HUD); Bonilla Merino Arturo Francisco (LEG/SGO); Nogueira Felipe Honorio (INT/RIU); Avila, Francy Dianela (CSD/HUD); Sandoval, Jose Manuel (CSD/CCS); Guzman Osorio Jessica (CSD/HUD); Almeida, Juliana Salles (CSD/CCS); Hernandez Yader Antonio (CSD/HUD); De Barros Torres Gabriel (CSD/HUD) |
| ▪ Taxonomy: | Client Support |
| ▪ Operation Supported by the TC: | N/A |
| ▪ Date of TC Abstract authorization: | August 12, 2024 |
| ▪ Beneficiary: | Argentina, Brazil, Colombia |
| ▪ Executing Agency and contact name: | Inter-American Development Bank |
| ▪ Donors providing funding: | OC SDP Window 1 - Regional Public Goods(W1A) |
| ▪ IDB Funding Requested: | US\$500,000.00 |
| ▪ Local counterpart funding, if any: | US\$40,000.00 In-kind contributions by Ciudad de Mendoza US\$10,000; Secretaria de Fazenda de Sao Pablo US\$ 15,000; and Secretaría de Hacienda de Bogotá US\$15,000 |
| ▪ Disbursement period (which includes Execution period): | 36 months |
| ▪ Required start date: | |
| ▪ Types of consultants: | Firms Procurement and Individual consultants |
| ▪ Prepared by Unit: | IFD/FMM-Fiscal & Municipal Development; CSD/HUD-Housing & Urban Development |
| ▪ Unit of Disbursement Responsibility: | CSD/HUD-Housing & Urban Development |
| ▪ TC included in Country Strategy (y/n): | No |
| ▪ TC included in CPD (y/n): | No |
| ▪ Alignment to the Update to the Institutional Strategy 2024-2030: | Economic integration; Environmental sustainabilityBolster Sustainable Regional Growth and Address Climate Change. Operational Focus: Biodiversity, Natural Capital, and Climate Action; Institutional Capacity and Rule of Law; and Sustainable, Resilient and Inclusive Infrastructure. |

II. Objectives and Justification of the TC

2.1 **Objective.** The general objective of this Technical Cooperation (TC) is to establish the “**LAC Regional Climate Change Platform for City Finance Secretaries**” to support city finance secretaries in Latin America and the Caribbean (LAC) to mobilize climate financing, share knowledge, foster dialogue, and implement scalable solutions to address climate change (CC). The specific objectives are: (i) create a “Regional

Roadmap”¹ to establish a unified approach for city climate finance; (ii) generate and share knowledge by enabling the exchange of experiences and best practices, which will help cities learn from each other's successes and challenges, leading to innovative solutions and more effective climate action strategies; (iii) strengthen dialogue and enhance communication among cities and stakeholders, including national governments, international organizations, and the private sector; and (iv) scale up climate finance strategies by providing access to expert advice, training, and tools to support the development and implementation of effective climate finance strategies.

2.2 **Justification.** Cities and local governments in LAC are taking steps to build CC resilience and reduce carbon emissions. However, the financing gap is one of the main obstacles to undertaking climate actions at a local level. Critical barriers to financing include a lack of technical and financial capacity, insufficient control over resources, and the absence of viable financing models or investment-ready projects of sufficient size and quality. Unlocking green financing and ensuring local public spending, aligned with climate goals and Nationally Determined Contributions (NDCs), is essential. This challenge is compounded by the diverse economic and geographical landscapes across LAC cities, which require tailored approaches to climate finance specific to localities. The "LAC Regional Climate Change Platform of City Finance Secretaries" seeks to address this challenge by providing a coordination mechanism to effectively implement climate finance strategies and agree on a Roadmap for City Finance Secretaries.

