

TC ABSTRACT

I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	Financing Implementation of Intended Nationally Determined Contributions
▪ TC Number:	RG-T2713
▪ Team Leader/Members:	Amal Lee Amin, Team Leader; Hilen Meirovich Co-Team Leader, Team members: Jennifer Doherty-Bigara, Thiago Mendes, Alfred Grunwaldt, Catalina Aguiar Parera (INE/CCS)
▪ Taxonomy:	Research and Dissemination
▪ Reference to Request: (IDB docs #)	
▪ Date of TC Abstract:	10/14/2015
▪ Beneficiary:	Regional
▪ Executing Agency and contact name (Organization or entity responsible for the execution)	Inter-American Development Bank, Climate Change and Sustainability Division (INE/CCS)
▪ IDB Funding Requested:	US\$1,500,000
▪ Local counterpart funding, if any:	US\$400,000
▪ Disbursement period:	26 months (execution period: 22 months)
▪ Required start date:	January 15 th 2016
▪ Types of consultants:	Firm and/or individual consultants
▪ Prepared by Unit:	Climate Change and Sustainability Division (INE/CCS)
▪ Unit of Disbursement Responsibility:	INE/INE
▪ Included in Country Strategy:	No
▪ Included in CPD:	No
▪ GCI-9 Sector Priority:	Protect the environment, respond to climate change and promote renewable energy and ensure food security

II. Objective and Justification

- 2.1 Ahead of the Paris 21st Conference of Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC), Latin American and Caribbean (LAC) countries have submitted their Intended Nationally Determined Contributions (INDCs). These INDCs signal their commitment towards the target of a 2°C increase in the global average temperature. As of October 14th 2015, 150 countries and the European Union have submitted their INDCs. 20 of them come from LAC countries. These vary in their approach including conditionality of commitments, the split between mitigation and adaptation actions, sectoral focus and the use of carbon finance mechanisms.
- 2.2 Between 2016 and 2020 it is essential to step up assistance to countries for implementation of their INDCs, in particular to identify potential investment opportunities; financing needs and options for mobilizing private sector finance and capacity.
- 2.3 The objective of this technical cooperation (TC) is to provide support to LAC INDCs from design to implementation. The operation's activities will focus on: (i) the assessment of financing needs; (ii) the comprehension of LAC's INDCs' intricacies; and (iii) the enablement of conditions for the active engagement of governments, the private sector and other stakeholders to envision the implementation of such INDCs as the articulation of countries climate related commitments and their financing needs.

- 2.4 The proposed TC is aligned with the IDB's Integrated Strategy for Climate Change Adaptation and Mitigation and Sustainable Renewable Energy (GN-2609-1) and its Action Plan (GN-2609-3). It will contribute towards the Ninth General Capital Increase (GCI-9) lending targets related to climate change, sustainable (including renewable) energy, and environmental sustainability. It is also aligned with the recently updated Institutional Strategy for the Bank (2016-2020) and the forthcoming Sector Framework Document.
- 2.5 This TC has synergies with other IDB on-going projects such as the Comprehensive Fiscal Sustainability & Climate Change Adaptation Program for El Salvador (ES-L1071), Strengthening Climate Change Budget Planning and Fiscal Management in Brazil (BR-T1183), Support to Climatic Change National Strategy (ME-T1169), Mainstreaming climate change into national development in Trinidad and Tobago (TT-T1016), Guyana's Maya Biosphere Reserve Environmental Services Program (GU-M1018), the Emerging and Sustainable Cities Initiative, and Colombia's Sustainability Initiative (to be launched at COP21 by the Colombian Government). This TC will also bring together specialists and data from different IDB platforms, such as the HydroBID, Agrimonitor, Adaptacion, LEDSLAC and Climatescope, among others.

