

TC Document
Support for Sustainable Energy for All (SE4ALL)
Country Action Plans in Latin America and the Caribbean (LAC)
RG-X1209

I. Basic Information for TC

- Country/Region: Regional
- TC Name: Support for Sustainable Energy for All (SE4ALL) Country Action Plans in Latin America and the Caribbean LAC)
- TC Number: RG-X1209
- Team Leader/Members: Arnaldo Vieira de Carvalho, Team Leader; Chris Sewell (INE/ENE); Liliana Lopez (INE/ENE); Michael Hofmann (MIF/ABG); Jorge Gallon (SCF/CFI); Daniel Hincapié (ORP/PTR) and Javier Bedoya (LEG/SGO).
- Date of TC Abstract authorization: February 27th, 2014
- Beneficiary: Regional - All borrowing member countries
- Executing Agency and contact: IDB: INE/ENE (Arnaldo Vieira de Carvalho)
- Donors providing funding: Novozymes
- Funding Requested: US\$200,000¹
- Local counterpart funding², if any: US\$50,000
- Execution and Disbursement period: 36 months
- Required start date: May 9, 2014
- Types of consultants: Firms and/or individual consultants
- Prepared by Unit: INE/ENE
- Disbursement Responsibility: INE/ENE
- Included in Country Strategy (y/n): N
- TC included in CPD (y/n): N
- GCI-9 Sector Priority: It will contribute to 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 renewable energy, and ensure food security.

II. Objectives and Justification

- 2.1 The objective of this TC is to promote the SE4ALL initiative in the LAC region and mobilize the activities and resources necessary to support country level action plans that advance each country

¹ *These resources will be administered by the Bank through a contribution from Novozymes for a project specific grant (PSG) to finance this operation. This PSG will be administered by the Bank in accordance with document SC-114. In that sense, pursuant to document SC-114, the commitment of resources from Novozymes will be established through the signature of an administration agreement between Novozymes and the Bank. The administration agreement for the PSG to finance this operation will be signed by Novozymes and the Bank once the Bank's Administration has approved this operation. Consequently, the availability of the resources earmarked for this operation will be subject to the Bank's Administration approval of the operation and signature of the aforementioned administration agreement. .*

² Note: as a regional TC, in-kind resources come from participating countries (19) and partners (multiple).

towards the three target objectives of SE4ALL, specifically in relation to the development and deployment of sustainable bioenergy. The three interlinked objectives of the SE4ALL initiative to be achieved by 2030 are: (i) to ensure universal access to sustainable energy services, (ii) to double the share of renewable energy (RE) in the global energy mix, and (iii) to double the global rate of improvement in energy efficiency (EE). In many ways the LAC region is close to reaching these goals compared to other regions of the world. Globally, there are 1.3 billion people without access to electricity and 2.7 billion without access to clean fuels for cooking. In the LAC region there are only approximately 30 million without electricity and 65 million without modern cooking fuel. Where the global rate of renewables in the energy mix is less than 15%, in the LAC region this rate is already over 30%. Energy efficiency remains an area with great opportunity for improvement as the LAC region is behind the world average. SE4ALL accomplishes this through partnerships such as with the IDB and the Post 2015 Development Agenda, and through implementation mechanisms such as High-Impact Opportunities (HIO, i.e. action categories) and High-Impact Initiatives (HIIs, i.e. targeted, on-the-ground programs or projects), aiming to directly advance the goals of the initiative. Currently, the goals are set in a global context and there is a need to determine, and to therefore plan for, how to achieve these at a country level. The action plans that prioritize and implement energy sector work specific for each country as mentioned in this TC are essential to promoting the initiative and reaching its ambitious objectives at a country level.