2.3 **Regional added value.** Through enhanced regional dialogue and coordination, a Regional Roadmap, knowledge sharing, and the development of tools and resources, this Platform leverages collective expertise, resources, and experiences across major cities in LAC, fostering a cooperative environment crucial for addressing climate challenges. The Platform aims to seek expected benefits and regional action frameworks that save resources and time and promote the effective implementation of actions to address climate change in the region's cities. In particular, (i) a regional platform allows for pooling knowledge, best practices, and financial resources, often limited when cities work in isolation. By sharing these resources, cities can implement more effective and innovative climate finance strategies without duplicating efforts, thus increasing efficiency and reducing costs; (ii) CC is a borderless issue, making regional dialogue essential. This platform facilitates continuous communication among city finance secretaries, enhancing mutual understanding and cooperation. Such collaboration fosters alignment in climate action efforts, which is vital for tackling shared environmental threats and for advocating more substantial commitments from international funding bodies; and (iii) The platform's regional scope enables it to serve as a dynamic repository of evolving climate finance knowledge. As new challenges arise and new solutions are tested, the platform can quickly disseminate this

¹ A “Regional Roadmap” implies a strategic plan designed to guide the allocation and mobilization of financial resources to address climate change. It considers cities' financing needs and includes assessing specific climate-related challenges and resource gaps, setting goals, mobilizing resources, ensuring coordination mechanisms, and monitoring and reporting.

information, helping cities adapt and scale successful initiatives efficiently. (iv) A unified regional platform can amplify the voice of its member cities in global forums, improving their ability to influence international climate policies and secure funding. This collective representation is often more compelling than individual city efforts.

(v) While cities in LAC share some common challenges, they also face unique circumstances. A regional approach allows for developing flexible frameworks that consider these local nuances, ensuring that climate finance strategies are relevant and applicable across different urban environments.

- 2.4 **City Finance Secretaries** are pivotal in implementing the "LAC Regional Climate Change Platform of City Finance Secretaries" due to their integral roles in public investment management and oversight of public spending. They are vital in raising infrastructure standards to meet resilience criteria, promoting fossil fuel-independent development, and overseeing public expenditures. By documenting the financial impacts of climate change, such as costs from floods and hurricanes, finance secretaries can provide valuable insights for informed public action. Tools like green budget classifiers can highlight expenditures on climate-related actions aligned with the Paris Agreement targets.
- 2.5 Moreover, City Finance Secretaries influence public procurement policies, enabling significant climate action through mandates such as purchasing electric vehicles, sourcing local and green food for public institutions, and ensuring energy-efficient public buildings. Their authority to set taxes and subsidies allows them to correct environmental pricing and reform energy subsidies, thus enhancing public finances and improving social outcomes. As strategists, finance secretaries guide local fiscal policies, which is particularly crucial as reliance on fossil fuel royalties diminishes with the global energy transition. They prepare cities for this shift by exploring sustainable revenue sources.
- 2.6 Furthermore, they mobilize private investments by establishing incentive frameworks and implementing regulatory reforms that lower barriers to private sector engagement. Promoting green bonds and other financing mechanisms also falls within their remit. Finally, City Finance Secretaries are relevant in coordinating government actions with multiple sectors and actors. They can foster international cooperation, ensuring cohesive and comprehensive strategies for climate action and resilience. Their central role in aligning local policies with global climate goals underscores their importance in channeling financial resources for effective and sustainable urban development initiatives at the city level.
- 2.7 **Previous IDB work.** The IDB has already successfully supported the LAC Regional Climate Change Platform of Economy and Finance Ministries at the national level, established in August 2022, which strengthened regional dialogue and facilitated the exchange of experiences in climate policy development with a fiscal and economic focus. This success now inspires the proposal for a subnational platform. On the other hand, the CSD/HUD division has extensive experience managing complex urban development projects and engaging with diverse climate change stakeholders at

multiple levels. It has a track record of structuring, financing, and implementing climate projects, ensuring that financial resources are effectively tailored to the specific needs of subnational entities. The division has successfully administered grants and resources, driving subnational access to climate finance and fostering collaboration through major events and initiatives such as the IDB Cities Network. The IFD/FMM division has extensive experience implementing fiscally sustainable urban development and climate finance projects across LAC. With a strong background in tax policy, public spending, subnational and macro-fiscal management, and green fiscal management, the division effectively supports the development of efficient, equitable, and transparent budgetary systems. Their expertise in mobilizing public and private financial resources and their collaborative networks with governments and international organizations ensure the successful integration of climate considerations into fiscal policies. Notably, IFD/FMM has strengthened institutional capacities at the subnational level, drawing on past lessons to support effective coordination. The division has also played a key role in developing fiscal frameworks across LAC, as demonstrated by their strategic leadership in the "Climate Change Platform for Finance Ministries to Empower Policymaking" and their support for intergovernmental coordination mechanisms, such as the "Decentralization and Subnational Fiscal Management Networks" project.

