

**REGIONAL HUB FOR SUSTAINABLE ENERGY FOR ALL (SE4ALL) IN LAC**

**RG-T2608**

**CERTIFICATION**

I hereby certify that this operation was approved for financing under the Sustainable Energy and Climate Change Initiative (SECCI-SCI) through a communication dated April 10, 2015 and signed by Felipe Caicedo (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$700,000** in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

Original Signed

07/24/2015

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Sonia M. Rivera  
Chief  
Grants and Cofinancing Management Unit  
ORP/GCM

\_\_\_\_\_  
Date

**APPROVAL**

Approved:

Original Signed

07/27/2015

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Ariel Yepez  
Division Chief  
Energy Division  
INE/ENE

\_\_\_\_\_  
Date

## TC Document

### I. Basic Project Data

▪ <b>Country/Region:</b>	Regional
▪ <b>TC Name:</b>	Regional Hub for Sustainable Energy for All (SE4All) in LAC
▪ <b>TC Number:</b>	RG-T2608
▪ <b>Team Leader/Members:</b>	Team Leader: Arnaldo Vieira de Carvalho (INE/ENE); Team Members: Nancy Jesurun-Clements (INE/ENE); José Ramón Gómez (INE/CCO); Emilio Sawada (INE/CUR); Héctor Baldivieso (INE/CNI); Jesus Tejada (ENE/CEC); Christiaan Gischler (INE/ENE); Chris Sewell (INE/ENE); Michael Hofmann (MIF/MIF); Maya Hennerkes (SCF/SCF); Heleno Gouvea (ORP/PTR); Stephanie Suber (INE/ENE); Betina Hennig (LEG/SGO); and Liza Lutz (LEG/SGO)
▪ <b>Indicate if: Operational Support, Client Support, or Research &amp; Dissemination:</b>	Research and Dissemination
▪ <b>Reference to Request: (IDB docs #)</b>	N/A
▪ <b>Date of TC Abstract:</b>	April 6, 2015
▪ <b>Beneficiary:</b>	Regional – all IDB borrowing member countries
▪ <b>Executing Agency and contact name:</b>	Inter-American Development Bank
▪ <b>Donors providing funding:</b>	SECCI-SCI
▪ <b>IDB Funding Requested:</b>	US\$700,000
▪ <b>Local counterpart funding, if any:</b>	US\$110,000 (In-kind)
▪ <b>Disbursement period:</b>	18 months
▪ <b>Required start date:</b>	August 1, 2015
▪ <b>Types of consultants:</b>	Firms and/or individual consultants
▪ <b>Prepared by Unit:</b>	INE/ENE
▪ <b>Unit of Disbursement Responsibility:</b>	INE/ENE
▪ <b>Included in Country Strategy (y/n);</b>	Y
▪ <b>TC included in CPD (y/n):</b>	N
▪ <b>GCI-9 Sector Priority:</b>	(i) Social policy for equity and productivity; (ii) Infrastructure for competitiveness and social welfare; and (iii) Protect the environment, respond to climate change, promote renewable energy, and ensure food security

### II. Objective and Justification

- 2.1 **Objective.** The general objective is to provide support to Latin American and Caribbean (LAC) countries to achieve the three goals of the United Nations (UN) initiative Sustainable Energy for All (SE4All): universal access to modern energy; greater Energy Efficiency (EE); and increased use of Renewable Energy (RE). The specific objective is to provide technical and financial support for implementation of the Work Plan for the regional hub of SE4All in the Americas.
- 2.2 **Justification.** The UN General Assembly launched the SE4All Global Initiative in September 2011. The [three](#) goals of the initiative for 2030 are: (i) to ensure universal access to modern energy services (access to electricity and clean cooking fuels to the population who want it); (ii) to double the global rate of improvement in EE; and (iii) to double the share of RE in the global energy mix. These goals were engineered to address climate change while simultaneously avoiding the political barriers faced by other climate change focused initiatives. The impact of these goals is analyzed and quantified in the [IIASA Study](#) released in 2013. The UN declared 2014-2024 as the [Decade](#) of SE4All with a unanimous vote of endorsement by all UN member countries, and its members recognized that the initiative must transition from awareness raising to actions and activities. The SE4All initiative has advanced the topic of energy in international development agendas. The UN system is preparing to adopt the new Sustainable Development Goals (SDG), a universal set of goals and targets that UN member states will use in framing their political policies and

development agendas from 2016 to 2030, which will replace the Millennium Development Goals that end in 2015. It is anticipated that the SDGs will include goals in energy development to be aligned with the SE4All goals ([SDG Goal #7](#)).