- 2.2 The UN General Assembly launched the Global Initiative SE4All in September 2011, declaring 2012 as the Global Year of SE4All, and a year later 2014-2024 the Decade of Sustainable Energy for All. Since its launch, over 90 countries now officially participate in the initiative, of which 21 are from LAC and 20 of the LAC countries are IDB member countries therefore, forming a majority block of the IDB borrowing members (Argentina, Barbados, Belize, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Grenada³, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Peru, Suriname, Trinidad & Tobago, and Uruguay). All provided letters of participation or have directly supported the initiative such as Brazil and Mexico by providing resources and political support during Rio+20, in UN meetings, in LAC SE4ALL meetings. Brazil and Mexico have also joined the Advisory Board of SE4ALL.
- 2.3 The IDB has a strong history of work in all three pillars of the initiative, and in January 2011, the Bank began supporting its own initiative Sustainable Energy for All under the TC RG-K1220 and later in the Fall of 2011 with another TC with the same name (RG-T1881), which is fully committed and replaced by a new TC in July of 2013 (RG-T2203). The IDB initiative of Sustainable Energy has become a direct line of support in resources and financing to the global initiative SE4ALL through staff time and TC funding by coordinating with and supporting activities alongside agencies of the UN. This originally began as an effort to support common work for common goals, and since then, the IDB has evolved into a role as a central focal point for the efforts of the global initiative in LAC. This is a direct result of a commitment by the IDB, through President Moreno at Rio+20, to provide US\$5 Billion over 5 years (2012-2017) to the three pillars of the initiative. The most relevant activities of the IDB as the regional hub has been in a position of coordinating and financing the first regional meeting of SE4ALL in LAC in November 2013 as well as in financing the Rapid Assessment Gap Analysis studies of 14 countries as requested by the UN. In this vein the Energy Division engaged 17 countries (Argentina, Belize, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, Grenada¹, Guatemala, Guyana, Haiti, Jamaica, Nicaragua, Peru, Suriname, Trinidad & Tobago, and Uruguay) in activities for SE4ALL, the result of which has been a baseline study of countries'

³ non IDB member

energy sector in the context of SE4ALL called a Rapid Assessment Gap Analysis (RAGA). Additionally, in April 2013, President Moreno accepted an appointment to the SE4ALL Advisory board along with approximately 40 world leaders. As this effort has increased exponentially in size over the past year, so too has the importance of energy in international development conversations. The most notable challenges has been in showing what additional value the initiative has in work “on the ground” in countries.

- 2.4 In addition, on the occasion of the IDB non-regional annual meeting hosted in Copenhagen in January 2014, IDB and Novozymes signed a three year memorandum of understanding to create a coalition of stakeholders with a focus towards developing sustainable advanced bioenergy solutions in Latin America. The partnership will moreover promote joint identification of specific countries and opportunities that lead to the development of bioenergy projects and solutions in areas such as clean cooking, waste to energy and advance biofuels for transportation. Additionally, the partnership will explore financing solutions for project developers in LAC. All this in the context of an HIO under SE4ALL focusing on sustainable biofuels, launched in 2013 under Novozymes initiative launched in 2013 where IDB is the major partner for LAC activities. Novozymes approached the IDB due to the IDB’s role as a regional hub of the global initiative.
- 2.5 This TC will contribute to 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 renewable energy, and ensure food security.

III. Description of activities components and budget

- 3.1 The SE4ALL Initiative has an objective to identify the resources and actions necessary to accomplish the three ambitious goals at both the country and regional level. Essential to this will be country and regional energy sector planning that focuses on how to accomplish the three goals in each country’s particular situation and how to organize regionally. Using the results from previous energy sector studies, planning events, and HIO activities, this TC will support countries in the activities, consultancies, travel, and event planning necessary to create and implement SE4ALL Action Plans in their various stages such as design, drafting, consensus building exercises, and even approval. The ultimate goal of the TC should be the deployment of projects on the ground within the LAC region.
- 3.2 **Component 1 - Expansion of SE4ALL in LAC** through Strategic Action Plans that will be designed and deployed using detailed local knowledge of politics, stakeholders, financing, and technical expertise of the subject. Consultants and/or firms with a strong local network and experience of relevant countries will be engaged to pull together the right mix of information to make action plans with local buy-in, that are aggressive enough to address the ambitious goals of SE4ALL, and practical enough to build on existing work and mechanisms that allow the stakeholders to move forward with an implementable plan. This may include driving ideas through an incubation process, strengthening initial concepts into realizable projects that can then be funded via public-private partnerships and other financing mechanisms. The main elements of the action plans will be (i) the identification of planning gaps to advance biofuels in that country, and (ii) Suggested route forward for the planning and implementing of activities through an evaluation and prioritization of proposed activities. Governments will be an essential part of the action plan proposal process. They will be involved from the beginning through a focal point at the Ministry of Energy (or equivalent government body).