- 2.8 **Collaborative work with other organizations.** The IDB will promote collaboration with relevant initiatives and organizations such as C40 and the Cities Climate Finance Leadership Alliance (CCFLA), building on existing tools, documents, and capacity-building resources to equip city finance secretaries with the necessary skills and resources to advance local climate strategies and financial planning for sustainable urban development. The IDB, and specifically the IDB Cities Network, already collaborate with multiple stakeholders, and this TC will expand the reach of these efforts and further strengthen synergies and collaboration among initiatives, stakeholders, cities worldwide and in LAC to support knowledge sharing, capacity building, and networking, thereby enhancing urban climate finance efforts.
- 2.9 **Strategic alignment.** The TC is consistent with the IDB Group Institutional Strategy Transforming for Scale and Impact (CA-631). It is aligned with the objectives of (i) bolstering sustainable regional growth by fostering the exchange of best practices to encourage actions leading to sustainable urban development and by creating and distributing practical tools and resources; and (ii) addressing climate change by developing a technological platform to identify, mobilize, and efficiently allocate limited financial resources, aimed at mitigating climate change and enhancing urban resilience.
- 2.10 The TC is also aligned with the operational focus areas of (i) biodiversity, natural capital, and climate action through strengthened partnerships with subnational entities to mobilize climate finance for resilient and low carbon development; (ii) institutional capacity and the rule of law, through strengthened public policy, management and transparency at the subnational level and (iii) sustainable, resilient and inclusive

infrastructure, contributing to reduce the public investment gap in level and quality at the subnational level.

- 2.11 Moreover, the TC will support the new program announced by President Goldfajn at the Summit of the Americas 2023, aimed at helping LAC cities achieve their sustainable development goals. The recently approved IDB's Institutional Strategy, on its numeral 5.21.3, emphasizes IDB's regional integration for sustainable, resilient, and inclusive infrastructure, indicating that the IDB Group will explore, among other things, options for lending with non-sovereign guarantees to cities/subnational governments and state-owned enterprises (SOEs). The Institutional Strategy mentions the development of new business niches, *“the exploration of the legal and technical viability, as well as the potential demand, for IDB Group mechanisms to support SNGs and SOEs in the process of improving their local finances, creating bankable projects and ultimately creditworthiness.”* In this line, this TC seeks to systematize essential information and create a valuable platform for the future implementation of the announced cities program, promoting the creation of conditions for possible future subnational operations.
- 2.12 The TC is also aligned with the 'Housing and Urban Development Sector Framework Document (SFD)' (GN-2732-11) as it aligns with (i) line action four on promoting adequate urban governance by strengthening fiscal capacity and coordination between territorial units, data management, and fostering citizen participation. The TC is also aligned with the 'Subnational Governments Sector Framework Document' (FMM SFD) (GN-2813-8) as it aligns with (i) Line of Action 2. Encourage greater efficiency and quality in expenditure and service delivery by subnational governments; (ii) Line of Action 3. Increase the mobilization of own-source revenue and access to finance by SNGs; and (iii) Line of Action 5. Enhance the contribution of subnational governments to managing climate change. Moreover, the TC is aligned with Window 1 (Regional Public Goods) from the Ordinary Capital Strategic Development Program (OC-SDP) (GN-2819-14), as it promotes South-South Cooperation among City Finance Secretaries in the region to foster climate finance solutions.
- 2.13 Finally, the TC is consistent with the country strategies of Colombia (GN-3238-3), Brazil (GN-3243-2), and Argentina (GN-3051) by addressing the financing gap that cities face in implementing climate actions. It does so by supporting cities in identifying shared challenges and developing innovative solutions to mobilize and access climate finance. Through the establishment of knowledge exchanges, training activities, tools, and pilot projects, the TC strengthens cities' capacity to develop investment-ready projects, attract external funding, and align financial strategies with climate goals. Moreover, it fosters sustainable regional growth by promoting the exchange of best practices among diverse stakeholders, enabling actions that drive sustainable urban development and climate resilience. By creating a regional mechanism for collaboration, the TC amplifies cities' ability to access global climate finance, scale up their investments in climate action, and implement transformative solutions to urban climate challenges in LAC.

