

## TC ABSTRACT

### I. Basic project data

• Country/Region:	Regional
• TC Name:	Green Climate Fund Support for Latin America and the Caribbean
• TC Number:	RG-T2638
• Team Leader/Members:	Gloria Visconti - Team Leader (INE/CCS); Mateo Salomon, Sandra López, Mariana Hernández (INE/CCS); Gmelina Ramirez (CCS/CME); and Escarlata Baza (LEG/SGO)
• Taxonomy:	Client Support
• If Operational Support TC:	N/A
• Reference to Request <sup>1</sup> :	N/A
• Date of TC Abstract:	Julio 2015
• Beneficiary:	Panamá, Ecuador, México, Paraguay, and Chile
• Executing Agency:	Inter-American Development Bank (IDB)
• IDB Funding Requested:	US\$350,000
• Local counterpart funding, if any:	US\$70,000
• Disbursement period:	36 months (30 execution period)
• Required start date:	September 2015
• Types of consultants:	Firm and individual consultants
• Prepared by Unit:	INE/CCS
• UDR:	INE
• Included in Country Strategy (y/n):	Yes
• TC included in CPD (y/n):	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 The objective of this Technical Cooperation (TC) is to support Latin America and the Caribbean (LAC) countries in preparing to, and accessing resources from the Green Climate Fund (GCF), to enable and catalyze climate investments towards, low carbon, climate resilient technology and infrastructure (natural and physical), as well as to conserve essential natural resources which provide key local and global services.
- 2.2 The GCF is expected to become the main global fund for climate finance. A total of US\$10.2 billion has been pledged to date to the GCF, and a first set of project proposals is expected to be approved by the GCF Board by the end of 2015. To be able to present solid project proposals to the GCF, LAC countries require technical support (TS) in the process of prioritization and design of projects and the TC is focused to cover this gap. The Bank is well positioned to offer this support given its experience in channeling multilateral climate funds and leveraging its own resources. This TC will build a strategic pipeline of projects for the GCF and other source of climate finance and will contribute with IDB's Climate Change Action Plan and the Ninth General Capital Increase (GCI-9) in particular as it will "assist borrowing countries in climate change mitigation and adaptation issues, sustainable and renewable energy, and environmental sustainability". During the 10<sup>th</sup> meeting of the GCF Board, the IDB has been accredited as an Implementing Entity and Financial Intermediary of the Fund and is now in a position to submit project proposals to the GCF. The Bank has initiated a dialogue with several LAC countries to build a pipeline of projects for the GCF and also has been working on the preparation of project funding proposals and other readiness activities to be submitted to the GCF.

<sup>1</sup> A copy of the Letter of Request, Programming/Portfolio Review Mission Aide Memoire or Report requesting the TC should be submitted with the Abstract.

- 2.3 This TC is aligned with the IDB Country Strategy for Ecuador 2012 – 2017 (GN-2680) that focuses on promoting initiatives to reduce vulnerability to climate change, encourage adaptation measures and mitigation of greenhouse gases. This TC is aligned with the IDB Country Strategy for Mexico 2013 – 2018 (GN-2749) which prioritizes work on developing planning tools to identify adaptation measures, reducing vulnerability and increasing the resilience of human settlements in rural, urban, and coastal areas, strategic infrastructure and production systems. This TC is aligned with the IDB Country Strategy for Paraguay 2014 – 2018 (GN-2769) and Chile 2014 – 2018 (GN-2785), both include adaptation measures. The IDB Country Strategy with Panama is currently under elaboration, and is foreseen to include climate change related issues as in previous strategies.

