

## Technical Cooperation Document

### I. Basic Information for TC

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| ▪ Country/Region:  | BRAZIL  |
| ▪ TC Name:   | Support for the Environment and Climate Agenda within the SFWG at the G20 under the Brazilian Presidency  |
| ▪ TC Number:   | BR-T1579  |
| ▪ Team Leader/Members:   | Queiroz Fenyves, Katia (CSD/CCS) Team Leader; Rossi Junior, Jose Luiz (CSC/CBR) Alternate Team Leader; Sierra Gonzalez, Eduardo (IFD/CMF) Alternate Team Leader; Ana Champloni (CSD/CCS); Celeste Marzo, Cristina (LEG/SGO); Gomes Campos Walquiria Liz (INE/TSP); Gomez, Juan Carlos (CSD/CCS); Luciana Araujo Carrijo (CSD/CCS) Sierra Gonzalez, Eduardo (IFD/CMF) Alternate Team Leader; Ana Champloni (CSD/CCS); Celeste Marzo, Cristina (LEG/SGO); Gomes Campos Walquiria Liz (INE/TSP); Gomez, Juan Carlos (CSD/CCS); Luciana Araujo Carrijo (CSD/CCS) Sierra Gonzalez, Eduardo (IFD/CMF) Alternate Team Leader; Ana Champloni (CSD/CCS); Celeste Marzo, Cristina (LEG/SGO); Gomes Campos Walquiria Liz (INE/TSP); Gomez, Juan Carlos (CSD/CCS); Luciana Araujo Carrijo (CSD/CCS) Sierra, Eduardo (CMF/IFD) Alternate Team Leader; Ana Champloni (CSD/CCS); Celeste Marzo, Cristina (LEG/SGO); Gomes Campos Walquiria Liz (INE/TSP); Gomez, Juan Carlos (CSD/CCS); Luciana Araujo Carrijo (CSD/CCS) Sierra, Eduardo (CMF/IFD) Alternate Team Leader; Ana Champloni (CSD/CCS); Celeste Marzo, Cristina (LEG/SGO); Gomes Campos Walquiria Liz (INE/TSP); Gomez, Juan Carlos (CSD/CCS); Luciana Araujo Carrijo (CSD/CCS) |
| ▪ Taxonomy:  | Client Support  |
| ▪ Operation Supported by the TC:                                   | N/A   |
| ▪ Date of TC Abstract authorization:                               | 20 Nov 2023.  |
| ▪ Beneficiary:   | Federative Republic of Brazil through its Ministry of Finance   |
| ▪ Executing Agency and contact name:                               | Inter-American Development Bank   |
| ▪ Donors providing funding:  | OC SDP Window 2 - Economic Growth(W2F)  |
| ▪ IDB Funding Requested:   | US\$250,000.00  |
| ▪ Local counterpart funding, if any:                               | US\$0   |
| ▪ Disbursement period (which includes Execution period):           | 24 months   |
| ▪ Required start date:   | January 2024  |
| ▪ Types of consultants:  | Individual Consultants; Firms   |
| ▪ Prepared by Unit:  | CSD/CCS-Climate Change  |
| ▪ Unit of Disbursement Responsibility:                             | CSC/CBR-Country Office Brazil   |
| ▪ TC included in Country Strategy:                                 | Yes   |
| ▪ TC included in CPD:  | No  |
| ▪ Alignment to the Update to the Institutional Strategy 2020-2023: | Social inclusion and equality; Environmental sustainability   |