III. Description of activities/components and budget

3.1 Component 1. Governance and Project Coordination (US\$105.000).

This component establishes the executing unit and evaluation framework, formalizes the Project Steering Committee (PSC), and implements protocols and regular meetings. It will finance the following activities: (i) the establishment of a coordination unit for the implementation of the proposal, definition of guidelines, procedures, and communication systems, among other elements; (ii) the development of an evaluation framework and metrics for project success, collecting baseline data for comparison, and establishing monitoring and reporting protocols; (iii) the formalization of the PSC with city and partner representatives, holding inaugural meeting, scheduling regular sessions for oversight and direction; and (iv) a comprehensive final evaluation and audit, assessing platform effectiveness and impact on regional climate finance for cities.

3.2 Component 2. Establishment of a Regional Climate Change Platform and Common Roadmap for City Finance Secretaries (US\$130.000).

This component aims to conceptualize the Platform and Roadmap, officially launch the Platform, and conduct outreach activities with promotional materials and tracking efforts. It will finance the following activities: (i) baseline definition and conceptualization of the Regional Platform and Common Roadmap, defining needs, consulting stakeholders, drafting the vision and governance structures; (ii) launch event of the Platform and Roadmap; and (iii) outreach activities that include creating a strategy, promotional materials, socialization activities, making tools public, and tracking dissemination efforts.

3.3 Component 3. Enhanced City Finance Strategies through the Regional Platform. (US\$265.000).

This component aims to strengthen city finance strategies through regional collaboration, capacity building, and developing tools and frameworks for sustainable finance and investment. It will finance the following activities: (i) regular forums for city finance secretaries, facilitating stakeholder collaborations and strengthened dialogue, documenting outcomes in session reports; (ii) training programs, workshops, and seminars to strengthen the capacities of city finance secretaries, with evaluations, training materials, and workshop reports; (iii) tools and frameworks for subnational climate finance strategies including sustainable finance frameworks, sovereign bonds, local green taxonomies, and best practices; and (iv) expert advisory services to support cities with green financial instruments, funding proposals, financial management enhancement, financial plans and investment pipelines.

3.4 Beneficiaries.

The public institutions that will benefit from the project are four local governments from LAC interested in advancing local climate strategies and enhancing their financial planning with a climate perspective: Secretary of Finance of the City of Mendoza, Argentina; Secretary of Finance of the City of Sao Paulo, Brazil; Secretary of Finance of the City of Rio de Janeiro, Brazil; Secretary of Finance of the City of

Bogota, Colombia². These cities were selected because of their leadership in local climate finance planning and policies: Bogotá has adopted its local climate action plan; Mendoza has allocated 51% of its 2023 budget to climate financing; and both Rio de Janeiro and Sao Paulo have been active in creating and promoting frameworks for sustainable finance, sovereign green bonds and local taxonomies for green finance. Building on the ongoing work, these cities will constitute the Project Steering Committee to guide the development of the Platform, conduct consultations, strengthen their capacities, and take the lead in this subject, paving the way for other cities. Subsequently, the LAC Regional Climate Change Platform of City Finance Secretaries will be open to other interested LAC City Finance Secretaries, allowing for broader participation and collaboration.