3.3 **Component 2 = Energy Dialogues** will provide consensus building and approval essential for the political commitment needed to accomplish the 3 goals of SE4ALL. To raise the level of energy in national dialogue, a clearer understanding of the current situation that builds on models like Climatescope will be provided through studies and country level events with local energy experts and energy sector participants. Stakeholders such as private sector, policy makers, political decision makers, and civil society will all be important in the consensus building. Putting an action plan on paper is an important step, but consensus and approval are essential to the sustainability of the SE4ALL Action Plans in order to increase the likelihood of their implementation and success. This can be done through a collaborative drafting process culminating in energy dialogues or workshops. These events take time from decision makers and many resources in order to be successful.

3.4 **Component 3 = Operational Support** through the development of investment plans that identify opportunities in operations and activities to be supported by the IDB and/or other SE4ALL partners in order to reach the 2030 goals of the initiative. Investment plans will identify and design specific project opportunities in order to move them from concept to pipeline.

Activity	Output	Results
Country specific Action Plans	Up to 8 draft SE4ALL Action Plans	Building on existing efforts already undertaken where relevant and appropriate, country SE4ALL Action Plans, through a collaborative process involving public participation, will provide a suggested route forward for countries to reach the three goals of SE4ALL. It will suggest policy frameworks, priority action items, investment areas, and other advice for SE4ALL in that country, and that could form the basis for sharing learnings with other countries in the LAC region. Potential focus countries are: Mexico, Nicaragua, Ecuador, Bolivia, Peru, Chile, Panama, Brazil, Guatemala, and Honduras.*
Country specific plans identifying Investment Opportunities	Up to 8 investment plans	An essential outcome of this TC will be the identification of new projects and potential pilot projects throughout the region. Investment Plans will identify opportunities in operations and activities to be supported by the IDB and/or other SE4ALL partners in order to reach the 2030 goals of the initiative.
Country specific Energy Dialogue	Up to 8 Energy Dialogues (1/ Selected LAC SE4ALL country)	Collaboratively build consensus on action plans by identifying goals and priority actions (country specific) based on Rapid Assessment Gap Analysis and follow up in-country dialogue. Directly engage energy sector decision makers for SE4ALL initiative.
Regional Action Plan	1 Regional Action Plan for Development in LAC	Regional Planning will help coordinate the resources and efforts of multilateral development institutions and SE4ALL partners in the region to make the most efficient use of funds for regional activities such as clean cooking, waste to energy, aviation, advanced biofuels, etc.
Regional Energy Dialogues	2 regional SE4ALL events (1/yr)	Annual Regional SE4ALL Conferences will create yearly cycle of achieving, monitoring, and reporting results of initiative on a public and regional stage. Also will disseminate knowledge products from the initiative.
Monitoring	2 Annual evaluations (1/yr)	One report prepared in a format agreed by IDB and Novozymes will review performance and prepare for donor reports at end of year, focusing on the deployment and use of funds.

* The 8 countries were selected based off of participation by those countries in previous SE4ALL work as well as government counterpart commitment to carrying out SE4ALL activities. This TC could potentially sponsor work in other countries where client governments request this form of technical assistance.

- 3.5 To accomplish the specific components, the total amount of the TC contribution will be US\$200,000.

Indicative Budget (US Dollars)

Component/ Activity	Description	IDB Funding*	Counterpart Funding**	Total Funding
Component 1 - Country specific Action Plans	Up to 8 Draft SE4ALL Action Plans	\$30,000	\$10,000	\$40,000
Component 3 - Country specific plans identifying Investment Opportunities	Up to 8 investment plans	\$60,000	\$10,000	\$70,000
Component 2 - Country specific Energy Dialogue	Up to 8 Energy Dialogues (1/ Selected LAC SE4ALL country)	\$60,000	\$20,000	\$80,000
Component 1 - Regional Action Plan	1 Regional Action Plan for Development in LAC	\$20,000	\$5,000	\$25,000
Component 2 - Regional Energy Dialogues	2 regional SE4ALL events (1/yr)	\$20,000	\$5,000	\$25,000
Administration Fee	5% of Total Contribution	\$10,000		\$10,000
Total		\$200,000	\$ 50,000	\$250,000

Notes: * includes supervision and coordination activities and staff travel costs for dissemination of results of the program; ** as a regional TC, in-kind resources come from participating countries (19) and partners (multiple) and will be a form of contribution such as resources, staff time, logistical support, information gathering, etc.