### II. Objectives and Justification of the TC

- 2.1 **Background.** The Group of Twenty, known as G20, was founded in 1999 after the Asian financial crisis as a forum for the Finance Ministers and Central Bank Governors to discuss global economic and financial issues. In 2008, as a response to the financial crisis of 2007, it was upgraded to the Heads of State/Government level. It comprises 19 countries (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Republic of Korea, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States) and the European Union. Together, the G20 members represent around 85% of the global gross domestic product (GDP), over 75% of the global trade, and about two-thirds of the world population.<sup>1</sup> The G20 plays an important role in shaping and strengthening global architecture and governance on all major international economic issues.
- 2.2 In the occasion of the first Summit, in Washington, little attention was paid for environmental issues as the greatest motivation for the Summit was an economic crisis. Even then, though, the leaders stated that they remained “[...] committed to addressing other critical challenges such as energy security and climate change, food security, the rule of law, and the fight against terrorism, poverty and disease”. They also agreed on making efforts to restore “[...] sustainable growth and development [...]” (G20, 2008). In 2009, in the London Summit, G20 leaders stated that they would “spare no effort to reach agreement in Copenhagen through the United Nations Framework Convention on Climate Change (UNFCCC) negotiations” (G20, 2009). This was an important step in the inclusion of climate issues on the G20 agenda, as it showed a convergence of interests between the global economy and environmental sustainability. The inclusion of these issues in G20 discussions was a gradual process, with public awareness and pressure playing a key role.
- 2.3 **G20 Summit and G20 Presidency.** The G20 Summit, or Leaders’ Summit, is held annually under the leadership of a rotating Presidency.<sup>2</sup> The G20 Presidency steers the G20 agenda for one year and hosts the Summit. The G20 consists of two parallel tracks: the Finance Track, led by finance ministers and central bank governors, and the Sherpa Track, led by sector ministers. In both tracks, there are thematically oriented Working Groups (WG) in which representatives from the relevant ministries of the member countries, invited/guest countries, and various international organizations participate. These WG work throughout the year (e.g., formulation of analytical work, organization of round tables and workshops) to help bring together the Summit agenda, which must be in tune with emerging priorities in the global economy and the work conducted during previous G20 presidencies. Ministerial meetings, in addition to the Leader’s Summit, also occur throughout the year to build consensus and define topics that will be discussed further in the Summit agenda.
- 2.4 **The Finance Track.** G20 Finance Track discusses global macroeconomic issues through its meetings of Finance Ministers and Central Bank Governors, their Deputies and various working group meetings. Some of the key issues dealt by the Finance Track are global economic outlook and monitoring of global economic risks; reforms for a more stable and resilient global financial architecture; international taxation; financing quality infrastructure; sustainable finance; financial inclusion; financial sector reforms and financing for future health emergencies and investments in pandemic prevention, preparedness and response. More specifically, the Sustainable Finance Working Group (SFWG) has been working on various aspects of enhancing the

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<sup>1</sup> [G20 Background Brief](#).

<sup>2</sup> The G20 doesn’t have a permanent secretariat and member countries take turns on its presidency.

sustainable finance agenda. As such, in the last three years (2021-2023), the SFWG has actively contributed to advance international work to help scale up private and public sustainable finance and in so doing, accelerate the implementation of the Paris Agreement and the 2030 Agenda.