2.3 Although LAC countries are often advanced in these goals compared to other countries of the world, and have the will to advance the SE4All targets, many lack the analysis, resources and capacity to do it themselves. Most countries have their own plans and goals in the energy sector, but few in line with the ambitious goals of SE4All. Country level policy and planning should reflect the SE4All goals, and this will require technical and financial support for studies that identify and analyze the gap between the current targets of a country compared to the initiative, make recommendations based on these gaps, create action plans that define how to set additional 2030 goals in line with SE4All, as well as to attend to some of the actions that are defined in the action plans. This means each country needs an individual assessment of how to advance the goals based on individual analysis. Coordinating with regional initiatives already in place will be a key part to accomplishing these actions which will require staff time and dedicated communications. Supporting countries will require sharing information and knowledge about the initiative, examples and best practices, allowing south-south knowledge exchange. In order for countries to reach the goals of SE4All, new projects must be proposed, developed, funded, and implemented. Government-led target setting and strong planning will be essential factors in creating an enabling environment that nurture new projects. But without strong projects, no funding or implementation would be forthcoming, and reaching the SE4All goals will be difficult. The public consultation (§2.6) demonstrated a need to help projects of all types - private, public, and public-private – improve their quality and numbers. As the regional hub for SE4All in LAC, the IDB will use this TC as an important instrument to help countries prepare sector development agendas, monitor progress, exchange experiences of LAC countries and identify more bankable projects with private finance, as defined in the Work Plan.

2.4 **Previous Work.** Since 2011, the IDB has evolved as a central focal point for the efforts of the global initiative for LAC. At the 2012 UN Rio+20 Conference, the IDB announced a financing target of US\$5 billion over the period 2012 to 2017 to support the three pillars of SE4All in the LAC region. Since June 2012, the IDB has provided over US\$3 billion of loans and technical assistance to LAC countries, in line with the goals of SE4All, and it is on target to cover the remaining US\$2 billion by June 2017. The IDB has also directly supported the initiative through additional activities under Technical Cooperation (TC) operations, such as RG-T2203 Scaling Up Sustainable Energy for All (SE4All) in LAC (US\$1.1 million); RG-T1881 Sustainable Energy for All (US\$600,000); and RG-X1209 Support for Sustainable Energy for All (SE4All) Country Action Plans in LAC (US\$200,000). These TCs supported initial activities for countries to participate in SE4All, centered on making energy sector information available, helping some countries identify key barriers and opportunities to achieve the objectives of SE4All, and planning additional country level actions that demonstrate how the country is working toward the goals of SE4All. This effort resulted in: (i) Rapid Assessment Gap Analysis ([RAGA](#)) of 18 countries (11 of which were published with government agreement and 3 are in final stages), which report and lay the groundwork for the creation of the National Action Plans, with their respective investment portfolios; (ii) draft National Action Plans for SE4All in two LAC countries (Nicaragua and Ecuador) which define actions at the national level for the government, private sector and civil society to achieve goals, and to contribute to the goals of SE4All by 2030; (iii) [events](#) and presentations that allowed for regional SE4All dialogues with stakeholders; and (iv) a [website](#) to consolidate regional SE4All information. From its beginning, the initiative has facilitated new opportunities for coordination between the IDB and regional actors like UNDP, the World Bank, and IRENA in the implementation of the RAGA and country action

plans, as well as with private sector such as Novozymes. The joint work with Novozymes resulted in a new project being considered by the Structured and Corporate Finance Division of the IDB. A lesson learned is the initiative proves that the earlier stakeholders are included, the more effort and resources become available and applied to common work. Another lesson is in preparation of the RAGAs, which started with individual consultants and ended with firms to facilitate quality control and standardization of the reports.

