

## Technical Cooperation Abstract

### I. Basic Project Data

▪ Country/Region:	URUGUAY/CSC - Southern Cone
▪ TC Name:	Support the development of an IDB CLIMA pilot project in Uruguay
▪ TC Number:	UR-T1310
▪ Team Leader/Members:	BRUSA, FEDERICO (CSD/CCS) Team Leader; CORREA POSEIRO, CECILIA (INE/ENE) Alternate Team Leader; AIELLO, ROBERTO GABRIEL (INE/ENE) Alternate Team Leader; SOFIA POLCARO (CSD/CCS); RODRIGUEZ CABRERA, LUIS GASTON (CSC/CUR); GOMEZ, JUAN CARLOS (CSD/CCS); MILICICH NIETO-POLO, ALLIZON PATRICIA (VPC/FMP); BENDIX, WILLY (VPC/FMP); MERINO JUAREZ, MARIA FERNANDA (SPD/SMO); BUESO-MERRIAM, JACQUELINE (SPD/SDV); FILC, GABRIEL (SPD/SDV); CHAVES GRANIERO JUAN MARTIN (CSD/CCS); CEVA ALVAREZ MARIANA DANIELA (CSD/CCS); GOMEZ DE LA TORRE MAR (CSD/CCS); CELESTE MARZO, CRISTINA (LEG/SGO); SAWADA EMILIO (INE/ENE); MARTHA CARVALHO (INE/ENE); RIJTER GABRIELA (INE/ENE); SNYDER, VIRGINIA MARIA (INE/ENE)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Support for the consolidation of the country's low-carbon energy transition - UR-L1177
▪ Date of TC Abstract:	22 Feb 2024
▪ Beneficiary:	Uruguay
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$400,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	CSD/CCS - Climate Change
▪ Unit of Disbursement Responsibility:	CSC/CUR - Country Office Uruguay
▪ TC included in Country Strategy:	No
▪ TC included in CPD:	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Environmental sustainability

### II. Objective and Justification

- 2.1 This Technical Cooperation (TC) aims to support Uruguay in the design of its first project (UR-L1177) under the IDB CLIMA Pilot Program. The IDB CLIMA Pilot Program aims to incentivize sector-driven investments that will help accelerate the access of sovereign borrowers to thematic green capital markets. To attain this goal, IDB CLIMA offers a grant to borrowers that successfully reach results through sectoral investments measured through Key Performance Indicators that: i) reduce development gaps while delivering impact in terms of biodiversity and climate; ii) strengthen the sector's capabilities to develop sectoral project pipelines that include climate and/or biodiversity considerations; and iii) strengthen sector-driven biodiversity and climate monitoring, reporting and verification systems to meet international climate, biodiversity and thematic green debt standards.
- 2.2 To define actions associated with investments ii) and iii), borrowers must first assess their existing capabilities in terms of the Green Transition Journey Framework (GTJF). The GTJF follows a three-stage sequential approach that allows borrowers to benefit

from IDB technical and financial support as they evolve from an incipient stage –in which they have limited capabilities to access thematic green debt markets– to a stage in which they are able to systematize green and thematic debt issuances. Therefore, to reach its objective, the TC will: (i) assess the capabilities of the borrowing entity and the country as a whole, to place it in its appropriate GTJF stage; (ii) support the strengthening of said capabilities so that the borrower can progress in the GTJF ; and (iii) conduct applied research activities to contribute to the strengthening of Uruguay’s first pilot project and at the same time feed the development of the GTJF, so that it can better serve future borrowers of the Pilot Program.

- 2.3 This TC is designed to support operation UR-L1177, “Support for the consolidation of the country’s low carbon energy transition”. This operation will undergo a process of reformulation in order to become an eligible IDB CLIMA pilot project. Thus, the objective of the operation will be adapted to include support to the country in consolidating an inclusive and low-carbon energy transition and facilitating access to green debt capital markets. The borrower is the National Administration of Electrical Power Plants and Transmission (UTE, for its acronym in Spanish), a public company that aims to provide energy services within a framework of economic, social and environmental sustainability, making access possible for all households and activities in Uruguay, in a safe and reliable manner, with a satisfactory level of quality and at the lowest possible cost.

### III. Description of Activities and Outputs

- 3.1 **Component 1. Assessment of Uruguay’s and UTE’s capabilities.** Activities under this component will contribute to gather evidence and conduct an analysis that will provide an accurate picture of Uruguay’s and UTE’s capabilities in terms of the GTJF stages.
- 3.2 **Component 2. Strengthening sectoral and/or national capabilities.** Activities under this component will help bolster sectoral and/or national capabilities to develop and implement the IDB CLIMA pilot project, and in this way progress along the GTJF stages.
- 3.3 **Component 3. Applied research to continuously enhance Uruguay’s pilot project and simultaneously strengthen the GTJF.** Activities under this component will gather evidence from lessons learned through Uruguay’s experience in order to strengthen the pilot project and the GTJF through learning by doing.

### IV. Budget

Indicative Budget (US\$)

Activity/Component	IDB Funding	Total
Component 1. Assessment of Uruguay’s and UTE’s capabilities	100,000	100,000
Component 2. Strengthening of sectoral and/or national capabilities	200,000	200,000
Component 3. Applied research to continuously enhance Uruguay’s pilot project and simultaneously strengthen the GTJF	100,000	100,000
<b>Total</b>	<b>400,000</b>	<b>400,000</b>

### V. Executing Agency and Execution Structure

- 5.1 Given the Bank’s proven track record in developing operational and institutional capacity-building activities, the Bank will execute this TC and carry out all contract-related activities. 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). Additionally, CCS will coordinate with other IDB

Group Departments and liaise with other key initiatives and stakeholders involved in the design, implementation, and financing of IDB-CLIMA pilot projects. Supervision will be carried out by the CSD/CCS Team Leader.

- 5.2 The Climate Change Division of the Inter-American Development Bank (CSD/CCS) has substantial experience with the development of Research and Dissemination activities tied to climate change and integration of results within the IDBG project origination and execution activities.
- 5.3 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 will be hired in accordance with the “IDB Institutional Procurement Policy” (GN-2303-28).

## **VI. Project Risks and Issues**

- 6.1 The complexity of IDB CLIMA Pilot Program’s objectives might hinder the accurate assessment of capabilities and the corresponding strengthening in the designated timeframe and budget. In addition, the strengthening of sectoral and national capabilities might face resistance from public administration officials, slowing down progress along the stages of the GTJF. CSD/CCS experience in different national contexts, as well as IDB Group experience will prove instrumental in mitigating these risks. The knowledge products developed through this TC will also help address GTJF knowledge gaps in a timely approach that contributes to the successful completion of the pilot project.

## **VII. Environmental and Social Aspects**

- 7.1 This TC does not have applicable requirements of the Bank’s Environmental and Social Policy Framework (ESPF).