

Technical Cooperation Abstract

I. Basic Project Data

▪ Country/Region:	HONDURAS/CID - Isthmus & DR
▪ TC Name:	IDB CLIMA: Support the development and execution of an IDB CLIMA Pilot Program in Honduras (HO-L1245)
▪ TC Number:	HO-T1464
▪ Team Leader/Members:	BRUSA, FEDERICO (CSD/CCS) Team Leader; JACOME MONTENEGRO, CARLOS ALBERTO (INE/ENE) Alternate Team Leader; RIOS GALVEZ, ANA R. (CSD/RND) Alternate Team Leader; JUAREZ OLVERA, MARIEL (CSD/CCS) Alternate Team Leader; GOMEZ, JUAN CARLOS (CSD/CCS); AGUILUZ BOQUIN, ALEJANDRO ENRIQUE (CID/CHO); MENDOZA TERCERO NINA CLARISSA (CID/CHO); LANDAZURI-LEVEY, MARIA C. (LEG/SGO); CARVALLO VAZQUE AGUSTINA (CSD/CCS); LOPEZ LOPEZ RAQUEL PATRICIA (CSD/CCS); ORTIZ DE ZARATE MARIA LAURA (CSD/CCS); GOMEZ DE LA TORRE MAR (CSD/CCS)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	BID CLIMA: Decarbonization of the National Electric Power Company (ENEE) and Support for Financial Sustainability - HO-L1245
▪ Date of TC Abstract:	25 Sep 2024
▪ Beneficiary:	Honduras
▪ 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:	CID/CHO - Country Office Honduras
▪ TC included in Country Strategy:	Yes
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2024-2030:	Environmental sustainability

II. Objective and Justification

- 2.1 This Technical Cooperation (TC) is intended to provide support to the Government of Honduras in the design of its first project (HO-L1245) 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 (KPI) 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 Framework (GTF). The GTF 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 GTF stage; (ii) support the strengthening of said capabilities so that the borrower can progress in the GTF; and (iii) conduct applied research activities to contribute to the strengthening of Honduras’s first pilot project and at the same time feed the development of the GTF, so that it can better serve future borrowers of the Pilot Program.

III. Description of Activities and Outputs

- 3.1 **Component 1. Assessment of capabilities of Honduras and the National Enterprise of Electric Energy (ENEE) (US\$100,000).** Activities under this component will contribute to gathering of evidence and conducting an analysis that will provide an accurate picture of Honduras and ENEE’s capabilities in terms of the GTF stages.
- 3.2 **Component 2. Strengthening of sectoral and/or national capabilities (US\$200,000).** Activities under this component will help bolster sectoral and/or national capabilities to develop and implement the IDB CLIMA pilot project, and lay the groundwork for the country’s progress along the GTF stages.
- 3.3 **Component 3. Applied research to continuously enhance Honduras’ pilot project and simultaneously strengthen the GTF (US\$100,000).** Activities under this component will gather evidence from lessons learned through Honduras’ experience in order to strengthen the pilot project and the GTF through learning by doing.

IV. Budget

Indicative Budget (US\$)

Activity/Component	IDB Funding	Total
Component 1. Assessment of Honduras and ENEE's capabilities	100,000	100,000
Component 2. Strengthening of sectoral and/or national capabilities	200,000	200,000
Component 3. Research to enhance Honduras' pilot project and strengthen the GTF.	100,000	100,000
Total	400,000	400,000

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, the Climate Change Division of the IDB (CSD/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 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 in accordance with its established procurement methods, namely: (i) hiring of individual consultants, as established in the Complementary Workforce Document (AM-650); and (ii) contracting of services in accordance with the Institutional Procurement Policy (GN-2303-33) and its associated guidelines.

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 GTF. 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 GTF 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).