- 2.5 **Regional Hub for SE4All.** Due to the leadership in the initiative by the Regional Development Banks (African Development Bank, Asian Development Bank, and the IDB), the UN asked them to serve in roles as SE4All regional hubs and facilitate the implementation of the SE4All initiative directly with countries. In this role, these banks are working in their regions to encourage collaboration and coordination of regional initiatives in the energy sector, providing global to local communications about the initiative, and specifically helping to develop the SE4All products: (i) RAGAs; (ii) National Action Plans; (iii) Investment Prospectus (investment plans identifying opportunities); and (iv) other technical assistance as requested by governments.
- 2.6 **Public Consultation and Regional Partners.** In order to identify and determine priorities of the regional hub, the IDB carried out a public consultation effort in LAC on behalf of SE4All over the course of 2013 to 2014. Through the use of local and regional events, in-person voting, follow-up online surveys, and close consultation with groups in the region, this was developed into a [public consultation document](#) published in January 2015. In summary, the IDB identified that priority action areas for the region are: (i) closing knowledge gaps associated with costs, benefits, best practices and country base lines related to the initiative goals; (ii) support project development, especially during the phase of design; and (iii) provide better information on how to make access to energy in rural areas more sustainable.
- 2.7 **Joint Statement and Work Plan.** The IDB developed a partnership with UNDP and ECLAC to support the regional hub. In February 2015 it [announced](#) a Joint Statement of each institution's contribution to SE4All. As part of the deliverables of this [Joint Statement](#), the three institutions agreed to combine efforts and create a Work Plan to define and guide the work of the regional hub for the following two years. The draft Work Plan includes activities identified by the region from public consultation. Among the lessons learned is the need to identify and implement activities that leverage the unique value added of the initiative through partnerships with local, regional, and international stakeholders that might not have previously worked together in LAC.
- 2.8 **Alignment.** This TC is aligned with the Bank's GCI-9 sector priorities: (i) Social policy for equity and productivity; (ii) Infrastructure for competitiveness and social welfare; and (iii) Protect the environment, respond to climate change, promote RE, and ensure food security. Additionally, this TC and the upcoming IDB Energy Sector Framework will be in alignment along the three pillars of SE4All in access, efficiency, and renewables.

### III. Description of Activities and Outputs

- 3.1 In response to the needs expressed by LAC countries in specific areas included in the draft Work Plan, this TC aims to strengthen the preparedness of countries to commit and to achieve the SE4All goals. It will expand activities and partnerships from previous IDB work supporting SE4All. The TC has the following components:
- 3.2 **Component 1 - Support for Implementation of SE4All in Countries:** To help the UN in its effort to get multiple countries to set their energy and development targets in line with the goals of SE4All, the activities to be financed by this TC in support of the government efforts,

in at least two countries<sup>1</sup>, include: (i) support to prepare SE4All targeting setting. It includes studies or planning exercises such as RAGAs, National Action Plans, and/or Investment Prospectus that help countries visualize scenarios for low/medium/high progress, set priority actions, and recommendations for areas such as tariff structuring, regulation, legislation development, and other specific technical items to advance toward one or more of the goals of the initiative; (ii) technical assistance or advisory services supporting priority actions such as policy, financial, technical assistance, capacity development, and/or planning needs on specific topics or issues in response to the specific requests from countries, that will help advance toward one or more of the goals of the initiative in these countries; and (iii) knowledge sharing and communications, working with an already existing platform, the hub will design, publish and support the maintenance of a directory, mapping regional and national energy programs and focal points related to SE4All; providing country focal points with an interactive online web portal as a regional knowledge sharing platform that addresses all three pillars of the initiative specifically for the LAC region, connecting this to the [SE4All Americas](#) website to be maintained by the IDB. This tool will provide a space to openly and easily share additional energy knowledge products and experience related to the three topics of SE4All, improve effectiveness of development institutions' activities, resources, and time by coordinating work of SE4All partners in each country; and maintenance of SE4All Americas Website. This includes the production of communications about the initiative.

- 3.3 Component 2 - Energy Knowledge Products and Dissemination:** To address the identified knowledge gaps (¶2.6), the following products will be financed: (i) development of a toolkit for Universal Access Planning. The toolkit will give clients supporting documents and methodologies for making plans for achieving access to modern energy by their entire population. The package will include: a guide for the elaboration of plans; minimum standards for electricity service; Spanish translation of HOMER (software for design of solutions for rural electrification); a software tool for financial and economic evaluation of projects; a guide for the establishment of business models for isolated systems; and technical specifications for components of isolated system generations; research and proposal of new methodologies for improving evaluation models for investment decisions that systematically quantify externalities of access to modern energy projects. This will be produced as a major publication and the results will be included in the toolkit; (ii) regional monitoring of SE4All goals in countries, allowing LAC countries and stakeholders to compare the situation of each country in reaching the SE4All goals. It will provide an overview of the region and the gap remaining to reach SE4All goals; (iii) [EE Booklets Series](#). Will continue the knowledge series of best practices in EE measures to public and private sector actors; and (iv) dissemination of knowledge products. Results of the above work will be disseminated in a regional event to be organized by the IDB, local events where the IDB is invited, and through webinars and online media. This activity will help teach potential participant country how to develop universal access plans and the way the IDB planning toolkit can help. This activity will support two countries in determining how best to make a Universal Access Plan by analyzing their existing institutional and regulatory framework, providing the analytical tools and an implementation plan.
- 3.4 Component 3 – Sustainable Energy Project Preparation Facility.** The component will finance: (i) support in promoting sustainable energy (renewables, efficiency and/or access)