III. Description of Activities and Outputs

- 3.1 **Component 1. Analysis of LAC INDCs and assessment of the financing and investment requirements (US\$400,000).** This will include a research and analysis of the climate actions identified within the regions INDCs, including with respect to conditionality of commitments, split between mitigation and adaptation actions, use of carbon finance mechanisms and the possible levels of finance that might be required for implementing these commitments and needs. This will involve the following activities: (i) development of a methodology and framework for assessing investment opportunities and financing needs; and (ii) analysis of the INDCs and supporting material on the potential investment opportunities, desk-top research supplemented by interviews with key actors. An initial high-level assessment should be available for presenting at the IDB's annual meeting in March 2016. A more detailed analysis and report should be ready by mid-2016 and with a web-based map/ interactive tool to be developed by the end of 2016.
- 3.2 **Component 2. Country and private sector engagement on INDC investment opportunities and financing plans (US\$750,000).** This will involve three overlapping areas of activities: (i) deep-dives into country INDCs to take a case study assessment of investment opportunities and development of investment plans for 3 - 5 countries, with at least one from the Caribbean. These detailed case studies will be undertaken through in-country research and consultation on specific objectives identified within the INDC; (ii) engagement of ministries of finance and economic planning (and potentially sector line ministries) on these case study investment plans to identify and build links to economic and budget planning processes, and identify implications for domestic public expenditure; and (iii) structured dialogue between government and public and private sector financial institutions on how to finance implementation of these INDC investment plans, with the focus on approaches for mobilizing private sector investment for delivering markets for green growth.
- 3.3 **Component 3. Regional and international dissemination and outreach (US\$350,000).** Results will be disseminated through existing networks and platforms, including through strengthening partnerships with existing and emerging initiatives focusing on implementation and financing of INDCs. Utilizing existing regional and

global platforms will raise political awareness and momentum within LAC and ensure leverage of regional expertise and financial resources. Partners for dissemination and outreach will likely include the Inter-American Dialogue, LAC LEDS Platform, Pacific Alliance Countries Green Growth Platform, the Climate and Development Knowledge Network (CDKN) regional and international hubs, GIZ and 3GF.

Indicative Budget (US\$)

Component	IDB	Counterpart	Total
Component 1. Research and analysis on the potential investment opportunities presented within LAC INDCs	400,000	50,000	450,000
Component 2. Engaging governments and other stakeholders on investment opportunities and financing approaches	750,000	150,000	950,000
Component 3. Dissemination and socialization of key lessons at the regional and international levels	350,000	200,000	500,000
Total	1,500,000	400,000	1,900,000

- 3.4 The total cost of this project will be US\$1,900,000 of which US\$1,500,000 will come from non-reimbursable resources of the Bank and US\$400,000 plus in-kind support will be provided by national and international entities, initiatives and funders.

IV. Executing agency and execution structure

- 4.1 The IDB, via its Climate Change and Sustainability Division (INE/CCS) will execute the proposed TC project and take supervisory and procurement responsibility. CCS will coordinate with other participating Bank departments and liaise with other key initiatives and funders involved in implementation and financing of INDCs. Key regional initiatives include the LAC LEDS Platform, Pacific Alliance Countries Green Growth Platform and GLFAC. Co-funders could include international and bilateral organisations such as CDKN, GIZ, US State and USAID. INE will be the unit with the disbursement responsibility.

V. Project Risks and issues

- 5.1 There is a risk that the Paris COP21 will not deliver a robust legal framework within which INDCs will be implemented. There may also be some delays as governments reflect on outcomes of Paris and possible lack of willingness to engage on implementation. Nonetheless, the submission of these INDCs ahead of COP21 provides a basis for engagement on climate related commitments and the investment opportunities. Component 1 focuses on identifying investment opportunities will help mitigate the risk that countries are unwilling to engage on their implementation. Another risk is that countries INDCs have not been developed with the support of ministries of finance. The deep-dive countries will be selected according to the extent there is clear involvement of ministries of finance and/or economic planning and will likely be countries where CCS has in-person capacity.

VI. Environmental and Social Classification

- 6.1 Given the nature of the operation, no environmental or social impacts are expected as a result of its implementation. The operation has received a “C” Classification per the Environment and Safeguards Compliance Policy of the Bank (OP-703).