TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	COLOMBIA/CAN - Andean Group
▪ TC Name:	Support Colombia´s energy transition
▪ TC Number:	CO-T1663
▪ Team Leader/Members:	Planas Marti, Maria Alexandra (INE/ENE) Team Leader; Irigoyen, Jose Luis (INE/ENE) Alternate Team Leader; Mejia, Alvaro (INE/ENE); Ana Macias (INE/ENE); Giraldo Ayala, Andrea Marcela (CAN/CCO); Crausaz Sarzosa, Ernesto Patricio (VPC/FMP); Natalia Almeida (LEG/SGO); Saldana Galvez, Jorge Hernan (CAN/CPE); Navacerrada Busquets, Pablo (INE/ENE); Nicolas Tulande (INE/ENE); Matas Trillo, Rafael (INO/IEN)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	01 Apr 2022
▪ Beneficiary:	Ministerio de Minas y Energía
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US$1,700,000.00
▪ Local counterpart funding:	US$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Firms; Individuals
▪ Prepared by Unit:	INE/ENE - Energy
▪ Unit of Disbursement Responsibility:	CAN/CCO - Country Office Colombia
▪ TC included in Country Strategy (y/n): ▪ TC included in CPD (y/n):	No No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation

II. Objective and Justification

2.1 The objective of this Technical Cooperation (TC) is to support and provide technical assistance to the Government of Colombia (GoC) to achieve an economic growth with a transition to a Net Zero economy while closing the gap in public services, in this case, in the energy sector. At the same time, supporting the country to achieve a strong, green, and inclusive economic recovery after the COVID-19 pandemic. This will give the tools to public institutions to adapt themselves to changes that energy transition is creating in the sector.

2.2 The GoC is committed to develop an energy transition strategy to decarbonizing its energy matrix according to the updated National Determined Contribution (NDC), delivered in 2020, which mentions reducing its Greenhouse Gas (GHG) emissions by 51% concerning the forecasted business-as-usual scenario (BAU) by 2030 in comparison to 2010. To accomplish this ambitious goal, Colombia has prioritized several sectors of the economy for climate change mitigation, where energy has a key role.

2.3 Colombia has made a significant effort in the energy sector, by increasing the installed capacity of Non-Conventional Renewable Energy (NCRE) from less than 1% in 2018 to more than 16% by 2025 thus reaching 2,400 MW, while promoting the long-term sustainability of the country's productive capacities.

2.4 On other hand, the energy infrastructure gap in Colombia has the potential to be a turnaround as an opportunity to leverage private sector investment if bankable sustainable projects are delivered at scale. In this context, the Inter-American Development Bank (IDB), through the Energy Division, in conjunction with the United Kingdom Sustainable Infrastructure Program (UKSIP), have supported the GoC to promote sustainable low-carbon infrastructure, through the execution of the TC ATN/PI-17372-CO.

2.5 A High-Level Dialogue which took place on June 9th, 2021, was an important milestone in the programming of a new UKSIP technical assistance for Colombia. Strategic areas were presented and discussed between GoC, IDB, and UK Government, reaching an agreement that Clean Energy will be a key pillar to continue the development of the energy transition strategy and to promote the economic recovery after the COVID19. Some relevant aspects of this transition are the expansion of renewables and new energy efficiency technologies, such as Peer to peer (P2P) technologies, smart metering, low carbon distributed systems, decentralization, digitalization, and electricity management demand. However, is important to develop a regulatory framework which accelerate and enables the implementation of these technologies.

2.6 To continue the support the implementation of the energy transition, this TC will support four main components: (i) The implementation of the Energy Transformation Mission roadmap; (ii) Developing the regulatory structure for distributed electricity generation; (iii) Support the design of low-carbon energy generation and GHG reduction strategies; and (iv) Promotion of Energy Efficiency.

III. Description of Activities and Outputs

3.1 **Component I: Support the implementation of the Energy Transformation Mission roadmap.** Provide technical support to the development of key recommendations on policy instruments to ensure the expansion of renewables and energy efficiency technologies, such as Peer to peer (P2P) technologies, smart metering, low carbon distributed systems, decentralization, digitalization, and electricity management demand.

3.2 **Component II: Develop the regulatory structure for distributed electricity generation.** Support the small-scale self-generation installation based on solar PVs (AGPE), also known as distributed energy resources, removing the barriers associated with the difficulty to access the information by the developers of these projects. A methodology to calculate the hosting capacity for distributed generation will be developed under this component as well as the environmental and social guidelines for the integrated management of used batteries.

3.3 **Component III: Support the design of low-carbon energy generation and GHG reduction strategies.** Aim at carbon neutrality in the long-term through the implementation of energy strategies with GHG reductions.

3.4 **Component IV: Promotion of energy efficiency.** Support of energy efficiency technologies, pilots, etc.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Support the implementation of the Energy Transformation Mission roadmap.	US$575,000.00	US$0.00	US$575,000.00

Develop the regulatory structure for distributed electricity generation	US$575,000.00	US$0.00	US$575,000.00
Support the design of low-carbon energy generation and GHG reduction strategies	US$325,000.00	US$0.00	US$325,000.00
Promotion of energy efficiency	US$225,000.00	US$0.00	US$225,000.00
Total	**US$1,700,000.00**	**US$0.00**	**US$1,700,000.00**

V. Executing Agency and Execution Structure

5.1 The execution of the TC by the IDB from INE/ENE will facilitate the development of the TC by having the support and experience of the Bank in the design and development of this type of initiatives, as well as in the bidding and coordination processes with the various actors involved. Execution by the IDB will ensure that there is synergy and better use of the different activities, studies, and consultancies that the Bank has been conducting with the beneficiary countries, minimizing the risks of duplication of efforts.

5.2 By request of the Ministry of Energy and Mines and DNP and in accordance with Point D of Annex 10 of GN-2629-1 and Point D of Annex 10 of OP-1155-2, the TC will be executed by the IDB, which will contract the services of individual consultants and firms, as well as different consulting services in accordance with the procurement policies and procedures in force at the Bank: (i) hiring individual consultants (AM-650) ; (ii) hiring consulting firms for services of an intellectual nature (GN-2765-4) and their associated operating guides (OP-1155-4); and (iii) contracting logistics services and other services other than consulting (document GN-2303-28).

VI. Project Risks and Issues

6.1 No major risks are anticipated for the development of TC. A couple of modest risks have been anticipated, including eventual delays in the development of the studies due to possible difficulties in coordinating the different counterparts involved or the availability of information. The execution of the INE / ENE, with the support of specialized consultants, will help mitigate these potential risks.

VII. Environmental and Social Classification

7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects with associated environmental and social studies; therefore, it falls outside the scope of the Bank’s Environmental and Social Policy Framework (ESPF).