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<sup>1</sup> Countries will be selected based on: (i) regional programs or initiatives already in place that can be leveraged in that country; (ii) Demand from the country as expressed in an official letter of interest to participate; and (iii) IDB Country Strategy. No single country will be allocated more than 25% of the total resources available in this component.

projects for financing to, at least, three countries, through the establishment of information collection and organization of a dataset of profiles of potential sustainable energy (SE) projects in their territories to help promote and attract financing; (ii) establish an Energy Project Preparation Facility aimed at improving the financial structuring and presentation of some projects as they seek to acquire financing. The activity includes establishment of eligibility criteria to identify multiple projects that have reached a stage of technical viability but still require additional steps to reach financial viability. These projects will then receive advisory services to make the project more bankable, and a successful pilot will lead to justification to apply for further funding from the IDB as well as coordinate with complimentary preparatory facilities such as from OPIC (United States Overseas Private Investment Corporation) and the EIB (European Investment Bank); (iii) design an online tool that will function as a virtual marketplace of SE projects seeking finance that can then be evaluated by end users to determine bankability for financing opportunities in the region or internationally; and (iv) a SE project preparation guide providing clear guidelines and information on best practices for developing viable SE projects.

**Table III- 1 Indicative Output Matrix**

Activity	Products
<b>Component 1 - Support for Implementation of SE4All in Countries</b>	
1.1 Support to prepare SE4All target setting	<ul style="list-style-type: none"> <li>• RAGAs</li> <li>• National Action Plans Reports for at least 3 countries</li> </ul>
1.2 TA supporting country priority actions	<ul style="list-style-type: none"> <li>• TA in response to demand for priorities in at least 1 countries, as identified in 1.1</li> </ul>
1.3 Knowledge Sharing and Communications	<ul style="list-style-type: none"> <li>• Maintenance of SE4All Americas Website</li> <li>• At least 3 newsletters</li> </ul>
<b>Component 2 - Energy Knowledge Products and Dissemination</b>	
2.1 Development of a Toolkit for Universal Access Planning	<ul style="list-style-type: none"> <li>• 1 package of guiding documents and tools</li> <li>• 1 publication on improving methodologies for quantification of social and economic benefits of access to modern energy</li> </ul>
2.2 Regional Monitoring of SE4All goals in Countries	<ul style="list-style-type: none"> <li>• 1 report of all 26 countries</li> </ul>
2.3 EE Booklets Series	<ul style="list-style-type: none"> <li>• 3 documents for EE</li> </ul>
2.4 Dissemination of knowledge products	<ul style="list-style-type: none"> <li>• 3 Webinars about IDB toolkit and project facility</li> <li>• 1 Initial diagnostic for Universal Access Plan</li> <li>• 2 workshops on use of toolkit</li> </ul>
<b>Component 3 - Energy Project Preparation Facility</b>	
3.1 Support countries in promoting SE projects for financing	<ul style="list-style-type: none"> <li>• Identify 2 pilot countries</li> <li>• Establish information collection methodologies</li> <li>• Produce database of SE project profiles for each</li> </ul>
3.2 Energy Project Preparation Facility	<ul style="list-style-type: none"> <li>• Establish eligibility criteria for project selection</li> <li>• Contract financial advisory services for each</li> </ul>
3.3 Design of online tool for virtual marketplace	<ul style="list-style-type: none"> <li>• 1 online tool to see all projects in each territory</li> </ul>
3.4 SE project preparation guide	<ul style="list-style-type: none"> <li>• 1 guide in Spanish on best practices for SE project development</li> </ul>

**3.5 Expected results.** The main expected outcomes of the TC are: (i) countries will have a clear understanding of the gap between SE4All goals and their current situation, through the

tools for target setting and planning to reach SE4All 2030, as well as some of the tools to begin implementing priority activities; (ii) improvement in the impact of sustainable energy focused interventions by multilateral and regional institutions by reducing duplication of efforts and combining projects and programs; and (iii) increase in the number and quality of projects that support energy access, EE and RE that are better able to find private finance.