- 2.5 **Brazil Summit in 2024.** In 2024, Brazil will hold the G20 Presidency and will have the opportunity to steer the forum's agenda and direct global attention towards critical issues. The speech made by the President of the Republic, Luiz Inácio Lula da Silva, at the closing of the G20 Summit in Delhi, when Brazil informally assumed the forum Presidency, announced its priorities: (i) social inclusion and the fight against hunger; (ii) the energy transition and sustainable development in three aspects (social, economic and environmental); and (iii) the reform of global governance institutions. All these priorities are contained in the motto of the Brazilian Presidency, which says: "Building a Just World and a Sustainable Planet". Besides, the President also announced the creation of two task forces: the Global Alliance against Hunger and Poverty, and the Global Mobilization against Climate Change.
- 2.6 In this context, the Brazilian government has requested IDB's support to prepare key analytical work and foster strategic discussions, in particular in the SFWG, which will help shape the Environment and Climate Change Summit agenda.
- 2.7 **Objective.** The objective of this technical cooperation (TC) is to support the Brazilian presidency in shaping international policy to climate and sustainable finance through knowledge generation, dissemination, and policy dialogue, in particular within the SFWG, in preparation for the G20 Summit that will take place in the Brazil in 2024.
- 2.8 **Strategic alignment.** This TC is consistent with IDB's Update to the Institutional Strategy (AB-3190-2), as is aligned with: (i) the development challenge of *Social Inclusion and Equality*, as it will assist the Brazilian government steer the forum's agenda and direct global attention towards critical issues. In this context, the Brazilian government has requested IDB's support to the financial sector, particularly the Sustainable Finance Working Group (SFWG), to prepare critical analytical work and foster strategic discussions that will help shape the Summit's agenda. Among Brazil's priorities for the SFWG is the just transition. Therefore, this TC will contribute to discussing the economic and social effects of the transition, generating benefits to all; and (ii) the cross-cutting theme of *Climate Change and Environmental Sustainability* as it intends to continue to establish the role of the IDB as a key partner for environment protection and climate change combatting, by supporting Brazilian Presidency to enhance the strategic and technical quality of the political and technical dialogues during G-20 meetings.
- 2.9 The TC contributes to the IDB Group's Corporate Results Framework 2020-2023 (GN-2727-12), specifically with government effectiveness, but also with the climate change- related indicators: (2.19) Emissions avoided, (2.20) Beneficiaries of enhanced disaster and climate change resilience, (2.21) Habitat that is sustainably managed using ecosystem-based approaches, (2.22) Installed power generation capacity from renewable sources and (2.23) Value of investments in resilient and/or low-carbon infrastructure. Additionally, the TC is aligned with the Integrated Strategy for Adaptation and Mitigation to Climate Change and Renewable and Sustainable Energy (GN-2609-1) and the Climate Change Sector Framework Document (GN-2835-8).
- 2.10 Likewise, this TC is aligned with the objectives of the Ordinary Capital Strategic Development Program (OC SDP) (GN-2819-14), in particular, with the objectives pursued by Window 2.F, Priority Area 6: Inclusive Economic Growth. While supporting

the Brazilian Presidency in G-20 in shaping international policy to climate and sustainable finance aiming at a just transition, the TC enhances Climate Change and Environmental Sustainability as a development agenda that is critical for long term growth, meeting the Bank's priorities.

- 2.11 Furthermore, the TC's objectives contribute to the IDB Group Country Strategy with Brazil 2019-2022 (GN-2973), particularly with the priority area of improving the business climate and narrowing gaps in sustainable infrastructure for enhanced competitiveness and with the cross-cutting theme of environmental sustainability and climate change.
- 2.12 **Beneficiaries.** The direct beneficiaries of this TC will be technicians from the Ministry of Finance and the policy- and decision-makers who participate in the technical meetings, round tables, and workshops, as well as those who read the knowledge products and reference papers that will be produced in the context of this operation. The knowledge generated by this TC will benefit citizens in the region by promoting evidence-based decisions and policy formulation that will positively improve the environment and climate agendas.

### III. Description of Activities/Components and Budget

- 3.1 **Component 1. Strategic and Technical support to the Climate and Sustainable Finance Agenda in G20 (US\$100,000).** This component will finance expert consultancies within the SFWG to support the G20 Presidency with two key objectives: (i) preparing for and following up on WG meetings as well as coordinating with other G20 WGs and ministerial meetings; and (ii) the formulation and publication of analytical documents and reference papers as inputs for WG and ministerial meetings. As the agenda priorities are still to be defined in the incoming Brazilian G20 Presidency 1st Finance Ministers and Central Bank Governors Meeting in Brasilia, the specifics of these consultancies are going to be defined in the sequence. For the moment, the following topics have been raised: demonstration on how to access resources from major international donor funds for sustainability and climate (CIF, GCF, etc.); development of a framework for assessing transition costs and possible bottlenecks in the agricultural sector; analysis, understanding, and demonstration of the impact that disclosure costs with the new IFRS-ISSB guidelines would have on the financial system; evaluation of financing solutions related to climate and nature.
- 3.2 **Component 2. Events on Climate and Sustainable Finance priorities of the Presidency of G20 (US\$150,000).** This component will finance the organization of events on climate and sustainable finance, and other priorities defined by the G20, considering knowledge dissemination and policy dialogue. Activities include, for instance, agenda and content preparation and events-related logistical support. Still to be defined, side events will be focused on: (i) Sustainable Finance for the private sector, and particularly on regulatory issues; (ii) innovative de-risking mechanisms; (iii) interoperability in the carbon market; and (iv) SDG Financing (perhaps something more specific for cities), among others.
- 3.3 **Expected results.** The main expected results of this operation are its contribution of inputs to the technical debate, the definition of the Summit agenda, and the consensus-based decision-making process on key public policies.
- 3.4 The total cost of this TC is US\$250,000, which will be financed with resources from Window 2 (W2F), Economic Growth, of the Ordinary Capital Strategic Development

