

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	Modal Shift for Zero Carbon Cargo and Passenger in Brazil
▪ TC Number:	BR-T1505
▪ Team Leader/Members:	FIGUEIREDO DE CASTRO M, ANA BEATRIZ (INE/TSP) Team Leader; FIORAVANTI, REINALDO DANIEL (INE/TSP) Alternate Team Leader; MONTER FLORES, ERNESTO (INE/TSP) Alternate Team Leader; MUNOZ GARCIA, PALOMA (INE/TSP); NOBOA LOPEZ, NATHALY SOFIA (INE/TSP); CELESTE MARZO, CRISTINA (LEG/SGO); MIX VIDAL, RICHARD ALEXANDER (INE/TSP); AGUSTIN ELVIRA MASTACHE (INE/TSP); RENATA LEAL (INE/TSP)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	02 May 2022
▪ Beneficiary:	Federal Republic of Brazil, through its Ministry of Infrastructure
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$1,600,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/TSP - Transport
▪ Unit of Disbursement Responsibility:	CSC/CBR - Country Office Brazil
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2020-2024:	Social inclusion and equality ; Productivity and innovation ; Institutional capacity and rule of law; Environmental sustainability; Gender equality

II. Objective and Justification

- 2.1 This Technical Cooperation (TC) is to support Brazilian government to implement the national decarbonization plan in federal transport sector. The TC aims to achieve its objective by: (i) developing regulatory frameworks, transport logistics and the relationship with the territorial planning and pre-feasibility studies to facilitate investments in low carbon transportation modes and climate resilience infrastructures; (ii) piloting technologies/initiatives to support low carbon transition in Brazil; and (iii) updating the elements of the Integrated Transport Planning, particularly National Logistics Plan and the General Plans of Public Actions or Partnership, to meet the country's target for Decarbonization.
- 2.2 Brazil's infrastructure gap represents a vast opportunity for new investments, especially in sectors where financial returns are highly associated with significant social and environmental co-benefits. Between 1990 and 2016, Brazil's annual average investment in infrastructure was just over 2% of its Gross Domestic Product (GDP) and has been below 2% since 2016 (IPEA, 2021). To reach the world's average, the country needs to invest around 4.7% of its GDP/year for the next 20 years. The transportation sector requires more investment than any other sector (1.92% of the GDP).

- 2.3 The quality of Brazilian infrastructure and its services are significantly below other BRIC and Latin-American and Caribbean (LAC) countries. Although some advances can be seen throughout the editions of the Global Competitiveness Report, based on overall infrastructure quality, in 2019, Brazil ranked 78th out of the 141 countries surveyed by the World Economic Forum (WEF), with particularly inadequate results on roads and air transportation infrastructure quality.
- 2.4 Infrastructure is a central element for a post pandemic sustainable economic recovery. It has secondary effects on other sectors of the economy and can boost their productivity as they recover from the pandemic crisis. However, the efficiency of infrastructure investment affects its multipliers effects. Sustainable infrastructure can help address such issues and increase Brazil's resilience to future shocks, including those related to climate impacts. Recommendations for a sustainable recovery indicate that efforts should be directed towards the maintenance and upgrade of existing infrastructure assets, followed by the prioritization of new projects, and the re-evaluation of infrastructure developments plans. This TC supports these efforts as it focuses on how transport and logistics projects can be improved to deliver better services, while incorporating sustainability elements that address climate change mitigation and adaptation.
- 2.5 In this context, this TC will provide support to the Ministry of Infrastructure (MINFRA) and build on work being developed with the MINFRA under the Sustainable Transport and Logistics in Brazil (InfraLog) TC (ATN/PI-18669-BR), providing the tools for the delivery of the transportation federal decarbonization plan. This intervention mostly delivers on the 1st, 2nd, 3rd and 4th indicators from the SIP's log frame.

III. Description of Activities and Outputs

- 3.1 **Component I: Regulatory Framework, Transport and Territorial planning and pre-feasibility studies.** This component will finance: (i) diagnosis, benchmarking, and harmonization of regulatory frameworks to facilitate low carbon investments in freight and passenger large capacity modes of transport; (ii) promotion of alternatives in transport regulation at federal level for decarbonization; (iii) improvement of transport logistics infrastructure, and transport and territorial planning and management; and (iv) pre-feasibility studies for new projects of low carbon.
- 3.2 **Component II: Adoption of Technologies / Infratech to support low carbon transition.** This component will finance: (i) adoption of technologies to improve sustainability as well as efficiency of low carbon large capacity modes of transport sustainability and logistic services; and (ii) application of innovations, including Logistics as a Service (LaaS) in support of one low carbon pilot project. This component also will support knowledge and best practices dissemination activities (creation of blogs, videos, and monographs).
- 3.3 **Component III: Update the National Logistics Plan to meet Zero Decarbonization Target.** This component will support the update of the elements of the Integrated Transport Planning. It includes: (i) Preparation of a benchmark study on international best practices related to climate resilience infrastructure (ii) introduction of social-environmental performance indicators into low carbon transport; (iii) introduce thematic bond taxonomies into Ministry of Infrastructure project pipeline; and (iv) deliver the National Logistics Plan (NLP) and General Plans of Public Actions.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Regulatory Framework, Transport and Territorial planning and pre-feasibility studies.	US\$600,000.00	US\$600,000.00
Adoption of Technologies / Infratech to support low carbon transition.	US\$500,000.00	US\$500,000.00
Update the National Logistics Plan to meet Zero Decarbonization Target.	US\$500,000.00	US\$500,000.00
Total	US\$1,600,000.00	US\$1,600,000.00

V. Executing Agency and Execution Structure

- 5.1 The IDB will execute the technical assistance. The administrative and technical supervision of the proposed technical assistance program will be under the responsibility of the Transport Division (INE/TSP). IDB will be executing this TC given the Bank's ample experience providing technical assistance to development financial institutions, financial regulators and policy makers, the various beneficiary institutions for this project, as well as the possibility to generate economies of scale from the hiring processes. The administrative and technical supervision of the proposed technical assistance program will be under the responsibility of the Transport Division (INE/TSP). The activities will be carried out in close coordination with the selected NDBs and the focal points in the Brazil Country Office (CSC/CBR) which will have a key role in the national dialogue. The Bank is considered to have the adequate systems to guarantee the proper execution of the operation and ensure the sustainability of the implementation of the project in line with the "Operational Guidelines for Technical Cooperation Products" (GN-2629-1) and Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4, Annex II, C 2.2). Likewise, the TC team has the necessary experience to ensure compliance with the relevant procurement policies and procedures.
- 5.4 The Bank will be responsible for the selection and hire of the consulting services. All activities to be executed under this TC have been included in the Procurement Plan (see Annex II) and will be contracted in accordance with Bank policies as follows: (i) AM-650 for Individual consultants; (ii) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature; and (iii) GN-2303-20 for logistics and other related services. The funding for this operation will be used to hire consultancy services, as well as to pay for travel costs of consultants and the organization of dissemination and training events (non-consultancy services). All products from this TC will be the intellectual property of the Bank.

VI. Project Risks and Issues

- 6.1 A possible implementation risk of this TC is the lack of appropriate engagement of development financial institutions, providing full access and participation of their personnel into the TC activities as well as of their commitment toward the sustainable recovery especially considering COVID 19 priorities in each participating country. This will be mitigated by securing, prior to the TC begins implementation, of proper buy-in of activities at the management level, so there is a clear mandate within participating NDBs to conduct the proposed activities.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "N/A".