### III. Description of activities and outputs

- 3.1 The IDB GCF Support for LAC countries will offer tailored TS to prepare to, and access GCF resources, based on their specific needs.
- 3.2 **Component 1: Information and Knowledge Sharing.** This component will facilitate the access to information and knowledge on the specificity of the GCF to countries in LAC region and potential project developers. At the national level, support will be provided to the National Designated Authorities (NDAs) in sharing information on GCF opportunities and requirements, to a diverse range of stakeholders, through workshops and the preparation of relevant materials. At regional, sub-regional and national level, workshops will be organized to share early experiences on project prioritization and formulation with the GCF and on innovative financial instruments, policy and scheme (such as risk transfer mechanisms, public private partnerships, focalization of subsidies, results-based payments, etc.) that are relevant for the structuring of climate projects for the GCF. As a result, a diverse range of stakeholders in LAC will have a better understanding of the opportunities and requirements of the GCF. This component will be developed in synergy with the TC on readiness for Central America and Bolivia (RG-X1255) for an optimal use of resources and information sharing. Support to national entities for accreditation to the GCF will also be offered.
- 3.3 **Component 2: Identification and Prioritization of Projects.** This component will support LAC countries in identifying and prioritizing projects to be submitted to the GCF. Based on existing assessments performed for, among others, the National Climate Change Communications (NCCs), the Biennial Update Reports (BURs), Intended National Determined Contributions (INDCs) and Nationally Appropriate Mitigations Actions (NAMAs), the project will provide on-demand support to countries to identify and prioritize a pipeline of projects for the GCF also on the basis of the potential to create synergies with IDB projects pipeline. These activities will be developed in close coordination with the countries NDAs and relevant stakeholders. The result of this component will be a prioritized pipeline of projects to be presented to the GCF.
- 3.4 **Component 3: Detailed Design of Projects.** This component will provide TS to LAC countries in developing prioritized projects in their GCF pipeline into full project proposals to be presented to the GCF. Assistance will be provided to ensure that the proposed projects respond to the criteria of the GCF and that they can produce a strong transformational impact towards a low carbon and climate resilient development path. Participating LAC countries will benefit from the wealth of experience of the IDB in structuring climate finance projects and applying innovative and efficient financial mechanisms. As a result, the TC beneficiaries will be able to access the GCF, leverage climate finance and scale up climate investments.

**Indicative Budget (US\$)**

<b>Activity/Component</b>	<b>Description</b>	<b>IDB Fund</b>	<b>Counterpart Funding</b>	<b>Total Fund</b>
Component 1: Information and Knowledge sharing.	Provide information and share experience related to the GCF.	120,000	24,000	144,000
Component 2: Identification and Prioritization of projects.	Support the identification and prioritization of projects for the GCF.	80,000	16,000	96,000
Component 3: Detailed design of Projects.	Support the preparation and presentation of projects to the GCF.	150,000	30,000	180,000
<b>Total</b>		<b>350,000</b>	<b>70,000</b>	<b>420,000</b>

**IV. Executing agency and execution structure**

- 4.1 The TC will be executed by the Bank as it seeks to support countries in LAC region in accessing the GCF and build a pipeline of projects that can be accessed through the IDB as intermediary soon to be accredited to the GCF. Technical responsibility (TR) will be with the Climate Change and Sustainability Division (INE/CCS) in close cooperation with all the operational Division of the Bank both for the public and private sector, as well as with VPC given the key role of NDAs. Close coordination will also be ensured with the GCF Secretariat in order to maximize the impact of TC funding with GCF readiness resources. The TC will be executed according to each country demand, conducting specific tasks for each country. The reason to execute the TC under this arrangement is the tailored execution of activities for various countries at the same time and to have consistent products across all countries.
- 4.2 Bank procurement policies will be followed in the tender process of these activities. For contracts with consulting firms; the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9) will apply, for contracts with individual consultants, human resource standards (AM-650) will apply; and for the dissemination expenses and other services (workshops, catering, printing and publishing, etc.), policies of corporate procurement will apply until the new Bank's policies in this area become effective. The monitoring of each specific task will be done through a direct and regular supervision by the team leader.

**V. Project Risks and issues**

- 5.1 The main risk of this TC is that those projects prioritized and submitted to the GCF are not approved. The activities of the TC seek to mitigate that risk by ensuring that the submitted proposals comply with the GCF criteria and are well designed. An additional risk is the increased competition and multiple channels to access the GCF. The TC will promote the capacity and added value of the IDB and support the positioning of the Bank as a relevant partner for the GCF and LAC countries.

**VI. Environmental and Social Classification**

- 6.1 The activities financed by the TC are not expected to have negative social or environmental impacts. According to the Bank's Safeguards Screening Toolkit, this operation should receive a "C" Classification. Projects supported by this TC and submitted to the GCF will have their own environmental and social screening and classification.