Program (OC SDP) and there will be no local counterpart funding. The disbursement and execution period established for the project is 24 months.

**Indicative Budget**

| <b>Activity/Component Description</b>  | <b>IDB Funding</b> | <b>Total</b>   |
|--|--------------------|----------------|
| Component 1. Technical support to the Climate and Sustainable Finance Agenda in G20        | 100,000            | 100,000        |
| Component 2. Events on Climate and Sustainable Finance priorities of the Presidency of G20 | 150,000            | 150,000        |
| <b>Total</b>   | <b>250,000</b>     | <b>250,000</b> |

#### **IV. Executing Agency and Execution Structure**

- 4.1 As per the request of the Brazilian Federal Government through its Ministry of Finance and in accordance with Appendix 10 of the Operational Guidelines for Technical Cooperation Products (GN-2629-1 OP-619-4.), the Bank will be the Executing Agency (EO) due to the Bank's experience in the preparation and development of the operational and technical instruments proposed for this type of operation and its knowledge of the scope of work. The IDB will execute this TC through its Climate Change and Sustainability Division (CSD/CCS) in the Brazilian Country Office. The project's Team Leader and Alternate Team Leader are responsible for supervising the execution of this operation. The activities financed with the TC will be executed in coordination with the beneficiaries and/or public entities designated by the beneficiaries. The execution of the TC will be coordinated with the relevant divisions of the Bank, including IDB Invest and IDB Lab. It will be crucial to coordinate and articulate with their respective teams taking into account their work with strategic players in the private sector, as well as organizations that work with technology and innovation and can support the preparation of key analytical outlook work from a broader perspective.
- 4.2 The activities to be executed under this TC have been included in the Procurement Plan Annex and will be executed by the procurement methods established by the Bank, namely: (i) contracting of individual consultants, as established in AM-650 standards; and (ii) contracting of logistics services and other non-consulting services, under policy GN-2303-28.
- 4.3 Knowledge products generated within the framework of this technical cooperation will be the property of the Bank and may be made available to the public under a creative commons license. However, upon request of the beneficiary, the intellectual property of said products may also be licensed and/or transferred to the beneficiary through specific agreements.
- 4.4 There are other technical cooperations supporting the Brazilian Presidency of the G-20 (BR-T1569, BR-T1570 and BR-T1580). In consideration to them, articulation meetings will be frequently organized with the responsible teams, in order to avoid overlapping interventions and maximize opportunities for synergy.
- 4.5 A non-objection letter from the correspondent official liaison of the Bank in Brazil will be obtained prior to the beginning of the execution of this TC.

#### **V. Important Risks**

- 5.1 The risks that can be anticipated are the political, social, and economic pressures facing the G20 countries, which the current macroeconomic scenario has aggravated; these factors could cause delays in the dialogue with the countries or even resistance to specific topics. As a mitigation strategy the active engagement of climate and sustainability experts is proposed, as well as the selection of topics that constitute a priority for the Brazilian presidency and the public debate.

## **VI. Exceptions to Bank policy**

- 6.1 This operation does not entail any exceptions to Bank policy.

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

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

### **Required Annexes**

[Request from the Client - BR-T1579](#)

[Results Matrix - BR-T1579](#)

[Terms of Reference - BR-T1579](#)

[Procurement Plan - BR-T1579](#)