- 3.5 **Budget.** This TC's total budget is US\$500,000, financed through resources from the W1A-OC SDP Window 1—Regional Public Goods. Each city will contribute with local in-kind resources³ to fund the part-time work of a city government representative over the three years of the initiative's implementation, providing technical, political, and strategic guidance, support the coordination of BPR activities, conduct consultations with other cities in the region, and participate in the meetings of the Project Steering Committee.

Indicative Budget

| Activity/ Component | Detailed activities | IDB Funding (W1A-OC SDP Window 1) | Local Counterpart (in-kind) | Total Funding |
|--|---|---|-----------------------------------|------------------|
| Component 1. Governance and Project Coordination (US\$105.000). | Establish the executing unit, evaluation framework, and Project Steering Committee (PSC). | USD 75,000 | USD15,000 | USD 75,000 |
| | Earmarked resources for final evaluation and audit | USD 30,000 | | USD 30,000 |
| Component 2. Establishment of a Regional Climate Change Platform and Common Roadmap for City Finance Secretaries (US\$130.000). | Baseline and Conceptualization of the Regional Platform and Common Roadmap | USD 50,000 | | USD 50,000 |

² No Objection Letters from Colombia and Brazil have already been obtained. The project team commits to obtaining the No Objection Letter from Argentina before initiating the technical cooperation activities in the country.

³ Written commitments from the beneficiaries, demonstrating their commitment to providing local counterpart in-kind contributions, have been attached.

| Activity/ Component | Detailed activities | IDB Funding (W1A-OC SDP Window 1) | Local Counterpart (in-kind) | Total Funding |
|--|---|---|-----------------------------------|--------------------|
| Component 2. Establishment of a Regional Climate Change Platform and Common Roadmap for City Finance Secretaries (US\$130.000). | Launch of the Regional Platform and Common Roadmap | USD 50,000 | USD15,000 | USD 50,000 |
| | Outreach and communication activities | USD 30,000 | | USD 30,000 |
| Component 3. City finance strategies are enhanced through the Regional Platform. (US\$265.000). | Strengthened dialogue | USD 50,000 | USD10,000 | USD 50,000 |
| | Strengthened capacities | USD 50,000 | | USD 50,000 |
| | Toolkit and framework for subnational climate finance strategies | USD 50,000 | | USD 50,000 |
| | Scaled-up climate finance strategies | USD 115,000 | | USD 115,000 |
| TOTAL | | USD 500,000 | USD40,000 | USD 500,000 |

IV. Executing agency and execution structure

- 4.1 **Executing Agency.** The Bank will be the executing agency. The Bank will be the executing agency through the Housing and Urban Development Division (CSD/HUD), and it will be responsible for the technical supervision, execution, and administration due to the experience that the Cities Network has developed across LAC approaching cities' challenges and solutions. CSD/HUD will be responsible for the disbursement unit. Activities will be executed jointly with the IFD/FMM team and country specialists. The execution period of this TC will last 36 months. The Bank's execution is warranted as this is a regional TC where a regional entity with the institutional capacity to execute the TC can't be identified (as stated in the guidelines (OP-619-4)). The TC will finance activities in and across multiple countries and institutions in LAC and thus needs a centralized and internalized execution from Bank Headquarters for effective coordination among countries. Also, CSD/HUD has substantial experience in providing technical assistance, particularly in housing, urban planning, sustainability, and areas related to the activities financed under this TC. Additionally, the IFD/FMM Division has substantial experience in providing technical assistance to improve subnational fiscal management and creditworthiness.
- 4.2 **Project Steering Committee.** To effectively execute the "LAC Regional Climate Change Platform of City Finance Secretaries" proposal, the participating entities will establish a Project Steering Committee (PSC) that will consist of one representative from each beneficiary city, appointing a focal point from each institution who will contribute time, expertise, resources, and information at all stages of the TC. The PSC, with the support of the Bank and the strategic partners, will be the principal body for making strategic decisions, including (i) reviewing the planning and strategic vision of the Platform, (ii) reviewing the overall work plan and monitoring its compliance; (iii) generating a governance program for the Platform that allows for its future

sustainability. This Governance will define a Presidency which the Cities will lead, and a Technical Secretariat⁴ to provide technical support to the presidency in implementing the work plan and monitoring its progress; (iv) conducting consultations with various stakeholders, providing inputs and information from other cities for the continuous update of the Platform and its deliverables; (v) contributing inputs and facilitating the generation of capacity building activities and the facilitation of lessons learned for accelerating climate action in cities across the region; and (vi) reviewing the terms of reference and deliverables for the contracts to be executed.