- 3.6 Novozymes expects to commit US\$200,000 to this project. Resources of this project to be received from Novozymes will be provided to the Bank through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the "Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)" (Document SC-114). As contemplated in these procedures, the commitment from Novozymes will be established through a separate administrative arrangement. Under such arrangement, the resources for this project will be administered by the Bank and the Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this project. The 5% administrative fee will be charged after the contribution has been received.

IV. Executing agency and execution structure

- 4.1 As noted above, the IDB has taken an essential leadership role for the initiative in the LAC region through actions such as President Moreno accepting a seat on the Advisory Board and the institution coordinating work by acting as a Regional Hub. The TC will be supervised by the team leader in IDB Headquarters, and supported by ENE Specialists in the COFs in countries that are active participants in SE4ALL. This TC is a continuation of TC RG-T2203, therefore, we consider that there is no need to require a new letter of no-objection from the countries in which a letter of no-objection was issued for RG-T2203. However, for those activities to be carried out in beneficiary countries that are not a continuation of RG-T2203, in coordination with IDB Representation, an official communication from the national liaison agency of the corresponding country will be required. The project team will be responsible for the preparation and submission to the donor of the project reporting in compliance with the stipulation of the Administration Agreement. The disbursement and execution period is 36 months from the time of approval of the project, including time to get approval from governments for the corresponding Action Plans. Given the regional characteristic of this TC, it is appropriate that the IDB directly executes this TC in order to provide a centralized coordination of the studies and activities. Several divisions have already come together to support the first TC for SE4ALL, including the Division of Knowledge Management (KNL), the Multilateral Investment Fund (MIF), the Office of Outreach

and Partnership (ORP) and the Energy Division (INE/ENE). For the selection and contracting of i) individual consultants and ii) consulting firms and services, the norms of i) IDB Human Resources Department (AM 650) and ii) Corporate Procurement Policies (GN-2303-20) will apply, respectively. If at the end of project execution the project was closed with a positive uncommitted and unspent balance, the project team will be responsible for informing ORP/GCM to transfer the unspent balance as agreed by the donor and the Bank pursuant to the terms of the PSG Administration Agreement.⁴

V. Major issues

- 5.1 The major risk for this project is that the SE4ALL initiative loses momentum if countries do not see and gain value from the activities related to the initiative, displayed and realized in tangible results, including the deployment of projects on the ground. The adoption of RE is a top priority of the central governments and has been sufficiently addressed and their importance underscored in the countries' energy policy. This TC helps to mitigate this risk by promoting work of all SE4ALL stakeholders in the region and providing promotional avenues for their own work and successes.
- 5.2 Other risks could be:
- (i) The regional partnership cannot address the barriers to scaling up access to and the deployment of sustainable bioenergy. This TC helps mitigate the risks through the proposed technical studies as their purpose is to identify these barriers and provide expert solutions to the challenges.
 - (ii) The partnership will not generate sufficient interest and will not be sustainable. This TC helps mitigate the risks by supporting local and regional events, as well as tools to improve the marketing and communications around SE4ALL in the region, as well as providing a real and active timeframe.
 - (iii) Financial institutions are not active in access to energy and do not want to extend their services in project areas. This TC plans to mitigate this risk by working with multiple divisions of the IDB including SCF and MIF which work directly with regional and local financial institutions to help educate about perceived and real financial risks to sustainable bioenergy projects.
 - (iv) The private sector is not active in the provision of small-scale energy services and products. This TC plans to mitigate this risk through identification of profitable projects as case studies and help disseminate knowledge on these cases.
 - (v) A duplication of efforts due to little coordination between international institutions working in the region or in specific countries. This TC helps to mitigate this risk by directly supporting planning that reinforces the government counterpart's ability to coordinate the various international institutions working within its country. At a regional level, the IDB is using its role as a regional hub to map out the energy sector work of international institutions such as OLADE, UNIDO, UNDP, World Bank, IFC, and other.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy are expected.

VII. Environmental and Social Strategy

- 7.1 The project has received a category C classification. No environmental assessment studies or consultations are required for Category "C" operations.

⁴ All PSG Administration Agreements include provisions for the use of any unspent balances.

VIII. Required Annexes

Annex I: Letter of Request from the United Nations - IDBDOCS#37876388

Annex II: Terms of Reference - IDBDOCS#38689890

Annex III: Procurement Plan - IDBDOCS#38765217