- 3.6 **Budget.** The total cost of the operation will be US\$810,000, of which US\$700,000 will be IDB funding and US\$110,000 will be local counterpart. The TC has a detailed budget [Execution Plan](#) summarized in Table III-2 as part of meeting this disbursement modality required by GCM detailed in the [Eligibility Minutes](#).

**Table III-2 Indicative Budget (US\$)<sup>2</sup>**

Component/ Activity	IDB	Counterpart *	Total
<b>Component 1 - Support for Implementation of SE4All in Countries</b>	<b>145,000</b>	<b>50,000</b>	<b>205,000</b>
1.1 Support to prepare SE4All target setting	66,000	50,000	116,000
1.2 TA supporting country priority actions	31,000		31,000
1.3 Knowledge Sharing and Communications	48,000		58,000
<b>Component 2 - Energy Knowledge Products and Dissemination</b>	<b>247,000</b>	<b>60,000</b>	<b>317,000</b>
2.1 Development of a Toolkit for Universal Access Planning	188,000	40,000	238,000
2.2 Regional Monitoring of SE4All goals in Countries	27,000	20,000	47,000
2.3 EE Booklets Series	5,000		5,000
2.4 Dissemination of knowledge products	27,000		27,000
<b>Component 3 - Energy Project Preparation Facility</b>	<b>273,000</b>		<b>288,000</b>
3.1 Support countries in promoting RE projects for financing	97,000		97,000
3.2 Energy Project Preparation Facility	150,000		165,000
3.3 Design of online tool for virtual marketplace	18,000		18,000
3.4 RE project preparation guide	8,000		8,000
<b>Contingencies</b>	<b>35,000</b>		<b>35,000</b>
<b>Total</b>	<b>700,000</b>	<b>110,000</b>	<b>810,000</b>

\* Participating countries and partners (UNDP and ECLAC) are expected to commit in-kind resources for an estimated US\$110,000.

#### IV. Executing Agency and Execution Structure

- 4.1 Given the regional nature of this TC, the IDB will directly execute this TC through INE/ENE in order to provide a centralized coordination of the studies and activities, while ensuring the quality of the products that the countries require. INE/ENE will coordinate internally with the different units within the IDB, as required to support SE4All, particularly under Components 1 and 3. These may include the Multilateral Investment Fund (MIF), Inter-American Investment Corporation (IIC), External Relations (EXR), the Structured and Corporate Finance Department (SCF), and the Office of Outreach and Partnership (ORP), which have already been involved in this support in previous operations. The first activity of this TC will be to set the eligibility criteria for granting funding related to the sub-components 1.2 and 3.2.

<sup>2</sup> The total amount of Bank's resources available for purposes of this TC will be US\$700,000.00 to be financed through the Sustainable Energy and Climate Change IDB Special Program (SECCI). The Bank's financing may be increased up to an additional amount of US\$800,000.00 provided that, such amount is needed for purposes of complementing the activities identified in this operation, resources are available and the criteria provided by ORP/GCM in the [SECCI Eligibility and Strategic Committee Minutes](#) for this operation have been fulfilled. The process and approval of such increase will follow Bank's applicable policies and procedures, including the use of the [Incremental Funding Appendix](#).

- 4.2 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with current Bank procurement policies and procedures.

## V. Project Risks and Issues

- 5.1 The major risk for this project is that the initiative loses momentum if countries do not see and gain value from the activities related to the initiative. However, the adoption of RE and EE are among the top priorities of the central governments and have been sufficiently addressed and their importance underscored in the energy policy of most countries. Adoption of the SDGs by the UN members, expected in September 2015, will trigger additional commitments from countries to the initiative. This TC helps to mitigate this risk by promoting work of all SE4All stakeholders in the region and providing resources for activities that help countries gain value from the involvement of an international network of energy experts. Other risks: (i) insufficient bankable projects are identified to draw interest from financial institutions which this TC mitigates by providing funding that improves bankability of projects; and (ii) private sector not active in provision of small-scale energy services and products which this TC mitigates by heavily involving governments in these projects in the case that private sector is unable or unwilling to participate.

## VI. Environmental and Social Classification

- 6.1 No social or environmental impacts are expected from the project. Based on the IDB's Environmental and Safeguards Compliance Policy (OP-703), the project was classified with Category C. See [Safeguard Policy Filter Report \(SPF\)](#) and [Safeguard Screening Form \(SSF\)](#).

### Required Annexes

- Annex I: [Terms of Reference](#)
- Annex II: [Procurement Plan](#)