- 4.3 **Procurement.** All activities to be executed under this TC have been included in the Procurement Plan (Annex IV) and will be contracted in accordance with Bank policies as follows: (a) Complementary Workforce (AM-650) for Individual consultants; and (b) Corporate Procurement Policy (GN-2303-33) and its associated guidelines for Services provided by firms.
- 4.4 The knowledge products generated from Bank-executed activities within this technical cooperation will be the property of the Bank and may be made available to the public under a creative commons license. However, at the request of the beneficiaries, in accordance with the provisions of AM-331, the intellectual property of said products may also be licensed through specific contractual commitments that shall be prepared with the advice of the Legal Department.
- 4.5 **Final Audit:** The project's financial statements and expense eligibility will be audited by an independent auditing firm approved by the IDB and contracted by the EA. Per the bank's policies and the previously agreed terms of reference, the information will be sent to the IDB no later than ninety (90) days after the last disbursement.
- 4.6 **Final Evaluation:** An external final evaluation (estimated US\$15,000) will be carried out to determine compliance with the project's objectives. It should be prepared and submitted to the Bank 90 days after the execution period.

V. Major issues

- 5.1 The risks associated with this TC include potential changes in the sub-national administration of the participating cities, which may impact the continuity and prioritization of TC implementation. Also, challenges in coordinating institutions responsible for subnational financing integration and technical and capacity limitations are concerns. To mitigate these risks, a comprehensive set of strategies will be implemented. Firstly, a governance mechanism will be established to ensure the Platform's sustainability over time. Empowering cities to lead the platform, take ownership, and make strategic decisions will foster a sense of responsibility and responsiveness tailored to urban needs. The commitment of cities is vital for long-term success, as they will assume leadership roles within the Platform, with buy-in from the participating cities being critical for ongoing engagement and effective collaboration. To address potential coordination challenges and technical limitations, the Bank is designated as the executor of the TC, which serves as a critical risk management strategy. Regular training sessions and periodic meetings with officials from the relevant subnational governments will be conducted to ensure ongoing project prioritization. Engaging stakeholders early and frequently will also help to build more robust institutional support across leadership changes. Collaboration with technical

⁴ The functions and composition of the technical secretariat will be defined as part of the Governance mechanism to be established as part of the TC Activities of component 1.

experts will address capacity gaps, ensuring technical challenges are met with informed solutions. Integrating synergies with existing initiatives and collaborating with knowledge organizations will provide cities access to extensive databases and subnational climate training resources, further strengthening their technical capacity. These combined efforts will enhance coordination, build capacity, and safeguard the project's success in achieving its objectives.

- 5.2 Finally, there is a risk of the platform's sustainability once IDB funding is finished. To mitigate this, the platform will incorporate a robust governance mechanism empowering cities to lead, fostering ownership and ensuring cities assume leadership roles. Long-term partnerships with organizations like C40, CCFLA, and the IDB itself will provide critical technical expertise, access to extensive databases, and climate training resources, ensuring the platform's relevance and effectiveness. Additionally, cities will leverage the platform to attract external funding from climate funds, grants, and donors, financing activities such as peer exchanges, tool development, and conferences. These combined measures will ensure the platform's long-term operation, capacity-building, and continued contribution to urban climate solutions.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy have been identified.

VII. Environmental and Social Aspects

- 7.1 This TC will finance diagnostics, policy dialogues, capacity building, and feasibility studies for investment projects and the associated environmental and social studies, whose terms of reference and products will be consistent with the applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_13742.pdf](#)

[Results Matrix_66229.pdf](#)

[Terms of Reference_4755.pdf](#)

[Procurement Plan_62806.pdf](#)